Financial Strategy

This Financial Strategy seeks to maintain our assets at an effective and efficient level, alongside minimising the risk to criticality of the City's infrastructure assets that allow the City to continue to operate in a productive manner.

All figures are GST exclusive unless otherwise stated.

Financial Strategy

The balance that the Council seeks to achieve is dependent on many factors, the following are key:

- A focus on core infrastructure looking to maintain existing levels of service, renewing this in a cyclic fashion and improving the quality of service provided to users;
- Ensuring core Council debt remains below $150 million;
- Receiving increasing dividends from Invercargill City Holdings Limited (ICHL);
- Researching other avenues for funding outside of rates and loan funding.
- Continuously reviewing operational expenditure for short and long term cost savings.

Background

Invercargill City Council seeks to enhance the City and preserve its character while embracing innovation and change. The Council continues to work in the belief that Invercargill is a very special place with a distinctive character; however this is not to say that the City will not face challenges.

The Council acknowledges that Invercargill will be exposed to a number of challenges with a significant one being that we are experiencing a demographic change toward an ageing population with less growth than forecast. However, acknowledgment of this challenge is the first hurdle to overcome and the Council is looking to the future as to how we can disrupt this demographic change, by attracting both more and younger people to live in our City.

There is a consistent theme within the Council's Community Outcomes. The Outcomes demonstrate that the Council will maintain a strong, safe and well-utilised City with an increased, more diverse and active population who encourage the development of future technology and embrace the facilities offered to them.

The Council seeks to encourage this through the development of growth projects and sustainability of existing services. However, it is not anticipated that land use will change to an extent that would have an impact on debt over this course.

With growth anticipated to occur, the Council notes that the current infrastructure network is set to service the community, provided it is renewed when required. The Council's infrastructure network has been built to service a population much larger than what currently resides within the City so, provided the necessary renewal work is undertaken when recommended, the City will be prepared to receive and welcome new members to the community over the next decade. Given that a number of the Council's assets were built at the same or a similar time, and therefore generally require renewal at a similar time, there will be peaks in renewal costs that are evident in this Strategy.

This Strategy operates in line with the Infrastructure Strategy, and observes that over the next ten years the cost to the Invercargill Community to preserve, renew and maintain our infrastructure assets will be significantly higher than previous renewal costs. As a consequence of this the rates increase will be higher than in previous years. This Strategy details that any new growth projects over this period of increased focus on our infrastructure, will be loan-funded in order to reduce the real cost to the community during the ten years.

When looking at this Strategy it is important to understand where we are starting from and where we want to get to in ten years. As at 30 June 2017 the financial situation of Council is one of good health. Council was meeting seven of the eight prudence benchmarks, has a relativity low level of debt compared to other New Zealand Councils and low level of debt compared to its Rate revenue. Council asset position showed total assets of over $900 million and investments of $55 million with no significant liabilities outside of term debt. Council also had its credit rating from Fitch Rating upgraded from AA negative to AA stable, which further supports Council's strong financial position.

Background continued

The ten year period cover by the Long-term Plan does present the Council with challenges financially. The Council goal by the end of the ten year period is to be funding core infrastructure capital renewal to 100% of depreciation. This is in response to the Council's increasing knowledge of its infrastructural assets and the increasing demand for improving infrastructure. This is of particular importance for Water Supply and Stormwater, as communities within New Zealand are becoming more concerned about drinking water quality and reducing contaminant entering our waterways via stormwater runoff.

Council is also focused on growing Invercargill's community assets and reinvigorating Invercargill's CBD. A number of large community projects are planned throughout the ten years, all part of making Invercargill a more desirable place to live and work. These initiatives are also designed to complement and support the Southland Regional Development Strategy. The main projects that fall within this category include a new Art Centre within the CBD, Living Dinosaurs attraction within Queens Park and a Museum Redevelopment. Our Aquatic Centre is planning a new pool and upgraded hydroslide attraction. The Council via its subsidiary company, Invercargill City Property Limited, has created a joint venture that is planning a major upgrade of the inner city area.

The end goal for Council is to provide its citizens with a City that is maintaining and improving its key infrastructure assets while understanding that a City needs to also be a vibrant, entertaining and an interesting place to live, work and play. Financially this does mean that the Council will be increasing its debt over the life of the Plan in order to achieve what it has set out to do. With debt currently sitting at $86 million, as at 30 June 2017, it is forecast to increase to approximately $144 million over the life of the Plan. This increased debt will be offset by increased asset value and given Council's strong financial position this is considered prudent and stays within the Council's self imposed debt benchmarks.

Key Challenges

The key corporate strategic issues and challenges facing the Invercargill City Council are:

- Meeting our long-term renewal expectations for infrastructure.
- Encouraging growth projects whilst ensuring financial and operational sustainability for future generations.
- Ensuring that Council works in a financially prudent manner that promotes the current and future interests of the community.
- The City's changing demographic profile and its ability and willingness to pay.
- Responding to the changing environment (both natural and technological) and retaining Invercargill's character including its built environment.

Capital Expenditure

Invercargill City Council is heading into a period of increased expenditure on capital assets particularly renewal of existing assets within the 3 Waters area of infrastructure. This capital expenditure is planned to increase over the next five years before levelling out over the last five years of the Long-term Plan.

Ordinarily, renewal work would be funded from rates rather than borrowings as this avoids the significant long-term cost of borrowing annually. But, as some of these renewal programmes present significant capital expenditure, Council will, where appropriate, use debt funding to spread the cost. This is particularly required for the 3 Waters infrastructure area where this strategy is solidly employed due to the renewal work of our pipe network being needed earlier than what was forecast.

The Council is also looking to upgrade community assets. This is being accomplished through the addition of a new pool and hydroslide at Splash Palace, funding contributions to the redevelopment of the Museum, and exploring the possible future use of Anderson House.

In addition to this, the Council is also seeking to grow the City with new assets being planned within the life of the Long-term Plan, namely a new Living Dinosaur Experience, a new Arts Centre and art collections and an additional Water Supply.

New and growth capital expenditure, such as the Arts Centre, would be funded by debt and external funding when and where appropriate.

Further information on the Council's core capital expenditure can be found in the Invercargill City Council Infrastructure Strategy.

Funding Core Infrastructure Assets Renewals

The Council has previously funded core infrastructure asset renewals on a when-required basis. The Council now, over the course of the Long-term Plan, aims to fund these assets to 100% of depreciation.

Council aims to fund core infrastructure assets by the following dates:

- Stormwater systems to be funded at 100% of depreciation by 2027/28
  - Capital expenditure to 100% by 2021/22 (funding difference via loans)
- Wastewater systems to be funded at 100% of depreciation by 2027/28
  - Capital expenditure to 100% by 2021/22 (funding difference via loans)
- Water Supply systems to be funded at 100% of depreciation by 2027/28
- Roads, Bridges and Footpaths to be funded at 100% of depreciation by 2027/28.

Some of the capital construction of roads and footpaths is funded by subsidies received from the New Zealand Transport Agency. This means that the Council does not need to fund 100% of the depreciation of these activity areas solely from rates.

Depreciation is calculated on an annual basis and currently represents 26% of total operating expenditure. Charging depreciation each year spreads the cost of an asset over its useful life. Generally, depreciation is funded by income (including rates) in the same year that the depreciation is incurred.

This funding will be applied to pay for the current capital renewal programme and any related outstanding debt. Excess funds will be held in depreciation reserves which will earn interest and provide funding for the replacement of relevant infrastructure assets in the future.

When the cost of infrastructure capital renewals exceed the rate funding of depreciation and exhausts depreciation reserves, the Council will need to borrow funds to cover the short fall.

Intergenerational Equity

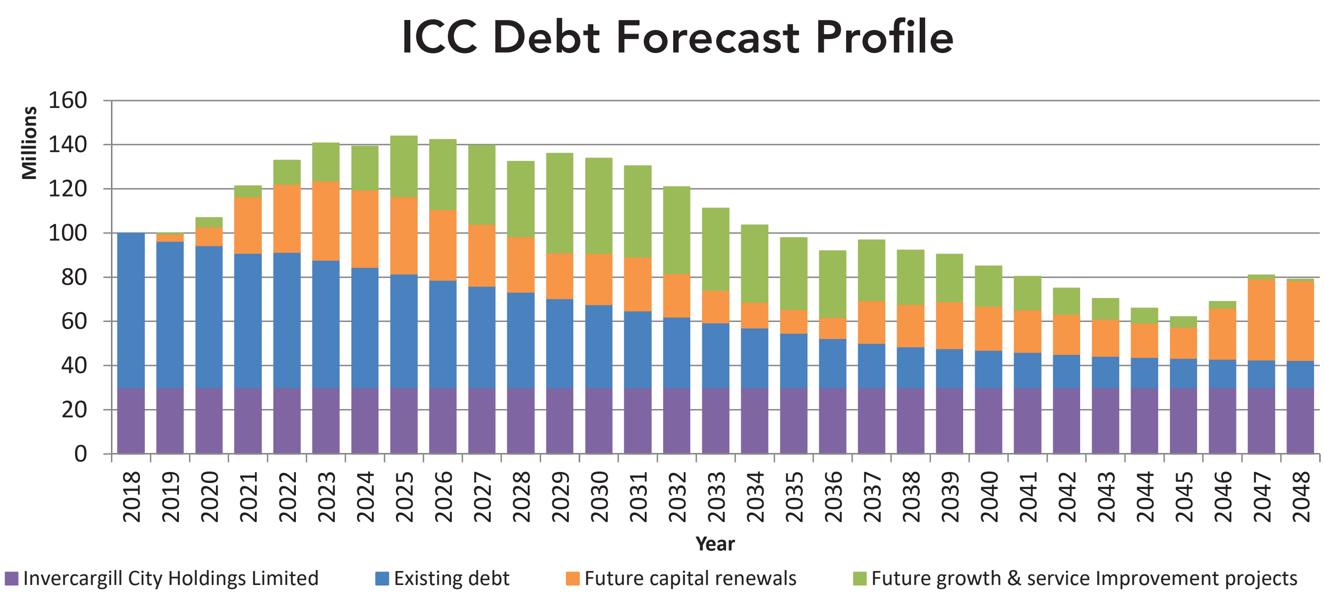
The services that the Council provides are costly due to the value and amount of assets that are used. The Council's strategy is to ensure that both current and future ratepayers pay their fair share of the cost of providing services. Intergenerational equity is achieved through loan funding long-term assets and drawing rates to pay for the loan over an extended period of time. This ensures that both current and future users pay for the assets. Examples of this can be found in the Invercargill City Council Infrastructure Strategy.

Debt

Over the course of the last three years, the Council's debt has grown modestly. This has been largely due to the Branxholme Water Treatment Plant upgrade and the Don Street Business House development.

The Council's debt (excluding Invercargill City Holdings Limited (ICHL) bond) remains relatively low against the Council's total assets base (7% as at 30 June 2017). While the Council remains focused on keeping debt to a manageable level over the course of the Long-term Plan, large infrastructure projects as well as future growth projects necessitate the need for the Council to take on an increased level of debt.

Over the course of the Long-term Plan, the Council's debt is forecast to peak at $144 million in 2024/25. However, following this peak, the debt is forecast to slowly decrease over the next twenty years to as low as $62 million. It should be noted that this forecast excludes future growth projects beyond the 2027/28 year.



Security for Borrowings

It is the Council's policy to give rates as security. The Council also gives assets as security; however, it is not legal to give water assets, including wastewater and stormwater, as security.

The Council currently maintains an AA credit rating.

Operating Surpluses and Cashflow

The Council must ensure that each year's projected operating revenues are set at a level sufficient to meet that year's operating expenses, unless the local authority resolves that it is financially prudent not to do so.

The Council aims to operate a surplus for the duration of the Long-term Plan. However, due to underfunding depreciation on some assets, deficits may result in early years. With the Council's aim to fund 100% of the depreciation of core infrastructure assets by 2027/28, surpluses may occur in the later years of the Long-term Plan.

If an area of the Council has an operating surplus it is applied to carry-forwards, where applicable, in the first instance, otherwise is used to repay debt or placed in a reserve.

The Council holds two different types of reserves:
- Restricted; and
- Non-restricted.

Restricted reserves are held for a specific purpose and money is only available to be removed for that reason. In contrast a non-restricted reserve can be for a variety of reasons. These reserves build up or reduce over time as a result of operating surpluses or deficits.

The Council will ensure that there are sufficient cash resources available to meet its obligations. The Council's current assets need to outweigh current liabilities, where current assets include cash on hand and available lines of credit. The Council has access to credit facilities of up to $50 million, and short-term investments.

Council reviews operational expenditure for short and long-term cost savings and has established operational savings targets for the first three years of the Long-term Plan. These savings are intended to improve efficiencies within activities and services without impacting the current level of service being provided.

The targets for each year are:

Year	Savings Target	Cumulative Target
2018/19	$500,000	$500,000
2019/20	$300,000	$800,000
2020/21	$200,000	$1,000,000

Managing Financial Investments and Equity Securities

The Council holds investments in companies, property and cash.

Investments in Companies/Trusts

The Council is an equity holder in two companies and has a controlling influence over two trusts. The principal reason for holding an equity interest in these investments is to achieve efficiency and community outcomes, as well as providing a financial return on investment for ratepayers. The Council's interest in the companies and trusts are as follows:

Company	Shareholding /Interest	Principal Reason For Investment	Budgeted Return
Invercargill City Holdings Ltd	100%	To undertake commercial opportunities and provide dividend returns to the City.	$5,850,000 for 2018/19 year
Invercargill Venue and Events Management Ltd	100%	To provide venue management and events promotion for the City, in line with community outcomes.	Nil.
Southland Museum and Art Gallery Trust Board	Controlling interest	To provide specialised governance for the Museum.	Nil.
Bluff Maritime Museum Trust	Controlling interest	To provide specialised governance for the Museum.	Nil.
Invercargill City Charitable Trust	100%	To provide access to recreational and cultural events within the City, in line with community outcomes.	Nil.
Invercargill Community Sports and Recreation Trust	100%	To increase Invercargill residents' active participation in sports and physical activities and arts and cultural activities.	Nil.

The Council has no plans to change its shareholding, although in accordance with good practice this is reviewed regularly.

Managing Financial Investments and Equity Securities continued

Property Investments

The Council's Investment Property Department oversees the development and undertaking of investment in property within the City. The properties are divided into four categories:

1. Strategic properties which are held for purposes other than immediate return (potential future development).
2. Endowment properties which have been either allocated (per above) or purchased from endowment funds.
3. Trading properties (fee simple, no classification on title, currently leased).
4. Other properties (land) being prepared for disposal, usually acquired through rating sale or abandonment.

The Council's objective is to maximise return from endowment and trading properties, however due to historic lease arrangements (21 year Glasgow leases) the return from these properties is below market rates. The objective for the net return on investment from both endowment and trading properties is at least equal to current market interest rates.

Strategic property is held for purposes other than a return on investment. These parcels of land and/or buildings have been purchased as a site earmarked for future development.

Cash Investments

The Council holds cash for two main reasons:

1. To ensure strong lines of liquidity and access to cash remains available to Council.
2. To support the balance of reserves through short-term investments (90 to 360 days) to maximise return on investment.

Rates and Affordability

The Council has come through a period of medium-level rates rises over the previous three years (2015/16: 3.89%, 2016/17: 2.32% and 2017/18: 3.95%). This was due to the Council focusing on ensuring that rates were low and consistent from year to year.

For future years there are some key challenges that will present themselves in relation to affordability. This will occur as the Council enters a period of accelerated capital expenditure to develop our services, whilst looking to be a growing and innovative City.

Increasing costs of providing council services is likely to intensify the affordability issues in the future. In certain years of the Long-term Plan, pressure from required infrastructure renewals has led to rates increases that are less affordable than what the Council would like.

Below is a table of key growth projects that the Council intends to undertake over the course of the Long-term Plan and the year that will be heavily impacted:

Project	Year impacted
Art Centre	Design and set-up costs between 2018/19 to 2021/22
Art Centre	Operating and capital loan funding from 2022/23
Living Dinosaurs	Capital loan funding and operating from 2019/20
Museum Development	Grant loan funding from 2021/22
Additional Pool	Capital loan funding from 2023/24
Regional Storage Facility	Grant loan funding from 2024/25
Additional Water Supply	Capital loan funding from 2025/26

You can read more about these projects in our Infrastructure Strategy.

A larger rates increase will not necessarily occur in these years as growth projects are loan-funded and will be paid back over time so as not to unfairly unburden the current ratepayers with the large costs associated with these projects.

The Council seeks to embrace innovation and change over the upcoming years, and with the constant evolution and growth of technology, we are witnessing and experiencing the change first-hand. The Council will seek to uphold their vision and utilise any improvements in the delivery of services and improvement of internal services. The Council has been slowly undertaking changes in light of this with the development of the MyInvercargill app which offers a forum for the community to pay rates or register their dog amongst a number of other services. Further, the Imagine Invercargill website allows for increased engagement and a community focus with members of the community able to suggest a change for the community at the touch of a keypad.

Invercargill City Holdings Limited (ICHL)

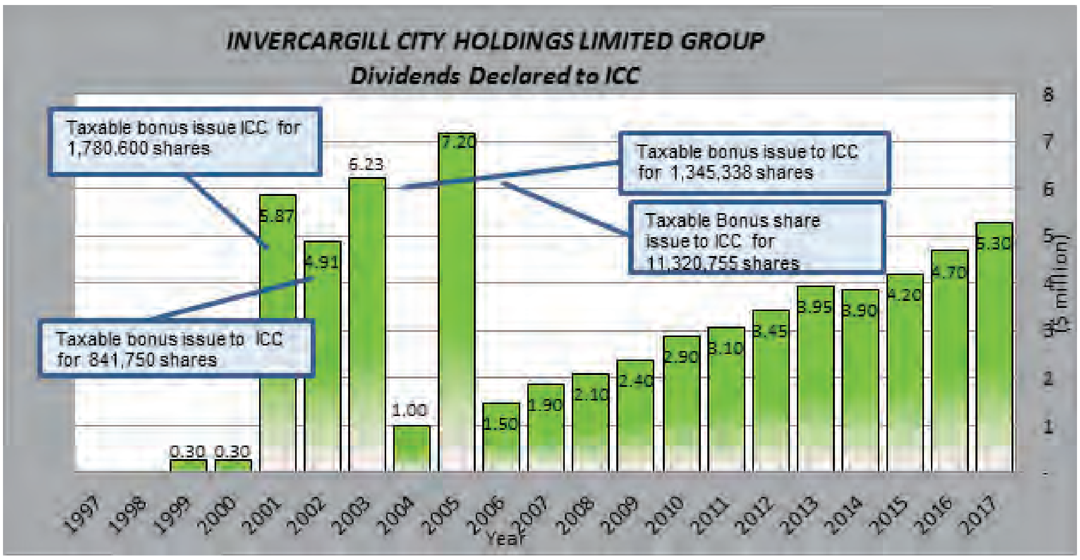
Invercargill City Holdings Limited is a 100% owned subsidiary of Invercargill City Council. ICHL was formed to provide a clear differentiation between Council's core ratepayer orientated activities and its commercial trading enterprises and investments. It was established for the purpose of consolidation and management of existing Council companies, with the responsibility of control and oversight of the performance of the Council Owned Companies activities on behalf of the ultimate shareholder, Invercargill City Council.

Companies that sit within the ICHL group include, Invercargill City Forests Limited (ICFL), Invercargill City Property Limited(ICPL), Invercargill Airport Limited and Electricity Invercargill Limited (EIL). Within both ICFL and ICPL sits an additional entity. Within EIL sits a number of utility based entities. One of the main purposes of ICHL is for these individual companies to trade profitably in order for ICHL to return a dividend to Council and help offset the rates demand as a result.

ICHL has historically given a dividend to Council since 1999.

Below is a graph that outlines the history of the ICHL dividend. This dividend is forecast to increase over the next ten years with $5,850,000 predicted for the 2018/19 year. Should this dividend fail to increase as predicted, Council would have less income received to minimise the impact on the general rates draw.

Council has noted that they cannot be financially reliant on an increasing dividend to match 10% of the general rates draw every year. Whilst ICHL strives to produce greater dividends year on year this is not necessarily going to be in line with the anticipated rates requirement increase. With significant rates rises anticipated over the next ten years Council will need to utilise other strategies to subsidise the rates, such as the use of fees and charges or decreasing operational expenditure where possible.



Disclosure Statement

The purpose of this statement is to disclose the Council's planned financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities and general financial dealings. The Council is required to include this statement in its Long-term Plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

For the year ended 30 June 2017, the Council met seven of the eight prescribed financial benchmarks (further information is available on page 9-17 of the Council's 2016/17 Annual Report).

Three of the eight benchmarks are used as Financial Parameters within the Financial Strategy, (limit on rates, limit on rates increases and limit on borrowing). Two of the Financial Benchmarks compare actual performance against planned performance, therefore cannot be used in the Long-term Plan document.

Rates affordability benchmark

Rates affordibility benchmark

The Council meets the rates affordability benchmark if:

- its planned rates income equals or is less than each quantified limit on rates; and
- its planned rates increases equal or are less than each quantified limit on rates increases.

Rates (income) affordability

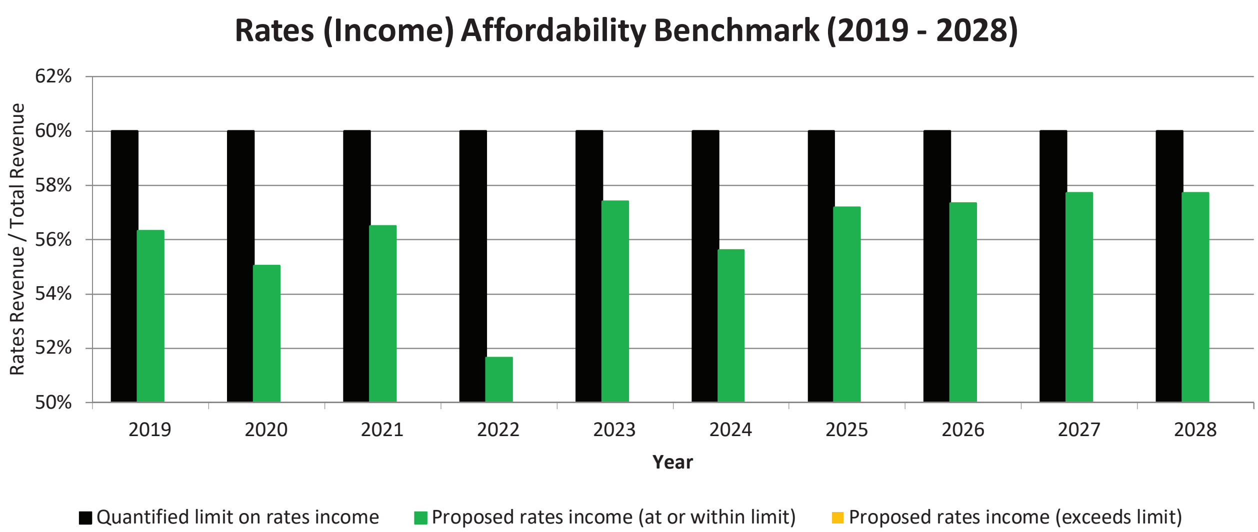
The following graph compares the council's planned rates with a quantified limit on rates contained in the financial strategy included in this Long-term Plan. The quantified limit is rates revenue will not exceed 60% of total revenue.

The Local Government Rates Inquiry suggests that around 50% of a council's operating revenue should be taken from rates. Currently the Council draws about 57% of its operational revenue from rates.

The Council aims to maintain the rates collected to between the range of 50% and 60% of total Council revenue. The Council intends to increase user-pays methods to enable the income required from rates to maintain steady without significant rates increases. The Council will also seek efficiencies in how services are delivered to assist with maintaining rates revenue at a steady level.

Rates are an important source of funding for the Council, but they are not the only source available. You can see more about how the Council funds its services in the Financial Management section of the Long-term Plan. The Council's Revenue and Financing Policy sets out the funding of its operational and capital expenditure and the sources of those funds on an individual activity basis.

Throughout the Long-term Plan rates fund between 51% and 58% of the Council's total revenue. The 2021/22 year has a significantly lower rates funded component due to a large amount of non-rate revenue being received for the development of the proposed Art Centre. The rates funded proportion of Council's revenue consists of approximately 9% of general rates and 91% of targeted rates. Uniform annual charges (meaning every ratepayer in the district pays the same amount) are also used for services supplied that can be used equally by all members of the community.



Rates (increases) affordability

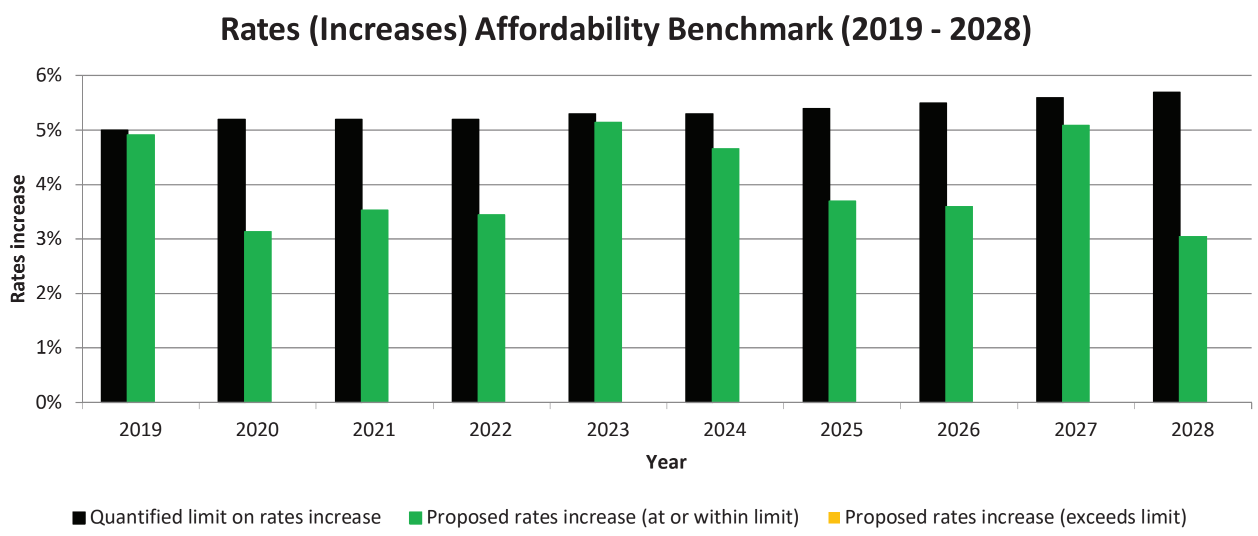
The following graph (page 48) compares the Council's planned rates increases with a quantified limit on rates increases contained in the financial strategy included in this Long-term Plan. The quantified limit is rates increases will not exceed the Local Government Cost Index (LGCI) plus 3%. The forecast LGCI increases for the next ten years are shown in the table below, but for example, if the LGCI change was 2.20%, the Council's rates increase would be no more than 5.20%. The Council recognises that this increase could potentially be higher than household income, so although a maximum limit has been set, the Council will endeavour to achieve lower increases when planning projects and services that rely on rates revenue.

The Council recognises that the cost of providing council services (LGCI) is rising at a higher rate than the Consumer Price Index (CPI). The Council is also mindful of affordability issues amongst our ratepayers. The Council continues to investigate cost-cutting methods to ensure that the revenue required to run the Council is kept relatively steady. The rates increases reflect the money required each year.

Year	Local Government Cost Index % Adjustment
2018/19	2.0
2019/20	2.2
2020/21	2.2
2021/22	2.2
2022/23	2.3
2023/24	2.3
2024/25	2.4
2025/26	2.5
2026/27	2.6
2027/28	2.7

Rates affordability benchmark continued

Changes in the consumer price index (CPI) are used as the basis for measuring the inflation faced by households. It gives a picture of how the prices of the goods and services purchased by the typical New Zealand household are changing over time. It is therefore heavily represented by food, accommodation and transport costs, which collectively make up over 50% of the index. The Council however purchases a different mix of goods and services. The Council's 'basket' is dominated by changes in the Local Government cost adjustors such as labour costs, land and materials associated with assets. There is therefore a difference between changes in CPI and the Council's cost (LGCI). To enable the Council to best predict what the future cost of providing its services will be, we have based future inflationary costs on the LGCI rather than CPI. The additional 3% is to allow the Council to undertake new projects, for example the Art Centre.



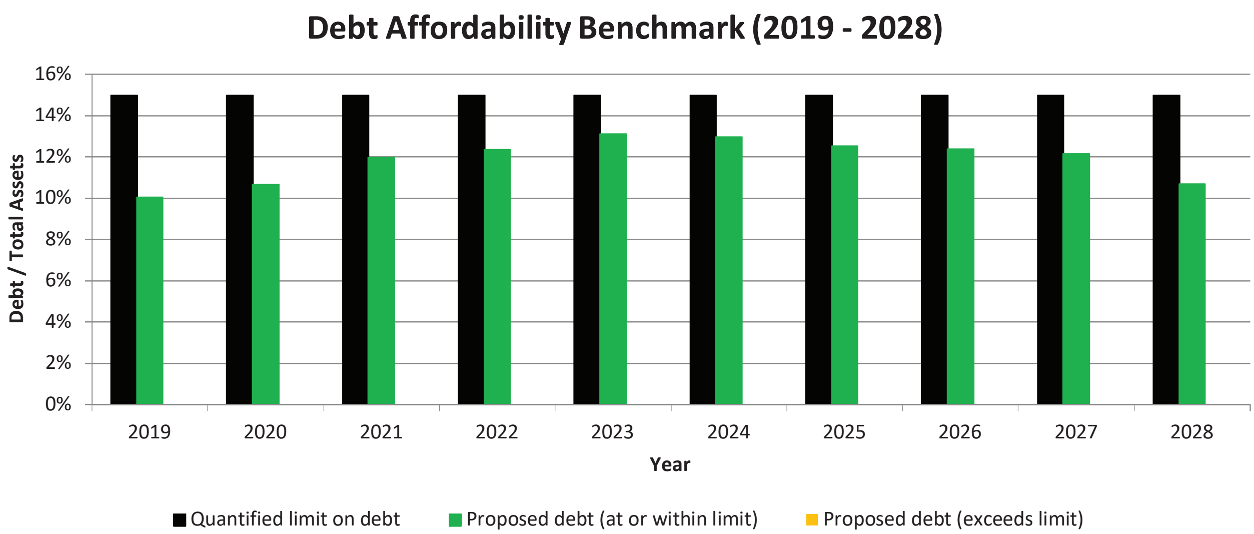
Debt affordability benchmark

The Council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

The following graph compares the Council's planned debt with a quantified limit on borrowing contained in the financial strategy included in this Long-term Plan. The quantified limit is that debt will not exceed 15% of total assets.

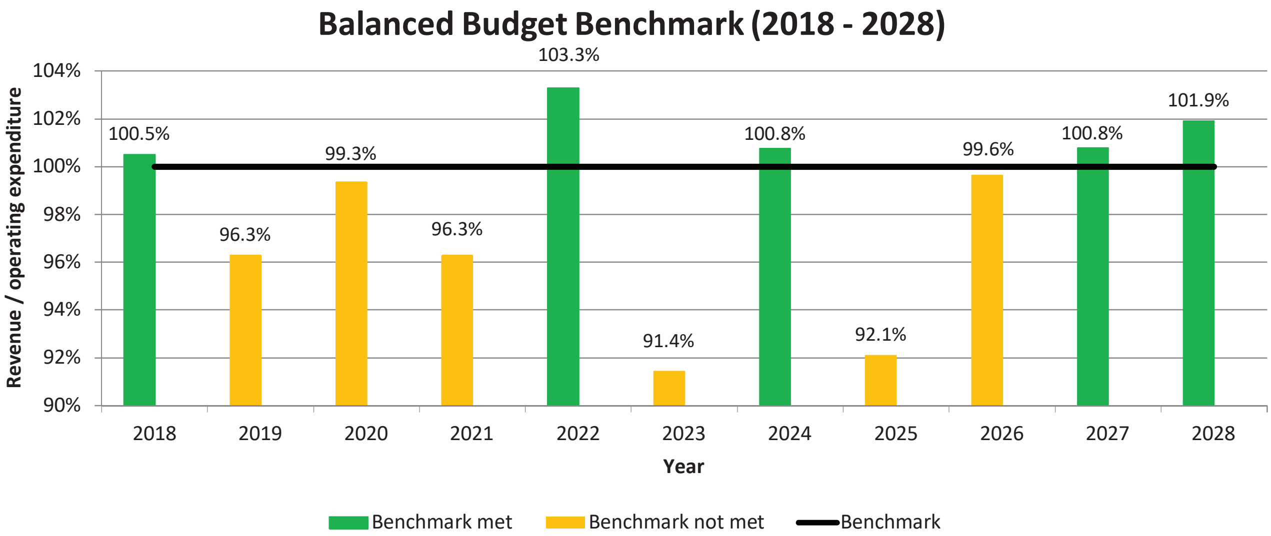
During the Long-term Plan period, the debt affordability percentage is expected increase, peaking at 13.1% in 2022/23 before decreasing again.

The Council considers that setting a borrowing limit of 15% of assets will assist in prudently managing Council's borrowing activities to ensure the ongoing funding of Council. Council will continue to consider and approve the borrowing requirement for each financial year in the Annual Plan or Long-term Plan recognising that borrowing capacity does not have to be fully utilised.



Balanced Budget Benchmark

The Council meets this benchmark if its revenue equals or is greater than its operating expenses.



Unbalanced Budget

The above graph displays the Council's planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

The Council meets the balanced budget benchmark if its planned revenue equals or is greater than its planned operating expenses.

Section 100(2) of the Local Government Act 2002 (LGA) sets out the matters that Council must have regard to when determining that it is prudent to operate an unbalanced budget.

These matters are:

(a) the estimated expense of achieving and maintaining the predicted levels of service provision set out in the Long-term Plan, including estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life; and

(b) the projected revenue available to fund the estimated expense associated with maintaining the service capacity and integrity of assets throughout their useful life; and

(c) the equitable allocation of responsibility for funding the provision and maintenance of assets and facilities throughout their useful life; and

(d) the funding and financial policies adopted under section 102.

The proposed Long-term Plan has set projected operating revenues for some years at levels less than would be required to meet projected operating costs. This occurs in six of the ten years of the Long-term Plan. The key reason for the unbalanced budget deficits in these years is that the full cost of depreciation within the infrastructure areas of Council is not being fully met. Over the course of the ten year plan the gaps between depreciation and funding

decreases. The Council moves towards 100% funding by the end of the Long-term Plan period. Council has decided that it is prudent to take this approach as it allows Council to achieve its long-term goal but in a way and pace that is affordable to our ratepayers.

In certain years the depreciation gap deficit is somewhat offset by funding or expenditure for growth projects. These include the following:

- 2018/19, external funding of $0.6 million to be received for capital expenditure on the hydroslide at Splash Palace, this results in a reduced deficit recorded for the year.

- 2019/20, external funding of $2.5 million to be received for capital expenditure on the proposed Living Dinosaurs Experience project, this results in a reduced deficit recorded for the year.

- 2021/22, external funding of $9.7 million to be received for capital expenditure for the proposed new Art Centre, this results in a surplus being recorded for the year.

- 2021/22 and 2022/23, payments of a $2.5 and $7.0 million grant to Southland Museum and Art Gallery Trust Board for the redevelopment of the Museum facilities. The grant will be funded by a loan. Although the grants are considered operating expenditure, the nature of the work proposed is capital in nature, it is therefore considered prudent to loan fund the work to ensure intergenerational equity rather than have current ratepayers fund the entire $9.5 million in one year. This will result in a lower surplus in 2021/22 and a larger deficit in 2022/23

- 2023/24, external funding of $3.4 million to be received for capital expenditure on the proposed new pool at Splash Palace, this results in a surplus being recorded for the year.

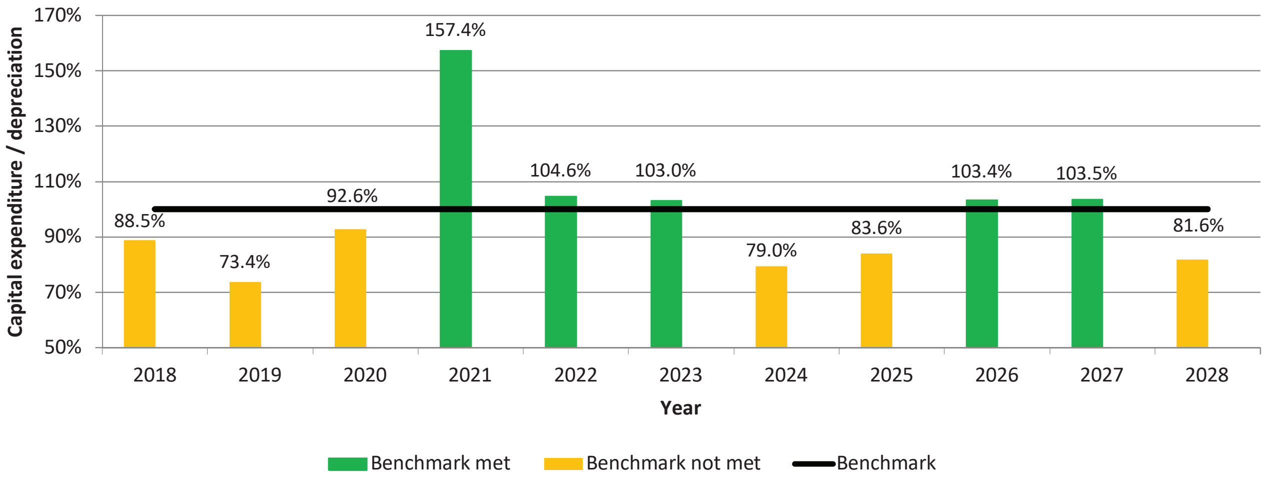
- 2024/25, payment of a $8.6 million grant to Southland Regional Heritage Committee for the development of a Regional Storage Facility. The grant will be funded by a loan. Although the grant is considered operating expenditure, the nature of the work proposed is capital in nature, it is therefore considered prudent to loan fund the work to ensure intergenerational equity rather than have current ratepayers fund the entire $8.6 million in one year. This will result in a larger deficit for the year.

Essential Services Benchmark

The following graph displays the Council's planned capital expenditure on network services as a proportion of expected depreciation on network services.

The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services. Although not reaching the target in every financial year, over time Council's capital expenditure should equal its depreciation. This will mean Council is replacing its assets as they deteriorate, however due to some projects being large it is hard to assess this on a year by year basis.

Essential Services Benchmark (2018 - 2028)



Debt Servicing Benchmark

The following graph displays the Council's planned borrowing costs as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

Because Statistics New Zealand projects the Council's population will grow as fast as the national population is projected to grow, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 10% of its planned revenue.

Debt Servicing Benchmark (2018 - 2028)