

## Finances

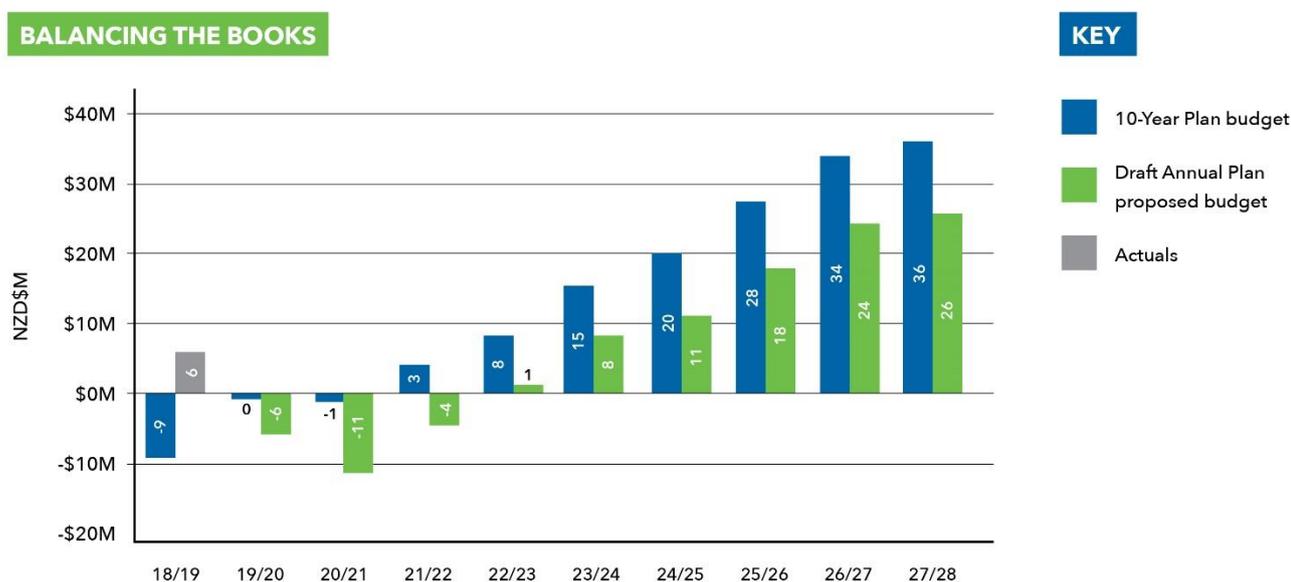
Council sets out its financial strategy every three years when it prepares its Long-Term plan. The financial strategy for 2020/21 is the strategy laid out for the third year of the 2018-2028 10-Year Plan.

The 2018-2028 10-Year Plan financial strategy responded to the infrastructure investment needed for the city growth and the focus on maintaining our city's existing assets.

This investment required an increase in the city debt (borrowing) levels to manage the peaks of investment but was limited to stay within a prudent debt to revenue ratio of 230%. This means for every \$1 of income, Council can borrow \$2.30.

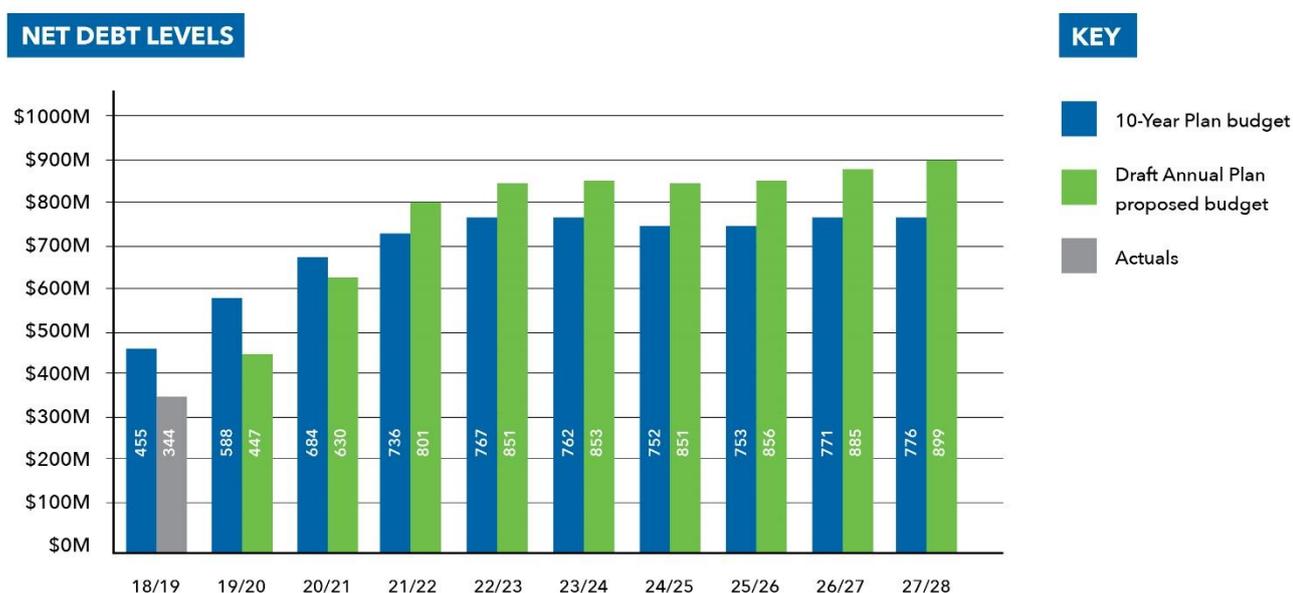
Council also committed to moving towards our everyday revenue paying for our everyday costs. This reduces the need to borrow for everyday costs and is achieved by a balance of increasing revenue and controlling expenditure. The balancing the books target was set for 2021/22.

The following graphs show what we budgeted through our 10-Year Plan (blue) against what we're forecasting through our Annual Plan (green).



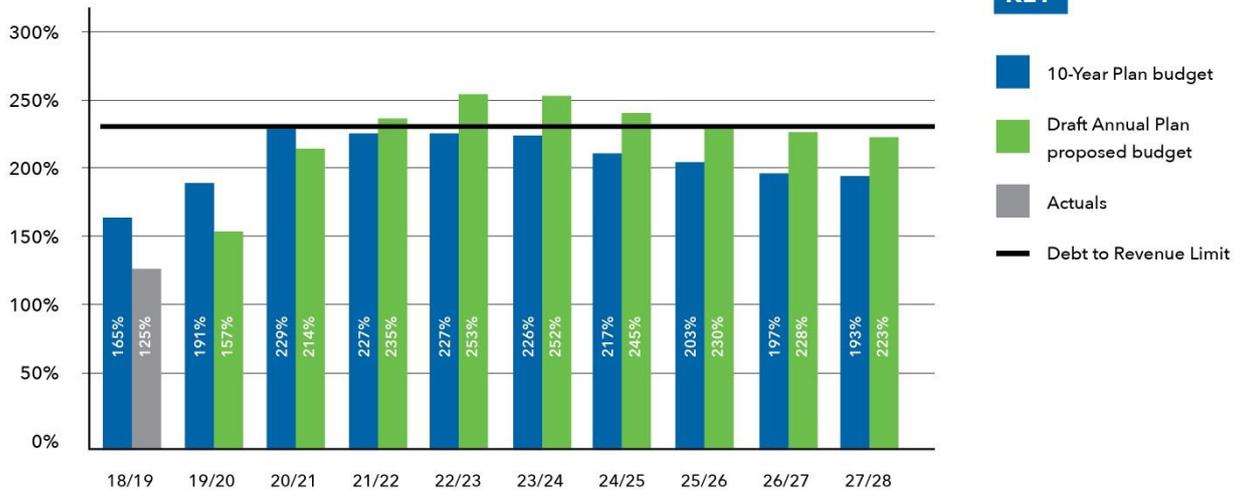
Balancing the books shows when we will have enough everyday revenue to meet everyday costs.

Our draft Annual Plan means we will delay balancing our books until 2022/23, that's one year later than planned. This is largely because of the lost non-rates revenue as a result of COVID-19. For the 2020/21 year, this means we will have a deficit of \$11 million compared to the \$929,000 deficit we had forecasted through the Long-Term Plan. We will fund this from new borrowing and any surplus revenue we receive.



For the 2020/21 year, our net debt is set to be \$630 million which is less than what we had forecasted.

## DEBT TO REVENUE



Debt to revenue is when we compare the amount of money we have borrowed (debt) against the amount of money we receive through things like rates, and fees and charges.

The Council's self-imposed debt to revenue ratio is 230%. This means we cap debt at 230% or \$2.30 for every \$1 collected in revenue.

For the 2020/21 year, our debt to revenue ratio is forecasted to be 214% which is within our financial strategy limit of 230%. However, it is likely to increase in future years and we will need to address this next year in our Long-Term Plan.

Council's financial position for the current year is updated at every finance committee cycle. View the latest information on the [2019/2020 financial position](#).