

Financial Reporting and Prudence – Annual Plan disclosure statement

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Annual plan disclosure statement for year ending 30 June 2017

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.

WCC LTP 2 table style

Benchmark		Planned	Met
Rates affordability benchmark			No
• income	Total rates collected	\$302.0m	283.5
• increases	4.5% after growth average rates increase over the first triennium	4.5%	4.6%
Debt affordability benchmark	Net closing debt over operating income	175%	Yes
Balanced budget benchmark	100%	103%	Yes
Essential services benchmark	100%	134%	Yes
Debt servicing	10%	6%	Yes

Notes

1 Rates affordability benchmark

(1) For this benchmark,—

(a) the council's planned rates income for the year is compared with [*a quantified limit/quantified limits*] on rates contained in the financial strategy included in the council's long-term plan; and

(b) the council's planned rates increases for the year are compared with [*a quantified limit/quantified limits*] 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—

(a) its planned rates income for the year equals or is less than each quantified limit on rates; and

(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 [*a quantified limit/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, or faster than, slower than*] the national population growth rate, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than [*10%/15%*] of its planned revenue.