

A wide-angle landscape photograph showing a river winding through a lush green valley. In the background, a range of mountains with patches of snow is visible under a clear blue sky.

**For now &  
our future**

# **LTP24.34 workshop Feb 1st**

## **High level budget discussion**

# Workshop Feb 1<sup>st</sup> Outline

Feedback from Workshop 30 November

Review changes made since workshop

inflation – 5.5%, \$200k reduction in Infrastructure budget

Consider updated forecasts for Year 1

# Workshop Outline - 2024 LTP Budget issues

## Review

## Changes made since 1 Nov workshop

Provide for inflation

Reviewed inflation, reducing but high risk, keep at 5.5%

LOS increases

Will work within current funding levels for Year 1

Debt

Interest only payments until Year 3

Fund CR infrastructure and capability

Reviewed CR budget regards capex and staging.  
Year 1 budget decreased to \$2.3m, staged to Year 3

Provide for better financial resilience

Funding Waituna internal loan with debt will increase general reserves by \$3m  
Opportunity to increase further with several other reserves that could be reassigned

# V3 Forecast rates funding needed for 2024.25 \$m

		Annual Plan \$	LTP Forecast \$	Forecast rates impact Year 1	
		Current	Year 1	\$ pa	% incr
Inflation forecast			5.5%		
LOS increase			0.0%		
Base income and expenditure	<u>Income and expenditure</u>				
	Cash operating expenses	42.8	43.2		
	Cash incomes	(12.4)	(12.8)		
	Non cash expenses (depreciation)	0.80	0.80		
	Inflation on expenses		2.4		
	Inflation on income		(0.5)		
	Proposed LOS increase	0.0	0.0		
	Dividends and interest	(5.5)	(5.9)		
		25.7	27.2		
Financial resilience	<u>Transfers to reserves</u>				
	Transfer to coastal & marine fee	0.30	0.40		
	Transfer to leasehold reserves	0.65	0.20		
	Transfer to catchment (interest)	0.32	0.32		
	Transfer to (from) gen funds	(1.27)	0.00		
		0.00	0.92	\$ 27	3.6%
Current CR projects	Interest payments		1.00		
	Increased depreciation Stead St		0.30		
	Use of leasehold surpluses		0.00		
	Debt repayment		0.00		
		0.00	1.3	\$ 14	5.1%
Infrastructure Strategy	Infrastructure investment		2.3	\$ 25	9.0%
Total rates funding required \$m		25.7	31.7	\$ 67	
Increase \$ from previous year			6.0		

5.9%

3.6%

9.5%

Incr for current operations

14.6%

Increase in BAU costs with CR project costs

# Summary of funding and rates impacts

Funding summary \$m				
	2023.24		LTP Yr 1	
Operating expenditure	43.6		46.4	
Current projects			1.3	
New investment			2.3	
Income		12.4		13.3
Dividends & int		5.5		5.9
Rates		25.7		31.7
Reserves increased	1.3		0.9	
Reserves used (Gen)		1.3		0.0
	44.9	44.9	50.9	50.9

Note: No use of Gen reserves in the LTP proposed

Illustration per residential household	p.a.	per week
Operational cost increases	\$ 27	\$ 0.5
Current CR projects	\$ 14	\$ 0.3
Proposed Infrastructure budget	\$ 25	\$ 0.5
	\$ 67	\$ 1.3

# Annual Plan 2023.24 forecast

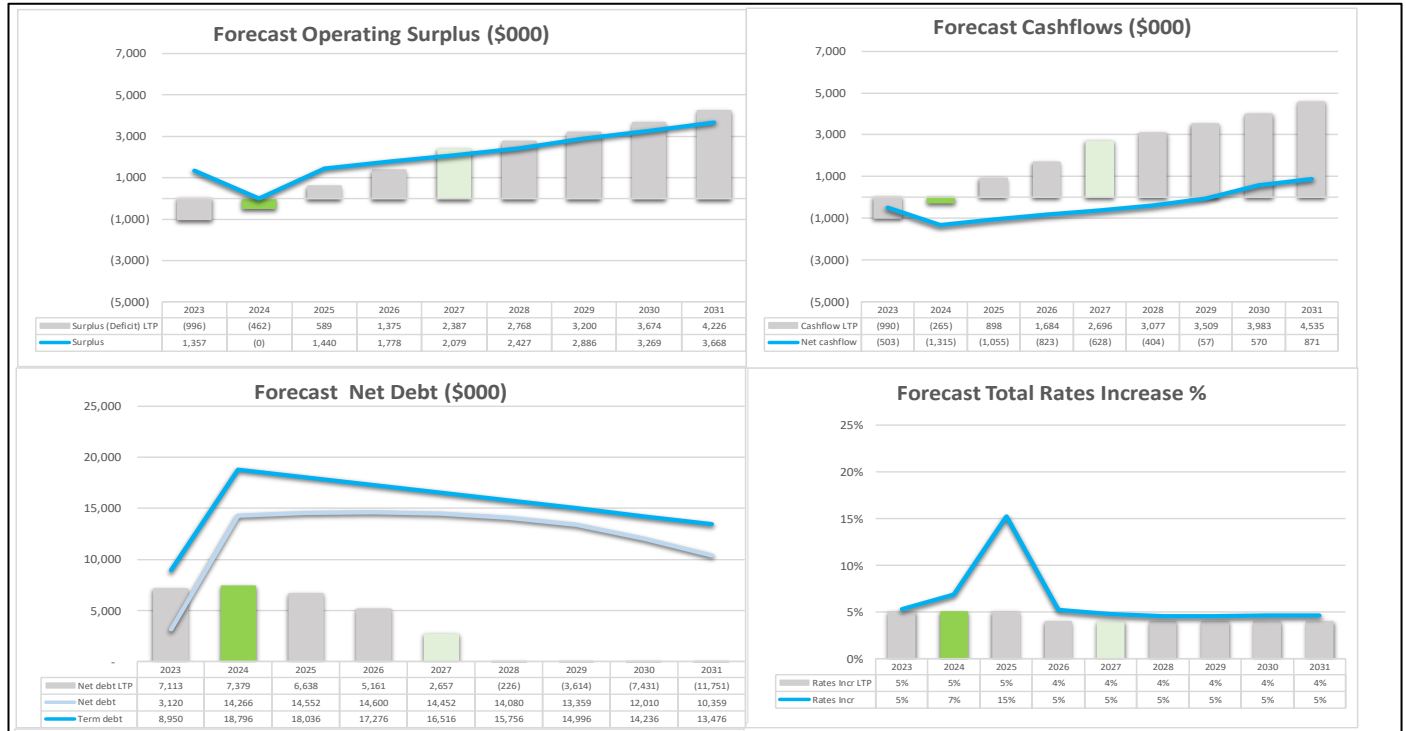
6.9% rate increase with 10% following year

Annual Plan  
2023.24

Forecast 15%  
rate increase

- 10%  
operating  
based on  
4.5%  
inflation rate

- 5% for debt  
repayment



# Summary

Agree on financials for Consultation document

Agree communications plan