Nelson City Council
te kaunihera o whakatū

Financial Strategy

This section of the Long Term Plan outlines Nelson City Council's financial strategy for the next 10 years. Council must, under the Local Government Act 2002, manage its revenues, expenses and assets, liabilities, investments and general financial dealings prudently. It must manage these in a manner that sustainably promotes the community's current and future interests.

The Financial Strategy demonstrates how Council will:

- Provide for growth in its region and manage changes in land use
- Ensure that the level of rates and borrowing are financially sustainable and are kept within pre-set limits
- Be accountable for maintaining the assets that it owns on behalf of the community
- Fund network infrastructure and maintain levels of service
- Obtain pre-set returns on financial investments and equity securities
- Give securities on borrowing.

In preparing the Long Term Plan and this Financial Strategy, Council considered the balance of:

- Service levels, the costs of these services and the money required to achieve those levels of service
- Priorities for expenditure across all activities
- Setting rates and charges across the full 10 year period of this Long Term Plan and how to minimise these while achieving the targeted levels of service
- The level of debt that current and future ratepayers would need to fund
- The level of growth that is expected in the next 20 years and beyond.

Overall, Council considers this Long Term Plan to be financially sustainable and will provide the most important services to residents, businesses and visitors.

STRATEGIC DIRECTION OF COUNCIL

Council has developed a vision, priorities and community outcomes to guide decision making.

FACTORS THAT INFLUENCE HOW ACTIVITIES ARE FUNDED

The following factors are expected to have a significant impact on the Long Term Plan:

Providing for existing levels of service and meeting additional demand

Council assessed the funding requirements to meet the levels of service set for each of its activities and considers that the capital and operating expenditure is sufficient to achieve the planned levels of service.

There are no activities that will have either an increase or decrease in levels of service over the 10 years of this Long Term Plan.

Major capital expenditure planned to maintain or increase levels of service includes the majority of projects in the following Council activities:

- Transport projects
- Water supply
- Wastewater
- Stormwater
- Flood protection

Major operating expenditure changes to maintain or improve levels of service include:

- Data collection and structure inspection/maintenance in the transport activity
- Public Transport
- Monitoring of the environment
- City development

Growth and changes in population

The number of people in Nelson and where they choose to live, and the growth in economic activity, directly affects the demand for land for development, infrastructure and the other services that Council provides. This growth underpins land use planning, infrastructure developments, where and when new services or facilities are required and how much things will cost. An increased number of ratepayers also helps to spread costs so that collectively a greater range of facilities and services can be afforded.

The assumptions section of the Long Term Plan describes Council's population estimates, which are based on an expectation that the population will grow by 6,100 between 2018 and 2028, to a total population of 58,200.

Council takes a generally conservative approach in applying population growth estimates in its infrastructure planning, using mid-range estimates, which are continually updated and revised as new data becomes available.

Council's intention is that the costs of growth be recovered through development and financial contributions, primarily from the development of subdivisions. Information on the amount expected to be collected from these sources is set out in the Development Contributions Policy, which can be found on Council's website.

Council is conscious of the many variables affecting the rate of development in Nelson. For the purposes of calculating income from Development Contributions we have taken a conservative approach. Rather than make the calculation on the basis of high growth, we have assumed a more modest amount in line with historical Development Contribution income figures, as the impact of growth and the timing of DC revenue do not necessarily directly align with the overall growth forecasts. The costs of meeting demand created by growth have been included in the Long Term Plan. Growth rates will be reviewed when new population projections, based on the 2018 census, are provided by Statistics New Zealand.

Any variance between the budget and actual contributions received for each activity is stated in the Annual Report. In the short term, between Long Term Plans, any shortfall or surplus from Development Contributions are offset by borrowings (serviced by rates), these variances flow through to the three-yearly Development Contributions recalculations.

Summary by activity of growth component of capital projects

Activity	$ per HUD[1] (excl GST)
Stormwater	3,160
Wastewater	4,880
Water Supply	1,920
Transport	1,420
Community infrastructure	280
General Reserves	1,160 Plus 40m2 land per Household Unit of Demand (or cash equivalent)
Total	12,820 Plus 40m2 land per Household unit of demand (or cash equivalent)

Land use changes

Although some of the increase in population can be met from improved and more intensive use of land already zoned for residential and business use, there is a requirement to provide further land for houses and businesses. A change in land zoning requires a change to the Nelson Resource Management Plan (NRMP) using processes set out in the Resource Management Act 1991.

Council is part way through a full review of the Nelson Resource Management Plan. That review is considering growth and includes focus on:

a) encouraging greater infill in existing residential areas (minimising the cost of growth)
b) enabling greater utilisation of space above ground floor for residential activities in the city centre (minimising the cost of growth)
c) considering extended residential areas including in Atawhai, Marsden Valley and Saxton

Information on projects with a growth component is included in the schedules attached to the Development Contributions Policy.

Other factors

In addition to those listed above, the following factors will also be important:

- **Urban area** - Nelson City Council covers a relatively compact urban area and a small rural area. This means that the funding of services is largely done by a general rate across the city rather than through rates targeted at separate communities
- **External factors** - These are factors outside Council's control that have an impact on how we fund our activities. For example, changes in road and transport funding provided by Central Government affect what projects Council carries out
- **Affordability** - Many residents have low incomes and rates affordability is an important focus for many households. Council looks for every opportunity to reduce costs while not setting back Nelson's progress
- **Goods and services** - The cost of goods and services that Council provides may increase at a higher rate than the Consumer Price Index (CPI). For example, roading costs are dependent on oil based products

[1] Household Unit of Demand

- **Private / Public split** - Council aims to have costs and fees that are an appropriate reflection of the balance of individual benefit versus public good.

The consequences of these factors are:

- It is not financially sustainable for Council to provide all the services and activities wanted by the community at the same time. Therefore Council has to prioritise its work programme
- Council spent the last 12 months reviewing its work programme and services to prioritise the needs of the community
- Costs to maintain and deliver Council services will continue to increase in the foreseeable future, mainly due to inflation, managing infrastructure for growth and environmental improvement, interest, and other operating costs associated with capital expenditure.
- Some projects that have a lower priority, but were included in the previous Long Term Plan 2015 – 2025, have been removed. These are:
  - Wakapuaka Sandflats development $289,672
  - Saxton Field Football training ground drainage $270,328
  - Newmans walkway link $149,108

- Two projects have been removed as the services are expected to be provided through different methods. These are:
  - Renewal of Close Circuit Televisions (CCTVs $109,680
    (these are proposed to be contracted out)
  - Development of the Recycling Process Building $342,911
    (recycling is now being undertaken at the TDC facility in Richmond)

  Figures are from year four onwards of the 2015 Long Term.

FINANCIAL PRUDENCE

Council is required under the Local Government Act 2002 to ensure each year's projected operating revenues are set at a level sufficient to meet that year's projected operating expenses, i.e. Council must demonstrate financial prudence. Council may set projected operating revenues at a different level from that required, if Council resolves it is financially prudent to do so.

In assessing a financially prudent position, consideration is given to:

- The estimated expenses of achieving and maintaining the predicted levels of service provision set out in the Long Term Plan. This includes the estimated expenses associated with maintaining the service capacity and integrity of the assets throughout their useful life
- The projected revenue available to fund the estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life
- The equitable allocation of responsibility for funding the provision and maintenance of assets and facilities throughout their useful life
- The funding and financial policies and this Financial Strategy.

During the development of the draft Long Term Plan, Council considered how to balance its existing asset renewal programme, increased levels of service and providing for growth.

<u>Depreciation and renewals</u>

Council notes that depreciation is greater than renewals and appreciates that this position is not sustainable in the long term. Council's current approach is to repay debt using funding for depreciation, and Council acknowledges that borrowing for renewals will need to be made when this is required.

Council's Infrastructure Strategy shows operating expenditure of $710 million over the 20 year from 2029-2048, and capital expenditure of $935 million over the same period. A significant renewal project is the water pipe renewal programme, at total estimated cost of $95 million for the 30 years from 2018. Although these are outside the time period of this Financial Strategy, Council intends to ensure that these important infrastructure projects can be funded by drawing on depreciation reserves (funded by debt).

SUMMARY OF PLANNED 10 YEAR FINANCIAL PERFORMANCE

As part of the process of developing the draft Long Term Plan, Council considered the key issues and what could be done about them. Council looked at what to do to meet expected population growth, to enhance the environment, and to meet the community's social and cultural needs. Council then prioritised the potential activities and projects.

The financial information in the draft Long Term Plan reflects the activities and projects Council identified as priorities, and is planning to deliver over the next 10 years, while keeping within its limits for rates increases and borrowing.

Council is forecasting capital expenditure of $449 million, of which $140 million would be for renewals, and operating expenditure of $1,206 million over the 10 years of this Long Term Plan. Council's total income, after inflation, would increase from $120 million in 2018/19 to $158 million in 2027/28, Year 10.

RATES, OVERALL INCREASE IN RATES REQUIRED AND RATES INCREASE LIMIT

Council has to weigh up requests for more and improved services with keeping rates and charges affordable.

According to what is proposed, average overall increase in rates required in the first three years, adjusted for the impact of growth, would be 3.2%, 3.9%, and 3.6%, respectively. Over the following seven years, the overall increase in rates required including growth would average 2.3%.

A reduction in the commercial differential would change the distribution of the rates but not the overall average.

This increase includes an assumption of 1.00% growth in the rating base in each year of the Long Term Plan.

The rates rises are greater than the predicted rate of inflation in some years, reflecting:

- Cost increases faced by Council, particularly for insurance and construction, which are projected to increase at a higher rate than the Consumer Price Index

- Depreciation and interest payments – an increased capital expenditure programme will mean that there will be a corresponding increase in depreciation and interest charges
- An increased work programme, including changes arising from new central government policies, e.g. Environmental Policy Statements, and community expectations.

While Council will continue to consider affordability issues when setting rate levels each year, it is required by the Local Government Act to 2002 to include a statement on quantified limits on rates and rates increases. Council will limit the increase in Council's 'Total Rate Requirement'[2] to no more than the forecast[3] percentage increase of the Local Government Cost Index (LGCI) plus 2% in each of the 10 years, including an assumption of a 1% rating base growth per year. Using the LGCI rather than Consumer Price Index (CPI) is considered to be more realistic as LGCI reflects the realities of higher local government costs - the cost of doing Council business.

From time to time, Council will need to increase the level of service that it is providing to meet, for example, community expectations.

Individual properties may experience smaller or larger increases depending on movements in property values, the services received and location. Council has set a limit of $105 million per year for the total rate requirement over the 10 years of this Long Term Plan.

---

[2] *The 'Total Rate Requirement' includes both general and targeted rates such as water, wastewater, stormwater and flood protection.*
[3] *As provided by Business and Economic Research Limited (BERL).*

TOTAL RATES AND DEBT

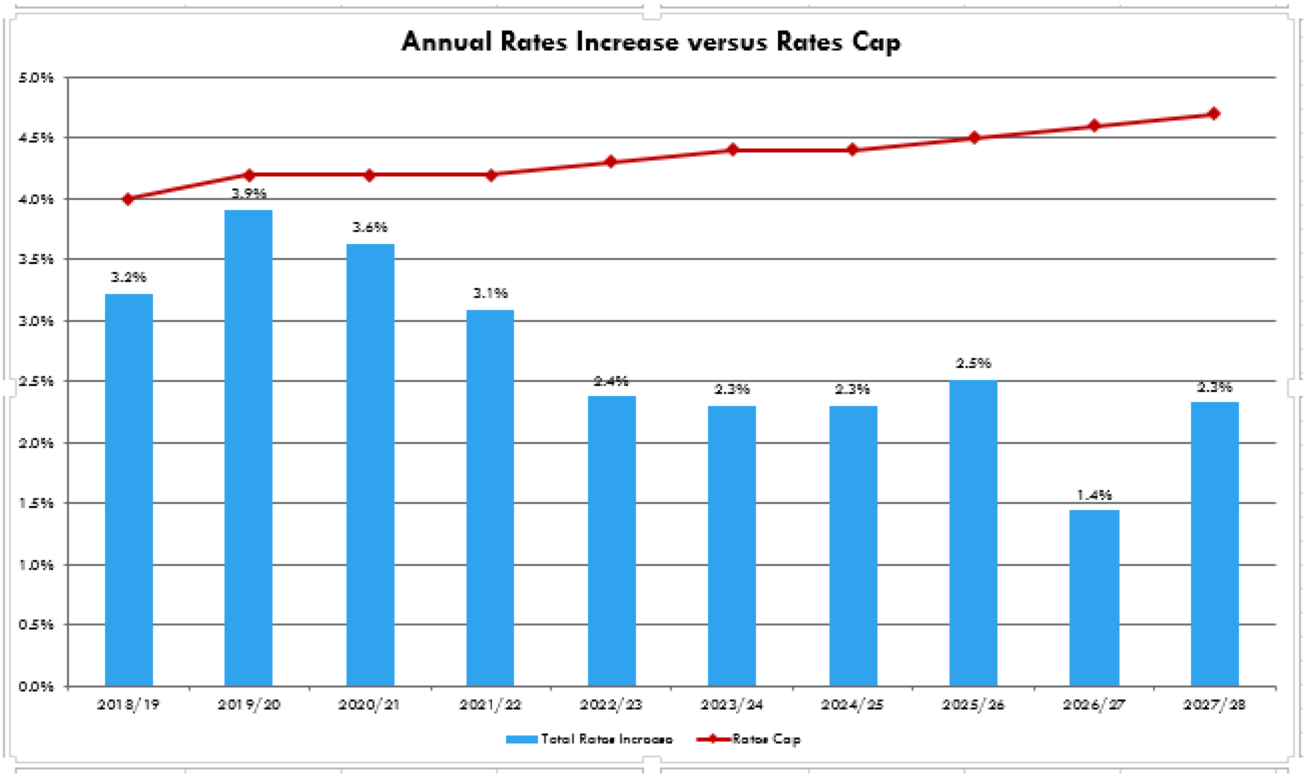
(NOTE: for readability these tables are attached in landscape layout at the end of this document)

General rates, targeted rates, total rates and total net debt

	Annual Plan 2017/18 ($000)	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)	Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)	Long-term Plan 2025/26 ($000)	Long-term Plan 2026/27 ($000)	Long-term Plan 2027/28 ($000)
General Rates	45,657	46,728	49,001	51,380	52,605	54,496	56,075	57,649	59,587	60,810	62,949
Targeted Rates (Water, stormwater, wastewater)	24,696	26,438	27,792	29,004	31,098	32,062	33,365	34,781	36,121	37,259	38,415
Total Rates	70,353	73,166	76,793	80,384	83,703	86,558	89,440	92,430	95,708	98,069	101,364
Total Net Debt	118,948	108,013	119,618	142,368	156,323	164,698	173,961	174,180	171,978	166,179	168,529

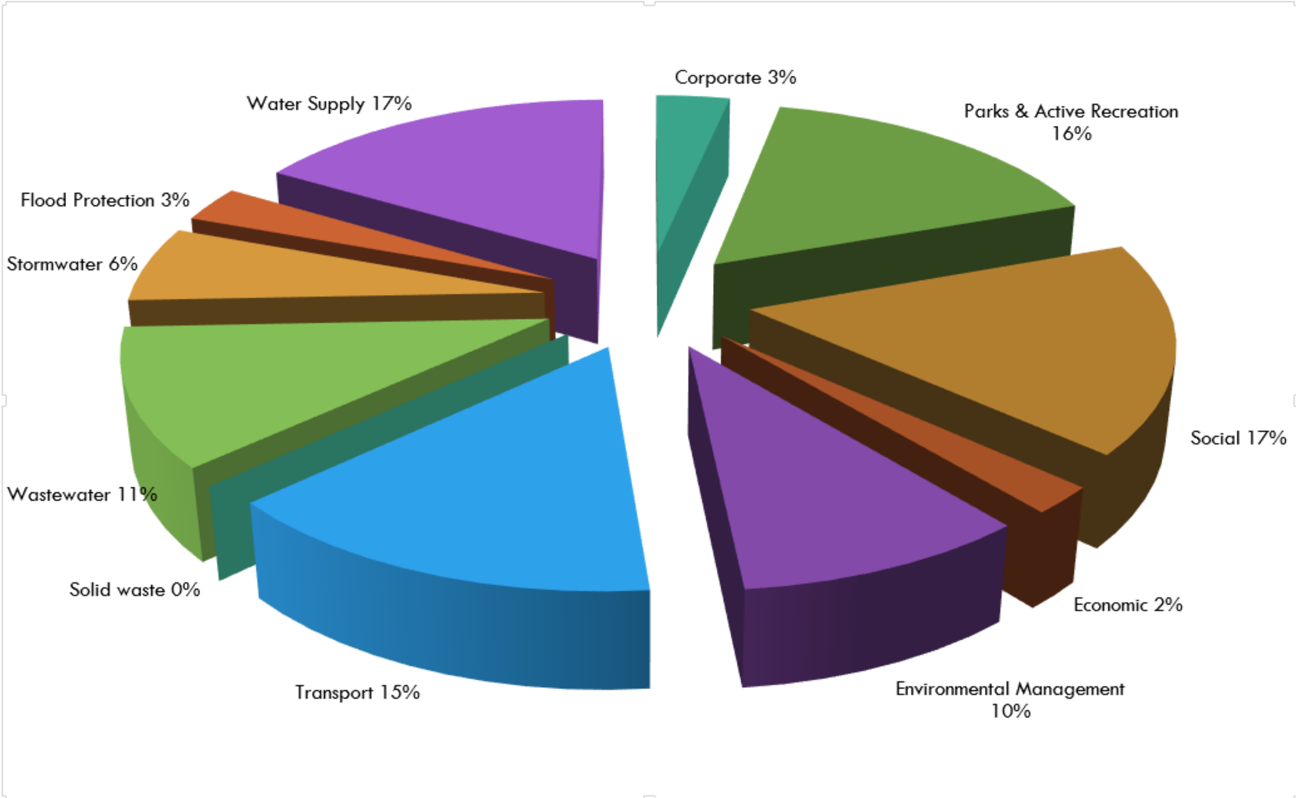
Net debt, debt/revenue ratio, rates and rates cap

	Annual Plan 2017/18 ($000)	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)	Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)	Long-term Plan 2025/26 ($000)	Long-term Plan 2026/27 ($000)	Long-term Plan 2027/28 ($000)
Net Debt	118,948	108,013	119,618	142,368	156,323	164,698	173,961	174,180	171,978	166,179	168,529
Debt/Revenue Ratio	112.7%	98.6%	105.4%	121.2%	127.0%	129.9%	133.2%	130.5%	123.9%	118.5%	116.1%
Rates	2.8%	3.2%	3.9%	3.6%	3.1%	2.4%	2.3%	2.3%	2.5%	1.4%	2.3%
Rates Cap		4.0%	4.2%	4.2%	4.2%	4.3%	4.4%	4.4%	4.5%	4.6%	4.7%



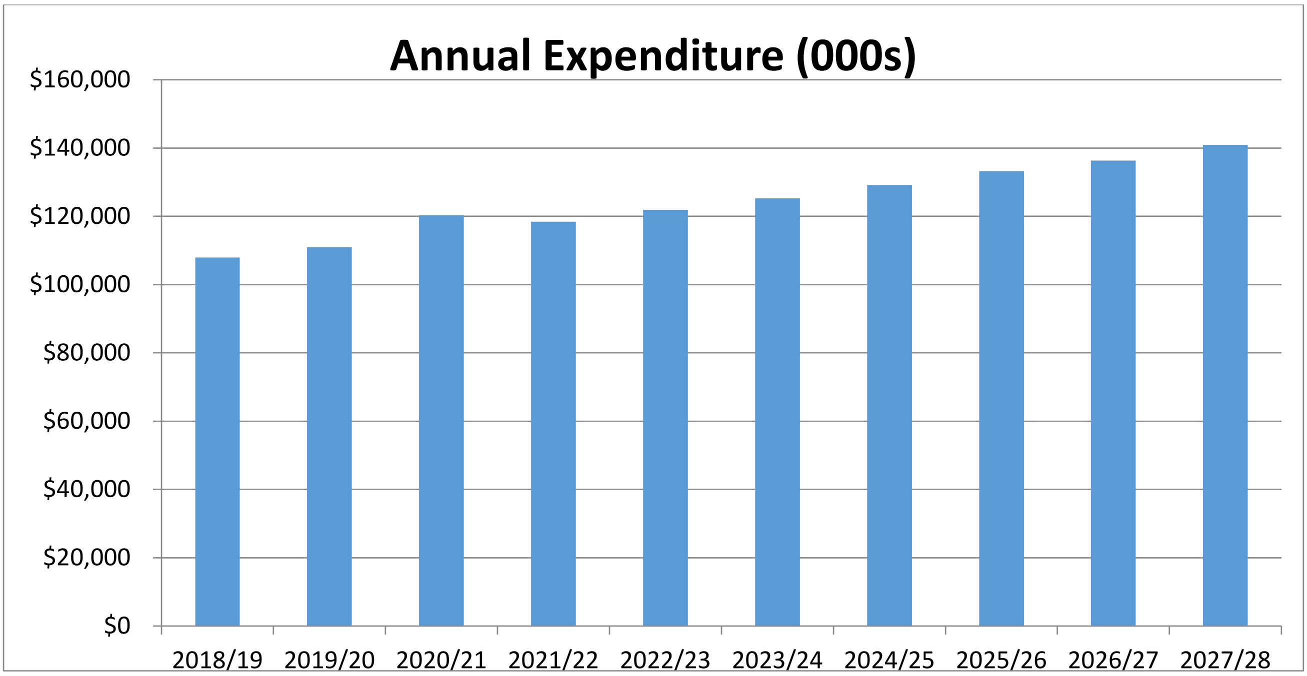
Where the money will go

The following diagram shows the proportion of rates anticipated to be collected for Council services over the next 10 years. See the individual activity sections to see what services are provided under each activity.



Note: this pie chart does not match the rates requirement for all activities as many activities such as building and resource consents have income from fees and charges.

Total operating expenditure is budgeted to increase from $105 million in 2018/19 to $140 million in 2027/28, a 30% increase including inflation over the ten years of the Long Term Plan. This is shown in the following graph.



Funding expenditure

Council funds operating expenditure from the following sources:

- Council levies fees and charges or targeted rates on the basis of direct user pays for the benefit received, however in some cases targeted rates are levied as a proxy for direct user pays
- Where Council is providing services that are part of national programmes or the Government provides subsidies to Council to provide certain services, then Council will claim for these government grants / subsidies
- Other sources of funding include interest and dividends received, and other operating revenue such as rent received
- A general rate where there is a deemed general benefit across the city.

Each activity uses different sources of funding depending on the services it delivers. All operating costs are funded with the exception of some minor assets and depreciation on the NZ Transport Agency share of subsidised transport projects, which are funded by NZTA directly.

Council may choose to not fully fund operating expenditure in any particular year if the deficit can be funded by operating surpluses in the immediately previous or later years. An operating deficit will only be budgeted where it would be beneficial to avoid large fluctuations in rates, fees or charges and would be made up in prior/subsequent years.

MANAGING RISKS FROM NATURAL HAZARDS

An extra $3.25 million total funding across the 10 years of the Plan has been added to Council's Disaster Recovery Fund with a view to having the Fund in a more robust position at the end of the period. An extra $150,000 is included in 2020/21, climbing to $500,000 in 2023/24. The Fund is currently carrying debt from the December 2011 event but this extra funding would take the balance at Year 10 to $12.5 million compared to $9.9 million.

The timing of these events in future cannot be known, and Council have not assumed any withdrawal from this fund over the 10 years of the Long Term Plan. However, Council accepts that it is likely that withdrawals from this fund will be necessary over the upcoming ten years. If that should be the case and if the balance of the fund at that time is insufficient, Council has the ability to borrow the shortfall which would be repaid from the fund in future years. Council may reconsider, from time to time, the amount transferred to this fund from rates, particularly if a significant event should occur. It is important to note that even with the reserve built up to the desired level, Council will continue to hold appropriate levels of insurance for assets.

BORROWING

Capital expenditure is funded in the following priority order:

- Financial Contributions and Development Contributions, if a growth project
- Grants and subsidies, for example from NZ Transport Agency, Tasman District Council, or community groups
- Cash surpluses after meeting the costs of renewals expenditure, which arise from Councils funding of depreciation
- Loans.

Because the level of borrowing is planned to increase, the management of interest costs is very important.

Council Treasury Policy includes the Investment and Liability Management Policies. These are published separately and are available on Council's website. Council has determined maximum amounts and limits of debt.

The borrowing limits table shows a comparison of the limits in the Treasury Policy compared with those set in this Long Term Plan. The policy limits were determined in association with Council's bankers and Treasury Adviser. The table also shows that Council is operating within the guidelines contained in the Treasury Policy.

Borrowing Limits

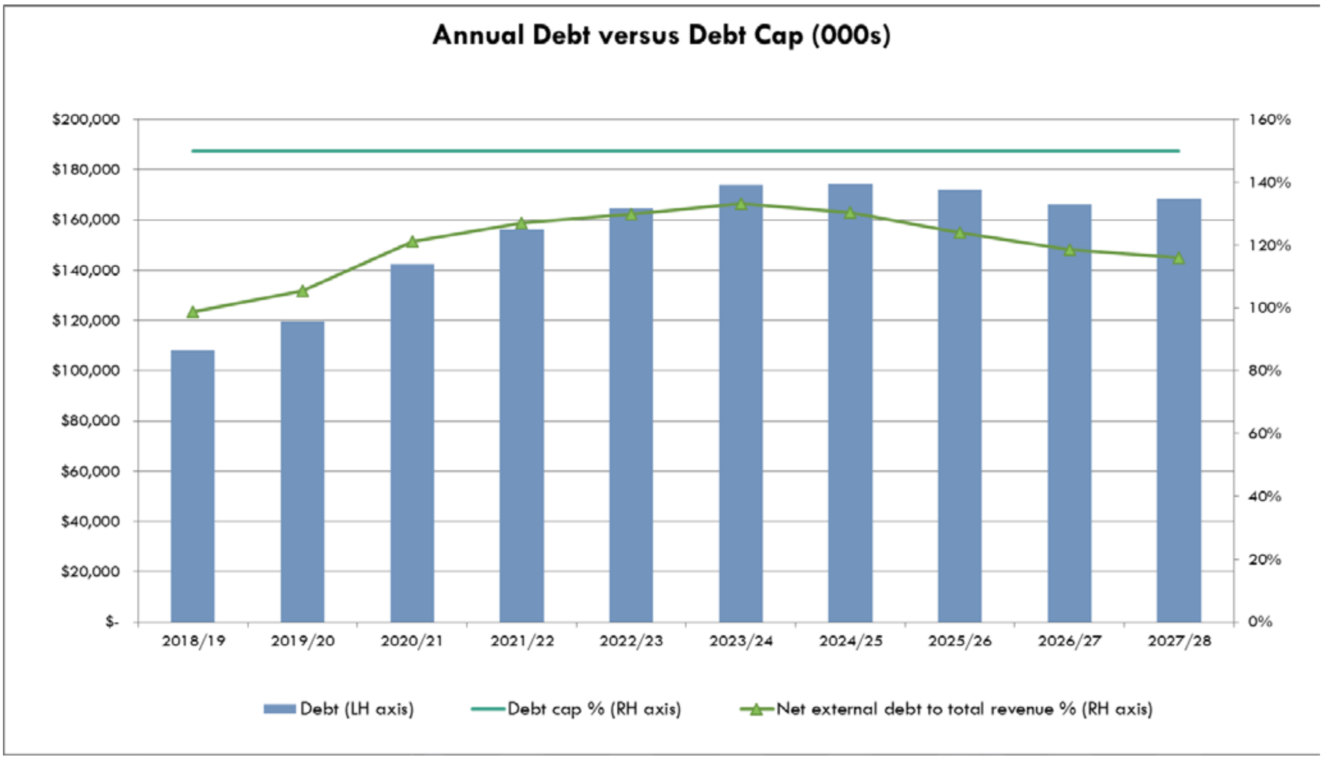
The borrowing limits are set as:

- Net external debt[1] not to exceed 150% of total revenue[2] % (see graph below)
- Net interest expense on external debt as a % of total revenue to be less than 15%
- Net interest expense on external debt as a % of total rates income to be less than 20%

[1]Net external debt is defined as total debt less cash deposits.

[2] Total revenue is defined as cash earnings from rates, government grants and subsidies, user charges, interest, dividends, and excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment.

The following graph shows that Council's net external debt is not expected to exceed 150% of total revenue for all ten years of the Long Term Plan.



The table below shows the net debt, and debt to revenue, interest on external debt to revenue, interest on external debt to rates income over the life of this plan so that they can be compared to the limits set. NOTE: For readability the following table is also included at the end of document.

Net debt, net external debt, and net interest expense as a % of total rates income

	Annual Plan 2017/18 ($000)	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)	Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)	Long-term Plan 2025/26 ($000)	Long-term Plan 2026/27 ($000)	Long-term Plan 2027/28 ($000)	Limit
Net Debt	118,948	108,013	119,618	142,368	156,323	164,698	173,961	174,180	171,978	166,179	168,529	
	%	%	%	%	%	%	%	%	%	%	%	
Net external debt not to exceed 150% of total revenue	112.7%	98.6%	105.4%	121.2%	127.0%	129.9%	133.2%	130.5%	123.9%	118.5%	116.1%	<150%
Net interest expense on external debt as a % of total revenue to be less than 15%	4.4%	4.5%	4.8%	5.2%	6.2%	6.6%	6.9%	7.2%	7.1%	7.1%	6.9%	<15%
Net interest expense on external debt as a % of total rates income to be less than 20%	6.6%	6.8%	7.1%	7.6%	9.1%	9.7%	10.1%	10.3%	10.3%	10.2%	9.9%	<20%

In 2012, after consultation, Nelson City Council became a Guaranteeing Local Authority in the Local Government Funding Agency (LGFA). Access to the LGFA means Council is able to achieve a lower cost of borrowing, and therefore funding. Council must ensure that its interest to rates revenue ratio is below 30% in order to retain the ability to borrow through LGFA.

To fund the capital works programme in this Long Term Plan, net borrowings would peak at $174 million during 2023/2024. The borrowing programme is within the three limits imposed under the Liability Management Policy (and outlined above). The Liability Management Policy is available on Council’s website.

Although interest rates are currently low, Council has budgeted for the average interest rate paid on its loans to increase over the 10 years of this Long Term Plan within a range between 4.19% and 4.94%.

Base interest rate assumptions use the most recent Reserve Bank of New Zealand 90 day bank bill rate forecasts and long term historical 90 day bank bill averages. Council's all-up interest rate cost includes the current fixed rate borrower swap hedge portfolio and assumptions regarding future credit margins. In addition to obtaining lower rates for borrowing through the Local Government Funding Agency, Council manages the cost and risk of borrowing through its Liability Management Policy, which requires a spread of terms for loans so that they do not have their interest rates reviewed at the same time, when interest rates may be high.

INVESTMENTS

Nelson City Council has a portfolio of investments comprising:

- Equity investments.
- Asset investments.
- Associated organisations.

Council's Investment Policy is published separately and available on Council's website. It contains information on the reasons for holding these investments.

Council's main investments are shareholding of Council Controlled Trading Organisations, commercial property and forestry investments. A list of these investments and the targets for returns on these investments is set out below.

It is acknowledged that in cash terms the investments of Port Nelson Ltd, Nelson Airport Ltd, and the Civic Financial Services Limited will return less than Council's overall objective of receiving a return equal to or greater over time than the average costs of Council borrowing. Council will review the expected return on investments prior to the 2021-2031 Long Term Plan.

Investment	Target return
Port Nelson Limited	6% on average shareholder funds
Nelson Airport Limited	5% on opening shareholder funds
Nelmac Limited	7% on closing shareholder funds
Civic Financial Services Limited	No return on shareholders' funds

Council also has approximately 546 hectares of commercial forestry which generate a return, while providing recreational opportunities.

SECURITIES FOR BORROWING

Council's external borrowings and interest-rate risk management instruments will generally be secured by way of a charge over rates and rates revenue offered through a Debenture Trust Deed. Under a Debenture Trust Deed, Council's borrowing is secured by a floating charge over all Council rates levied under the Rating Act. The security offered by Council ranks equally or '*pari passu*' with other lenders, which means on equal terms in all respects, at the same rate, or proportionately.

From time to time, with Council and Trustee approval, security may be offered by providing a charge over one or more of Council's assets.

Physical assets will be charged only where:

- There is a direct relationship between the debt and the purchase or construction of the asset that it funds, for example an operating lease or project finance.
- Council considers a charge over physical assets to be appropriate.
- Any pledging of physical assets must comply with the terms and conditions contained within the Debenture Trust Deed.

VARIATION BETWEEN THE LONG TERM PLAN AND ACTUAL RESULTS

Actual financial results achieved for the period covered by the Long Term Plan may vary from the information presented and the variations may be material.

This means that, while Council will do its best to keep to what is set out in the Long Term Plan, there are legitimate reasons why the final results in the Annual Report at the end of each financial year might be different. Variables include unanticipated changes in interest rates or market conditions. The Long Term Plan can only be a best estimate of the costs Council will face. Factors outside its control can affect project completion.

Repeat of tables to assist readability

General rates, targeted rates, total rates and total net debt

	Annual Plan 2017/18 ($000)	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)	Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)	Long-term Plan 2025/26 ($000)	Long-term Plan 2026/27 ($000)	Long-term Plan 2027/28 ($000)
General Rates	45,657	46,728	49,001	51,380	52,605	54,496	56,075	57,649	59,587	60,810	62,949
Targeted Rates (Water, stormwater, wastewater)	24,696	26,438	27,792	29,004	31,098	32,062	33,365	34,781	36,121	37,259	38,415
Total Rates	70,353	73,166	76,793	80,384	83,703	86,558	89,440	92,430	95,708	98,069	101,364
Total Net Debt	118,948	108,013	119,618	142,368	156,323	164,698	173,961	174,180	171,978	166,179	168,529

Net debt, debt/revenue ratio, rates and rates cap

	Annual Plan 2017/18 ($000)	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)	Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)	Long-term Plan 2025/26 ($000)	Long-term Plan 2026/27 ($000)	Long-term Plan 2027/28 ($000)	Limit
Net Debt	118,948	108,013	119,618	142,368	156,323	164,698	173,961	174,180	171,978	166,179	168,529	
	%	%	%	%	%	%	%	%	%	%	%	
Net external debt not to exceed 150% of total revenue	112.7%	98.6%	105.4%	121.2%	127.0%	129.9%	133.2%	130.5%	123.9%	118.5%	116.1%	<150%
Net interest expense on external debt as a % of total revenue to be less than 15%	4.4%	4.5%	4.8%	5.2%	6.2%	6.6%	6.9%	7.2%	7.1%	7.1%	6.9%	<15%
Net interest expense on external debt as a % of total rates income to be less than 20%	6.6%	6.8%	7.1%	7.6%	9.1%	9.7%	10.1%	10.3%	10.3%	10.2%	9.9%	<20%

Net debt, net external debt, and net interest expense as a % of total rates income

	Annual Plan 2017/18 ($000)	Long-term Plan 2018/19 ($000)	Long-term Plan 2019/20 ($000)	Long-term Plan 2020/21 ($000)	Long-term Plan 2021/22 ($000)	Long-term Plan 2022/23 ($000)	Long-term Plan 2023/24 ($000)	Long-term Plan 2024/25 ($000)	Long-term Plan 2025/26 ($000)	Long-term Plan 2026/27 ($000)	Long-term Plan 2027/28 ($000)	Limit
Net Debt	118,948	108,013	119,618	142,368	156,323	164,698	173,961	174,180	171,978	166,179	168,529	
	%	%	%	%	%	%	%	%	%	%	%	
Net external debt not to exceed 150% of total revenue	112.7%	98.6%	105.4%	121.2%	127.0%	129.9%	133.2%	130.5%	123.9%	118.5%	116.1%	<150%
Net interest expense on external debt as a % of total revenue to be less than 15%	4.4%	4.5%	4.8%	5.2%	6.2%	6.6%	6.9%	7.2%	7.1%	7.1%	6.9%	<15%
Net interest expense on external debt as a % of total rates income to be less than 20%	6.6%	6.8%	7.1%	7.6%	9.1%	9.7%	10.1%	10.3%	10.3%	10.2%	9.9%	<20%