

**Supporting Financial Information
for the Annual Plan 2020/21
Consultation Document**



Nelson City Council
te kaunihera o whakatū

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Funding Impact Statement

HOW MUCH WILL MY RATES COST?

Total rates on each property in Nelson include payment for local authority (city council) and regional council services. Council is a unitary authority combining both of these functions. The final figure is made up of a combination of whichever of the following apply to your rating unit(s):

- General rate, which includes the uniform annual general charge (UAGC)
- Stormwater and flood protection charge
- Wastewater charge or commercial wastewater charge for sewage disposal
- Water annual charge
- Water volumetric rate

If part of scheme:

- Clean Heat Warm Home targeted rate
- Solar hot water targeted rate
- Postponement application charge
- Postponement interest.

DIFFERENTIALS

Some rates are set on a differential basis, which adjust rates upwards or downwards, typically depending on whether more or less Council services are provided, for example commercial, rural or multi-unit properties.

RATES AND CHARGES

The 'funding impact statement' sets out the rates and charges that are planned for the next year.

Unless otherwise stated, rates and charges are shown including GST.

RATING UNITS

The projected number of rating units within Nelson at 30 June 2020 is 22,635.

The projected total capital value of rating units within Nelson at 30 June 2020 is \$16,272,555,738.

The projected total land value of rating units within Nelson at 30 June 2020 is \$7,496,880,613.

RATING OF SEPARATELY USED OR INHABITED PARTS (SUIP) OF A RATING UNIT

Definition

A separately used or inhabited part of a rating unit includes any part separately used or

inhabited by the owner or by any other person or body having the right to use or inhabit that part by virtue of a tenancy, lease, license or other agreement. This definition includes separately used parts, whether or not actually occupied at any particular time, which are used by the owner for rental (or other form of occupation) on an occasional or long term basis by someone other than the owner. For the purpose of this definition, vacant land and vacant premises offered or intended for use or habitation by a person other than the owner and usually used as such are defined as 'used' by the owner for this separate purpose. For the avoidance of doubt, a rating unit that has a single use or occupation is treated as having one separately used or inhabited part.

The following are considered to be separately used or inhabited parts of a rating unit where the above requirements are met.

- Flats or apartments (including flats that share kitchen or bathroom facilities)
- Separately leased commercial areas of a rating unit
- Where there is multiple use of a single rating unit, such as a shop with a dwelling.

The following are not considered to be separately used parts of a rating unit:

- A residential sleep-out or granny flat without independent kitchen facilities
- A hotel room with or without kitchen facilities
- A motel room with or without kitchen facilities
- A bed and breakfast room with or without kitchen facilities
- Individual offices or premises of business partners
- Individually leased carparks
- Storage units
- Properties subject to statutory declarations for unoccupied or second residential units not being used as separate units.

Examples of Rates for 2020/21

To further clarify the rates changes from 2019/20 to those for the 2020/21 rating year a selection of properties has been shown to provide a guide. The following table is GST inclusive.

Examples of Total Impact of General and Targeted Rates on Different Land Uses and Values (GST Inclusive)										
Property Type	2018 Land Value	2019/20 Rates	2020/21 Rates							
			General Rate	UAGC	Stormwater/ Flood Protection	Waste water	Water Annual Charge	Total Rates	% increase on 2019/20	\$ increase on 2019/20
Residential	\$147,000	\$2,199	\$795	\$452	\$365	\$478	\$204	\$2,295	4.38	\$96
(Average 2018 Land Value \$280,000)	\$160,000	\$2,266	\$866	\$452	\$365	\$478	\$204	\$2,366	4.41	\$100
	\$175,000	\$2,343	\$947	\$452	\$365	\$478	\$204	\$2,447	4.44	\$104
	\$220,000	\$2,574	\$1,190	\$452	\$365	\$478	\$204	\$2,690	4.53	\$116
	\$275,000	\$2,856	\$1,488	\$452	\$365	\$478	\$204	\$2,988	4.61	\$132
	\$315,000	\$3,061	\$1,705	\$452	\$365	\$478	\$204	\$3,204	4.67	\$143
	\$370,000	\$3,344	\$2,002	\$452	\$365	\$478	\$204	\$3,502	4.73	\$158
	\$400,000	\$3,498	\$2,165	\$452	\$365	\$478	\$204	\$3,664	4.76	\$166
	\$435,000	\$3,678	\$2,354	\$452	\$365	\$478	\$204	\$3,854	4.79	\$176
	\$495,000	\$3,986	\$2,679	\$452	\$365	\$478	\$204	\$4,178	4.83	\$192
	\$650,000	\$4,782	\$3,517	\$452	\$365	\$478	\$204	\$5,017	4.93	\$235
	\$800,000	\$5,552	\$4,329	\$452	\$365	\$478	\$204	\$5,829	4.99	\$277
Multi Residential (Two flats Two UAGC & Wastewater Charges)	\$320,000	\$4,365	\$1,905	\$905	\$365	\$956	\$408	\$4,539	3.99	\$174
	\$1,100,000	\$8,570	\$6,548	\$905	\$365	\$956	\$204	\$8,978	4.76	\$408
Empty Residential Section (Water annual charge included if water meter is installed)	\$113,000	\$1,346	\$611	\$452	\$365			\$1,429	6.16	\$83
	\$295,000	\$2,481	\$1,596	\$452	\$365		\$204	\$2,618	5.52	\$137
	\$560,000	\$3,841	\$3,030	\$452	\$365		\$204	\$4,052	5.48	\$211
Small Holding (Water annual charge included if water meter installed)	\$370,000	\$2,476	\$1,802	\$452	\$365			\$2,619	5.81	\$143
	\$520,000	\$3,369	\$2,533	\$452	\$365		\$204	\$3,554	5.49	\$185
Rural (Water annual charge included if water meter installed)	\$920,000	\$3,506	\$3,236	\$452				\$3,688	5.21	\$182
	\$2,140,000	\$7,778	\$7,527	\$452			\$204	\$8,184	5.22	\$406
Commercial - Outside Inner City / Stoke - 1 Unit	\$475,000	\$7,849	\$7,114	\$452	\$365	\$120	\$204	\$8,255	5.17	\$406
Commercial - Outside Inner City / Stoke - 2 Units	\$530,000	\$8,632	\$7,937	\$452	\$365	\$120	\$204	\$9,078	5.17	\$446
Commercial - Outside Inner City / Stoke - 2 Units	\$205,000	\$5,114	\$3,070	\$1,357	\$365	\$359	\$204	\$5,355	4.72	\$241
Commercial - Stoke - 1 Unit	\$44,000	\$1,685	\$745	\$452	\$365	\$120	\$0	\$1,682	-0.15	-\$3
Commercial - Inner City - 2 Units	\$365,000	\$8,473	\$6,413	\$905	\$365	\$239	\$204	\$8,126	-4.10	-\$347
Commercial - Inner City - 2 Units	\$415,000	\$9,409	\$7,292	\$905	\$365	\$239	\$204	\$9,005	-4.30	-\$404
Commercial - Inner City - 1 Unit	\$1,450,000	\$28,231	\$25,477	\$452	\$365	\$120	\$204	\$26,618	-5.71	-\$1,613

This table does not include water charges based on consumption. This is charged at \$2.136 per cubic meter and an average residential ratepayer uses 160 m³ costing \$341.76 (GST Incl)

GENERAL RATE

A general rate set under section 13 of the Local Government (Rating) Act 2002 is based on the ratable value of the land. General rates are set at different rates in the dollar of ratable value for different categories of ratable land. The general rate is 0.54113 cents in the land value dollar (including GST) for the 2020/21 rating year for the base differential category.

This compares to the previous year's rate of 0.51346 in the land value dollar in the 2019/20 rating year for the base differential category.

UNIFORM ANNUAL GENERAL CHARGE

A uniform annual general charge (UAGC) is set under section 15 of the Local Government (Rating) Act 2002 per separately used or inhabited part of a rating unit.

It is assessed:

- As a charge for services which have an equal element of benefit irrespective of property value
- To ensure a minimum charge on all properties
- To reduce the extremes of rates paid by the highest and lowest valued rating units
- In recognition that land valuation-based rating does not necessarily reflect a ratepayer's ability to pay.

Council will collect 14% of rates, excluding Solar Saver and Clean Heat Warm Homes targeted rates and water annual charge and water volumetric rate, through the UAGC.

The UAGC is \$452.36 including GST per separately used or inhabited part of a rating unit for the 2019/20 rating year. The charge for 2020/21 is \$17.14 higher than the charge of \$435.22 for the 2019/20 rating year.

The rates revenue sought from the uniform annual general charge and certain targeted rates set as a fixed amount is 20.29% of the total revenue from all rates sought by Council. This is well within the 30% limit set by Section 21 of the Local Government (Rating) Act 2002.

DIFFERENTIALS

Differentials are adjustments to the rates of particular property types to better reflect the services provided by Council. Commercial properties pay higher rates to reflect additional services such as street cleaning and car parks. Properties classified as rural have a negative differential to reflect the fewer Council services provided to those properties.

CATEGORIES OF DIFFERENTIALS BASED ON LAND USE

These differential categories are defined in accordance with the provisions of Schedule Two of the Local Government (Rating) Act 2002. The same definitions are also used to calculate the liability for some other rates. The differential categories are as follows:

General Rate

Residential – all rating units that are used primarily for residential purposes.

Multi Residential – all rating units that contain more than one residential dwelling that are capable of being used primarily for residential purposes.

Commercial – any rating unit which is used primarily for commercial use. Properties that have a portion of residential use shall have a reduced commercial differential.

Inner City Commercial – any rating unit which is used primarily for commercial use that is located within the Inner City Zone, as defined in the Nelson Resource Management Plan. Properties that have a portion of residential use shall have a reduced inner city commercial differential.

Stoke Commercial – any rating unit which is used primarily for commercial use that is located within the Stoke commercial zone, as defined in the Nelson Resource Management Plan. Properties that have a portion of residential use shall have a reduced Stoke commercial differential.

Rural – any rating unit having an area greater than 15 hectares which is used primarily for dairy, fattening and grazing, quarries, forestry or horticultural use and is recorded as rural on the District Valuation Roll.

Small Holding – any rating unit which is primarily used as a small holding and having an area greater than 0.5 hectares but is less than 15 hectares and is recorded as a small holding on the District Valuation Roll.

Rating categories

Council has adopted the following differentials:

- Single residential with non-rateable portion and Multi Residential both have a plus 10% general rate differential
- Rural have a minus 35% general rate differential
- Small holdings have a minus 10% general rate differential

Commercial rates are set to collect 23.6% of the total rates excluding water annual charge and water volumetric rate, Clean Heat Warm Homes and Solar Saver charges. This has decreased from 24.1% in the Annual Plan 2019/20 and the reduction affects the inner city and Stoke commercial properties. 23.592% of this is funded from inner city commercial properties, 1.727% from Stoke commercial properties, while 74.681% is funded from commercial excluding inner city and Stoke commercial properties. This would result in commercial properties paying a total of \$18,829,000 (including water annual charge) in rates for the 2020/21 rating year compared to \$18,257,863 the previous year. The commercial zones of inner city and Stoke are defined in the Nelson Resource Management Plan.

DIFFERENTIAL RATES FOR THE GENERAL RATE

Council's general rate is assessed on a differential basis.

Category 2020/21	Differential %	Cents in the dollar
Residential – single unit	0.0	0.54113
Residential empty section	0.0	0.54113
Single residential unit forming part of a parent valuation, the remainder of which is non-rateable	10.0	0.59525
Multi Residential	10.0	0.59525
Rural	-35.0	0.35174
Small holding	-10.0	0.48702

Category 2020/21	Differential %	Cents in the dollar
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Commercial – excluding inner city and Stoke commercial

100% commercial and industrial (occupied and empty)	176.75	1.49759
25% residential/75% commercial	132.6	1.25868
50% residential/50% commercial	88.4	1.01950
75% residential/25% commercial	44.2	0.78032

Commercial – inner city

100% commercial and industrial (occupied and empty)	224.7	1.75706
25% residential/75% commercial	168.5	1.45295
50% residential/50% commercial	112.4	1.14937
75% residential/25% commercial	56.2	0.84525

Commercial – Stoke

100% commercial and industrial (occupied and empty)	213.1	1.69429
25% residential/75% commercial	159.8	1.40587
50% residential/50% commercial	106.6	1.11798
75% residential/25% commercial	53.3	0.82956

The categories that are to be used for applying the general rate differential and the amount of total revenue (excluding volumetric water) to be collected from each category, for 2020/21, is as follows:

Category	Total Revenue to be collected (\$)
Residential	56,976,000
Multi-residential	4,628,000
Commercial (Inner City, Stoke and other)	18,829,000
Rural	456,000
Small holding	1,919,000

Properties that have more than one use identified above will be placed into a rating category subject to the rating unit's majority use as determined by Council. The neutral base from which differentials are calculated is a residential property with a single dwelling.

Note: Objections to the Rating Information Database under Section 29 of the Local Government (Rating) Act 2002 will be reviewed by Council and Council is the sole determiner of rating categories

STORMWATER AND FLOOD PROTECTION CHARGE

The stormwater and flood protection charge is a uniform targeted rate set under section 16 of the Local Government (Rating) Act 2002 per rating unit and is \$365.01 for the

2020/21 rating year. It recovers the funding required by Council for stormwater and flood protection purposes. It is assessed on all rating units excluding:

- Rural rating units
- Rating units east of the Gentle Annie saddle
- Saxton's Island
- Council's stormwater network

The charge for 2020/21 is \$34.54 higher than the charge of \$330.47 for the 2019/20 rating year.

TARGETED RATES FOR CLEAN HEAT WARM HOMES

The Clean Heat Warm Homes (CHWH) rates are targeted rates under Section 16 of the Local Government (Rating) Act 2002 and are assessed on each separately used or inhabited part of a rating unit that has been provided with home insulation and/or a heater to replace a non-complying solid fuel burner in accordance with agreement of the original ratepayer.

The cost to the community is from funding the interest on the borrowing for the assistance, the administration costs and any rate remissions. The CHWH scheme closed to new applicants from 30 May 2012, but interest costs continue until the last targeted rate is repaid in 2022.

For CHWH agreements dated before 1 July 2011, the targeted rate for each year is based on the agreement entered into with the ratepayer, adjusted for any change in GST.

For CHWH agreements dated on or after 1 July 2011, the targeted rate for each year for 10 years is the total cost of the installed works excluding GST, divided by 10, plus GST at the current rate.

The table below details the loan assistance bands:

Loan Assistance Range	Installation after 30 Sept 2010	Completed prior to 30 Sept 2010
<i>\$1,400 to \$1,599</i>	<i>\$140.00</i>	<i>\$143.11</i>
<i>\$1,600 to \$1,799</i>	<i>\$160.00</i>	<i>\$163.56</i>
<i>\$1,800 to \$1,999</i>	<i>\$180.00</i>	<i>\$184.00</i>
<i>\$2,000 to \$2,199</i>	<i>\$200.00</i>	<i>\$204.44</i>
<i>\$2,200 to \$2,399</i>	<i>\$220.00</i>	<i>\$224.89</i>
<i>\$2,400 to \$2,599</i>	<i>\$240.00</i>	<i>\$245.34</i>
<i>\$2,600 to \$2,799</i>	<i>\$260.00</i>	<i>\$265.78</i>
<i>\$2,800 to \$2,999</i>	<i>\$280.00</i>	<i>\$286.22</i>
<i>\$3,000 to \$3,199</i>	<i>\$300.00</i>	<i>\$306.67</i>
<i>\$3,200 to \$3,399</i>	<i>\$320.00</i>	<i>\$327.11</i>
<i>\$3,400 to \$3,599</i>	<i>\$340.00</i>	<i>\$347.56</i>
<i>\$3,600 to \$3,799</i>	<i>\$360.00</i>	<i>\$368.00</i>
<i>\$3,800 to \$3,999</i>	<i>\$380.00</i>	<i>\$388.44</i>
<i>\$4,000 to \$4,199</i>	<i>\$400.00</i>	<i>\$408.89</i>
<i>\$4,200 to \$4,399</i>	<i>\$420.00</i>	<i>\$429.34</i>
<i>\$4,400 to \$4,599</i>	<i>\$440.00</i>	<i>\$449.78</i>
<i>\$4,600 to \$4,799</i>	<i>\$460.00</i>	<i>\$470.22</i>
<i>\$4,800 to \$4,999</i>	<i>\$480.00</i>	<i>\$490.67</i>

TARGETED RATE FOR SOLAR HOT WATER SYSTEMS

The Solar Saver charge is a targeted rate collected under Section 16 of the Local Government (Rating) Act 2002 on each separately used or inhabited part of a rating unit where the owner has been provided with financial assistance to install a Solar Hot Water System (SHWS).

The targeted rate applying to any participating property is determined on the extent of provision of service by the net cost of the work including GST, after deducting EECA grants, plus the funding cost. The full cost of the works and Council's costs of borrowing and administering the scheme are paid over a 10 year period by the homeowner receiving the service.

Calculation factors:

- 0.14964 (including GST) for agreements entered into prior to 1 July 2011, multiplied by the Net Cost of the Work adjusted for any increased GST
- 0.13847 (including GST) for agreements entered into after 1 July 2011 multiplied by the Net Cost of the Work.

The CHWS scheme closed to new applicants from 30 June 2012.

WASTEWATER CHARGE

A targeted rate is set under Section 16 of the Local Government (Rating) Act 2002 to recover the costs required for Council's wastewater and sewage disposal system. This

charge is assessed to all rating units to which Council's wastewater and sewage disposal service is connected either directly or through a private drain to a public waste water drain.

The wastewater charge for residential, multiresidential, rural and smallholding properties is \$478.24 per separately used or inhabited part of a rating unit including GST for the 2020/21 rating year compared to the previous year's rate of \$477.93. The same definition of the differential categories for the general rate is used for the wastewater charge.

The wastewater charge for commercial properties is set at \$119.56 per separately used or inhabited part of a rating unit being 25% of the charge for the residential, multiresidential, rural and smallholding properties. Commercial properties are also assessed wastewater charges based on Council's Trade Waste Bylaw. These charges are set out in the Commercial Wastewater Charge – Trade Waste Charges section of this Annual Plan 2020-21.

WATER RATES

Nelson's water rates are targeted rates for water supply set under sections 16 and 19 of the Local Government (Rating) Act 2002 which together recover the funding required by Council to supply water.

WATER ANNUAL CHARGE

A fixed annual charge set per connection under Section 16 of the Local Government (Rating) Act 2002 on all rating units where a water meter is installed on the property.

The annual rate for 2020/21 is \$204.11 per connection including GST compared with \$200.40 in the previous year.

WATER VOLUMETRIC RATE

A charge for the quantity of water provided set under Section 19 of the Local Government (Rating) Act 2002 according to the following scale. These charges are invoiced separately from the other rates.

The cost per cubic meter is set out in the table below

WATER CHARGES – RESIDENTIAL, COMMERCIAL AND INDUSTRIAL INCLUDING GST

Amount/type	Cost (\$ per m3) 2019/20	Cost (\$ per m3) 2020/21
Usage up to 10,000m ³ per year	2.137	2.136
Usage from 10,001 to 100,000m ³ per year	1.883	2.006
Usage over 100,000m ³ per year	1.486	1.584
Summer irrigation usage over 10,000m ³ per year	2.010	2.071

The water rates represent an average increase of 1.2% for the 2020/21 year for an average water user.

Note: an average residential water user uses 160m³ per annum.

Lump sum contributions will not be invited in respect of any targeted rate.

PAYMENTS, PENALTIES AND DISCOUNTS

Payment methods for rates

Payment for rates can be made by Cash, Cheque, EFTPOS, Direct Debit, Direct Credit, Internet Banking, Telephone Banking and Credit Card (via our website only).

Penalty on unpaid rates (excluding water volumetric rates)

In accordance with Sections 57 and 58 of the Local Government (Rating) Act 2002, a penalty of 10% is added to each instalment or part thereof that is unpaid after the last date for payment. The penalty dates are 20 August 2020, 20 November 2020, 22 February 2021 and 20 May 2021. Previous year's rates that remain unpaid will have a further 10% penalty added on 8 July 2020 and 8 January 2021.

Penalty on unpaid water volumetric rates

In accordance with Sections 57 and 58 of the Local Government (Rating) Act 2002, a penalty of 10% is added to each water account or part thereof that is unpaid after the last date for payment. The penalty is added three working days after the last day for payment.

Penalty remission on full payment of yearly rates

The total annual rates, excluding water volumetric rates, may be paid in one lump sum by 20 November 2020 and any first instalment penalty already incurred will be remitted.

Discount for early payment of rates

In accordance with Section 55 of the Local Government (Rating) Act 2002, a discount of 2% of the total year's rates, excluding water volumetric rates, will be allowed where they are paid in full on or before 20 August 2020.

NELSON CITY COUNCIL	Annual Plan	Long-term	Annual Plan	Difference to
FUNDING IMPACT STATEMENT	2019/20	Plan	2020/21	LTP 2020/21
	(\$000)	2020/21	(\$000)	(\$000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	49,471	51,296	52,051	755
Targeted rates including water by meter	27,177	28,384	28,279	(105)
Subsidies and grants for operating purposes	4,137	3,955	4,654	699
Fees and charges	10,583	10,883	11,328	445
Interest and dividends from investments	3,608	3,686	3,678	(8)
Local authorities fuel tax, fines, infringement fees, and other receipts	14,480	14,834	14,644	(190)
Total Operating Funding	109,456	113,038	114,634	1,596
Applications of operating funding				
Payments to staff and suppliers	81,922	86,779	93,965	7,186
Finance costs	3,961	5,886	3,653	(2,233)
Other operating funding applications	0	0	0	(0)
Total applications of operating funding	85,883	92,665	97,618	4,953
Surplus (Deficit) of operating funding	23,573	20,373	17,016	(3,357)
Sources of capital funding				
Subsidies and grants for capital	6,242	5,112	6,330	1,218
Development and financial contributions	3,499	3,701	3,537	(164)
Increase (decrease) in debt	2,936	25,810	22,961	(2,849)
Gross proceeds from sale of assets	9,208	27	27	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	21,885	34,650	32,855	(1,795)
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	6,602	9,149	7,221	(1,928)
- to improve level of service	24,382	31,996	28,779	(3,217)
- to replace existing assets	15,753	11,833	14,183	2,350
Increase (decrease) in reserves	2	334	42	(292)
Increase (decrease) in investments	(1,281)	1,711	(354)	(2,065)
Total applications of capital funding	45,458	55,023	49,871	(5,152)
Surplus (Deficit) of capital funding	(23,573)	(20,373)	(17,016)	3,357
Funding balance	0	0	0	0

RECONCILIATION BETWEEN THE NET SURPLUS/(DEFICIT) OF OPERATING FUNDING IN THE FUNDING IMPACT STATEMENT AND THE NET SURPLUS/(DEFICIT) IN THE COST OF SERVICE STATEMENT

	Annual Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Difference to LTP 2020/21 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	23,573	20,373	17,016	(3,357)
Subsidies and grants for capital expenditure	6,242	5,112	6,330	1,218
Development and financial contributions	3,499	3,701	3,537	(164)
Vested Assets	8,774	7,311	7,311	0
Gains on sale	0	0	0	0
Depreciation	(26,984)	(27,106)	(27,453)	(347)
Other non-cash income	741	27	30	3
other non-cash expenditure	0	0	0	0
Net Surplus (Deficit) before taxation in Statement of Comprehensive Revenue and Expense	15,845	9,417	6,771	(2,646)

Commercial Wastewater Charge – Trade Waste Charges

Wastewater charges for commercial properties are set according to Council's Trade Waste Bylaw. The methodology for calculating the charges to commercial producers is complicated, but in summary Council examines the flow rates and effluent strength during the previous three years to calculate charges for the following year.

Two methods are used for commercial properties:

- Method A is applied to the largest trade waste contributor and the charge is calculated on both discharge rates and effluent strength. Charges are highest for the most concentrated and larger volumes.
- Method B applies to all other trade waste contributors, of which there are approximately 2000 in Nelson city. The charge is calculated based on the estimated volume of effluent discharged. The estimate assumes the amount of wastewater is 80% of the volume of incoming water.
- Total trade waste revenue for 2020/21 is estimated to be \$1,522,584

For 2020/21, the GST inclusive trade waste charges are:

- Trade waste A conveying charge \$663.96 per litre per minute
- Trade waste A treatment charge \$1,137.18 per kg BOD* per day
- Trade waste B combined charge \$2.06 per m³
- Wastewater charge \$119.56 per year.

*BOD is the biochemical oxygen demand, or effluent strength.

For the previous year, 2019/20, the GST inclusive trade waste charges were:

- Trade waste A conveying charge \$633.73 per litre per minute
- Trade waste A treatment charge \$1,128.54 per kg BOD* per day
- Trade waste B combined charge \$2.00 per m³
- Wastewater charge \$119.48 per year.

Method A: quality/quantity approach The largest commercial contributor is monitored every three months and the waste stream sampled over four days to measure the discharge rate and effluent strength as BOD, the biochemical oxygen demand. The trade waste charge is then calculated using the conveyance, which is the amount discharged, and treatment rates from the method of charging schedule. These rates are determined annually. The conveyance rate is calculated by dividing the estimated conveyance costs for the coming financial year by the average of the previous three year's average flows. The treatment rate is calculated by dividing the estimated treatment costs for the coming financial year by the average of the previous three year's BOD loadings.

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The 2020/21 charges compared with the previous year's charges are:

CONVEYING (\$/ANNUM/LITRE/MINUTE), INCLUDING GST

Year	Total Cost (\$)	Average Flow Rate (litres/minute)	Cost/Litre/Minute (\$)
2019/20	7,232,821	11,413	633.73
2020/21	6,678,520	11,567	663.96

TREATMENT (\$/KG BOD/DAY), INCLUDING GST

Year	Total Cost (\$)	Average BOD loading (kg/day)	Cost/kg/BOD/day (\$)
2019/20	4,782,130	4,237	1,128.54
2020/21	4,218,864	4,266	1,137.18

Method B: quantity approach

For all other commercial premises, the tradewaste charge is simply based on the volume of effluent assessed as being discharged from the premises.

This effluent volume is calculated by multiplying the volume of water supplied into the premises by a correlation factor. The correlation factor is usually set at 0.8 unless another figure is agreed. It is assumed that 80% of the water that is distributed to a commercial property is subsequently discharged as wastewater. The trade waste charge is then calculated using a combined conveyance and treatment rate. This rate is determined annually by dividing the estimated cost of operating the sewerage system for the coming financial year by the average of the previous three year's total effluent volume. Initially, all trade waste ratepayers pay the wastewater rate that is then deducted from the trade waste charges. Any surplus is not refunded. The deficit is the payable trade waste charge.

The 2020/21 charges compared with the previous year's charges are:

CONVEYING AND TREATMENT, INCLUDING GST

Year	Total Cost (\$)	Total effluent volume (m3)	Cost/m3 (\$)
2019/20	12,014,952	5,998,738	2.00
2020/21	10,897,385	6,079,864	2.06

ANNUAL PLAN DISCLOSURE STATEMENT FOR YEAR ENDING 30 JUNE 2021

WHAT IS THE PURPOSE OF THIS STATEMENT?

The purpose of this statement is to disclose 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.

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	Limit	Planned	Met
Rates affordability benchmark:			
• income	\$105m	\$80m	Yes
• increase	4.2%	3.7%	Yes
Debt affordability benchmark	<150%	90%	Yes
Balanced budget benchmark	>100%	97%	No
Essential services benchmark	>100%	209%	Yes
Debt servicing benchmark	<10%	2.9%	Yes

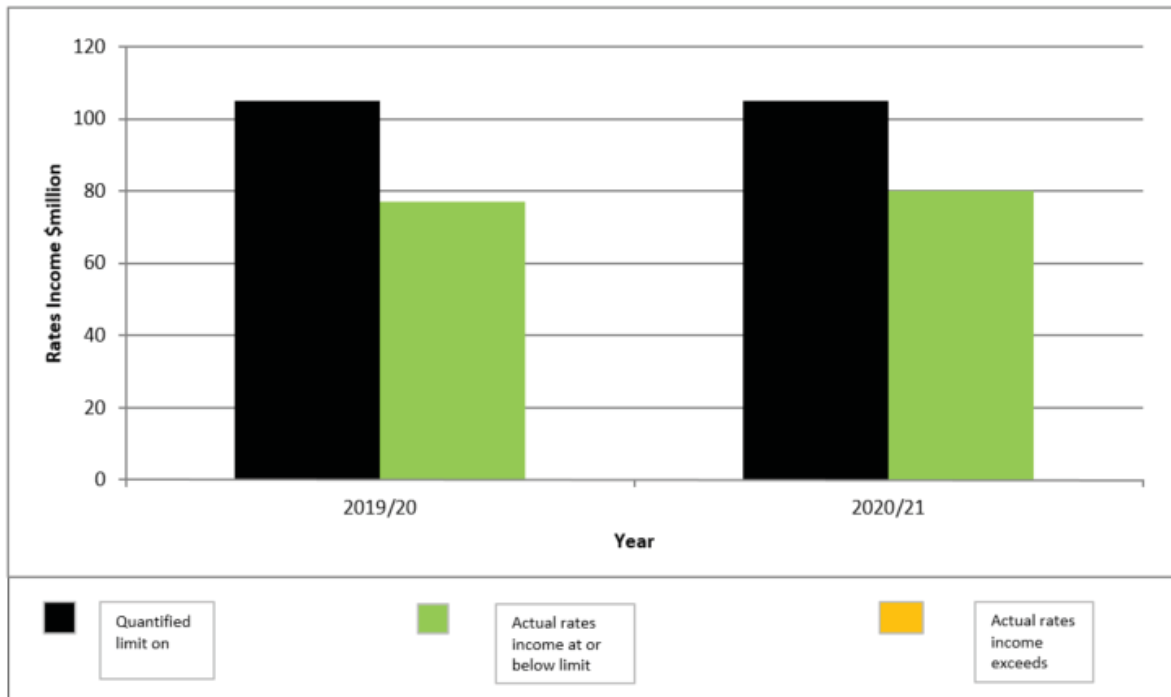
NOTES AND GRAPHS

1 Rates affordability benchmark

- 1) For this benchmark,—
 - a. the Council's planned rates income for the year is compared with a quantified limit 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 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.

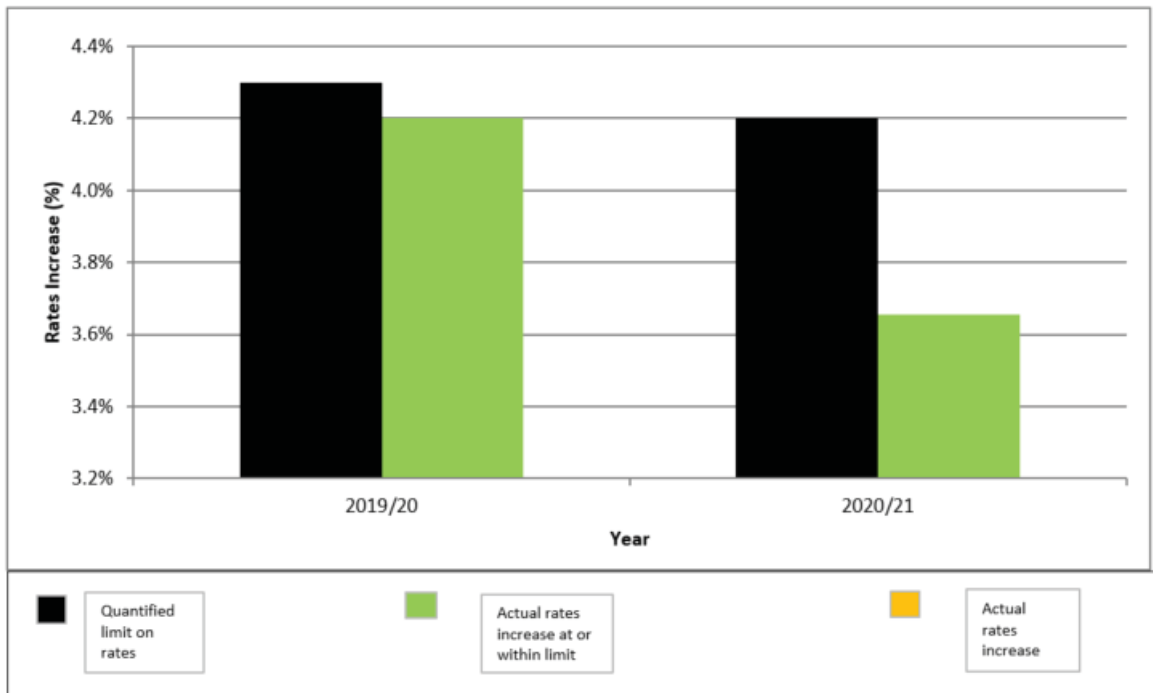
Rates (income) affordability

The following graph compares the council's planned rates income with a quantified limit on rates contained in the financial strategy included in this long term plan. The quantified limit is \$105 million.



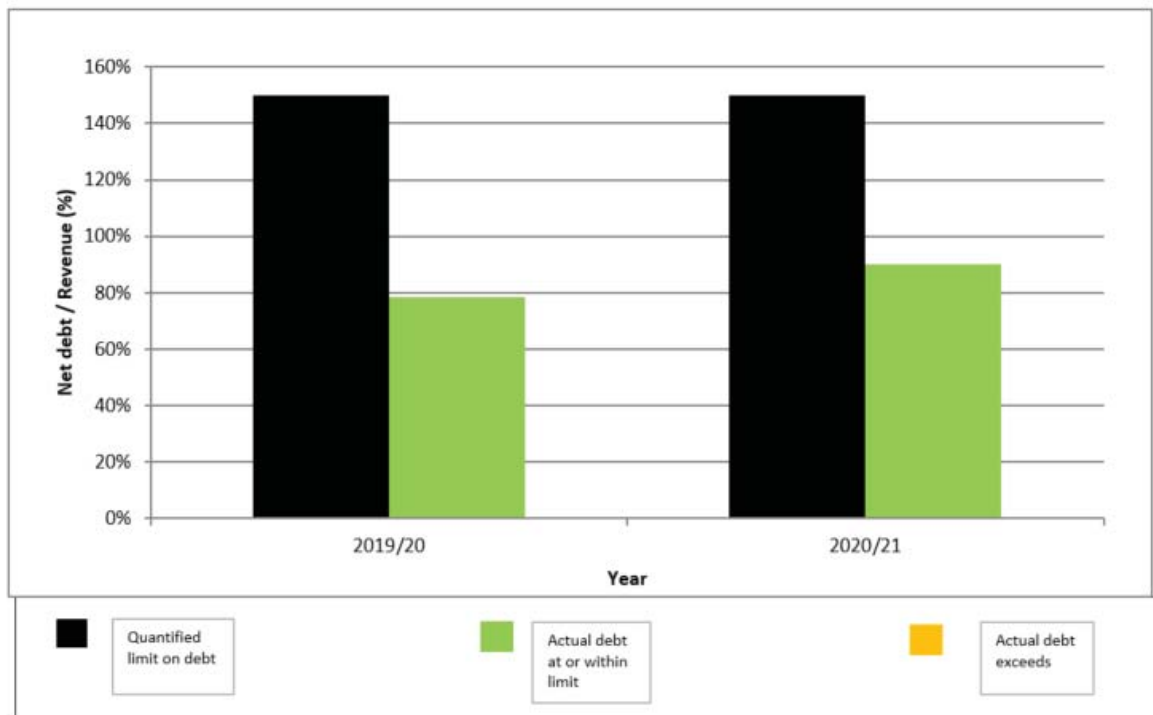
Rates (increases) affordability

The following graph compares the council's planned rates increases with a quantified limit on rates increases included in the financial strategy included in this long-term plan (LTP). The quantified limit is the local government cost index plus 2% for each year of the LTP.



2 Debt affordability benchmark

- 1) For this benchmark, the Council's planned borrowing is compared with a quantified limit 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.



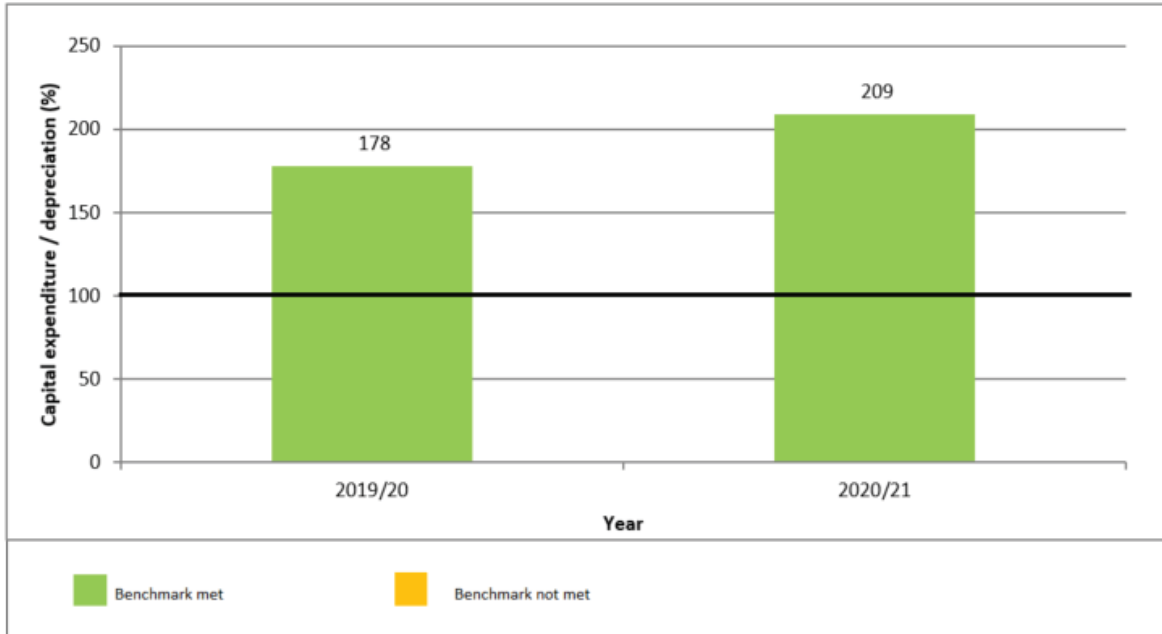
3 Balanced budget benchmark

- 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.



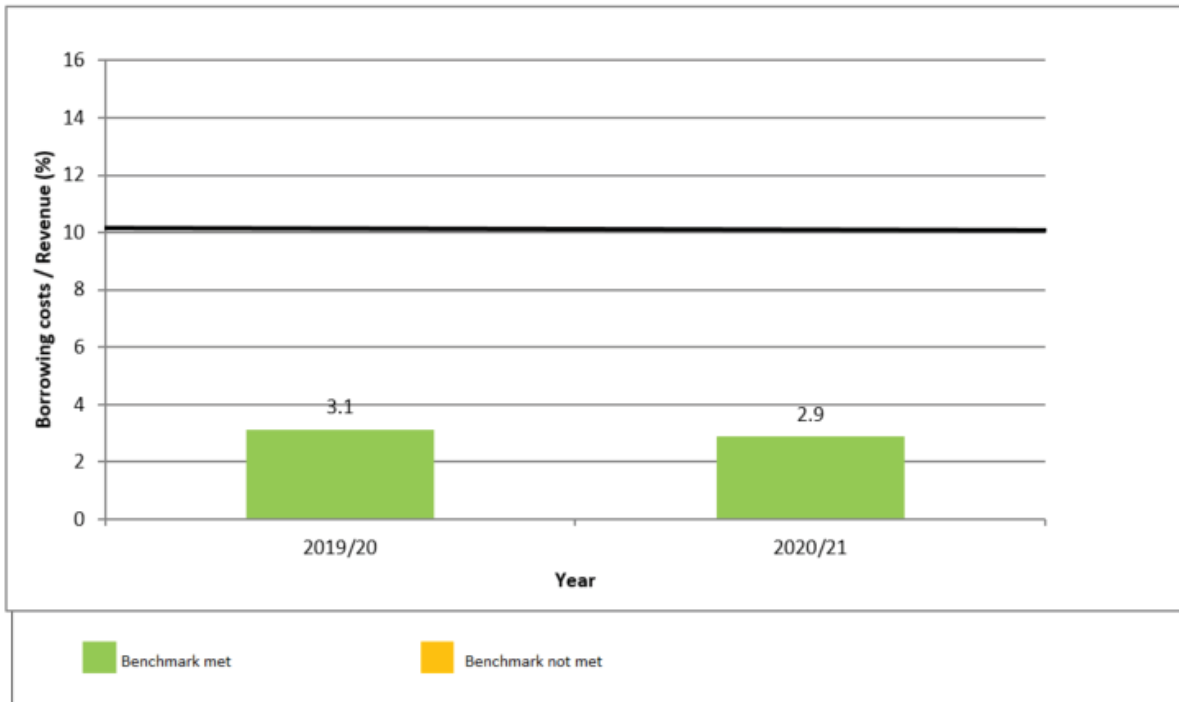
4 Essential services benchmark

- 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 slower than 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.



SUMMARY OF CAPITAL EXPENDITURE OVER \$100,000 IN ANY ONE YEAR

<i>Project</i>	<i>Annual Plan 2019/20</i>	<i>Long-Term Plan 2020/21</i>	<i>Annual Plan 2020/21</i>	<i>Difference to LTP 2020/21</i>
Corporate				
Civic Expenses				
Christmas decorations CBD	51,100	52,224	100,000	47,776
Civic House				
Floor 1 upgrade	800,000	-	-	-
Airconditioning	400,000	52,224	50,000	(2,224)
Capital: Furniture & Fittings	30,000	18,801	120,000	101,199
Building modifications	50,000	1,357,824	-	(1,357,824)
Civic House Renewal Program	174,498	5,222	586,000	580,778
Floor 6 fit out/ upgrade	100,000	-	100,000	100,000
Strategy				
Haven precinct capital works	558,800	-	-	-
Administration				
Aerial Photography Programme	136,000	-	93,000	93,000
Upgrade TOTSM	-	104,448	104,448	-
Capital: Motor Vehicles	143,622	90,327	150,000	59,673
Core Systems enhancement	275,940	282,010	282,010	-
Corporate Projects under \$100,000	728,963	411,487	562,139	150,652
Total Corporate	3,448,923	2,374,567	2,147,597	(226,970)
Economic				
Economic Development				
CBD Enhancements	590,000	208,896	590,000	381,104
Total Economic	590,000	208,896	590,000	381,104
Environmental Management				
Monitoring the Environment				
Healthy Streams	110,478	112,908	112,908	-
Plant & Equipment	86,870	104,448	141,005	36,557
Upper Trafalgar Street Pedestrian Precinct	250,000	-	-	-
Environmental Management Projects under \$100,000	113,949	104,256	13,861	(90,395)
Total Environmental Management	561,297	321,612	267,774	(53,838)
Flood Protection				
Maitai flood management	51,100	104,448	150,000	45,552
Brook Stream fish passage	51,100	167,117	167,117	-
Brook Stream Catchment Improvements	-	112,908	50,000	(62,908)
Inventory of Urban Streams	251,400	104,448	104,448	-
Review of Jenkins & Arapiki (airport)	-	121,433	121,433	-
Flood Mitigation	161,610	165,165	165,165	-
Saxton Creek upgrade	1,300,000	-	2,100,000	2,100,000
Minor Flood improvement prgm	300,000	-	-	-
Whakatu Drive (Storage World)	600,000	-	80,000	80,000
Secondary Flow Paths	102,200	-	-	-
Saxton Creek Culvert Upgrade	150,000	3,951,790	300,000	(3,651,790)
Orphanage Stream - bunding and Suffolk Road Culvert	918,480	668,467	500,000	(168,467)
Vested Assets	169,652	173,384	173,384	-
Flood Protection Projects under \$100,000	300,051	288,680	511,480	222,800
Total Flood Protection	4,355,593	5,857,840	4,423,027	(1,434,813)
Parks & Active Recreation				
Public Gardens				

<i>Project</i>	<i>Annual Plan 2019/20</i>	<i>Long-Term Plan 2020/21</i>	<i>Annual Plan 2020/21</i>	<i>Difference to LTP 2020/21</i>
Isel park bridge upgrade	100,000	130,560	-	(130,560)
Miyazu Garden Pond Relining	170,000	36,557	-	(36,557)
Neighbourhood Parks				
Land Purchase: General Reserve	1,198,211	835,584	835,584	-
Atawhai Reserve Improvements	91,980	156,673	200,000	43,327
Paddys Knob reserve development	180,000	-	-	-
Landscape reserves				
Landscape reserves	50,000	208,897	-	(208,897)
Maitai MTB Hub	715,400	182,784	500,000	317,216
Eureka Park walkway development	25,000	156,672	56,672	(100,000)
Retired forestry block conversion programme	229,000	-	120,000	120,000
MTB Trail Maitai camp to Maitai Dam	100,000	-	-	-
Esplanade & Forshore				
Modellers Pond Solution	-	-	100,000	100,000
Renewals: Structures	92,342	15,667	125,667	110,000
Poormans walkway (Main rd - Neale ave)	800,000	313,344	850,000	536,656
Curtis St footbridge (link to Manu Kau Rsrv)	-	156,672	-	(156,672)
Almond Tree flats to Maitai track connection	30,600	104,448	-	(104,448)
Wakefield Quay sea wall renewal	-	282,010	50,000	(232,010)
Wakapuaka Sandflats Esplanade shared path	-	313,344	270,000	(43,344)
Dog exercise park	10,220	73,114	150,000	76,886
Walkways				
Tahuna Beach to Great Taste Trail (airport)	609,998	-	238,500	238,500
Sports Parks				
Saltwater Cr bridge (Haven Rd - Traf Centre)	-	-	105,000	105,000
Rutherford Park - Saltwater Cr path landscaping	-	470,016	-	(470,016)
Pools				
Renewals: Minor Assets	10,220	10,445	182,783	172,338
Renewals: Riverside	61,320	135,782	-	(135,782)
Riverside Pool water heating system renewal	300,000	-	268,000	268,000
Play Facilities				
Stoke Youth Park	51,100	501,352	250,000	(251,352)
City Play Space	20,440	261,120	10,000	(251,120)
Renewals: Play Equipment	204,400	208,896	98,896	(110,000)
Marina				
Capital: Minor Development	112,540	20,890	-	(20,890)
Marina Hardstand LOS improvements	525,000	-	931,000	931,000
Public boat ramp improvements	35,000	104,448	35,000	(69,448)
New Trailer Boat Storage Yard	102,200	-	102,200	102,200
Marina Boat Sheds	25,000	208,896	25,000	(183,896)
Saxton Field				
Renewal: Athletic Track	899,360	-	-	-
Regional Community Facilities				
Water sports building at Marina	150,000	-	365,000	365,000
Parks & Active Recreation Projects under \$100,000	1,963,437	1,816,144	1,806,155	(9,989)
Total Parks & Active Recreation	8,862,768	6,704,315	7,675,457	971,142
Social				
Nelson Library				
Elma Turner Library Extension/ Relocation	613,200	2,506,752	225,000	(2,281,752)
Book Purchases	408,328	417,309	367,309	(50,000)
Stoke Library				
Stoke Library structural improvements	200,000	-	-	-
Marsden Valley Cemetary				
New burial area	350,000	-	10,000	10,000
Toilets (Free)				

<i>Project</i>	<i>Annual Plan 2019/20</i>	<i>Long-Term Plan 2020/21</i>	<i>Annual Plan 2020/21</i>	<i>Difference to LTP 2020/21</i>
Growth: Millers Acre Toilet	260,610	208,896	717,000	508,104
Queens Garden Toilet	140,000	-	20,000	20,000
Tahunanui Lions Toilet Upgrade	143,080	313,344	875,000	561,656
Stke Hall				
Stoke Hall Remediation	-	-	120,000	120,000
Community Properties				
Refinery Gallery EQ strengthening	30,660	386,458	30,660	(355,798)
Community Housing				
Community Housing Renewals	296,380	-	-	-
Social Projects under \$100,000	521,344	532,202	881,287	349,085
Total Social	2,963,602	4,364,961	3,246,256	(1,118,705)
Solid waste				
Joint Landfill Upgrade	380,000	69,550	477,500	407,950
Solid Waste Projects under \$100,000	30,660	31,334	31,334	-
Total Solid Waste	410,660	100,884	508,834	407,950
Stormwater				
Pvt/Public Drains	110,478	112,908	62,908	(50,000)
Nile St East Storm water	-	-	120,000	120,000
Washington Valley Stormwater Upgrade	80,000	1,129,083	119,000	(1,010,083)
Capital: Mount St / Konini St	60,440	564,541	1,200,000	635,459
Stormwater Pump Station Renewals	30,660	31,334	161,334	130,000
Airlie St	30,000	417,792	100,000	(317,792)
Wastney Terrace stormwater (pvt drain prgm)	100,000	835,584	50,000	(785,584)
Stansell Pvt/ Pub Drains	55,000	250,675	-	(250,675)
Rocks	-	-	150,000	150,000
Bisley Avenue	106,600	-	96,600	96,600
Brooklands	60,000	173,384	73,384	(100,000)
Examiner	100,000	10,445	50,000	39,555
Kauri Street	30,000	-	110,500	110,500
Marybank / Tresillian Ave	55,239	112,908	-	(112,908)
Nayland Road / Galway	716,000	-	-	-
Rutherford Stage 1 - Girls College Detention	100,000	1,044,480	100,000	(944,480)
Road	121,458	564,541	500,000	(64,541)
Natural Hazards Risk Remediation	-	112,908	-	(112,908)
Emano Reserve Stormwater	10,220	10,445	145,445	135,000
Vested Assets				
Hill Street North stormwater - Vested Assets	245,280	-	-	-
Vested Assets	1,153,838	1,179,218	1,179,218	-
Stormwater Projects under \$100,000	675,532	970,965	1,595,847	624,882
Total Stormwater	3,840,745	7,521,211	5,814,236	(1,706,975)
Transport				
Subsidised Rooding				
WC 341 Streetlight Improvement	111,100	104,448	597,000	492,552
WC 452 UCP Saltwater Creek Crossing	400,000	-	-	-
WC 341 Marsden Valley Ridgeway Upgrade	102,200	522,242	80,000	(442,242)
WC 125 Renewals: Footpaths	820,053	840,615	840,615	-
WC 341 Minor Improvements	805,771	365,568	50,000	(315,568)
WC 213 Drainage Renewals	399,000	156,672	343,367	186,695
WC 214 Sealed Road Pavement Rehabilitation	-	188,006	-	(188,006)
WC 212 Sealed Road Resurfacing	1,304,700	1,222,042	1,316,045	94,003
upgrade	430,000	-	-	-

<i>Project</i>	<i>Annual Plan 2019/20</i>	<i>Long-Term Plan 2020/21</i>	<i>Annual Plan 2020/21</i>	<i>Difference to LTP 2020/21</i>
WC 341 Maitai shared path to Nelson east programme	120,000	156,672	120,000	(36,672)
WC 341 Waimea Road Retaining Wall at Snows Hill	51,100	10,445	550,000	539,555
WC 341 New Footpaths reserve)	715,400	731,139	574,167	(156,972)
	45,990	-	156,972	156,972
WC 341: Toi Toi St upgrade	125,000	-	150,000	150,000
Champion Roa	15,000	417,792	800,000	382,208
WC 215 Structures component replacement	335,500	492,279	109,854	(382,425)
WC 222 Traffic Services Renewal - Lighting fac	375,074	383,324	383,324	-
	339,000	261,120	820,000	558,880
connect	817,600	1,880,071	183,000	(1,697,071)
WC 341 Cross Town Links Brook to Central Programme	10,220	104,448	50,000	(54,448)
WC 341 Arapki Road Upgrade	313,344	313,344	711,000	397,656
WC341 Seaview Underpass Weir	-	-	100,000	100,000
WC 124 Cyclepath Renewals replacement	20,000	-	114,003	114,003
	143,000	-	-	-
WC 341 Seafeld Terrace Road Re-instatement	1,330,000	-	1,204,000	1,204,000
WC 341 Travel demand management improvements	255,500	261,121	100,000	(161,121)

<i>Project</i>	<i>Annual Plan 2019/20</i>	<i>Long-Term Plan 2020/21</i>	<i>Annual Plan 2020/21</i>	<i>Difference to LTP 2020/21</i>
WC 341 Ped facilities at Arapiki Road/ The Ridgeway	231,000	-	-	-
Unsubsidised Roading				
Mount Street and Konini Street upgrade	20,440	208,896	20,000	(188,896)
Toi Toi St upgrade	-	574,464	-	(574,464)
Maitai Valley Road shared path modifications	110,000	-	-	-
Parking and CBD Enhancement				
Renewal: CBD aesthetic elements	103,520	156,672	156,672	-
Renewals: On and Off St Parking Meter	867,016	287,232	-	(287,232)
sub ae	-	313,344	-	(313,344)
Millers Acre Centre				
Building Improvements	-	-	100,000	100,000
Public Transport				
WC 531 Integrated Ticketing GRETS	190,000	-	-	-
WC 531 CBD interchange	51,100	208,897	210,002	1,105
Vested Assets				
Hill Street North improvements	684,740	-	-	-
Vested Assets	4,210,640	4,303,258	4,303,258	-
Transport Projects under \$100,000	1,666,467	1,543,222	1,227,979	(315,243)
Total Transport	17,519,475	16,007,333	15,371,258	(636,075)
Wastewater				
Neale Park PS	-	-	160,000	160,000
Renewals Pump stations	165,717	169,362	259,362	90,000
Wastewater Pipe Renewals	-	887,808	510,000	(377,808)
Wastewater model calibration	260,000	-	400,000	400,000
Awatea Place Pump station	1,107,195	3,655,680	1,000,000	(2,655,680)
Pump station resilience improvement programme	55,239	183,484	183,484	-
Washington Rd (wolfe - arrow) sewer renewal	-	-	200,000	200,000
Nelson Regional Sewerage - Growth	-	3,393,000	-	(3,393,000)
Nelson Regional Sewerage - Renewals	435,000	284,000	4,445,000	4,161,000
Nelson Regional Sewerage - Upgrade	2,025,000	-	1,061,000	1,061,000
NWWTP renewals	153,300	156,672	306,672	150,000
NWWTP - Resource Consent	102,200	112,908	276,000	163,092
Gracefield Sewer Diversion	200,000	564,541	1,669,422	1,104,881
St Vincent street sewer renewal	380,000	-	-	-
Stansell #52 and Princes Drive 274/278 Sewer renewal	150,000	-	-	-
Bronte Street and Collingwood Street sewer renewal	165,000	-	-	-
System Performance Improvements	102,200	104,448	104,448	-
Vested Assets				
Elm st sewer upgrades - Vested Assets	153,300	-	-	-
Hill St sewer upgrade - Vested Assets	25,550	-	-	-
Vested Assets	824,754	842,895	842,895	-
Wastewater Projects under \$100,000	621,689	502,101	434,068	(68,033)
Total Wastewater	6,926,144	10,856,899	11,852,351	995,452
Water Supply				
Capital: Ridermains	171,241	175,008	75,000	(100,008)
Capital: Backflow Prevention	165,717	169,362	169,362	-
Renewals: Water Pipes	-	1,669,973	917,442	(752,531)
Renewals: Commercial Meters	153,300	156,672	156,672	-
Residential Meters renewals	700,000	1,044,480	750,000	(294,480)
Roding Pipeline	-	112,908	112,908	-
Capital: Atawhai Trunkmain	110,000	56,471	-	(56,471)
Capital: Atawhai No.2 Reservoir	100,000	313,510	175,000	(138,510)
Pressure Enhancement	63,517	112,908	112,908	-

Project	Annual Plan 2019/20	Long-Term Plan 2020/21	Annual Plan 2020/21	Difference to LTP 2020/21
NCC - TDC Link	-	-	100,000	100,000
Water Loss Reduction Programme	220,956	225,817	225,817	-
Natural Hazards Risk Remediation	110,478	112,908	112,908	-
Dam Upgrades	102,200	104,448	104,448	-
Water Treatment Plant Renewals	204,443	190,815	190,815	-
Tui Glen Road water renewal	555,000	-	-	-
Hardy St renewal (Trafalgar - Collingwood)	172,000	-	-	-
Annesbrook (Manchester - Marie St) water renewal	800,000	-	20,000	20,000
Hardy (Rutherford-Vanguard) watermain renewal	60,000	-	800,000	800,000
Vested Assets				
Vested Ass	153,300	-	-	-
Assets	357,700	-	-	-
Vested Assets	795,116	812,605	812,605	-
Water Supply Projects under \$100,000	1,037,595	714,131	762,661	48,530
Total Water Supply	6,032,563	5,972,016	5,598,546	(373,470)
TOTAL CAPITAL	55,511,770	60,290,534	57,495,336	(2,795,198)
Less Total Vested Assets	8,773,870	7,311,360	7,311,360	-
TOTAL CAPITAL PER FUNDING IMPACT STATEMENT	46,737,900	52,979,174	50,183,976	(2,795,198)

NELSON CITY COUNCIL	Annual Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Difference to LTP 2020/21 (\$000)
FUNDING IMPACT STATEMENT				
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	49,471	51,296	52,051	755
Targeted rates including water by meter	27,177	28,384	28,279	(105)
Subsidies and grants for operating purposes	4,137	3,955	4,654	699
Fees and charges	10,583	10,883	11,328	445
Interest and dividends from investments	3,608	3,686	3,678	(8)
Local authorities fuel tax, fines, infringement fees, and other receipts	14,480	14,834	14,644	(190)
Total Operating Funding	109,456	113,038	114,634	1,596
Applications of operating funding				
Payments to staff and suppliers	81,922	86,779	93,965	7,186
Finance costs	3,961	5,886	3,653	(2,233)
Other operating funding applications	0	0	0	(0)
Total applications of operating funding	85,883	92,665	97,618	4,953
Surplus (Deficit) of operating funding	23,573	20,373	17,016	(3,357)
Sources of capital funding				
Subsidies and grants for capital	6,242	5,112	6,330	1,218
Development and financial contributions	3,499	3,701	3,537	(164)
Increase (decrease) in debt	2,936	25,810	22,961	(2,849)
Gross proceeds from sale of assets	9,208	27	27	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	21,885	34,650	32,855	(1,795)
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	6,602	9,149	7,221	(1,928)
- to improve level of service	24,382	31,996	28,779	(3,217)
- to replace existing assets	15,753	11,833	14,183	2,350
Increase (decrease) in reserves	2	334	42	(292)
Increase (decrease) in investments	(1,281)	1,711	(354)	(2,065)
Total applications of capital funding	45,458	55,023	49,871	(5,152)
Surplus (Deficit) of capital funding	(23,573)	(20,373)	(17,016)	3,357
Funding balance	0	0	0	0

RECONCILIATION BETWEEN THE NET SURPLUS/(DEFICIT) OF OPERATING FUNDING IN THE FUNDING IMPACT STATEMENT AND THE NET SURPLUS/(DEFICIT) IN THE COST OF SERVICE STATEMENT

	Annual Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Difference to LTP 2020/21 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	23,573	20,373	17,016	(3,357)
Subsidies and grants for capital expenditure	6,242	5,112	6,330	1,218
Development and financial contributions	3,499	3,701	3,537	(164)
Vested Assets	8,774	7,311	7,311	0
Gains on sale	0	0	0	0
Depreciation	(26,984)	(27,106)	(27,453)	(347)
Other non-cash income	741	27	30	3
other non-cash expenditure	0	0	0	0
Net Surplus (Deficit) before taxation in Statement of Comprehensive Revenue and Expense	15,845	9,417	6,771	(2,646)

**NELSON CITY COUNCIL
FORECAST FINANCIAL STATEMENTS
ANNUAL PLAN 2020/21**

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

	Annual Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Difference to LTP 2020/21 (\$000)
Revenue				
Rates other than metered water, net of remissions	68,003	70,668	71,495	827
Subsidies and grants	10,379	9,067	10,984	1,917
Fees and charges including metered water	30,034	28,684	31,378	2,694
Other Revenue	20,249	20,731	17,954	(2,777)
Interest received	9	9	1	(8)
Other gains/losses	39	29	30	1
Total Revenue	128,712	129,188	131,842	2,654
Expenses				
Personnel costs	22,358	20,701	24,183	3,482
Finance costs	3,961	5,886	3,653	(2,233)
Depreciation and amortisation	26,984	27,106	27,453	347
Other expenses	59,564	66,078	69,782	3,704
Total Expenses	112,867	119,771	125,071	5,300
Net Surplus/(Deficit) before Taxation	15,845	9,417	6,771	(2,646)
Taxation	0	0	0	0
Net Surplus/(Deficit)	15,845	9,417	6,771	(2,646)
Increase in asset revaluation reserves	43,865	21,285	20,205	(1,080)
Total Other Comprehensive Revenue and Expense	43,865	21,285	20,205	(1,080)
Total Comprehensive Revenue and Expense	59,710	30,702	26,976	(3,726)

STATEMENT OF CHANGES IN NET ASSETS/EQUITY

	Annual Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Difference to LTP 2020/21 (\$000)
Equity at beginning of year	1,495,121	1,532,758	1,542,812	10,054
Total comprehensive revenue and expense	59,710	30,702	26,976	(3,726)
Equity at end of year	1,554,831	1,563,460	1,569,788	6,328

The 2020/21 Annual Plan equity at the beginning of the year is based on 2018/19 Annual Report closing balance plus a forecast for 2019/20, and therefore is not equal to 2019/20 Long Term Plan equity at end of year.

STATEMENT OF FINANCIAL POSITION

	Annual Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Difference to LTP 2020/21 (\$000)
Current Assets				
Cash and cash equivalents	2,432	937	8,691	7,754
Inventories	0	0	0	0
Trade and other receivables	13,048	13,193	15,630	2,436
Other financial assets	2,602	431	2,826	2,395
Taxation	0	0	0	0
Derivative financial instruments	0	0	0	0
Total Current Assets	18,081	14,561	27,146	12,585
Non Current Assets				
Trade and other receivables	0	0	0	0
Investments accounted for using the equity method	36,663	38,163	36,663	(1,500)
Investment in subsidiaries	8,200	8,200	8,200	0
Investment properties	1,201	1,193	1,234	41
Other financial assets	2,859	5,242	2,922	(2,321)
Intangible assets	2,380	2,256	2,897	641
Biological assets	3,704	4,391	3,744	(647)
Property, plant, and equipment*	1,603,053	1,651,911	1,638,060	(13,851)
Derivative financial instruments	0	25	0	(25)
Total Non Current Assets	1,658,060	1,711,381	1,693,719	(17,662)
Total Assets	1,676,141	1,725,942	1,720,866	(5,076)
Current Liabilities				
Bank overdraft	0	0	0	0
Trade and other payables	16,368	13,128	17,238	4,110
Provisions	267		148	148
Employee benefit liabilities	2,175	2,258	2,473	215
Taxation payable	0	0	0	0
Current portion of borrowings	24,123	4,623	27,555	22,932
Derivative financial instruments	116	40	290	250
Total Current Liabilities	43,049	20,049	47,703	27,654
Non Current Liabilities				
Trade and other payables	399	110	572	462
Provisions	1,563	1,675	2,333	658
Employee benefit liabilities	240	248	197	(51)
Derivative financial instruments	6,058	5,401	10,273	4,872
Non-current portion of borrowings	70,000	135,000	90,000	(45,000)
Total Non-Current Liabilities	78,261	142,434	103,375	(39,059)
Total Liabilities	121,310	162,483	151,078	(11,405)
Net Assets	1,554,831	1,563,460	1,569,789	6,328
Ratepayer's Equity				
Accumulated comprehensive revenue and expense	553,479	563,796	552,667	(11,129)
Other reserves	1,001,352	999,664	1,017,122	17,458
Total Ratepayer's Equity	1,554,831	1,563,460	1,569,789	6,329

Opening balances for 2020/21 Annual Plan have been derived from 2018/19 Annual Report closing balances plus a forecast for 2019/20, as this represents a more recent and accurate assessment than the 2019/20 Long Term Plan closing balances.

CASH FLOW STATEMENT

	Annual Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Difference to LTP 2020/21 (\$000)
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash was provided from:				
Receipts from rates revenue	76,648	79,355	80,330	975
Subsidies and grants received	10,379	9,067	10,984	1,917
Receipts from other revenue	24,854	25,195	25,722	527
Development and financial contributions	3,499	3,701	3,537	(164)
Interest Received	9	9	1	(8)
Dividends Received	3,599	3,677	3,677	(0)
	118,988	121,004	124,250	3,246
Cash was disbursed to:				
Payments to suppliers	59,279	65,529	69,494	3,965
Payments to employees	22,318	20,662	24,138	3,476
Interest Paid	3,961	5,709	3,653	(2,056)
Tax Paid/(refund)	0	0	0	0
	85,558	91,900	97,285	5,385
Net Cash Flows from Operating Activities	33,430	29,104	26,965	(2,139)
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash was provided from:				
Sale of Investments and properties for resale	8,383	0	0	0
Repayment of LGFA borrower notes	160	320	0	(320)
Sale of biological assets	380	0	403	403
Sale of fixed assets	825	8,410	27	(8,383)
Repayment of community loans and advances	1,231	397	397	0
	10,979	9,127	827	(8,300)
Cash was disbursed to:				
Investments in LGFA* borrower notes	80	880	0	(880)
Community loans advanced	0	0	0	0
Other investments	0	1,500	0	(1,500)
Purchase of biological assets	121	40	123	83
Purchase of intangible assets	0	0	0	0
Purchase of fixed assets:				
Renewals	15,753	11,685	14,183	2,498
New works - growth	6,602	9,149	7,221	(1,928)
New works - Increased level of service	24,382	31,996	28,779	(3,217)
	46,938	55,250	50,306	(4,944)
Net Cash Flows from Investing Activities	(35,959)	(46,123)	(49,479)	(3,356)
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash was provided from:				
Proceeds from borrowings	2,529	34,022	22,514	(11,508)
Cash was applied to:				
Repayment of borrowings	10,000	16,860	0	(16,860)
Net Cash Flows from Financing Activities	(7,471)	17,162	22,514	5,352
Net Increase/(Decrease) in Cash Held	(10,000)	143	0	(143)
Add Opening Cash Balance	12,432	794	8,691	7,897
Closing Balance	2,432	937	8,691	7,754
Represented by:				
Cash and Cash Equivalents	2,432	937	8,691	7,754

The opening cash balance for 2019/20 Annual Plan is based on the 2017/18 Annual Report closing balance plus a forecast for 2018/19 and therefore is not equal to the 2018/19 Long Term Plan closing balance.

* Local Government Funding Agency

TRANSPORT	Annual Plan 2019/20	Long-term Plan 2020/21	Annual Plan 2020/21	Difference to LTP 2020/21
FUNDING IMPACT STATEMENT	(\$000)	(\$000)	(\$000)	(\$000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	10,444	12,063	11,384	(679)
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	3,394	3,229	3,553	324
Fees and charges	1,397	1,480	1,458	(22)
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	1,800	1,876	1,774	(102)
Total Operating Funding	17,035	18,648	18,169	(479)
Applications of operating funding				
Payments to staff and suppliers	12,983	12,781	13,666	885
Finance costs	78	0	0	0
Internal charges and overheads applied *	609	811	666	(145)
Other operating funding applications	0	0	0	0
Total applications of operating funding	13,670	13,592	14,332	740
Surplus (Deficit) of operating funding	3,365	5,056	3,837	(1,219)
Sources of capital funding				
Subsidies and grants for capital	5,181	4,855	5,078	223
Development and financial contributions	318	323	323	0
Increase (decrease) in debt	3,733	1,443	1,803	360
Gross proceeds from sale of assets	26	27	27	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	9,258	6,648	7,231	583
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	1,178	1,304	1,114	(190)
- to improve level of service	6,437	6,306	6,276	(30)
- to replace existing assets	5,008	4,094	3,678	(416)
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	0	0	0	0
Total applications of capital funding	12,623	11,704	11,068	(636)
Surplus (Deficit) of capital funding	(3,365)	(5,056)	(3,837)	1,219
Funding balance	0	0	0	0

2020/21 Annual Plan Variances against Long Term Plan

The increase in payments to staff and suppliers includes an increase in staff costs of \$717,000. This variance sits mainly within the subsidised roading activity, and reflects the most current understanding of where staff are spending their time. Additional funds have also been allocated for the parking strategy modal shift and for street tree maintenance costs. These costs are reflected in higher income within subsidies and grants for operating purposes, with additional New Zealand Transport Agency subsidies and contributions from Tasman District Council.

Internal charges (interest) have decreased by \$145,000 in response to changes in the capital programme since the Long Term Plan (including an updated opening balance of internal borrowings) along with a more favourable interest rate environment than predicted in the Long Term Plan.

The increase in subsidies and grants for capital reflects changes to the capital programme in the subsidised roading sub-activity.

The increase in loans of \$360,000 is due to changes in the capital programme, mostly related to the timing of project work.

These changes to the capital programme are listed at the end of the Financials section of this document.

Increased depreciation of \$204,000 has resulted from the 2018/19 asset revaluation.

RECONCILIATION BETWEEN THE NET SURPLUS/(DEFICIT) OF OPERATING FUNDING IN THE FUNDING IMPACT STATEMENT AND THE NET SURPLUS/(DEFICIT) IN THE COST OF SERVICE STATEMENT

	Annual Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Difference to LTP 2020/21 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	3,365	5,056	3,837	(1,219)
Subsidies and grants for capital expenditure	5,181	4,855	5,078	223
Development and financial contributions	318	323	323	0
Vested Assets	4,895	4,303	4,303	0
Gains on sale	0	0	0	0
Depreciation	(7,631)	(7,639)	(7,843)	(204)
Other non-cash income/expenditure	0	0	0	0
Net Surplus (Deficit) before taxation in Cost of Service Statement	6,128	6,898	5,698	(1,200)

WATER	Annual Plan	Long-term Plan	Annual Plan	Difference to LTP
	2019/20	2020/21	2020/21	2020/21
FUNDING IMPACT STATEMENT	(\$000)	(\$000)	(\$000)	(\$000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	0	0	0	0
Targeted rates	12,350	12,874	12,622	(252)
Subsidies and grants for operating purposes	0	0	0	0
Fees and charges	45	34	40	6
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	40	9	33	24
Total Operating Funding	12,435	12,917	12,695	(222)
Applications of operating funding				
Payments to staff and suppliers	6,634	6,930	6,914	(16)
Finance costs	0	0	0	0
Internal charges and overheads applied *	1,418	1,545	1,304	(241)
Other operating funding applications	0	0	0	0
Total applications of operating funding	8,052	8,475	8,218	(257)
Surplus (Deficit) of operating funding	4,383	4,442	4,477	35
Sources of capital funding				
Subsidies and grants for capital	0	0	0	0
Development and financial contributions	407	416	416	0
Increase (decrease) in debt	(64)	301	(108)	(409)
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	343	717	308	(409)
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	0	0	104	104
- to improve level of service	1,344	1,545	1,251	(294)
- to replace existing assets	3,382	3,614	3,430	(184)
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	0	0	0	0
Total applications of capital funding	4,726	5,159	4,785	(374)
Surplus (Deficit) of capital funding	(4,383)	(4,442)	(4,477)	(35)
Funding balance	0	0	0	0

2020/21 Annual Plan Variances against Long Term Plan

Internal charges (interest) have decreased by \$241,000 in response to changes in the capital programme since the Long Term Plan (including an updated opening balance of internal borrowings) along with a more favourable interest rate environment than predicted in the Long Term Plan (LTP).

The decrease in loans of \$409,000 is due to changes in the capital programme.

These changes to the capital programme are listed at the end of the Financials section of this document.

RECONCILIATION BETWEEN THE NET SURPLUS/(DEFICIT) OF OPERATING FUNDING IN THE FUNDING IMPACT STATEMENT AND THE NET SURPLUS/(DEFICIT) IN THE COST OF SERVICE STATEMENT

	Annual Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Difference to LTP 2020/21 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	4,383	4,442	4,477	35
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	407	416	416	0
Vested Assets	1,306	813	813	0
Gains on sale	0	0	0	0
Depreciation	(4,383)	(4,442)	(4,478)	(36)
Other non-cash income/expenditure	0	0	0	0
Net Surplus (Deficit) before taxation in Cost of Service Statement	1,713	1,229	1,228	(1)

WASTEWATER	Annual Plan	Long-term Plan	Annual Plan	Difference to LTP
FUNDING IMPACT STATEMENT	2019/20	2020/21	2020/21	2020/21
	(\$000)	(\$000)	(\$000)	(\$000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	0	0	0	0
Targeted rates	8,719	8,715	8,855	140
Subsidies and grants for operating purposes	0	0	0	0
Fees and charges	2,610	2,469	2,949	480
Internal charges and overheads recovered	(49)	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	1,289	1,551	1,185	(366)
Total Operating Funding	12,569	12,735	12,989	254
Applications of operating funding				
Payments to staff and suppliers	7,026	7,724	7,349	(375)
Finance costs	0	529	0	(529)
Internal charges and overheads applied *	402	169	436	267
Other operating funding applications	0	0	0	0
Total applications of operating funding	7,428	8,422	7,785	(637)
Surplus (Deficit) of operating funding	5,141	4,313	5,204	891
Sources of capital funding				
Subsidies and grants for capital	0	0	0	0
Development and financial contributions	679	694	694	0
Increase (decrease) in debt	103	5,007	5,111	104
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	782	5,701	5,805	104
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	220	3,980	1,754	(2,226)
- to improve level of service	3,547	4,287	6,060	1,773
- to replace existing assets	2,156	1,747	3,195	1,448
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	0	0	0	0
Total applications of capital funding	5,923	10,014	11,009	995
Surplus (Deficit) of capital funding	(5,141)	(4,313)	(5,204)	(891)
Funding balance	0	0	0	0

2020/21 Annual Plan Variances against Long Term Plan

Movements in non-rate income include more commercial trade waste income than assumed in the LTP (included in fees and charges), offset by decreased Nelson Regional Sewerage Business Unit (NRSBU) recoveries (included in other receipts).

Payments to staff and suppliers have decreased reflecting the Nelson North Wastewater Treatment Plant (NNWTP) desludging programme having been completed ahead of time and under budget.

There is an offset between Finance costs and Internal charges as a result of the NRSBU consolidation.

Debt requirements have been impacted by increases in the capital programme, however these increases are partially offset by changes to loan funded operating expenditure (NWWTP).

Changes to the capital programme are listed at the end of the Financials section of this document.

RECONCILIATION BETWEEN THE NET SURPLUS/(DEFICIT) OF OPERATING FUNDING IN THE FUNDING IMPACT STATEMENT AND THE NET SURPLUS/(DEFICIT) IN THE COST OF SERVICE STATEMENT

	Annual Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Difference to LTP 2020/21 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	5,141	4,313	5,204	891
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	679	694	694	0
Vested Assets	1,004	843	843	0
Gains on sale	0	0	0	0
Depreciation	(5,066)	(4,890)	(5,130)	(240)
Other non-cash income/expenditure	0	0	0	0
Net Surplus (Deficit) before taxation in Cost of Service Statement	1,758	960	1,611	651

STORMWATER	Annual Plan	Long-term Plan	Annual Plan	Difference to LTP
FUNDING IMPACT STATEMENT	2019/20	2020/21	2020/21	2020/21
	(\$000)	(\$000)	(\$000)	(\$000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	0	0	0	0
Targeted rates	4,435	4,676	4,828	152
Subsidies and grants for operating purposes	0	0	0	0
Fees and charges	0	0	0	0
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0	0
Total Operating Funding	4,435	4,676	4,828	152
Applications of operating funding				
Payments to staff and suppliers	1,483	1,596	1,863	267
Finance costs	0	0	0	0
Internal charges and overheads applied *	477	673	457	(216)
Other operating funding applications	0	0	0	0
Total applications of operating funding	1,960	2,269	2,320	51
Surplus (Deficit) of operating funding	2,475	2,407	2,508	101
Sources of capital funding				
Subsidies and grants for capital	0	0	0	0
Development and financial contributions	380	388	388	0
Increase (decrease) in debt	(413)	3,547	1,739	(1,808)
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	(33)	3,935	2,127	(1,808)
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	60	117	46	(71)
- to improve level of service	2,276	6,176	4,387	(1,789)
- to replace existing assets	106	49	202	153
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	0	0	0	0
Total applications of capital funding	2,442	6,342	4,635	(1,707)
Surplus (Deficit) of capital funding	(2,475)	(2,407)	(2,508)	(101)
Funding balance	0	0	0	0

2020/21 Annual Plan Variances against Long Term Plan

Payments to staff and suppliers have increased by \$267,000, mainly including an increase in the allocation of staff costs.

Internal charges (interest) have decreased by \$216,000 in response to changes in the capital programme since the Long Term Plan (including an updated opening balance of internal borrowings) along with a more favourable interest rate environment than predicted in the Long Term Plan.

Loans of \$1.7 million are no longer required due to changes in the capital programme mostly related to the timing of project work.

These changes to the capital programme are listed at the end of the Financials section of this document.

Increased depreciation of \$100,000 has resulted from the 2018/19 asset revaluation.

RECONCILIATION BETWEEN THE NET SURPLUS/(DEFICIT) OF OPERATING FUNDING IN THE FUNDING IMPACT STATEMENT AND THE NET SURPLUS/(DEFICIT) IN THE COST OF SERVICE STATEMENT

	Annual Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Difference to LTP 2020/21 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	2,475	2,407	2,508	101
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	380	388	388	0
Vested Assets	1,399	1,179	1,179	0
Gains on sale	0	0	0	0
Depreciation	(2,474)	(2,407)	(2,507)	(100)
Other non-cash income/expenditure	0	0	0	0
Net Surplus (Deficit) before taxation in Cost of Service Statement	1,780	1,567	1,568	1

FLOOD PROTECTION	Annual Plan	Long-term Plan	Annual Plan	Difference
FUNDING IMPACT STATEMENT	2019/20	2020/21	2020/21	to LTP
	(\$000)	(\$000)	(\$000)	2020/21
				(\$000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	0	0	0	0
Targeted rates	1,661	2,118	1,971	(147)
Subsidies and grants for operating purposes	0	0	0	0
Fees and charges	0	0	0	0
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0	0
Total Operating Funding	1,661	2,118	1,971	(147)
Applications of operating funding				
Payments to staff and suppliers	412	307	553	246
Finance costs	0	0	0	0
Internal charges and overheads applied *	753	1,120	853	(267)
Other operating funding applications	0	0	0	0
Total applications of operating funding	1,165	1,427	1,406	(21)
Surplus (Deficit) of operating funding	496	691	565	(126)
Sources of capital funding				
Subsidies and grants for capital	0	0	0	0
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	3,690	4,993	3,685	(1,308)
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	3,690	4,993	3,685	(1,308)
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	0	0	0	0
- to improve level of service	4,186	5,684	4,250	(1,434)
- to replace existing assets	0	0	0	0
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	0	0	0	0
Total applications of capital funding	4,186	5,684	4,250	(1,434)
Surplus (Deficit) of capital funding	(496)	(691)	(565)	126
Funding balance	0	0	0	0

2020/21 Annual Plan Variances against Long Term Plan

The increase in payments to staff and suppliers (\$246,000) is largely due to the allocation of staff costs.

Internal charges (interest) have decreased by \$267,000 in response to changes in the capital programme since the Long Term Plan (including an updated opening balance of internal borrowings) along with a more favourable interest rate environment than predicted in the Long Term Plan.

Loans of \$1.3 million are no longer required due to changes in the capital programme, mostly related to the timing of project work.

Changes to the capital programme are listed at the end of the Financials section of this document.

Decreased depreciation of \$125,000 has resulted from the 2018/19 asset revaluation.

RECONCILIATION BETWEEN THE NET SURPLUS/(DEFICIT) OF OPERATING FUNDING IN THE FUNDING IMPACT STATEMENT AND THE NET SURPLUS/(DEFICIT) IN THE COST OF SERVICE STATEMENT

	Annual Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Difference to LTP 2020/21 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	496	691	565	(126)
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Vested Assets	170	173	173	0
Gains on sale	0	0	0	0
Depreciation	(497)	(691)	(566)	125
Other non-cash income/expenditure	0	0	0	0
Net Surplus (Deficit) before taxation in Cost of Service Statement	169	173	172	(1)

SOLID WASTE	Annual Plan 2019/20	Long-term Plan 2020/21	Annual Plan 2020/21	Difference to LTP 2020/21
FUNDING IMPACT STATEMENT	(\$000)	(\$000)	(\$000)	(\$000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	0	0	0	0
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	198	204	199	(5)
Fees and charges	3,106	3,690	3,439	(251)
Internal charges and overheads recovered	2,330	2,315	2,479	164
Local authorities fuel tax, fines, infringement fees, and other receipts	2,424	2,434	2,415	(19)
Total Operating Funding	8,058	8,643	8,532	(111)
Applications of operating funding				
Payments to staff and suppliers	5,309	5,837	5,693	(144)
Finance costs	0	0	0	0
Internal charges and overheads applied *	2,328	2,352	2,488	136
Other operating funding applications	0	0	0	0
Total applications of operating funding	7,637	8,189	8,181	(8)
Surplus (Deficit) of operating funding	421	454	351	(103)
Sources of capital funding				
Subsidies and grants for capital	0	0	0	0
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	(10)	(344)	198	542
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	(10)	(344)	198	542
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	0	34	288	254
- to improve level of service	31	31	206	175
- to replace existing assets	380	35	15	(20)
Increase (decrease) in reserves	0	10	40	30
Increase (decrease) in investments	0	0	0	0
Total applications of capital funding	411	110	549	439
Surplus (Deficit) of capital funding	(421)	(454)	(351)	103
Funding balance	0	0	0	0

2020/21 Annual Plan Variances against Long Term Plan

Payments to staff and suppliers have decreased by \$144,000 overall. This movement includes a \$614,000 decrease relating to an update of the Nelson Tasman Regional Landfill Business Unit (NRLBU) consolidation. Conversely, there has been an increase of \$243,000 due to the Green Waste activity being reinstated in the Annual Plan.

It is noted that both of the above two factors (NRLBU consolidation and reinstatement of Green Waste activity) have also impacted fees and charges (the NRLBU consolidation has resulted in a decrease in fees and charges, and the Green Waste reinstatement has resulted in an increase in fees and charges).

Additional loans of \$542,000 are required due to changes in the capital programme, mostly related to the timing of project work.

Changes to the capital programme are listed at the end of the Financials section of this document.

RECONCILIATION BETWEEN THE NET SURPLUS/(DEFICIT) OF OPERATING FUNDING IN THE FUNDING IMPACT STATEMENT AND THE NET SURPLUS/(DEFICIT) IN THE COST OF SERVICE STATEMENT

	Annual Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Difference to LTP 2020/21 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	421	454	351	(103)
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Vested Assets	0	0	0	0
Gains on sale	0	0	0	0
Depreciation	(267)	(343)	(382)	(39)
Other non-cash income/expenditure	0	0	0	0
Net Surplus (Deficit) before taxation in Cost of Service Statement	154	111	(31)	(142)

ENVIRONMENTAL MANAGEMENT	Annual Plan 2019/20	Long-term Plan 2020/21	Annual Plan 2020/21	Difference to LTP 2020/21
FUNDING IMPACT STATEMENT	(\$000)	(\$000)	(\$000)	(\$000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	8,586	7,950	9,584	1,634
Targeted rates	12	1	4	3
Subsidies and grants for operating purposes	365	31	413	382
Fees and charges	228	231	241	10
Internal charges and overheads recovered	50	0	50	50
Local authorities fuel tax, fines, infringement fees, and other receipts	4,318	4,564	4,750	186
Total Operating Funding	13,559	12,777	15,042	2,265
Applications of operating funding				
Payments to staff and suppliers	13,171	12,451	16,518	4,067
Finance costs	0	0	0	0
Internal charges and overheads applied *	341	272	415	143
Other operating funding applications	0	0	0	0
Total applications of operating funding	13,512	12,723	16,933	4,210
Surplus (Deficit) of operating funding	47	54	(1,891)	(1,945)
Sources of capital funding				
Subsidies and grants for capital	0	0	0	0
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	148	32	1,989	1,957
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	148	32	1,989	1,957
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	250	40	0	(40)
- to improve level of service	197	236	254	18
- to replace existing assets	114	46	14	(32)
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	(366)	(236)	(170)	66
Total applications of capital funding	195	86	98	12
Surplus (Deficit) of capital funding	(47)	(54)	1,891	1,945
Funding balance	0	0	0	0

2020/21 Annual Plan Variances against Long Term Plan

Payments to staff and suppliers have increased by \$4.1 million. This increase includes significant movements in staff costs (\$1.0 million) and Nelson Plan expenditure (\$1.3 million additional cost, to be partially loan funded), as well as increases in Building Claims, Building Consents, and Resource Consents.

Other receipts have increased by \$186,000, which includes an increase to Building Consent fees, offset by a decrease to Resource Consent fees (latest volume projections are significantly lower than the LTP).

Subsidies and grants for operating purposes include a Hill Country Erosion Fund grant of \$310,000 from the Ministry of Primary Industries, which was not planned in the LTP.

Additional loans of \$2.0 million are impacted by the planned loan funding of Nelson Plan expenses.

Changes to the capital programme are listed at the end of the Financials section of this document.

RECONCILIATION BETWEEN THE NET SURPLUS/(DEFICIT) OF OPERATING FUNDING IN THE FUNDING IMPACT STATEMENT AND THE NET SURPLUS/(DEFICIT) IN THE COST OF SERVICE STATEMENT

	Annual Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Difference to LTP 2020/21 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	47	54	(1,891)	(1,945)
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Vested Assets	0	0	0	0
Gains on sale	0	0	0	0
Depreciation	(48)	(54)	(67)	(13)
Other non-cash income/expenditure	11	3	2	(1)
Net Surplus (Deficit) before taxation in Cost of Service Statement	10	3	(1,956)	(1,959)

SOCIAL	Annual Plan 2019/20	Long-term Plan 2020/21	Annual Plan 2020/21	Difference to LTP 2020/21
FUNDING IMPACT STATEMENT	(\$000)	(\$000)	(\$000)	(\$000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	13,837	12,912	14,828	1,916
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	174	177	175	(2)
Fees and charges	913	641	879	238
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	1,304	914	949	35
Total Operating Funding	16,228	14,644	16,831	2,187
Applications of operating funding				
Payments to staff and suppliers	13,373	12,029	13,904	1,875
Finance costs	0	0	0	0
Internal charges and overheads applied *	1,735	1,394	1,734	340
Other operating funding applications	0	0	0	0
Total applications of operating funding	15,108	13,423	15,638	2,215
Surplus (Deficit) of operating funding	1,120	1,221	1,193	(28)
Sources of capital funding				
Subsidies and grants for capital	23	24	384	360
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	(7,403)	4,583	1,476	(3,107)
Gross proceeds from sale of assets	8,383	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	1,003	4,607	1,860	(2,747)
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	1,258	816	1,384	568
- to improve level of service	951	3,295	1,481	(1,814)
- to replace existing assets	754	254	381	127
Increase (decrease) in reserves	0	123	0	(123)
Increase (decrease) in investments	(840)	1,340	(193)	(1,533)
Total applications of capital funding	2,123	5,828	3,053	(2,775)
Surplus (Deficit) of capital funding	(1,120)	(1,221)	(1,193)	28
Funding balance	0	0	0	0

2020/21 Annual Plan Variances against Long Term Plan

Fees and charges have increased, including additional income from the Brook Camp and the Crematorium, which have both experienced increased usage.

Payments to staff and suppliers have increased by \$1.9 million. This increase includes an increase in the allocation of staff costs, as well as increased security costs, contractor costs at the Brook Camp, and an additional grant to the Nelson Centre of Musical Arts.

Subsidies and grants for capital include a \$360,000 contribution from the Ministry of Business, Innovation & Employment (MBIE) for new toilets at Tahunanui and Millers Acre Centre.

The decrease in debt required of \$3.1 million relates to changes in the capital programme, most notably the Elma Turner Library Extension/Relocation project.

Changes to the capital programme are listed at the end of the Financials section of this document.

RECONCILIATION BETWEEN THE NET SURPLUS/(DEFICIT) OF OPERATING FUNDING IN THE FUNDING IMPACT STATEMENT AND THE NET SURPLUS/(DEFICIT) IN THE COST OF SERVICE STATEMENT

	Annual Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Difference to LTP 2020/21 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	1,120	1,221	1,193	(28)
Subsidies and grants for capital expenditure	23	24	384	360
Development and financial contributions	0	0	0	0
Vested Assets	0	0	0	0
Gains on sale	0	0	0	0
Depreciation	(1,250)	(1,202)	(1,237)	(35)
Other non-cash income/expenditure	702	(59)	0	59
Net Surplus (Deficit) before taxation in Cost of Service Statement	595	(15)	340	356

PARKS AND ACTIVE RECREATION	Annual Plan	Long-term Plan	Annual Plan	Difference to LTP
FUNDING IMPACT STATEMENT	2019/20	2020/21	2020/21	2020/21
	(\$000)	(\$000)	(\$000)	(\$000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	13,206	13,496	13,372	(124)
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0
Fees and charges	2,284	2,339	2,324	(15)
Internal charges and overheads recovered	459	469	469	0
Local authorities fuel tax, fines, infringement fees, and other receipts	1,544	1,438	1,637	199
Total Operating Funding	17,493	17,742	17,802	60
Applications of operating funding				
Payments to staff and suppliers	11,242	11,641	12,232	591
Finance costs	0	0	0	0
Internal charges and overheads applied *	2,489	2,838	2,349	(489)
Other operating funding applications	0	0	0	0
Total applications of operating funding	13,731	14,479	14,581	102
Surplus (Deficit) of operating funding	3,762	3,263	3,221	(42)
Sources of capital funding				
Subsidies and grants for capital	1,038	233	868	635
Development and financial contributions	1,716	1,880	1,716	(164)
Increase (decrease) in debt	2,347	1,526	1,870	344
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	5,101	3,639	4,454	815
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	2,439	2,519	2,133	(386)
- to improve level of service	3,437	2,611	3,710	1,099
- to replace existing assets	2,987	1,574	1,832	258
Increase (decrease) in reserves	0	198	0	(198)
Increase (decrease) in investments	0	0	0	0
Total applications of capital funding	8,863	6,902	7,675	773
Surplus (Deficit) of capital funding	(3,762)	(3,263)	(3,221)	42
Funding balance	0	0	0	0

2020/21 Annual Plan Variances against Long Term Plan

Income in Other receipts has increased by \$199,000. This movement includes anticipated Bay Dreams event revenue.

Payments to staff and suppliers have increased by \$591,000. Contract maintenance costs have increased within this category.

Internal charges (interest) have decreased by \$489,000 in response to changes in the capital programme since the Long Term Plan (including an updated opening balance of internal borrowings) along with a more favourable interest rate environment than predicted in the Long Term Plan.

Subsidies and capital grants include grant contributions from MBIE for the Maitai Mountainbike Hub and to the Great Taste Trail.

The increase in debt of \$344,000 reflects movements in the capital programme mostly related to the timing of project work.

Changes to the capital programme are listed at the end of the Financials section of this document.

RECONCILIATION BETWEEN THE NET SURPLUS/(DEFICIT) OF OPERATING FUNDING IN THE FUNDING IMPACT STATEMENT AND THE NET SURPLUS/(DEFICIT) IN THE COST OF SERVICE STATEMENT

	Annual Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Difference to LTP 2020/21 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	3,762	3,263	3,221	(42)
Subsidies and grants for capital expenditure	1,038	233	868	635
Development and financial contributions	1,716	1,880	1,716	(164)
Vested Assets	0	0	0	0
Gains on sale	0	0	0	0
Depreciation	(3,488)	(3,507)	(3,723)	(216)
Other non-cash income/expenditure	0	0	0	0
Net Surplus (Deficit) before taxation in Cost of Service Statement	3,028	1,869	2,082	213

ECONOMIC	Annual Plan	Long-term Plan	Annual Plan	Difference to LTP
	2019/20	2020/21	2020/21	2020/21
FUNDING IMPACT STATEMENT	(\$000)	(\$000)	(\$000)	(\$000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	1,755	1,843	2,095	252
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	0	310	310	0
Fees and charges	0	0	0	0
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	100	100
Total Operating Funding	1,755	2,153	2,505	352
Applications of operating funding				
Payments to staff and suppliers	1,730	7,071	7,412	341
Finance costs	0	0	0	0
Internal charges and overheads applied *	25	82	93	11
Other operating funding applications	0	0	0	0
Total applications of operating funding	1,755	7,153	7,505	352
Surplus (Deficit) of operating funding	0	(5,000)	(5,000)	0
Sources of capital funding				
Subsidies and grants for capital	0	0	0	0
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	590	5,209	5,590	381
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	590	5,209	5,590	381
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	0	0	0	0
- to improve level of service	590	209	590	381
- to replace existing assets	0	0	0	0
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	0	0	0	0
Total applications of capital funding	590	209	590	381
Surplus (Deficit) of capital funding	0	5,000	5,000	0
Funding balance	0	0	0	0

2020/21 Annual Plan Variances against Long Term Plan

Payments to staff and suppliers include a planned \$5 million loan-funded payment to Tasman District Council in relation to the Waimea Dam.

The increase in other receipts includes a grant from Ministry of Business Innovation & Employment.

The increase in payments to staff and suppliers represents increases in staff costs and community economic support initiatives.

Additional debt of \$381,000 relates to changes to the capital programme.

Changes to the capital programme are listed at the end of the Financials section of this document.

RECONCILIATION BETWEEN THE NET SURPLUS/(DEFICIT) OF OPERATING FUNDING IN THE FUNDING IMPACT STATEMENT AND THE NET SURPLUS/(DEFICIT) IN THE COST OF SERVICE STATEMENT

	Annual Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Difference to LTP 2020/21 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	0	(5,000)	(5,000)	0
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Vested Assets	0	0	0	0
Gains on sale	0	0	0	0
Depreciation	0	0	0	0
Other non-cash income/expenditure	0	0	0	0
Net Surplus (Deficit) before taxation in Cost of Service Statement	0	(5,000)	(5,000)	0

CORPORATE	Annual Plan 2019/20	Long-term Plan 2020/21	Annual Plan 2020/21	Difference to LTP 2020/21
FUNDING IMPACT STATEMENT	(\$000)	(\$000)	(\$000)	(\$000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	1,643	3,031	788	(2,243)
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	6	5	5	0
Fees and charges	0	0	0	0
Internal charges and overheads recovered	8,432	9,586	8,288	(1,298)
Local authorities fuel tax, fines, infringement fees, and other receipts	5,369	5,731	5,476	(255)
Total Operating Funding	15,450	18,353	14,557	(3,796)
Applications of operating funding				
Payments to staff and suppliers	8,563	8,411	7,864	(547)
Finance costs	3,883	5,708	3,653	(2,055)
Internal charges and overheads applied *	645	763	491	(272)
Other operating funding applications	0	0	0	0
Total applications of operating funding	13,091	14,882	12,008	(2,874)
Surplus (Deficit) of operating funding	2,359	3,471	2,549	(922)
Sources of capital funding				
Subsidies and grants for capital	0	0	0	0
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	3,408	24,210	19,497	(4,713)
Gross proceeds from sale of assets	800	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	4,208	24,210	19,497	(4,713)
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	1,197	339	398	59
- to improve level of service	1,386	1,616	314	(1,302)
- to replace existing assets	866	420	1,436	1,016
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	3,118	25,306	19,898	(5,408)
Total applications of capital funding	6,567	27,681	22,046	(5,635)
Surplus (Deficit) of capital funding	(2,359)	(3,471)	(2,549)	922
Funding balance	0	0	0	0

2020/21 Annual Plan Variances against Long Term Plan

Internal income has reduced because the timing changes in the capital programme over the whole of council (along with a more favourable interest rate environment) have resulted in reduced internal interest.

Staff costs have decreased. The staff cost allocation model has been reviewed, and significant costs that were previously budgeted in the Corporate activity have now been allocated across council's activities. This change can be seen in a relative decrease to staff costs in the Corporate activity, and increases in staff costs across the other activities.

Finance costs are lower than calculated in the Long Term Plan due to reduced external debt resulting from changes in the capital programme over the whole of Council (including an updated opening balance of external borrowings), and interest rates being lower than anticipated.

Changes to the capital programme are listed at the end of the Financials section of this document.

RECONCILIATION BETWEEN THE NET SURPLUS/(DEFICIT) OF OPERATING FUNDING IN THE FUNDING IMPACT STATEMENT AND THE NET SURPLUS/(DEFICIT) IN THE COST OF SERVICE STATEMENT

	Annual Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)	Annual Plan 2020/21 (\$000)	Difference to LTP 2020/21 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	2,359	3,471	2,549	(922)
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Vested Assets	0	0	0	0
Gains on sale	0	0	0	0
Depreciation	(1,879)	(1,930)	(1,520)	410
Other non-cash income/expenditure	28	0	28	28
Net Surplus (Deficit) before taxation in Cost of Service Statement	508	1,541	1,057	(484)

FINANCIAL RESERVES ESTIMATES

The Local Government Act 2002 requires that councils provide a summary of the restricted reserves it holds.

Name	Activity	Purpose	Projected Balance July 2020	Deposits	Withdrawals	Balance June 2021
Nelson Institute Funds	Nelson Library	Bequest to Nelson Institute	9,023	180		9,203
L C Voller Bequest (ETL)	Nelson Library	Youth Section of Elma Turner Library	24,301	486		24,787
Subdivisions Reserve	Reserve Contributions	Financial Contributions for Reserves	1,445,589		16,147	1,429,442
Nelson 2000 Trust	Esplanade Reserves	Wakefield Quay Development	164,607	-		164,607
Insurance Reserve	Investment Management	To fund Insurance claim excess	1,061,664		575,726	485,938
Health & Safety Reserve	Admin and Meeting Support	OSH Compliance	31,363	627		31,990
Roading Contributions	Roading	Financial Contribution for capital works	116,116			116,116
Walker bequest	Parks		9,723	122		9,845
Dog Control Reserve	Dog Control	Self funded activity balance	(157,577)		555	(158,132)
Sport & Rec Grants Reserve	Physical Activity Fund	Ex Hillary Commission fund for Sport and Recreation	13,826	164		13,990
Art Council Loan Fund	Physical Activity Fund	Ex Sport & Rec Grants	10,000			10,000
Events Contestable Fund Reserve	Economic Development	Unspent allocation held for eligible events	(118,885)		2,378	(121,263)
Pensioner Housing Reserve	Community Housing	Self funded activity balance	8,021,197	-	-	8,021,197
Founders Park Reserve	Founders	Founders development	204,239		502	203,737
Forestry Fund	Forestry	Self funded activity balance	725,806	424,900		1,150,706
Climate Change	Environmental Management	To fund climate change initiatives	380,000		182,500	197,500
Landfill	Solid Waste	Share of development of new landfill when required	4,524,291	90,486		4,614,777
Solid Waste	Solid Waste	Self funded activity balance	1,527,297		211,886	1,315,411