

Annual Plan disclosure statement

Annual Plan disclosure statement for the year ending 30 June 2024

What is the purpose of this 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 Annual 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.

Benchmark	Planned	Met	Reason not met
Rates affordability benchmark			
• increases	The quantified limit is rates increases (excluding water by meter, trade waste targeted rates and penalties) no more than the Local Government inflation rate plus 2% (after accounting for growth). For 2023/24 the limit is 7.9%	8.2%	No For this annual plan the main contributor to the breach of our rates limit has been the significant increase in interest and insurance costs.
Debt affordability benchmark			
	The quantified limit is net borrowings less than 200% of total revenue (net borrowing is defined as total debt less cash or near cash financial investments, total revenue excludes development contributions and non-cash items)	145%	Yes
Balanced budget benchmark	100%	98%	No Due to high inflation, forecast depreciation for our infrastructure assets is \$2.4M higher in 23/24 than our previous forecasts done as part of our 21-31 Long Term Plan, which has caused an unbalanced budget for this

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Benchmark	Planned	Met	Reason not met
Essential services benchmark	100%	86%	<p>No</p> <p>Annual plan. Depreciation is a non-cash item, which Whanganui District Council does not specifically fund, rather we fund asset replacements and loan repayments.</p> <p>Council does not meet the essential services benchmark for 2023/24</p> <p>There are a number of factors that contribute towards capital expenditure being less than depreciation for this Long Term Plan including:</p> <ul style="list-style-type: none"> • The nature of capital expenditure means that in some years we have large projects which increase depreciation in future years. • We have adopted a risk-based approach to asset management, meaning that we have prioritised capital expenditure towards critical assets, non-critical assets will be run to failure, and then replaced/renewed. Over a number of years we have been gathering reliable data on the condition of our critical assets to ensure money is spent prudently, and in the area of most need. • Our Rooding asset management are prepared in full compliance with the criteria outlined by the New Zealand Transport Agency (NZTA), these plans are audited by NZTA who funds 60% of our Rooding expenditure. <p>Our planned capital expenditure on network services is based on asset information, criticality and condition. Although we do not meet the requirements of this benchmark, we believe that our capital expenditure is set at a sustainable and prudent level.</p>
Debt servicing benchmark	10%	6.7%	Yes

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Notes

1 Rates affordability benchmark

- (1) For this benchmark,—
 - (b) the council's planned rates increases for the year are compared with a quantified limit on rates increases for the year contained in the financial strategy included in the council's long-term plan.
- (2) The council meets the rates affordability benchmark if—
 - (b) its planned rates increases for the year equal or are less than each quantified limit on rates increases.

2 Debt affordability benchmark

- (1) For this benchmark, the council's planned borrowing is compared with quantified limits on borrowing contained in the financial strategy included in the council's long-term plan.
- (2) The council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

3 Balanced budget benchmark

- (1) For this benchmark, the council's planned revenue (excluding development contributions, vested assets, financial contributions, gains on derivative financial instruments, and revaluations of property, plant, or equipment) is presented as a proportion of its planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).
- (2) The council meets the balanced budget benchmark if its revenue equals or is greater than its operating expenses.

4 Essential services benchmark

- (1) For this benchmark, the council's planned capital expenditure on network services is presented as a proportion of expected depreciation on network services.
- (2) The council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.

5 Debt servicing benchmark

- (1) For this benchmark, the council's planned borrowing costs are presented 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).
- (2) Because Statistics New Zealand projects that the council's population will grow as fast as the national population growth rate, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 10% of its planned revenue.