

Subject:	DRAFT LONG TERM PLAN 2024-2034 - correction to financial tables and graphs
Date	4 June 2024
From:	Jenny Livschitz - Hutt City Council Group Chief Financial Officer
To:	Long Term Plan/Annual Plan Subcommittee

Purpose of Memorandum

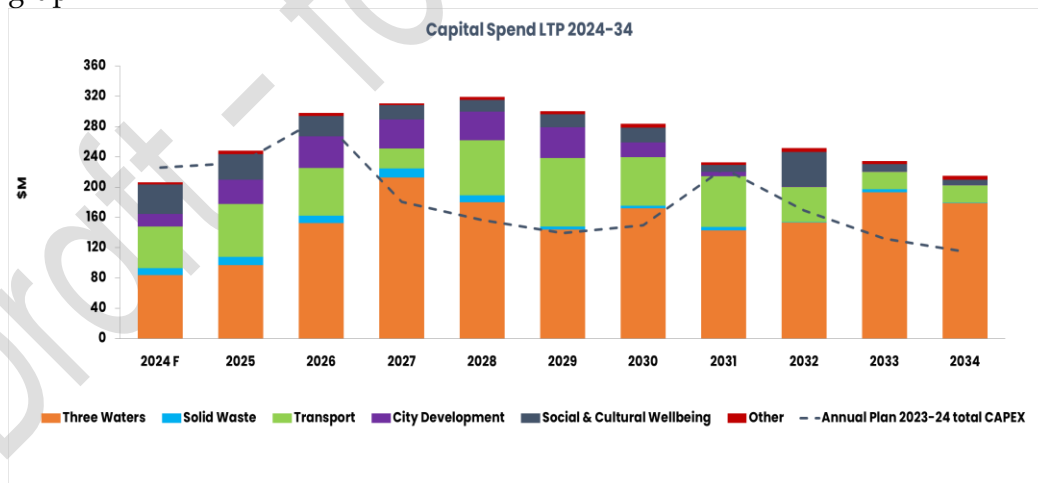
1. To provide the Long Term Plan/Annual Plan Subcommittee with updated information based on some errors identified in the financial tables and graphs included in the reports.

Background

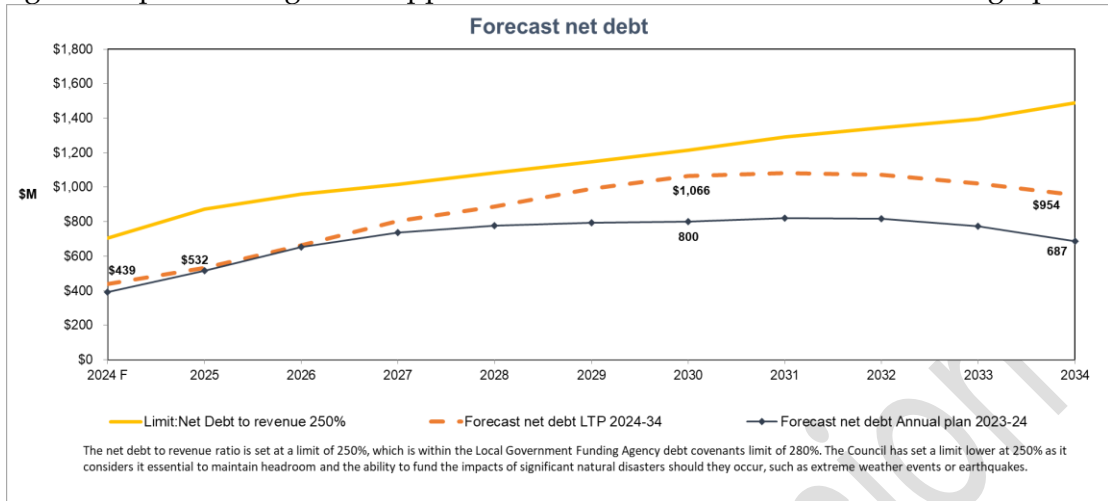
2. An error in an operating cost adjustment was identified for the City development activity where the capital adjustments was inadvertently included under operating. This mainly results in changes to consolidated Council financial statements and City development financial statements with some minor flow on impacts for other activities. This also results in some changes to the debt, balanced budget and capital projection graphs.

Amendments for Report: Final decisions on the Long Term Plan 2024-2034 and Appendix 2 in supplementary agenda

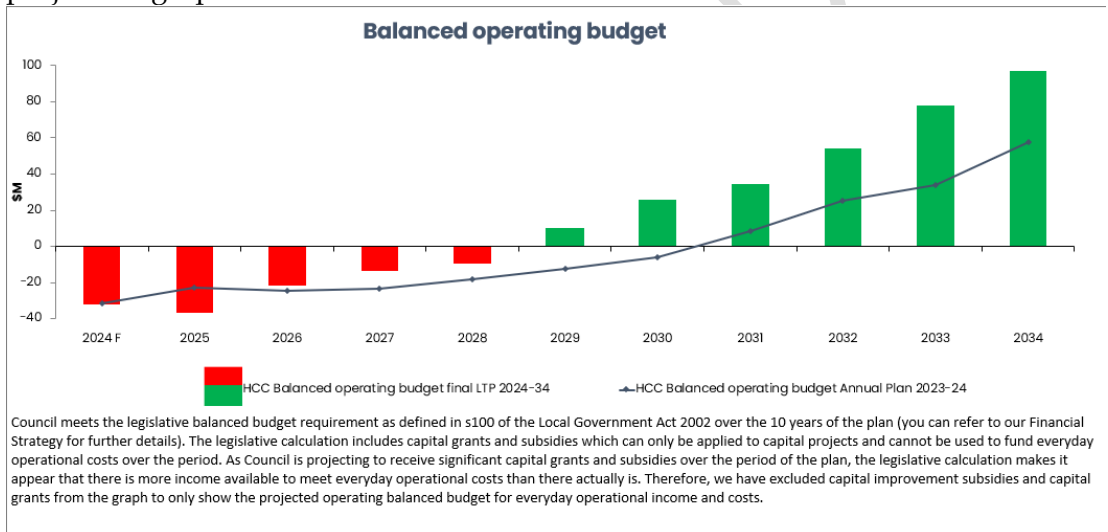
3. Pg 18, graph 1 and Pg 29 of Appendix 2 - Correction to capital projection graph



4. Pg 19 Graph 2 and Pg 31 of Appendix 2- Correction to net debt forecast graph



5. Pg 20, graph 3 and Pg 30 of Appendix 2 - Correction to balance operating budget projection graph



Amendments for Report: Final decisions on the Long Term Plan 2024-2034 Appendix 2 in supplementary agenda

1. Pg 75 of supplementary agenda

CITY DEVELOPMENT – PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ending 30 June

	Forecast 2024 \$000	Draft budget 2025 \$000	Forecast 2026 \$000	Forecast 2027 \$000	Forecast 2028 \$000	Forecast 2029 \$000	Forecast 2030 \$000	Forecast 2031 \$000	Forecast 2032 \$000	Forecast 2033 \$000	Forecast 2034 \$000
REVENUE											
Rates	-	-	-	-	-	-	-	-	-	-	-
User charges	84	87	89	91	93	95	97	99	101	103	105
Operating subsidies	-	-	-	-	-	-	-	-	-	-	-
Operating grants	-	-	-	-	-	-	-	-	-	-	-
Capital subsidies	2,805	12,232	17,051	14,151	6,685	3,409	-	-	-	-	-
Capital Grants	-	-	-	-	-	-	-	-	-	-	-
Development & financial contributions	-	-	-	-	-	-	-	-	-	-	-
Vested assets	-	-	-	-	-	-	-	-	-	-	-
Interest earned	-	-	-	-	-	-	-	-	-	-	-
Dividends from CCOs	-	-	-	-	-	-	-	-	-	-	-
Gain/(loss) on disposal of assets	-	-	-	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-	-	-	-
Total revenue	2,889	12,319	17,140	14,242	6,778	3,504	97	99	101	103	105
EXPENDITURE											
Employee costs	1,679	1,949	2,017	2,088	2,140	2,195	2,250	2,306	2,364	2,423	2,484
Operating costs	8,886	7,391	6,472	2,900	2,285	2,190	2,183	2,233	2,339	2,324	2,374
Support costs/internal charges	2,309	2,942	2,872	2,925	2,988	3,055	3,162	3,286	3,226	3,304	3,442
Interest expenditure	2,431	3,141	3,963	5,015	6,119	7,720	8,916	9,693	9,795	9,692	8,812
Depreciation	12	(7)	30	30	32	32	29	27	27	27	28
Total expenditure	15,317	15,416	15,354	12,958	13,564	15,192	16,540	17,545	17,751	17,770	17,140
SURPLUS/(DEFICIT) BEFORE TAX	(12,428)	(3,097)	1,786	1,284	(6,786)	(11,688)	(16,443)	(17,446)	(17,650)	(17,667)	(17,035)
TOTAL CAPITAL EXPENDITURE	16,324	32,003	41,778	38,735	37,815	40,768	19,834	6,077	439	934	493
PROSPECTIVE FUNDING REQUIREMENT											
RATES FUNDING REQUIREMENT											
Surplus/(deficit)	(12,428)	(3,097)	1,786	1,284	(6,786)	(11,688)	(16,443)	(17,446)	(17,650)	(17,667)	(17,035)
Add capital contributions	(2,805)	(12,232)	(17,051)	(14,151)	(6,685)	(3,409)	-	-	-	-	-
Rate funded debt/(debt repayment)	-	-	-	-	-	-	-	-	-	-	-
Total rates funding requirement	(15,233)	(15,329)	(15,265)	(12,867)	(13,471)	(15,097)	(16,443)	(17,446)	(17,650)	(17,667)	(17,035)
LOAN FUNDING REQUIREMENT											
Capital to meet additional demand	(2,060)	-	-	-	-	-	-	-	-	-	-
Capital to improve level of service	(14,264)	(31,946)	(41,741)	(37,937)	(37,279)	(40,720)	(19,355)	(5,823)	(253)	(258)	(262)
Capital to replace existing assets	-	(57)	(37)	(798)	(536)	(48)	(479)	(254)	(186)	(676)	(231)
Less capital contributions	2,805	12,232	17,051	14,151	6,685	3,409	-	-	-	-	-
Less UHCC capital contribution	-	-	-	-	-	-	-	-	-	-	-
Less depreciation	12	(7)	30	30	32	32	29	27	27	27	28
Less asset sales	-	1,073	1,093	5,591	5,737	5,892	-	-	-	-	-
Less rate funded debt repayment	-	-	-	-	-	-	-	-	-	-	-
Total loan (funding)/repayment	(13,507)	(18,705)	(23,604)	(18,963)	(25,361)	(31,435)	(19,805)	(6,050)	(412)	(907)	(465)
TOTAL FUNDING REQUIREMENT	(28,740)	(34,034)	(38,869)	(31,830)	(38,832)	(46,532)	(36,248)	(23,496)	(18,062)	(18,574)	(17,500)

4. Pg 254 of supplementary agenda

PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ending 30 June

	Forecast 2024 \$000	Draft budget 2025 \$000	Forecast 2026 \$000	Forecast 2027 \$000	Forecast 2028 \$000	Forecast 2029 \$000	Forecast 2030 \$000	Forecast 2031 \$000	Forecast 2032 \$000	Forecast 2033 \$000	Forecast 2034 \$000
REVENUE											
Rates funding	94,916	111,719	124,378	138,652	150,608	168,618	189,882	207,571	229,509	253,053	273,889
Targeted Rates	60,696	71,903	84,033	97,895	117,872	135,570	153,547	162,989	170,325	178,368	191,614
User charges	58,637	71,116	75,692	78,493	81,171	83,265	85,485	87,710	89,639	91,747	93,769
Operating subsidies	9,160	12,130	12,432	12,741	13,027	13,345	13,655	13,771	14,046	14,314	14,588
Operating grants	58	22	23	23	24	25	25	25	26	26	27
Capital subsidies	19,007	40,349	45,476	26,179	42,013	48,543	31,564	33,070	22,383	10,248	10,442
Capital Grants	30,493	29,970	30,625	43,030	19,360	-	-	-	-	-	-
Development & financial contributions	4,985	7,918	11,727	14,131	14,568	14,655	17,955	16,309	15,743	15,530	15,756
Vested assets	903	936	954	976	999	1,021	1,043	1,064	1,086	1,107	1,128
Interest earned	3,238	4,200	2,939	2,988	3,041	3,106	3,184	3,231	3,283	3,358	3,435
Dividends from CCOs	204	204	208	213	218	223	228	232	237	241	246
Gain/(loss) on disposal of assets	-	-	-	-	-	-	-	-	-	-	-
Other revenue	5,832	7,689	7,773	6,594	6,746	7,144	7,039	7,181	7,588	7,495	7,637
Total revenue	288,129	358,156	396,260	421,915	449,647	475,515	503,607	533,153	553,865	575,487	612,531
EXPENDITURE											
Employee costs	45,371	53,688	55,870	56,660	58,066	59,547	61,007	62,530	64,125	65,698	67,225
Operating costs	149,358	175,179	173,757	172,402	181,327	185,499	188,912	193,123	196,191	199,862	202,120
Support costs	-	-	2	(1)	1	-	2	-	1	(2)	(3)
Finance costs	22,355	27,344	31,422	37,944	43,710	50,488	56,606	61,033	62,689	62,654	59,463
Depreciation and amortisation	54,955	66,575	75,004	91,681	105,626	112,660	128,293	138,588	144,970	149,774	166,979
Total expenditure	272,039	322,786	336,055	358,686	388,730	408,194	434,820	455,274	467,976	477,986	495,784
SURPLUS/(DEFICIT) BEFORE TAX	16,090	35,370	60,205	63,229	60,917	67,321	68,787	77,879	85,889	97,501	116,747
Tax expense	-	-	-	-	-	-	-	-	-	-	-
SURPLUS/(DEFICIT) AFTER TAX	16,090	35,370	60,205	63,229	60,917	67,321	68,787	77,879	85,889	97,501	116,747
OTHER COMPREHENSIVE INCOME											
Gain/(loss) on revaluation of financial instruments	-	-	-	-	-	-	-	-	-	-	-
Gains/Losses on asset revaluation	169,355	-	-	231,741	-	-	242,437	-	-	253,656	-
Total Other Comprehensive Income	169,355	-	-	231,741	-	-	242,437	-	-	253,656	-
TOTAL COMPREHENSIVE INCOME	185,445	35,370	60,205	294,970	60,917	67,321	311,224	77,879	85,889	351,157	116,747

5. Pg 254 of supplementary agenda

PROSPECTIVE STATEMENT OF CHANGES IN NET EQUITY

For the year ending 30 June

	Forecast 2024 \$000	Draft budget 2025 \$000	Forecast 2026 \$000	Forecast 2027 \$000	Forecast 2028 \$000	Forecast 2029 \$000	Forecast 2030 \$000	Forecast 2031 \$000	Forecast 2032 \$000	Forecast 2033 \$000	Forecast 2034 \$000
--	---------------------------	-------------------------------	---------------------------	---------------------------	---------------------------	---------------------------	---------------------------	---------------------------	---------------------------	---------------------------	---------------------------

Equity at beginning of the year	1,604,778	1,790,223	1,825,593	1,885,798	2,180,768	2,241,685	2,309,006	2,620,230	2,698,109	2,783,998	3,135,155
Total Comprehensive Income	185,445	35,370	60,205	294,970	60,917	67,321	311,224	77,879	85,889	351,157	116,747
EQUITY AT END OF THE YEAR	1,790,223	1,825,593	1,885,798	2,180,768	2,241,685	2,309,006	2,620,230	2,698,109	2,783,998	3,135,155	3,251,902

**Represented by:
Accumulated Funds**

Opening balance	711,919	725,297	764,674	825,957	888,195	949,835	1,019,016	1,084,345	1,158,595	1,240,680	1,334,249
Interest allocated to reserves	(1,612)	(743)	(722)	(741)	(727)	(690)	(758)	(829)	(904)	(982)	(1,062)
Other transfers to reserves	(2,500)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)
Transfers from reserves	1,400	7,750	4,800	2,750	4,450	5,550	300	200	100	50	-
Net surplus / (deficit) after tax	16,090	35,370	60,205	63,229	60,917	67,321	68,787	77,879	85,889	97,501	116,747
Closing balance	725,297	764,674	825,957	888,195	949,835	1,019,016	1,084,345	1,158,595	1,240,680	1,334,249	1,446,934

Council Created Reserves

Opening balance	39,135	41,844	37,836	36,757	37,747	37,023	35,162	38,619	42,247	46,050	49,980
Transfers to accumulated funds	(1,400)	(7,750)	(4,800)	(2,750)	(4,450)	(5,550)	(300)	(200)	(100)	(50)	-
Transfers from accumulated funds	2,500	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Interest earned	1,609	742	721	740	726	689	757	828	903	980	1,060
Closing balance	41,844	37,836	36,757	37,747	37,023	35,162	38,619	42,247	46,050	49,980	54,040

Restricted Reserves

Opening balance	64	67	68	69	70	71	72	73	74	75	77
Transfers to accumulated funds	-	-	-	-	-	-	-	-	-	-	-
Transfers from accumulated funds	-	-	-	-	-	-	-	-	-	-	-
Interest earned	3	1	1	1	1	1	1	1	1	2	2
Closing balance	67	68	69	70	71	72	73	74	75	77	79

Asset Revaluation Reserves

Opening balance	853,660	1,023,015	1,023,015	1,023,015	1,254,756	1,254,756	1,254,756	1,497,193	1,497,193	1,497,193	1,750,849
Changes in asset value	-	-	-	-	-	-	-	-	-	-	-
Valuation gains (losses) taken to equity	169,355	-	-	231,741	-	-	242,437	-	-	253,656	-
Closing balance	1,023,015	1,023,015	1,023,015	1,254,756	1,254,756	1,254,756	1,497,193	1,497,193	1,497,193	1,750,849	1,750,849

TOTAL EQUITY	1,790,223	1,825,593	1,885,798	2,180,768	2,241,685	2,309,006	2,620,230	2,698,109	2,783,998	3,135,155	3,251,902
---------------------	------------------	------------------	------------------	------------------	------------------	------------------	------------------	------------------	------------------	------------------	------------------



6. Pg 255 of supplementary agenda

PROSPECTIVE STATEMENT OF FINANCIAL POSITION

As at 30 June

	Forecast 2024 \$000	Draft budget 2025 \$000	Forecast 2026 \$000	Forecast 2027 \$000	Forecast 2028 \$000	Forecast 2029 \$000	Forecast 2030 \$000	Forecast 2031 \$000	Forecast 2032 \$000	Forecast 2033 \$000	Forecast 2034 \$000
CURRENT ASSETS											
Cash and cash equivalents	18,132	15,050	20,138	22,403	20,941	23,946	24,397	23,280	23,951	24,030	23,942
Debtors and other receivables	21,264	21,264	21,732	22,242	22,752	23,263	23,752	24,220	24,709	25,177	25,644
Derivative financial instruments	-	-	-	-	-	-	-	-	-	-	-
Non-current assets held for sale	1,524	1,303	6,454	6,192	6,385	507	1,088	494	533	548	1,175
Inventories	2,981	2,981	2,981	2,981	2,981	2,981	2,981	2,981	2,981	2,981	2,981
Prepayments	5,639	5,639	5,639	5,639	5,639	5,639	5,639	5,639	5,639	5,639	5,639
Accrued interest	266	266	266	266	266	266	266	266	266	266	266
Other financial assets	-	-	-	-	-	-	-	-	-	-	-
Total current assets	49,806	46,503	57,210	59,723	58,964	56,602	58,123	56,880	58,079	58,641	59,647
NON-CURRENT ASSETS											
Property, plant and equipment	2,016,488	2,142,045	2,247,185	2,666,021	2,868,973	3,011,063	3,415,550	3,551,054	3,625,186	3,933,072	4,000,145
Assets under construction	206,572	210,147	299,143	322,389	263,647	304,838	287,765	245,493	246,741	238,832	219,764
Intangible assets	3,238	1,138	373	127	286	319	391	356	381	264	395
Derivative financial instruments	5,609	5,609	5,609	5,609	5,609	5,609	5,609	5,609	5,609	5,609	5,609
Investment in subsidiaries	964	964	964	964	964	964	964	964	964	964	964
Investment in associates	200	200	200	200	200	200	200	200	200	200	200
Investment in CCOs and similar entities	62,997	77,397	77,397	77,597	78,597	82,597	83,597	83,597	83,597	82,597	80,597
Other financial assets	455	455	455	455	455	455	455	455	455	455	455
Total non-current assets	2,296,523	2,437,955	2,631,326	3,073,362	3,218,731	3,406,045	3,794,531	3,887,728	3,963,133	4,261,993	4,308,129
Total assets	2,346,329	2,484,458	2,688,536	3,133,085	3,277,695	3,462,647	3,852,654	3,944,608	4,021,212	4,320,634	4,367,776
CURRENT LIABILITIES											
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-
Borrowings - current	50,561	61,202	75,208	89,823	97,584	107,824	113,921	112,992	109,132	100,828	90,548
Derivative financial instruments	-	-	-	-	-	-	-	-	-	-	-
Creditors and other payables	29,700	26,647	31,760	34,054	32,619	35,652	36,129	35,038	35,736	35,841	35,777
Employee entitlements	5,206	5,206	5,321	5,445	5,570	5,695	5,815	5,930	6,049	6,164	6,278
Other liabilities	6,506	6,506	6,649	6,805	6,961	7,118	7,267	7,410	7,560	7,703	7,846
Total current liabilities	91,973	99,561	118,938	136,127	142,734	156,289	163,132	161,370	158,477	150,536	140,449
NON-CURRENT LIABILITIES											
Borrowings - non current	455,046	550,246	674,557	806,746	883,630	987,505	1,059,251	1,074,904	1,068,319	1,024,341	964,637
Employee entitlements	401	372	380	389	398	407	416	424	432	440	449
Derivative financial instruments	663	663	663	663	663	663	663	663	663	663	663
Provisions	8,023	8,023	8,200	8,392	8,585	8,777	8,962	9,138	9,323	9,499	9,676
Total non-current liabilities	464,133	559,304	683,800	816,190	893,276	997,352	1,069,292	1,085,129	1,078,737	1,034,943	975,425
Total liabilities	556,106	658,865	802,738	952,317	1,036,010	1,153,641	1,232,424	1,246,499	1,237,214	1,185,479	1,115,874
NET ASSETS	1,790,223	1,825,593	1,885,798	2,180,768	2,241,685	2,309,006	2,620,230	2,698,109	2,783,998	3,135,155	3,251,902
Represented by:											
EQUITY											
Accumulated funds	725,297	764,674	825,957	888,195	949,835	1,019,016	1,084,345	1,158,595	1,240,680	1,334,249	1,446,934
Restricted reserves	67	68	69	70	71	72	73	74	75	77	79
Council created reserves	41,844	37,836	36,757	37,747	37,023	35,162	38,619	42,247	46,050	49,980	54,040
Revaluation reserves	1,023,015	1,023,015	1,023,015	1,254,756	1,254,756	1,254,756	1,497,193	1,497,193	1,497,193	1,750,849	1,750,849
TOTAL EQUITY	1,790,223	1,825,593	1,885,798	2,180,768	2,241,685	2,309,006	2,620,230	2,698,109	2,783,998	3,135,155	3,251,902

7. Pg 256 of supplementary agenda

PROSPECTIVE STATEMENT OF CASH FLOWS

For the year ending 30 June

	Forecast 2024 \$000	Draft budget 2025 \$000	Forecast 2026 \$000	Forecast 2027 \$000	Forecast 2028 \$000	Forecast 2029 \$000	Forecast 2030 \$000	Forecast 2031 \$000	Forecast 2032 \$000	Forecast 2033 \$000	Forecast 2034 \$000
CASH FLOWS FROM OPERATING ACTIVITIES											
Cash was provided from:											
Receipts from rates and levies - Council	155,612	183,622	208,411	236,547	268,480	304,188	343,429	370,560	399,834	431,421	465,503
User charges and other income	141,335	169,194	183,280	180,681	176,399	166,466	155,234	157,598	148,936	138,892	141,752
Interest received	3,238	4,200	2,939	2,988	3,041	3,106	3,184	3,231	3,283	3,358	3,435
Dividends received	204	204	208	213	218	223	228	232	237	241	246
Receipts from rates and levies - GWRC	40,225	40,225	41,110	42,075	43,041	44,006	44,931	45,816	46,741	47,626	48,511
Net GST received from Inland Revenue	-	-	-	-	-	-	-	-	-	-	-
	340,614	397,445	435,948	462,504	491,179	517,989	547,006	577,437	599,031	621,538	659,447
Cash was applied to:											
Payments to employees	(46,073)	(53,717)	(55,977)	(56,775)	(58,182)	(59,663)	(61,118)	(62,637)	(64,236)	(65,805)	(67,330)
Payments to suppliers	(164,960)	(178,232)	(168,096)	(169,511)	(182,164)	(181,867)	(187,863)	(193,665)	(194,921)	(199,206)	(201,633)
Interest paid	(22,355)	(27,344)	(31,422)	(37,944)	(43,710)	(50,488)	(56,606)	(61,033)	(62,689)	(62,654)	(59,463)
Rates and levies passed to GWRC	(40,225)	(40,225)	(41,110)	(42,075)	(43,041)	(44,006)	(44,931)	(45,816)	(46,741)	(47,626)	(48,511)
Net GST paid to Inland Revenue	-	-	-	-	-	-	-	-	-	-	-
	(273,613)	(299,518)	(296,605)	(306,305)	(327,097)	(336,024)	(350,518)	(363,151)	(368,587)	(375,291)	(376,937)
Net cash inflows from operating activities	67,001	97,927	139,343	156,199	164,082	181,965	196,488	214,286	230,444	246,247	282,510
CASH FLOWS FROM INVESTING ACTIVITIES											
Cash was provided from:											
Sale of property, plant and equipment	436	1,524	1,303	6,454	6,192	6,385	507	1,088	494	533	548
Other investment receipts	11,050	-	-	-	-	-	(1,000)	-	-	1,000	2,000
	11,486	1,524	1,303	6,454	6,192	6,385	(493)	1,088	494	1,533	2,548
Cash was applied to:											
Purchase of property, plant and equipment	(203,319)	(209,591)	(299,037)	(322,340)	(262,820)	(304,061)	(286,782)	(244,696)	(245,826)	(238,334)	(218,711)
Less UHCC capital contribution	7,958	16,173	25,268	15,397	8,266	9,378	14,378	14,278	26,919	43,413	4,602
Purchase of assets under construction	-	-	-	-	-	-	-	-	-	-	-
Purchase of intangible assets	(3,253)	(556)	(106)	(49)	(827)	(777)	(983)	(797)	(915)	(498)	(1,053)
Other investments and payments	(1,000)	(14,400)	-	(200)	(1,000)	(4,000)	-	-	-	-	-
	(199,614)	(208,374)	(273,875)	(307,192)	(256,381)	(299,460)	(273,387)	(231,215)	(219,822)	(195,419)	(215,162)
Net cash outflows from investing activities	(188,128)	(206,850)	(272,572)	(300,738)	(250,189)	(293,075)	(273,880)	(230,127)	(219,328)	(193,886)	(212,614)
CASH FLOWS FROM FINANCING ACTIVITIES											
Cash was provided from:											
Proceeds from borrowing	166,693	156,402	199,519	222,012	174,468	211,699	185,667	128,645	102,547	56,850	30,844
	166,693	156,402	199,519	222,012	174,468	211,699	185,667	128,645	102,547	56,850	30,844
Cash was applied to:											
Repayment of borrowing	(37,657)	(50,561)	(61,202)	(75,208)	(89,823)	(97,584)	(107,824)	(113,921)	(112,992)	(109,132)	(100,828)
	(37,657)	(50,561)	(61,202)	(75,208)	(89,823)	(97,584)	(107,824)	(113,921)	(112,992)	(109,132)	(100,828)
Net cash inflows/(outflows) from financing activities	129,036	105,841	138,317	146,804	84,645	114,115	77,843	14,724	(10,445)	(52,282)	(69,984)
Net increase/(decrease) in cash, cash equivalents and bank overdraft	7,909	(3,082)	5,088	2,265	(1,462)	3,005	451	(1,117)	671	79	(88)
Cash, cash equivalents and bank overdraft at beginning of the year	10,223	18,132	15,050	20,138	22,403	20,941	23,946	24,397	23,280	23,951	24,030
Cash, cash equivalents and bank overdraft at end of the year	18,132	15,050	20,138	22,403	20,941	23,946	24,397	23,280	23,951	24,030	23,942
Cash balance at end of the year comprises:											
Cash and on call deposits	18,132	15,050	20,138	22,403	20,941	23,946	24,397	23,280	23,951	24,030	23,942
Short term deposits	-	-	-	-	-	-	-	-	-	-	-
Bank overdraft	-	-	-	-	-	-	-	-	-	-	-
Cash, cash equivalents and bank overdraft at end of the year	18,132	15,050	20,138	22,403	20,941	23,946	24,397	23,280	23,951	24,030	23,942