



Nelson
City Council

Te Kaunihera o
Whakatū

Annual Plan 2023/24

Variations to Year Three of the Long Term Plan 2021 – 2031



Contents

| | |
|--|------------|
| Mayor's foreword | 3 |
| About this Annual Plan | 5 |
| Your rates | 6 |
| Council's vision, priorities and outcomes | 7 |
| Key Changes from year three of the Long Term Plan 2021–2031 | 8 |
| • Our approach to rates | 8 |
| • Recovery from the August 2022 severe weather event | 10 |
| • Reduction in spending on new library | 11 |
| • Infrastructure Acceleration Fund | 12 |
| • Maitai Bayview Development subdivision | 14 |
| Other changes to the 2023/24 work programme | 15 |
| Climate Change | 22 |
| Financial Summary | 25 |
| Accounting Information | 28 |
| Council Controlled Organisations | 106 |
| Contact us | 107 |

Mayor's foreword Kupu whakataki

Kia ora Nelsonians

The Nelson City Council Annual Plan 2023/24 has been the most difficult in years given the tens of millions in costs from the storm last August, increases in the cost of depreciation and interest rates as well as higher Council costs from surging inflation.

Thank you to the 365 people who took the time to submit on our Annual Plan Consultation Document. We then heard from about 50 of those submitters who gave up more time to speak to us in person. Hearing from our community allowed us to consider whether we'd got the balance right in our draft budget in terms of minimising rates increases while ensuring we maintain key services at a difficult time economically.

Cost of living pressures

We have kept to the proposed rates increase of 7.2%, which is no more than the rate of inflation. This compares well with historical increases in the city of 38% over the past decade with inflation of 15% over the same period. Our 7.2% rise this year also compares well with the national average rate increase of 10%. We recognise that households are facing cost increases across the board, from stiff hikes in weekly mortgage payments to the 12% increase in the cost of food. Although residential rates make up about 4% of household expenses only, we wanted to avoid compounding the cost pressures by exceeding the rate of inflation and we have managed that.

However, we also don't want to make it harder for community groups working with Nelson's most vulnerable. So, following submissions and deliberations, instead of keeping our grants to these community groups at 2022/23 levels, we have increased them for inflation using savings identified by our finance team. This reflects the economic forecasts for tough times ahead.



Also, in response to submissions, we have provided a 3.5% inflation adjustment to grants to other community organisations, facilities and Council Controlled Organisations and Council Organisations and an additional \$20,000 to Kotahitanga mō te Taiao Alliance. These increases were made possible after staff identified additional savings of \$247,000 since the Consultation Document was released.

August weather event recovery

We now have more clarity around the work required for recovery from the severe weather event last August. To repair 18 slips on Council land that affected or had the potential to affect 33 private properties would cost \$5 million to put back as it was or \$17.2 million to repair better than before. Building back more resiliently is the right thing to do as it lessens the risk of future weather events causing such damage but it does place a burden on ratepayers and I'm seeking government support.

Keeping Nelson Liveable

While we worked hard to minimise the rate increase in these tough financial times, we did not want the community to stagnate so there is

Mayor's foreword

provision for preliminary work on some key projects including a replacement surf lifesaving and sports facility at Tāhunanui Beach and an arts hub in the city.

I wish to acknowledge the dedicated teams of people who have worked hard to help us deliver this Annual Plan 2023/24. We need, more than ever in these challenging times, to ensure we are delivering value for money for ratepayers. Our next challenge is to translate this plan into the recovery and other work for the people of Nelson.

Ngā mihi nui



Hon Dr Nick Smith

Mayor of Nelson: *Te Koromatua o Whakatū*



About this Annual Plan

About this Annual Plan

Welcome to Council's Annual Plan 2023/24.

Council's major planning document for the current period is the Long Term Plan 2021–2031. The Long Term Plan sets out Council's priorities and spending for ten years from 2021. Annual plans are produced for the years between long term plans, giving an opportunity to make necessary changes to projects and services, update budgets, and set the rates for that year.

This Annual Plan 2023/24 is an exceptions document, outlining the key changes to year three of the Long Term Plan, the reasons for the changes to the work programme and the overall impact those changes will have on rates and debt. The remainder of work programme outlined in year three of the Long Term Plan will still proceed, incorporating the Annual Plan changes.

Council proposed several significant changes through the Annual Plan 2023/24 Consultation Document. These changes were necessary to respond to:

- The costs of repairs from the severe weather event last August
- The significant increase in the costs of depreciation¹ after a revaluation of Council assets
- The rise in interest costs
- Increased Council costs from the high rates of inflation.

The key changes Council proposed were:

- Our approach to rates – an average rates rise of 7.2%
- Funding and approach to recovery from the August 2022 severe weather event
- Reduction in spending on a new library
- Infrastructure Acceleration Fund - bringing forward infrastructure upgrades to unlock city centre living

¹ Depreciation is the wearing out, consumption or loss of value of an asset, where funding is set aside towards the asset's eventual replacement.

- New funding for the Maitahi Bayview Development subdivision (Maitai Valley) utilities and transport connections.

Council also proposed several other less significant changes to the work programme for 2023/24, which were outlined in the Consultation Document.

The Consultation Document was available for public comment from 29 March to 30 April 2023. Council heard submitters on 11 and 12 May and made decisions on the submissions on 25 May 2023, for inclusion in this Annual Plan.

Layout of this Annual Plan

Following the introduction, you will find:

- Information on rates for 2023/24
- The vision and priorities that guide our work
- The main variations to what was included in the Long Term Plan
- Information about other changes to the 2023/24 work programme
- Financial information and tables setting out planned expenditure for 2023/24.

You can find more information on Council's activities, services, and supporting policies in the Long Term Plan 2021–2031. Copies of the Long Term Plan can be viewed at the Council Customer Service Centre at 110 Trafalgar Street, at any of our public libraries, or on our website: nelson.govt.nz/long-term-plan-2021-2031.

All budget figures in this Annual Plan are GST exclusive, except for rates, which are GST inclusive. Any other exceptions are stated.



Your rates

What will my rates be?

The overall increase in rates that is required by Council for 2023/24, is 7.2%, including an allowance for growth.

The percentage change in rates for individual properties will differ depending on the mix of components making up the rates bill. For residential ratepayers, the stormwater/flood protection charge is increasing by 22.6%, the wastewater charge by 9.7%, and the water charge by 3.4%. The general rate for the average residential land value, including the uniform annual general charge (UAGC), is increasing by 7.0%. A ratepayer without some of these three water services, for instance, will have a lower increase than 7.2%. You can view examples of rates impacts for different land uses and values on pages 34 and 35 of this document.

The actual 2023/24 rates for each property are available on Council's website at nelson.govt.nz/rates-search

Assistance available

You may qualify for financial help:

- Nelson City Council, on behalf of the Department of Internal Affairs, administers a rates rebate scheme. There is a base income level, however if your income is more than this you may still qualify, depending on the number of dependents you have and the total cost of your rates

- If you are over 65, you may consider applying to postpone payment of your rates. Rates postponement allows eligible older ratepayers to defer their rates for the rest of their life, or until they sell their house. Rates owed are paid when the property is sold
- Nelson City Council has decided to remit all or part of the rates on properties covered by the Rates Remission Policy. The policy applies to such ratepayers and organisations as approved by Council by meeting the relevant criteria.

For more information about the above schemes, please visit:

nelson.govt.nz/postponements-and-rebates, or contact us – see Council's contact details on page 107.



Council's Vision, Priorities and Outcomes He Whakakitenga, He Whakaarotau

The Long Term Plan 2021-2031 is Council's major planning document and we consult with the community every three years on what it should include. This Annual Plan 2023/24 sets out how the 2023/24 year will differ from what had been included in Year 3 of the Long Term Plan. While there are some major changes in the Annual Plan 2023/24 it will still be consistent with, and its projects guided by, the strategic setting of the Long Term Plan.

The Long Term Plan sets out the Vision and Community Outcomes. For more on the Long Term Plan or to read a copy go to nelson.govt.nz/council/plans-strategies-policies/long-term-plans/long-term-plan-2021-2031



Key Changes from Year Three of the Long Term Plan 2021-2031

Key Changes from Year Three of the Long Term Plan 2021-2031

The Long Term Plan sets out the work programme and priorities for the 2023/24 year. However, several factors, like the cost of repairs from the severe weather event last August, couldn't have been predicted back in early 2021 when the Long Term Plan was prepared. These factors have meant that Council needed to revisit the work programme for 2023/24.

Council proposed some key changes to the 2023/24 work programme through the Annual Plan Consultation Document. Many of the changes were to reduce the impact on rates of these factors, and to get the proposed rates increase down to the level of inflation. This section outlines the key changes and Council's decisions following consultation.

The significant changes noted here will have implications for future years after 2023/24. Council will seek feedback from the community on these future year changes during the Long Term Plan 2024-2034 consultation process.

Our approach to rates – an average rates rise of 7.2%.

We recognise that Nelson is facing a cost of living crisis. The community is under real pressure with rising costs impacting household budgets and business viability.

The same inflationary pressures are driving up costs at Council and, along with rising interest costs, staff salary increases and the costs from the August 2022 severe weather event, are putting budgets under intense pressure. However, Council does not want to add to the burden faced by our community, and we have decided to keep the overall rates rise to no more than the mid-year inflation rate of 7.2%.

What we are doing

Through a careful programme of reducing budgets, Council has balanced increased costs with reductions for an overall average rates rise of 7.2%. Council is providing value for money for the ratepayers, while still investing for the future, and maintaining key services.

In order to bring the percentage down Council has carefully managed its internal budgets, external grants, making several trade-offs and spreading costs, like those from the August 2022 severe weather event, over multiple years. Council is not fully funding the depreciation impact driven from the 2022 infrastructure revaluation in one year.

Council's own operational budgets have generally not increased in line with inflation, including the salaries budget. For external grants, however, Council decided that community groups who help the most vulnerable in our community will receive an increase of 7.2%. This is in recognition that these groups will be under greater pressure to provide help during a cost of living crisis. Other community groups, facilities, Council Controlled Organisations and Council Organisations will receive a 3.5% increase in the grants they receive. This does not match inflation, but Council balanced their funding against the cost of living crisis facing ratepayers and households.

Even with these reductions, Council's rates rise is breaching the rates cap set for itself in the Long Term Plan (which is the Local Government Cost Index plus 2.5% – 6.8% in 2023/24), although no one anticipated at that time the level of inflation, the rise in interest costs or the significant severe weather event costs.

We have also trimmed budgets including regular maintenance budgets. You may notice the impact of this in Council being less proactive in its service response – routine issues may take longer to be repaired, services may be less available or slower than you are used to or expect.

Key Changes from Year Three of the Long Term Plan 2021-2031

We are maintaining momentum on infrastructure upgrades and key projects for the future of our city and to help build resilience for future weather events and increase our housing capacity, but Council felt some reduction in service standards and frequency was a saving worth making to keep rates rises down.

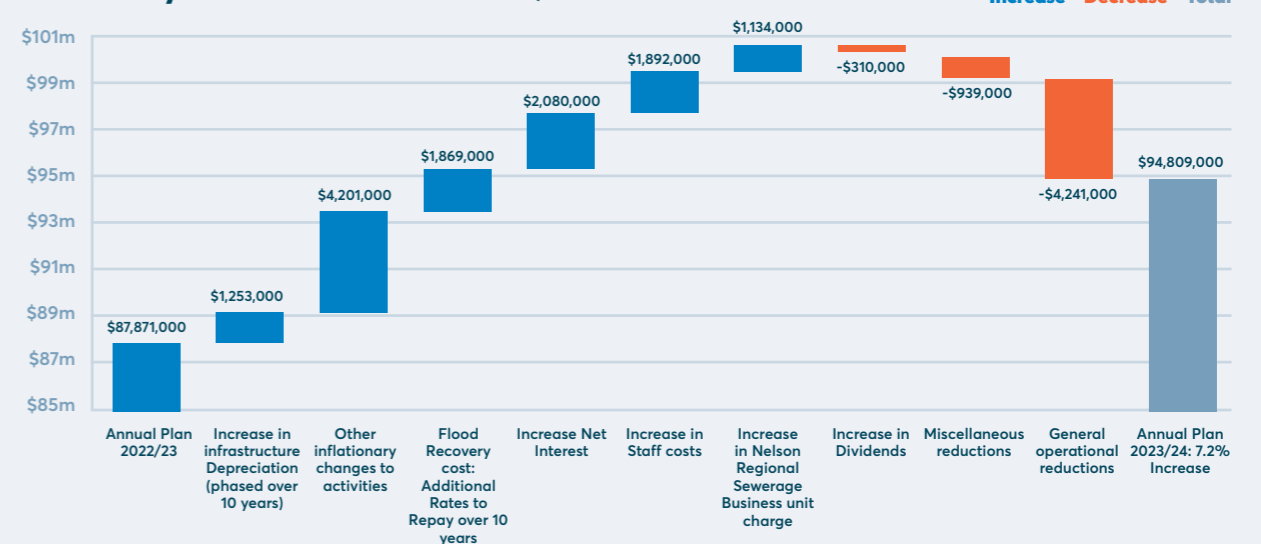
Cost included in the Annual Plan

Council's decisions mean the Annual Plan will include a 7.2% increase in the rates revenue required to run the city, providing a rates income including metered water and net of remissions of approximately \$94.5 million in 2023/24. Net debt is projected to increase by \$46.9 million from the Annual Plan 2022/23 to a total of \$207.9 million by the end of 2023/24. However, this increase in debt is well within our debt cap set within the Long Term Plan being a debt to revenue ratio of 175%. Council has \$2 billion of assets. If we include our share of the port and airport assets that figure increases to \$2.38 billion, however, this comes with an increase of \$56 million of non-Council debt.

The actual rates increase for individual properties will vary around the 7.2% average increase. This is because each ratepayer will have a different mix of components making up their rates bill (see examples of the rates for 2023/24 in the table on pages 34 and 35).

For residential ratepayers, the stormwater/flood protection charge is increasing by 22.6%, the wastewater charge by 9.7%, and the water annual charge by 3.4%. The general rate for the average residential land value, including the uniform annual general charge (UAGC), is increasing by 7.0%. A ratepayer without some of these three waters services, for instance, will have a lower increase than 7.2%. We have deliberately reduced the UAGC from 11% to 8.7% of total rates (excluding the water annual charge and water volumetric charge) to spread the rates increase more equitably, resulting in less variation in the actual rates increase for individual properties. The following graph shows some of the key costs driving the rates rise and the steps Council has taken to reduce the rates required.

Nelson City Council Annual Plan 2023/24 Rates Movement



Key Changes from Year Three of the Long Term Plan 2021-2031

Recovery from the August 2022 severe weather event

In August 2022, a severe weather event caused significant damage to both public and private property.

Flooding and numerous slips impacted the roading and piped infrastructure network, gravel build-up in rivers and streams was significant, and the region still has several damaged homes. The scale and impact of the weather event, and the early 2023 national emergency, shows vividly how our climate is changing and that the impacts are becoming more frequent and severe. The August 2022 event highlighted the importance of preparing for, and adapting to, the effects of climate change and reinforced the priority Council has given to climate change response in the Long Term Plan and the work underway through this recovery to build back stronger.

What we are doing

Council is completing recovery work in ways that make the city's infrastructure more resilient and that will help reduce impact from future similar weather events. Taking this approach will aid the protection of life and property (private and public – including Council facilities, assets and reserves) and support us to maintain current levels of service. The recovery will take significant funding and effort from the Council and the work is planned to take six years. This timeframe reinforces the scale of damage, and the amount of civil construction works that can be realistically delivered each year. It also reflects Council's ambition to rebuild more resiliently so it can better withstand future events and to ensure the work is done efficiently. It could be done more quickly but it would be more costly and have greater risk of not being done to the desired high standard.

The work includes:

- Ensuring future planning adequately addresses known levels of risk to infrastructure in similar weather events
- Undertaking gravel extraction and protection solutions in many rivers and streams to improve flood resilience

- Remediating slips from Council land impacting or potentially impacting private property (or other options to be considered if remediation costs are prohibitive).

Cost included in the Annual Plan

The estimated cost of recovery work in 2023/24 is \$11.6 million (excluding any recovery funding from other sources), plus an additional amount of \$8 million in 2023/24 for slip remediation work approved by Council on 4 May 2023. This is on top of the \$23.3 million we are spending on recovery work in 2022/23, which as unbudgeted expenditure is added to our debt.

In 2023/24 the key recovery works include:

- \$395,000 for water supply recovery projects to improve resilience at the Water Treatment Plant
- \$240,000 for various wastewater network improvements around Nelson
- \$930,000 for the stormwater upgrade of Days Track Catchment 3 (deferred from 2022/23)
- \$1.9 million for stormwater recovery projects for various network improvements around Nelson and the design for upgrading numerous stormwater intakes, including Devenish Place and Cleveland Terrace
- \$2.6 million for flood protection recovery projects, including gravel removal from streams/ rivers, river channel bank protection and associated stream/river improvements
- \$8 million for slip remediation work.

The total estimated cost of the recovery is \$77.1 million, while an estimated 30% is likely to be covered by insurance and central government contributions. As the recovery work will be debt funded through the Emergency Fund rather than immediately raised by rates, Council will pay off the net cost over ten years. Council considers that the ten year funding model strikes the right balance between not imposing excessive costs immediately but not deferring it so long that we run a high risk of not paying this event off before the next event occurs. The ongoing funding decisions will need to be considered in the Long Term Plan 2024–2034 consultation process.

Key Changes from Year Three of the Long Term Plan 2021-2031

Reduction in spending on a new library

Council was planning to build a new library on the corner of Halifax Street and Trafalgar Street with an overall budget of \$46.3 million.

The Elma Turner Library has served the community well, but it is a building that has been modified and upgraded multiple times and is nearing the end of its optimal life. The earthquake strengthening work to address the ceiling tile issues and roof truss structural defects will upgrade the building from being an earthquake prone building and adds some more years to its useful life.

What we are doing

Council will rescope the needs and goals for a new community facility, including a library, to service our central city and to look at alternative options to the Halifax Street site that overcome cost and location concerns with the previous plan.

Consequently, in 2023/24 Council will investigate opportunities for the development of a new community hub, including a library, in or close to the city centre.

This approach is consistent with the decision to strengthen the Elma Turner Library building. This process will also allow further opportunity for engagement and communication on the project and time to clearly define its scope, including consideration of some of the alternative suggestions received in submissions on the Consultation Document.

A key trade-off is the delay to when the new facility will be open and available for community use. We will continue to provide library services in the interim through our Elma Turner library and our two libraries in Stoke and Tāhunanui.

Cost included in the Annual Plan

A 2023/24 budget of \$200,000 is included for engagement, property investigation, funding strategy development, and a business case review. This has resulted in a reduction in the budget for 2023/24 of approximately \$17.6 million. Through this investigation work in 2023/24 we will develop our understanding about suitable sites and community expectations about services and costs for a future development. Funding decisions for constructing any community hub, including a library, will be considered during the Long Term Plan 2024–2034 consultation process.



Key Changes from Year Three of the Long Term Plan 2021-2031

Infrastructure Acceleration Fund - infrastructure upgrade to unlock city centre living

We are bringing forward substantial three waters infrastructure upgrades in the city centre and the Bridge Street Linear Active Transport Corridor (more on this below) by using funding received through central government's Infrastructure Acceleration Fund.

Nelson has a housing crisis with a lack of appropriate, affordable housing. This significantly impacts community wellbeing and our economy because local businesses struggle to attract staff as they can't find somewhere to live. So, Council applied to the Infrastructure Acceleration Fund and in October 2022, \$36 million was awarded to this project. This funding is supported by \$32 million already allocated in the Long Term Plan. But to receive this funding we needed to bring forward this work or risk paying for the entire project ourselves. The infrastructure upgrade for this part of the city will enhance investment for housing and commercial developments and improve resilience to storm events and the effects of climate change.

What we are doing

The project aims to increase resilience and allow for approximately 1000 extra residential units in Nelson's city centre with a package of extensive water, wastewater and stormwater infrastructure and transport upgrades. The upgrades include a water ring main upgrade around the lower portion of the city centre, and replacement of the Paru Paru Street wastewater pump station.

The Bridge Street Linear Active Transport Corridor will run between Rutherford and Collingwood Streets and includes:

- A new road layout to promote safe mixed use (for people and different modes of transport)
- Limited short-term parking for those who require it

- Access to high quality green public spaces, and a new space for families to relax and play.

Opportunities to offset any loss of parking elsewhere in the city will be explored as part of this project.

The project's benefits include:

- Using central government funds to fast-track major infrastructure upgrades and housing capacity improvements
- Supporting the viability of significant housing developments
- Regenerating our city centre by making our streets busier for longer and more foot traffic on Bridge Street
- Supporting Council's August 2022 severe weather event recovery effort by delivering three waters infrastructure to improve resilience in Nelson's city centre
- Assisting in reducing Nelson's carbon emissions by encouraging active travel (travelling by foot, bicycle, scooter etc).

The redevelopment of the Nelson Hospital over the next decade will require housing for many redevelopment-related workers. Added benefits of doing this infrastructure work are that Nelson will be in a better position to ensure the required accommodation options are possible, to support a crucial project for the wellbeing of our region and reap the economic benefit from this influx of workers and their families.

Cost included in the Annual Plan

Council has brought forward \$3 million from future years to 2023/24 to facilitate feasibility work, initial design and engagement. \$1.9 million of this cost will be funded from central government in future years.

In 2023/24 the key upgrades will include:

- \$365,000 to begin the design of a water supply ring main from the trunk main on Bridge Street near Tasman Street along Bridge Street, Rutherford Street, Halifax Street and Collingwood Street

Key Changes from Year Three of the Long Term Plan 2021-2031

- \$125,000 to begin the design of a new stormwater main along Bridge Street and associated green infrastructure, and a new flood gate for the Halifax Street stormwater outfall into Saltwater Creek
- \$435,000 to begin the design of a Pump Station to replace the existing Paru Paru facility, and renewal/upgrade on Rutherford Street, Achilles Avenue and Bridge Street wastewater infrastructure

- \$2.1 million to begin the design of the Bridge Street Linear Active Transport Corridor between Rutherford and Collingwood Streets.

In future years, Council will need to bring forward and refine existing budgets to progress the work and will likely need to allocate further funding of approximately \$11 million to complete the work. These funding decisions will need to be considered in the Long Term Plan 2024-2034 consultation process.



Possible concept

Key Changes from Year Three of the Long Term Plan 2021-2031

Maitahi Bayview Development subdivision (Maitai Valley) utilities and transport connections

Council decided to rezone approximately 287 hectares of land in the Maitai Valley for urban purposes through Plan Change 28, following a private plan change process.

Even though that decision is now under appeal, provision has been made for early design work for utilities and transport connections to service the proposed Maitahi Bayview Development in the Maitai Valley. The funding will only be spent if the development receives a favourable decision from the Environment Court. If the Environment Court dismisses the appeal but no funding has been provided for in the Annual Plan, Council will not be able to give effect to its rezoning decision and there will be an unreasonable delay.

What we are doing

The developer will be responsible for servicing the proposed development, but there are some trunk services which Council would need to ensure are upgraded over an estimated period of three to five years. Council recognises the importance of secure water and wastewater services and safe and sustainable transport connections, and that these can be delivered efficiently and economically by integrating the proposed development into the wider utility and transport networks.

The work will include:

- A new water main from Nile Street East through to the proposed development site, then an upgraded main in Nile Street East from the Council trunk main in Tasman Street and the construction of a new storage reservoir in a location above the proposed development area
- Wastewater services installed from the Council pump station in Sovereign Street through to the proposed development site

- Upgrading transport connections at the existing intersection of Nile Street and Maitai Valley Road
- Providing improved cycleway/footpath/bridge connections in the Maitai Valley locality.

Stormwater will be provided by on-site detention.

The benefits include:

- Economic efficiency and the resilience that comes from a networked supply
- Health advantages in that Council has significant experience in providing potable water on an ongoing basis to large communities
- Health and environmental advantages from disposing of sewage to a council network for treatment and disposal rather than on-site disposal options
- Greater active transport options available to the community, with the aim of reducing traffic on our roads.

Council's focus in 2023/24 will be working with the developer to undertake pre-planning.

Cost included in the Annual Plan

Exact cost splits between Council and the developer for these developments are to be determined, but the developer will pay a share of the total costs. Council has budgeted \$606,000 in 2023/24 to initiate this work with the balance of any funding being considered in the Long Term Plan 2024–2034 consultation process. The benefit of this expenditure is it will enable the additional housing to proceed more quickly and help alleviate Nelson's housing shortage. It will also help ratepayers by enabling the correct costs of the development to be charged against the developer.

Other changes to the 2023/24 Year

Other changes to the 2023/24 Year He panonitanga anō mō te tau 2023/24

In addition to the major changes already described, there are other material changes for the 2023/24 year which are outlined below by activity area.

Many of these changes to capital projects consist of movements of funds between years to allow for efficient work programmes – there is no impact on the levels of service provided. Nonetheless, to achieve a manageable work programme of \$77 million², that includes substantial recovery works, it is necessary to defer some projects and renewals.

Deferring some renewals for a year will increase the risk of assets failing and needing to undertake unbudgeted repairs which would increase our debt.

There are some other changes to operating expenditure budgets, such as investigating an arts hub and a Tāhunanui facility, and increasing the Tāhunanui Beach Reserve maintenance programme. For definitions on what is operating and capital expenditure, please refer to page 26.

Infrastructure – Te Tūāpapa

The combined Infrastructure activities have an overall increase of \$22.2 million³ in the 2023/24 capital expenditure programme, compared to the Long Term Plan.

The Government-led Affordable Water Reform programme, as part of its reset, is now proposing that ten water entities will deliver three waters services to people across New Zealand. The entities are to be formed by 1 July 2026. So, 2025/26 could be the last year that Council sets the work programmes for Water Supply, Wastewater and Stormwater activities. There is significant uncertainty about this reform with further changes possible. Council needs to continue

to maintain Water Supply, Wastewater and Stormwater activities to a high standard and await any confirmation or change in direction during this time.

Deferring the Washington Valley infrastructure upgrade

Council has deferred approximately \$2.9 million of upgrade works within Washington Valley, including the renewal/upgrade of wastewater, stormwater, water and roading infrastructure from 2023/24 to 2025/26–2027/28. Council needs to prioritise the renewal of the existing culvert on St Vincent Street and focus on the August 2022 severe weather event recovery projects.

Deferring Konini Street infrastructure upgrades

Council has deferred approximately \$3.1 million of three waters and transport infrastructure upgrades within Konini Street from 2023/24 to 2027/28. This deferral is due to the need to prioritise the August 2022 severe weather event recovery projects.

Transport – Te Ikiiki

Public transport changes

Expanded public transport bus services across Nelson and Tasman with new electric buses, increased frequency and introduction of a flat fare, are to be provided from August 2023. The budget for detailed design of the new bus hub for Millers Acre has been reduced by \$250,000 and the funds deferred for construction over two financial years 2023/24 and 2024/25. Other budget reallocations

² This figure excludes vested assets, staff costs, Nelson Regional Sewerage Business Unit and Nelson Tasman Regional Landfill Business Unit.

³ This figure excludes vested assets, staff costs, Nelson Regional Sewerage Business Unit and Nelson Tasman Regional Landfill Business Unit.



Other changes to the 2023/24 Year

have occurred to accommodate an increase in drivers' wages to help combat nationwide driver shortages.

On 3 April 2023, Council decided to make a strategic purchase of the property at 41 Halifax Street, Nelson for \$970,000 to support development of the new central city bus hub. Council has also included \$800,000 in the budget for deconstruction of the existing building and connecting the new bus hub to carparks. Interest costs have been added to the Annual Plan budgets. These costs were not included in the budgets contained in the Consultation Document, as the purchase was not expected at the time the document was produced.

Transport Choices projects

Council has decided to accelerate projects that improve active travel connectivity from the south-eastern side of the city through to Waimea Road. The total budget is \$5 million in 2023/24, which is 100% subsidised by Waka Kotahi. Therefore, there is no cost implication for Council.

Streets for People projects

Council has decided to accelerate the active travel corridor from the Railway Reserve to Hampden Street / Waimea Road in 2023/24. Council will be able to trial layouts and tactical changes before more permanent work is carried out in years 2024-27. The total budget is \$1.4 million, which is 90% subsidised by Waka Kotahi. Therefore, the cost implication for Council is \$140,000.

Water Supply – Te Ratonga Wai

Maitai Dam aeration system

Council has agreed to an additional budget of \$300,000 for the installation of an aeration system at the Maitai Dam to meet 2019 resource consent requirements, giving a total project budget of \$1.8 million in 2023/24.

Hill Street North watermains renewal

Council has prioritised the renewal of watermains in Hill Street North in 2023/24. This work, including installing a larger pipe and creating an additional link between the Nelson City Council and Tasman District Council, will cater for increased water demand in the area and improve resilience for both councils in the event of emergencies. Of the \$1.125 million water pipe renewals budget, approximately \$1 million would be spent on this project.

Fluoridation system installation

Following the directive from the Director-General of Health of Manatū Hauora Ministry of Health, Council is required to install a fluoridation system at the Water Treatment Plant. Council has budgeted \$821,000 in 2023/24, and Manatū Hauora Ministry of Health has in principle approved funding to cover this cost.

Wastewater – Te Para Wai

Awatea wastewater pump station

Council has agreed to an additional budget for the Awatea wastewater pump station project because of the impacts from the August 2022 severe weather event, COVID-19 impacts, and cost increases. This would add budget of \$1.5 million in 2023/24 to complete this work.

Wastewater pipeline renewals programme

The wastewater pipeline renewals programme for the 2023/24 year has been reduced by approximately \$1.9 million, with \$300,000 remaining in the budget. Design will begin for the renewal of the reticulation from Sovereign Street Pump Station in The Wood to the proposed Maitahi Bayview Development subdivision discussed on page 14.

Trade waste charges

As a result of cost increases in the trade waste activity, Council has increased trade waste charges

Other changes to the 2023/24 Year

to category B customers by 20% to enable better cost recovery. An additional budget of \$300,000 is proposed to purchase equipment for further monitoring of larger trade waste customers that will allow a better understanding of where they need to be with respect to the correct trade waste charging category.

Stormwater – Te Wai Āwhā

Stormwater upgrades

Council agreed to additional budget for the design of stormwater upgrades on Cawthron Crescent, Wastney Terrace Stage 2, Murphy/Emano Street, Tāhunanui Hills Catchments 2 & 9, Totara/Hutcheson Street, York Terrace, and the St Vincent Street/Haven Road culvert renewal. Council agreed to an additional \$3.9 million being included for a total budget of \$4.2 million in 2023/24.

Flood Protection – Te Ārai Waipuke

Saxton Creek Stage 4 upgrade

Council agreed to additional budget for the Saxton Creek Stage 4 upgrade because of the impacts from the August 2022 severe weather event, COVID-19 impacts, cost fluctuations and construction delays associated with the wet winter during 2022. This would add \$4.2 million in the 2023/24 budget for this work. This includes an additional capital budget of \$500,000 due to the added costs from the May 2023 flooding event along with the need for additional temporary site flood protection work.

Environment – Te Taiao

The Environment activity area is planning an overall increase of \$934,000⁴ to the 2023/24 capital expenditure programme, compared to the Long Term Plan – primarily due to existing 2022/23

budgets that will not be spent being carried forward a year to 2023/24.

Environmental planning programme changes

The Whakamahere Whakatū Nelson Plan was put on hold by Council resolution in November 2021, pending changes to the Resource Management Act.

A plan change to the Nelson Resource Management Plan is being progressed to enable intensification and greater housing choice in urban zones and to address some climate change issues. Notification of this plan change is planned for August 2023.

Council has been notified by the Minister for the Environment that Nelson City Council and Tasman District Council will be required to prepare a joint Nelson/Tasman Regional Spatial Strategy and a joint Nelson/Tasman Natural and Built Environment Plan under the new resource management legislation. The content of the Draft Whakamahere Whakatū Nelson Plan will be incorporated into these plans where possible.

The amended planning programme will result in an increase of \$40,000 of operating expenditure in 2023/24, with funds being diverted to the plan change and preparation for a joint Nelson/Tasman Plan.

Kotahitanga mō te Taiao Alliance

In response to submissions, Council has agreed to provide an increase of \$20,000 funding in 2023/24 to Kotahitanga mō te Taiao Alliance taking its funding for the year to \$40,000. The Alliance brings together Te Taihū councils, iwi and the Department of Conservation to work towards restoring our natural landscapes - with international funding and expertise provided by global charity, The Nature Conservancy. The Mayor also wrote to Tasman and Marlborough District Councils urging them to also increase their funding in the interests of improved regional resilience, environmental and biodiversity outcomes.

⁴ This figure excludes vested assets, staff costs, Nelson Regional Sewerage Business Unit and Nelson Tasman Regional Landfill Business Unit.



Other changes to the 2023/24 Year

Social – Te Pāpori



The Social activity area has an overall reduction of \$12.4 million⁵ to the 2023/24 capital expenditure programme, compared to the Long Term Plan – primarily due to the proposed decreases to the central city library redevelopment budget.

Funding for community groups and facilities, including Council Organisations

In response to submissions, Council decided that community groups who help the most vulnerable in our community will receive an increase of 7.2%, at an approximate cost of \$43,700. This is in recognition that these groups will be under greater pressure to provide help during a cost of living crisis. Other community groups, facilities, Council Controlled Organisations and Council Organisations will receive a 3.5% increase in the grants they receive, at an approximate cost of \$181,500. This does not match inflation, but Council balanced their funding against the cost of living crisis facing ratepayers and households. The cost of this extra funding has been offset by additional savings of \$247,000 identified by Council in the period since the Consultation Document was released (refer page 21 below).

Heritage Projects Fund

Council has decided to end the Heritage Project Fund grants scheme that allowed listed heritage building owners to apply for support to maintain and repair their properties. The grant scheme is economically inefficient for Council and residents, with the cost of administering the fund estimated to be higher than the grants paid. Removal of this fund scheme would result in a budget saving of \$118,000 in 2023/24.

⁵ This figure excludes vested assets, staff costs, Nelson Regional Sewerage Business Unit and Nelson Tasman Regional Landfill Business Unit.

Nelson City Council 150th Year Anniversary Book

Council has decided to commemorate Council's 150th anniversary in 2024 by producing a book on the last 50 years. This is a continuation of two other books published by Council on the 50th and 100th anniversaries. A budget of \$125,000 has been allocated in 2023/24 to launch the project and engage an author and/or researcher to develop a book which will be an important reference on the city's history.

3 Halifax Street building (the Refinery) seismic strengthening

Council has decided to undertake further assessment work on the Council-owned 3 Halifax Street building (the Refinery) in 2023/24 prior to any seismic strengthening work. This change sees a \$100,000 budget retained in 2023/24 for the assessment work and the deferral of construction costs in the current year 2022/23 of \$1.2 million for consideration through the Long Term Plan 2024–2034.

Arts hub investigation

Council has allocated \$100,000 operating expenditure in 2023/24 to investigate opportunities for a new arts hub to support the arts sector and implementation of He Tātai Whetū – Whakatū Nelson Arts and Creativity Strategy. Council analysis of community arts facilities has identified potential venue gaps in Nelson that warrant further investigation.

Other changes to the 2023/24 Year

Parks and Active Recreation – Ngā papa rēhia me ngā mahi rēhia



The Parks and Active Recreation activity has an overall increase of \$5.8 million⁶ to the 2023/24 capital expenditure programme, compared to the Long Term Plan.

Tāhunanui surf lifesaving and sports facility(ies)

Council has allocated \$100,000 operating expenditure in 2023/24 to investigate opportunities for the development of a surf lifesaving and sports facility/facilities at the Tāhunanui Beach Reserve. Funding for any development is not currently included in the Long Term Plan.

The Nelson Surf Lifesaving Club operates from a small building beside the sports changing facility bordering Bisley Walk. This is a temporary building on the sports field – some distance from the beach. Storage for boats and lifesaving equipment currently makes use of two shipping containers beside the building, a further two behind the back dune nearer the beach and at the Coastguard's Sealord Marine Rescue Centre on Wakefield Quay approximately 2 kms to the north. The existing shower and changing rooms are inadequate to service the grounds, particularly women's sports.

Council is proposing to develop concept designs should there be a preferred option agreed in 2023/24. This approach would provide an opportunity to further investigate the shortfall of facilities, what facilities are required, and provide a clear estimate of build costs.

Budget would be required for the construction of any new facility or facilities if the work progresses. Any funding decisions would need to be considered as part of the Long Term Plan 2024-2034 consultation process. Also, the expected level of contribution of funding from the surf lifesaving club and sports codes (often sourced from various funding agencies) would need to be considered.

⁶ This figure excludes vested assets, staff costs, Nelson Regional Sewerage Business Unit and Nelson Tasman Regional Landfill Business Unit.

Nightingale Library Memorial roof repair

Council has deferred budget of \$204,000 for the Nightingale Library Memorial roof repair to 2024/25, with a residual budget of \$41,000 in 2023/24. The Nightingale roof repair is the final stage of refurbishment of this library. It will involve the replacement of the existing butynol roofing, fascia boards and the roof light. Deferring the work for a year will allow us to refine the plan and check pricing options.

Marina activity changes

The implementation of the approved Nelson Marina Masterplan 2022-37+ will have no impact on rates as activity for the Marina is funded from a closed Marina account. Key changes are listed below.

- Increased the budget to replace the travel lift with a new larger model and build a structure to take the new model from \$845,000 to \$1.6 million
- Brought forward budgets for the pontoon renewal programme electrical pedestal replacement from 2024/25 and 2025/26 to 2023/24 (from \$134,000 to \$387,000). Once this project is complete it will reduce marina costs, as users will then be charged for the power used
- Added budget of \$150,000 for the installation of a full CCTV camera system throughout the marina
- Added budget of \$50,000 for consent and planning for a marina extension
- Added new budgets totalling \$70,000 for general small capital expenditure projects and plant and equipment required in and around the marina and hardstand
- Decreased the Marina hardstand improvements budget from \$211,000 to \$100,000 to complete consent and planning costs for hardstand development because of changed priorities



Other changes to the 2023/24 Year

- Removed a public boat ramp improvements budget of \$530,000 due to the project no longer proceeding because of updated priorities in the approved masterplan
- Negotiate with Port Nelson to secure a deal on 305 Akersten Street (with deferred payment until 2024/25) because it is the preferred location in the Marina masterplan for a Sea Sports Building, subject to the area being deemed safe for use. This would result in budget of \$412,000 being deferred from 2023/24 to 2024/25.

Saxton Cricket Oval drainage upgrade

Council had planned to renew the whole drainage system at Saxton Cricket Oval in 2022/23 to extend the life of the turf. However, Council decided to complete minor drainage upgrades and defer most of the budget from 2022/23 to 2023/24. Council will monitor performance of the minor upgrades over a 12-month period. If they are successful, the \$268,000 budget in 2023/24 will not be required and can be deferred to future years.

Tāhunanui Beach Reserve – increase in maintenance programme

Council is increasing the Tāhunanui Beach Reserve maintenance programme to achieve an improvement in beach maintenance, erosion management, barbeque maintenance and rubbish servicing at Nelson's iconic beach. A \$100,000 increase for 2023/24 would increase the overall budget to \$264,000.



Corporate – Te Rangapū

The Corporate activity area has an overall funding increase of \$2.6 million⁷ to the 2023/24 capital expenditure programme, compared to the Long Term Plan.

Civic House refurbishment and seismic strengthening

Council is developing a new approach to the refurbishment of Civic House due to changes since the Long Term Plan was adopted. The pandemic has changed how Council operates. New ways of working and increases to original cost estimates have required a rethink of the original business case for the building. An elected member Civic House Taskforce has been established to oversee how to best progress work, including consideration of how to address the earthquake prone tower block roof and ceiling system on level six, impacted building-wide core services, and the removal of the earthquake prone building notices.

Council will also develop a new business case for the long term strategic consideration of staff accommodation. The proposed changes would result in a smaller budget of \$2 million in 2023/24 to commence a project to address the earthquake prone tower block roof and ceiling systems. The deferral of the remaining 2022/23 and 2023/24 budget of \$3.3 million to 2024/25 will mean this budget is retained for future expenditure based on outcomes of the new business case.

Penalty on unpaid rates (excluding water volumetric rates)

In accordance with sections 57 and 58 of the Local Government (Rating) Act 2002, Council has increased the penalty interest rate on late payment of rates (excluding water volumetric rates) from 5% to 10% in 2023/24. This reverses the Long Term Plan decision to decrease the penalty interest rate

⁷ This figure excludes vested assets, staff costs, Nelson Regional Sewerage Business Unit and Nelson Tasman Regional Landfill Business Unit.

Other changes to the 2023/24 Year

from 10% to 5% and would better reflect the cost of financing the late payments, as interest costs have increased in recent years.

Carry Forwards

Staff have reviewed the current year capital spend to 30 June 2023. The projected capital forecast is \$61.9 million excluding staff time, joint business units, vested assets and the August 2022 severe weather event recovery budgets, with savings of \$3.2 million. Capital carry forwards requested of \$21.9 million are spread across the 2023/24 and 2024/25 years. \$8.3 million of these carry forwards were incorporated in the budgets contained in the Consultation Document and supporting information.

\$18.9 million of the carry forwards have been moved into the 2023/24 year and are included in the \$77 million capital programme for 2023/24 (excluding staff time, joint business units and vested assets). Council has considered the impact of the carry forwards and the recovery on the deliverability of capital programme expenditure for 2023/24 and due to several factors, including timing of the external funding, cannot identify projects to defer. Therefore, the scope adjustment has moved from 10% to 15% recognising the challenge of delivery, resulting in a \$4.4 million reduction to projected debt.

Other changes from the Consultation Document

Net debt is projected to increase by an additional \$8.3 million which will take it to \$207.9 million as at June 2024. These changes are largely in response to decisions Council has made since the budgets were set in the Consultation Document. The major contributors are covered in the discussion above.

Council identified some savings from the budgets included in the Consultation Document of \$247,000 (the net sum of these are the savings referred to on pages 3 and 18). The major contributors to this change are:

- Visitor Information Service – an \$86,500 increased rates requirement
- Welcoming Communities Programme Project funding – \$20,000 increased rates requirement
- Interest income from Nelson Tasman Regional Landfill Business Unit (NTRLBU) previously omitted by error – \$262,000 reduction in rates requirement
- Reduction in expected external interest due to carry forwards and rise of scope adjustments from 10% to 15% results in a \$113,000 reduction in rates requirement
- Correction of other small errors - \$21,500 increased rates requirement.



Climate Change Te panoni āhuarangi

We have less than a decade to reduce emissions more rapidly to avoid the full effects of global warming, making responding to climate change our biggest global challenge. In Nelson, projected changes to our climate will impact our economy, infrastructure, natural environment, lifestyles, and future.

Acknowledging the need for urgent action, Council declared a climate emergency in May 2019. Council adopted Te Mahere Mahi a te Āhuarangi Climate Action Plan in 2021, a living document which outlines what Council is doing to address climate change over the next decade. In 2022, Council also began developing a Climate Change Strategy, which will set the long-term direction and guide Council and community investment in climate action.

We are already experiencing the effects of climate change – the severe weather event in August 2022, for example, shows our changing climate. Council's recovery work from the event will add resilience by building back better. Council is also developing an adaptive strategy to prepare for the impacts of climate change. This is a multi-year process involving significant community input that will inform key decisions, such as where we locate new development and how we manage climate risks in low lying areas. In parallel, Council is working with Tasman District Council on a regional climate change risk assessment, which will build a comprehensive picture of how climate change will impact the region.



Back row – Nelson's Climate Change Advisory Group: (from left) Daniela Ramirez, Clare Scott, Debs Martin (Chair), Karen Driver, David Ayre, Dr Anna Berthelsen. **Front row** – Johnny O'Donnell, Rachel Pemberton, Astrid Sayer.

Partnership with Māori and iwi He Waka Hourua

Council is committed to strengthening partnerships with iwi and Māori of Te Taihū and to providing opportunities for Māori involvement in Council decision-making processes in a meaningful way.

This includes an intention to:

- Build genuine partnerships with all eight Te Taihū iwi at governance, management and operational levels
- Support iwi to participate in local government decision-making
- Increase Council's understanding of te reo Māori me ōnā tikanga (Māori language and culture)
- Support iwi aspirations.

Actions planned for 2023/24 include:

- Working towards Te Taihū Partnership Agreement with our eight iwi and neighbouring Tasman and Marlborough councils
- Waitangi, Matariki and Te Wiki o Te Reo Māori (Māori Language Week) celebrations
- Providing opportunities for consultative and representative collaboration with Te Taihū iwi
- Continuing to implement and review Te Parikaranga, iwi engagement tool
- Implementing a five-year Toi Māori Arts workplan
- Supporting the implementation of Council's Te Puāwaitanga Cultural Competency Framework.





Financial Summary

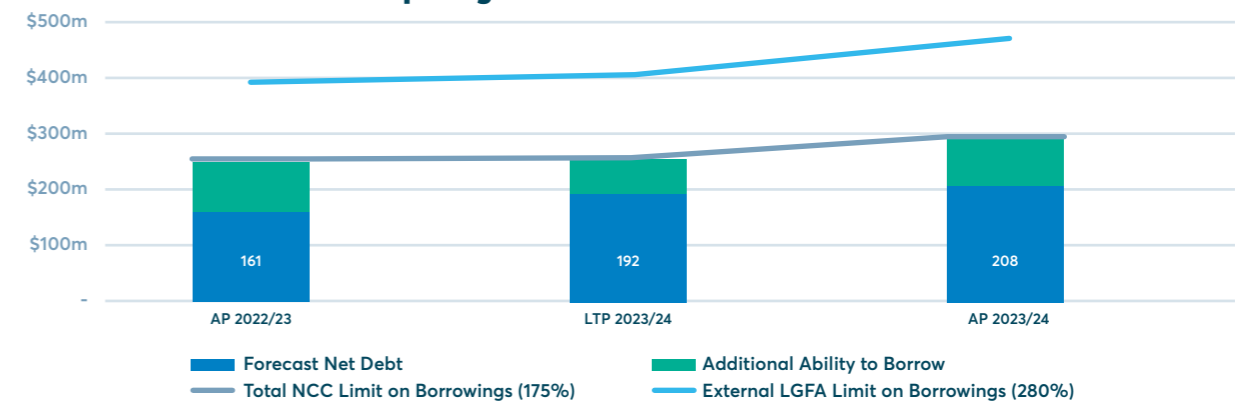
Financial Summary Whakarāpopototanga Ahumoni

Forecast capital expenditure is expected to be \$77 million (excluding vested assets, staff costs, Nelson Regional Sewerage Business Unit and Nelson Tasman Regional Landfill Business Unit), which is \$17.6 million more than planned for 2023/24 in the Long Term Plan.

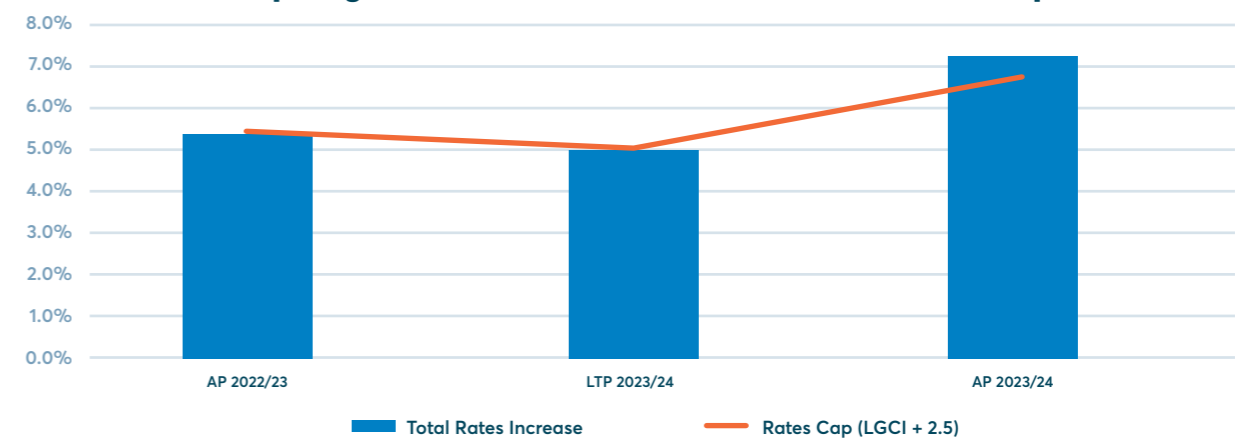
The Long Term Plan set out a busy work programme focused on our priorities. The changes to the capital works programme have been outlined in previous sections of this document (pages 8 – 21). The changes allow for an efficient work programme to meet the community's current circumstances. There is no impact on the levels of service provided from the changes.

Net debt is forecast to be \$207.9 million, which is \$15.9 million higher than the \$191.9 million proposed in the Long Term Plan. The debt/revenue ratio is 123%, compared with 132% in the Long Term Plan.

Comparing LTP to AP Forecast Debt Levels



Comparing LTP to AP Annual Rates Increase versus Rates Cap



Financial Summary

Where the money will be spent

Capital works programme and operating costs

Capital expenditure is generally expenditure on assets that are expected to last more than one year. An increase in capital expenditure of \$1 million increases rates by between \$100,000 and \$250,000 per annum. This covers interest, depreciation, maintenance and running costs for the asset. The reason for the range of increased costs is that depreciation and running costs vary between different assets, for example library books wear out much faster than underground pipes that can last for over 80 years before needing to be replaced.

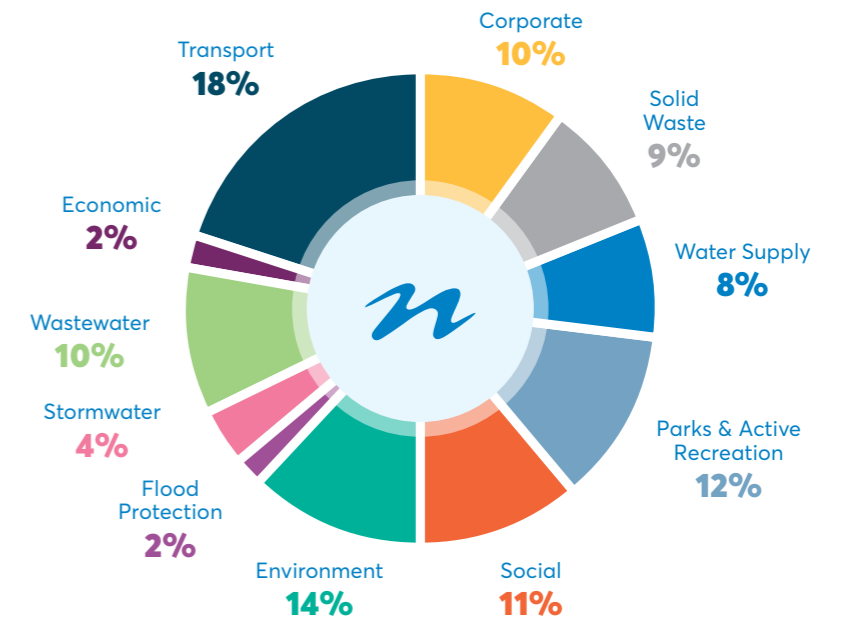
Maintaining Nelson's infrastructure of transport, water, stormwater, wastewater and flood protection

will make up approximately 67% of Council's capital expenditure in 2023/24. This infrastructure is important to businesses and residents' health, and the social, economic, environmental, and cultural wellbeing of the community.

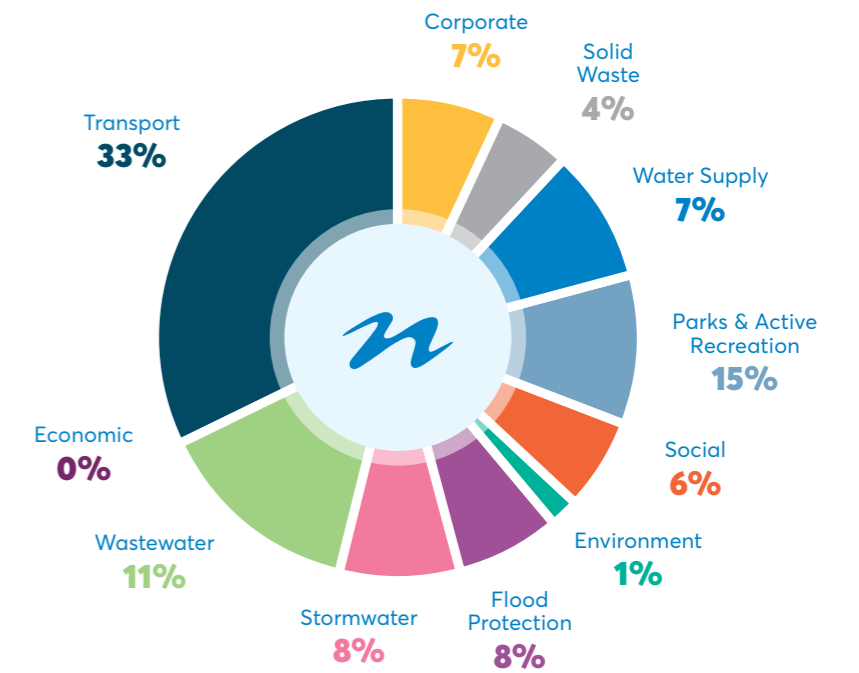
Operating costs include expenditure for items such as staff costs and overheads, asset maintenance, running costs and depreciation, interest on borrowings, and grants made by Council. An increase of \$100,000 in operating costs increases rates by 0.11% from the 2022/23 year, or to put it another way, 1% of rates in 2023/24 is \$945,000. By considering the impact of increasing or decreasing Council expenditure you can estimate what effect any changes to our work programme will have on rates.

Financial Summary

Operating Expenditure



Capital Expenditure



Accounting Information

Pārongo ahumoni

| | |
|---|------------|
| How We Plan to Fund the 2023/24 Work Programme | 29 |
| What has changed | 31 |
| What will my new rates be? | 31 |
| Funding Impact Statement | 32 |
| Commercial Wastewater Charge – Trade waste charges | 42 |
| Funding impact statements – by activity | 44 |
| Accounting Policies | 66 |
| Financials | 80 |
| • Statement of comprehensive revenue and expense | 81 |
| • Statement of changes in net assets/equity | 82 |
| • Statement of financial position | 82 |
| • Cash flow statement | 84 |
| • Summary of capital expenditure over \$100,000 | 86 |
| • Financial reserves estimates | 99 |
| Annual Plan Disclosure Statement | 100 |

How We Plan to Fund the 2023/24 Work Programme

This section outlines Council's Financial Strategy for the 2023/24 year.

Under the Local Government Act 2002 Council must manage its assets, expenses, revenues, investments, liabilities and general financial dealings prudently. It must manage these in a manner that sustainably promotes the community's current and future interests.

Managing our rating and debt limits set out in our financial strategy

A key priority for Council is to manage the level of rating and debt, while balancing the financial impacts and challenges Council faces. The following table summarises the Annual Plan 2023/24 values against the limits agreed in the Long Term Plan 2021-2031.

| Benchmark | Limit | Planned | Met |
|---|-------|---------|-----|
| Rates affordability benchmark – increases | 6.8% | 7.2% | No |
| Debt affordability benchmark | <175% | 123% | Yes |
| Balanced budget benchmark | >100% | 99% | No |
| Essential services benchmark | >100% | 179% | Yes |
| Debt servicing benchmark | <10% | 4.6% | Yes |

Council does not meet the rates affordability benchmark, as the planned increase of 7.2% is above the quantified limit of 6.8% set in the Long Term Plan (Local Government Cost Index plus 2.5%).

The overall net debt for 2023/24 is forecast to increase to \$207.9 million by June 2024 (from \$111.6 million in June 2022) which will impact Council's interest costs. The \$207.9 million of net debt equates to 123% of revenue, which is well within our debt affordability benchmark of 175%, as set in the Long Term Plan.

Council will not meet the balanced budget benchmark. This flows out of the Long Term Plan's Financial Strategy, where it was acknowledged that COVID-19 has had a significant impact on Council's finances. Council resolved to have an unbalanced budget (projected operating expenditure exceeding projected operating income) for years one, two and three of the Long Term Plan, to maintain services and the integrity of assets. This shortfall will be funded using Council's balance sheet (debt).

Total revenue for the Council is forecast to be \$176.1 million, which is \$20.1 million higher than budgeted in the Long Term Plan. The significant contributors to Long Term Plan variances are:

- Additional subsidies and grants of \$20 million (\$15.1 million being capital income) which is made up by August 2022 severe weather event recovery income of \$5.3 million, Infrastructure Acceleration Fund funding of \$1.9 million, the Three Waters/Affordable Water Reform package of \$2.3 million, Transport Choices funding of \$5 million and other additional funding of \$5.5 million
- Rates revenue net of remissions and including metered water of \$2 million more than forecast for year three of the Long Term Plan, which represents an overall 7.2% increase from 2022/23 plus an allowance for growth.

How We Plan to Fund the 2023/24 Work Programme

Total operating expenditure is forecast to be \$169.9 million, which is \$20.5 million higher than budgeted in the Long Term Plan. The significant contributors to Long Term Plan variances are:

- Finance costs – \$3 million driven by higher than expected interest rates and a higher debt level primarily due to the August 2022 weather event
- Depreciation – \$6.5 million driven by the June 2022 revaluation of Infrastructure assets
- August 2022 severe weather event recovery operating costs of \$2.8 million which is funded firstly by insurance and National Emergency Management Agency claims, as well as Waka Kotahi contributions for transport costs, and secondly by debt which is being repaid over ten years
- Operating expenditure projects funded by the Three Waters/Affordable Water Reform package of \$1.3 million
- Operating costs for Transport Choices projects externally funded for \$1 million.
- Forestry harvest costs \$3.4 million over Long Term Plan figures due to a revised harvesting schedule.

Financial levers used to minimise the rating increase for 2023/24 are:

- Instead of fully funding the additional depreciation caused by the June 2022 infrastructure asset revaluation, we are phasing the funding of that in over 10 years
- Instead of paying off the August 2022 severe weather event recovery debt evenly over 10 years, we are phasing in the repayments for the first year
- We have restructured some of our interest rate swaps to leverage a lower effective net interest rate in 2023/24
- There are numerous other operating reductions, including making the inflation adjustment for some community groups, Council Controlled Organisations and Council Organisations of 3.5%, rather than 7.2%, and funding some events

from reserves built up over recent years due to disruption caused by COVID-19.

Capital expenditure is proposed to be \$77 million in 2023/24 (excluding vested assets, staff costs, Nelson Regional Sewerage Business Unit and Nelson Tasman Regional Landfill Business Unit), compared to the Long Term Plan budget of \$59.5 million. The programme takes advantage of government subsidies and includes projects from 2022/23 that were deferred to accommodate the August 2022 severe weather event recovery work and other factors. The main changes to capital projects are the inclusion of the August 2022 severe weather event recovery work and Infrastructure Acceleration Fund projects while delaying the spend on the central city library redevelopment. Aside from these, changes consist largely of movements of funds within the next few years to allow for efficient work programmes. Further details of the changes can be viewed in prior sections of this document.

Uniform Annual General Charge (UAGC)

Over the past few years, Council has progressively reduced the UAGC from 15% to 11% of total rates (excluding the water annual charge and water volumetric charge) in 2022/23, as its focused investment in three waters infrastructure has increased the overall fixed charges, and therefore the impact on lower value properties. In response to the 2023/24 increase in three waters fixed charges, Council has lowered the UAGC to \$320 (8.7% of total rates) for 2023/24.

Commercial differential

The commercial differential recognises the additional services that businesses receive, such as extra rubbish collection, street sweeping and the investment in events and economic development to support retail and hospitality activities. The percentage collected has been decreased by 0.5% per annum for the last five years to reduce the burden on the commercial sector. The Long Term Plan outlined that Council would, subject to an annual review, continue to reduce the proportion of rates collected from commercial properties by

How We Plan to Fund the 2023/24 Work Programme

0.5% per year for the first three years. Council has assessed the relative rating contributions to find a suitable balance between commercial and residential properties in the context of the cost of living increases and impact on residential ratepayers. Council has decided that in 2023/24 the commercial differential is maintained at the same level as 2022/23, where 22.6% of total rates are collected from commercial rates. Council's decision will spread the rates rise more evenly and result in less variation in the percentage increase for commercial and residential properties.



What has changed?

| | Annual Plan 2022/23 (\$000) | Long Term Plan 2023/24 (\$000) | Annual Plan 2023/24 (\$000) | Difference to Long Term Plan 2023/24 (\$000) |
|-----------------------------|--------------------------------|--------------------------------------|-----------------------------------|---|
| Total income | 151,286 | 156,052 | 176,105 | 20,053 |
| Total operating expenditure | 144,374 | 149,481 | 169,932 | 20,451 |
| Total capital expenditure* | 69,394 | 59,462 | 77,043 | 17,581 |

* Excludes vested assets, staff costs, Nelson Regional Sewerage Business Unit and Nelson Tasman Regional Landfill Business Unit.



What will the new rates be?

The overall increase in rates required for 2023/24 will be 7.2% plus an allowance for growth. Further information on how Council has calculated the proposed rates is available in the Funding Impact Statement and financial information section of this Annual Plan.

Funding Impact Statement

How much will my rates cost?

Total rates on each property in Nelson include payment for territorial 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 the relevant scheme:

- Postponement application charge
- Postponement interest.

Differentials

Some rates are set on a differential basis, which means that different categories of property (for example commercial, rural or multi-unit properties) pay a different rate in the dollar. This adjustment up or down can be for various reasons for example whether more or less of council services are provided.

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 2023 is 23,079. The projected total

capital value of rating units within Nelson at 30 June 2023 is \$23,152,028,450.

The projected total land value of rating units within Nelson at 30 June 2023 is \$12,625,482,879.

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 2023/24

To further clarify the rates changes from 2022/23 to those for the 2023/24 rating year, a selection of properties has been shown to provide a guide. The following table is GST inclusive.

The actual 2023/24 rates for each property are available on Council's website at nelson.govt.nz/rates-search.



Funding Impact Statement

Funding Impact Statement

Examples of total impact of general and targeted rates on different land uses and values (GST inclusive).

| Property Type | 2021 Land value | 2022/23 rates | 2023/24 Rates | | | | | | | |
|---|-----------------|---------------|---------------|-------------|------------------------------|-------------|---------------------|-------------|-----------------------|------------------------|
| | | | General rate | UAGC @ 8.7% | Stormwater/ flood protection | Waste-water | Water annual charge | Total rates | % increase on 2022/23 | \$ increase on 2022/23 |
| Residential | \$265,000 | \$2,525 | \$987 | \$320 | \$557 | \$619 | \$228 | \$2,712 | 7.40 | \$187 |
| | \$305,000 | \$2,663 | \$1,137 | \$320 | \$557 | \$619 | \$228 | \$2,861 | 7.46 | \$199 |
| | \$380,000 | \$2,920 | \$1,416 | \$320 | \$557 | \$619 | \$228 | \$3,141 | 7.56 | \$221 |
| | \$430,000 | \$3,092 | \$1,602 | \$320 | \$557 | \$619 | \$228 | \$3,327 | 7.61 | \$235 |
| | \$540,000 | \$3,469 | \$2,012 | \$320 | \$557 | \$619 | \$228 | \$3,737 | 7.72 | \$268 |
| | \$560,000 | \$3,538 | \$2,087 | \$320 | \$557 | \$619 | \$228 | \$3,812 | 7.73 | \$274 |
| | \$590,000 | \$3,641 | \$2,199 | \$320 | \$557 | \$619 | \$228 | \$3,923 | 7.76 | \$282 |
| | \$625,000 | \$3,761 | \$2,329 | \$320 | \$557 | \$619 | \$228 | \$4,054 | 7.78 | \$293 |
| | \$670,000 | \$3,916 | \$2,497 | \$320 | \$557 | \$619 | \$228 | \$4,222 | 7.81 | \$306 |
| | \$870,000 | \$4,602 | \$3,242 | \$320 | \$557 | \$619 | \$228 | \$4,967 | 7.93 | \$365 |
| | \$1,200,000 | \$5,735 | \$4,472 | \$320 | \$557 | \$619 | \$228 | \$6,196 | 8.05 | \$462 |
| \$1,500,000 | \$6,764 | \$5,589 | \$320 | \$557 | \$619 | \$228 | \$7,314 | 8.13 | \$550 | |
| Average Residential Land Value is \$500,000 | | | | | | | | | | |
| Multi residential (two flats – two UAGC and wastewater charges) | \$510,000 | \$4,703 | \$2,090 | \$640 | \$557 | \$1,239 | \$456 | \$4,983 | 5.95 | \$280 |
| | \$1,550,000 | \$8,409 | \$6,353 | \$640 | \$557 | \$1,239 | \$228 | \$9,018 | 7.24 | \$609 |
| Empty residential section (water annual charge included if water meter is installed) | \$200,000 | \$1,517 | \$745 | \$320 | \$557 | | | \$1,623 | 6.97 | \$106 |
| | \$470,000 | \$2,664 | \$1,751 | \$320 | \$557 | | \$228 | \$2,857 | 7.23 | \$193 |
| | \$860,000 | \$4,003 | \$3,205 | \$320 | \$557 | | \$228 | \$4,310 | 7.68 | \$308 |
| Small holding (water annual charge included if water meter installed) | \$550,000 | \$2,529 | \$1,845 | \$320 | \$557 | | | \$2,722 | 7.61 | \$191 |
| | \$700,000 | \$3,214 | \$2,348 | \$320 | \$557 | | \$228 | \$3,453 | 7.46 | \$240 |
| Rural (water annual charge included if water meter installed) | \$1,380,000 | \$3,455 | \$3,342 | \$320 | | | | \$3,662 | 6.01 | \$207 |
| | \$2,230,000 | \$5,572 | \$5,401 | \$320 | | | \$228 | \$5,950 | 6.78 | \$378 |
| Commercial – outside inner city / Stoke – one unit | \$600,000 | \$8,095 | \$7,524 | \$320 | \$557 | \$155 | \$228 | \$8,785 | 8.52 | \$690 |
| Commercial – outside inner city / Stoke – one unit | \$630,000 | \$8,440 | \$7,901 | \$320 | \$557 | \$155 | \$228 | \$9,161 | 8.54 | \$721 |
| Commercial – outside inner city / Stoke – three units | \$260,000 | \$4,701 | \$3,261 | \$640 | \$557 | \$310 | \$228 | \$4,996 | 6.28 | \$295 |
| Commercial – Stoke – one unit | \$53,000 | \$1,706 | \$803 | \$320 | \$557 | \$155 | \$0 | \$1,835 | 7.58 | \$129 |
| Commercial – inner city – two units | \$385,000 | \$7,847 | \$6,894 | \$640 | \$557 | \$310 | \$228 | \$8,629 | 9.97 | \$782 |
| Commercial – inner city – two units | \$435,000 | \$8,644 | \$7,789 | \$640 | \$557 | \$310 | \$228 | \$9,524 | 10.18 | \$881 |
| Commercial – inner city – one unit | \$1,530,000 | \$25,582 | \$27,396 | \$320 | \$557 | \$155 | \$228 | \$28,656 | 12.02 | \$3,073 |

This table does not include water charges based on consumption. For occupied residential properties, this is charged at \$2.345 per cubic meter and an average usage of 160m³ costing \$375.20 (GST Incl).



Funding Impact Statement

General rate

A general rate set under section 13 of the Local Government (Rating) Act 2002 is based on the rateable value of the land. General rates are set at different rates in the dollar of rateable value for different categories of rateable land. The general rate is 0.37263 cents in the land value dollar (including GST) for the 2023/24 rating year for the base differential category.

This compares to the previous year's rate of 0.34323 in the land value dollar in the 2022/23 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 8.7% of rates, excluding water annual charge and water volumetric rate, through the UAGC.

The UAGC is \$320.00 including GST per separately used or inhabited part of a rating unit for the 2023/24 rating year. The charge for 2023/24 is \$56.05 lower than the charge of \$376.05 for the 2022/23 rating year.

The rates revenue sought from the uniform annual general charge and certain targeted rates set as a fixed amount is 18.55% 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 and can be created for various reasons, including to better reflect services provided by Council.

Categories of differentials

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 – Single Unit - all rating units that are used primarily for residential purposes
- Residential – Empty Section – all rating units that are undeveloped but will be used primarily for residential purposes
- Residential – Single Unit – that are used primarily for residential purposes and forming part of a parent valuation, the remainder which is non-rateable
- 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

Funding Impact Statement

- 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
- 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
- Properties that have more than one use identified above will be placed into a rating category subject to the rating units majority use as determined by Council.

Amount of differentials

Council has adopted the following differentials:

- The neutral base from which differentials are calculated is a residential property with a single dwelling

- Single residential with non-rateable portion and Multi Residential both have a positive 10% general rate differential
- Rural rating units have a negative 35% general rate differential
- Small holdings ratings units have a negative 10% general rate differential.

Commercial rates are set to collect 22.6% of the total rates excluding water annual charge and water volumetric rate.

The 22.6% is the same as in the Annual Plan 2022/23. 22.124% of this is funded from inner city commercial properties, 1.619% from Stoke commercial properties, while 76.257% is funded from commercial excluding inner city and Stoke commercial properties.

This would result in commercial properties paying a total of \$21,328,290 (including water annual charge) in rates for the 2023/24 rating year compared to \$19,451,701 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 2023/24 | Differential % | Cents in the dollar |
|--|----------------|---------------------|
| Residential – single unit | 0.0 | 0.37263 |
| Residential empty section | 0.0 | 0.37263 |
| Single residential unit forming part of a parent valuation, the remainder of which is non-rateable | 10.0 | 0.40989 |
| Multi Residential | 10.0 | 0.40989 |
| Rural | -35.0 | 0.24221 |
| Small holding | -10.0 | 0.33537 |
| Commercial – excluding inner city and Stoke commercial | | |
| 100% commercial and industrial (occupied and empty) | 236.5465 | 1.25407 |
| 25% residential/75% commercial | 177.4 | 1.03368 |
| 50% residential/50% commercial | 118.3 | 0.81345 |
| 75% residential/25% commercial | 59.1 | 0.59285 |

Continued on next page



Funding Impact Statement

Continued from previous page

| Category 2023/24 | Differential % | Cents in the dollar |
|---|----------------|---------------------|
| Commercial – inner city | | |
| 100% commercial and industrial (occupied and empty) | 380.527 | 1.79059 |
| 25% residential/75% commercial | 285.4 | 1.43612 |
| 50% residential/50% commercial | 190.3 | 1.08174 |
| 75% residential/25% commercial | 95.1 | 0.72700 |
| Commercial – Stoke | | |
| 100% commercial and industrial (occupied and empty) | 306.74 | 1.51564 |
| 25% residential/75% commercial | 230.1 | 1.23005 |
| 50% residential/50% commercial | 153.4 | 0.94424 |
| 75% residential/25% commercial | 76.7 | 0.65844 |

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.

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 2023/24, is as follows:

| Category | Total Revenue to be collected (\$) |
|---|------------------------------------|
| Residential | 67,628,190 |
| Multi-residential | 6,150,162 |
| Commercial (Inner City, Stoke and other) | 21,328,290 |
| Rural | 473,007 |
| Small holding | 1,788,699 |

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 \$557.35 for the 2023/24 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 used primarily for dairy, fattening and grazing, quarries, forestry or horticultural use
- Rating units east of the Gentle Annie saddle.
- Saxton's Island
- Council's stormwater utility valuation assessment.

The charge for 2023/24 is \$102.92 higher than the charge of \$454.43 for the 2022/23 rating year.

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 wastewater drain.

Funding Impact Statement

The wastewater charge for residential, multi residential, rural and smallholding properties is \$619.31 per separately used or inhabited part of a rating unit including GST for the 2023/24 rating year compared to the previous year's rate of \$564.72. 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 \$154.83 per separately used or inhabited part of a rating unit being 25% of the charge for the residential, multi residential, 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 2023/24.

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 2023/24 is \$228.24 per connection including GST compared with \$220.69 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) 2022/23 | Cost (\$ per m3) 2023/24 |
|--|--------------------------|--------------------------|
| Usage up to 10,000m³ per year | 2.295 | 2.345 |
| Usage from 10,001 to 100,000m³ per year | 1.962 | 2.006 |
| Usage over 100,000m³ per year | 1.548 | 1.583 |
| Summer irrigation usage over 10,000m³ per year | 2.129 | 2.175 |

The water rates represent an average increase of 2.6% for the 2023/24 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.

Remission of rates on low valued assessments

The Local Government (Rating) Act 2002 requires each separate property to have a separate valuation and rating assessment. This has resulted in many low land value assessments being created for small parcels of land.

Council has a rates remission policy that applies a rates remission to these small assessments with common ownership, used jointly as a single unit and has a land value of \$10,000 or less. This land value is the same as used for the 2022/23 rating year.

Payments and penalties

Payment methods for rates

Payment for rates can be made by Cash, EFTPOS, Direct Debit, Direct Credit, Internet Banking, Telephone Banking and Credit Card.

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 21 August 2023, 20 November 2023, 20 February 2024 and 20 May 2024. Previous year's rates that remain unpaid will have a further 10% penalty added on 10 July 2023 and 11 January 2024.



Funding impact statement

Funding impact statement

| | Annual Plan 2022/23 (\$000) | LTP 2023/24 (\$000) | Annual Plan 2023/24 (\$000) | Difference to LTP 2023/24 (\$000) |
|--|-----------------------------------|---------------------------|-----------------------------------|---|
| Sources of operating funding | | | | |
| General Rates, uniform annual general charges, rates penalties | 54,495 | 58,351 | 57,557 | (794) |
| Targeted rates including water by meter | 33,116 | 34,114 | 36,942 | 2,828 |
| Subsidies and grants for operating purposes | 7,517 | 8,308 | 13,228 | 4,920 |
| Fees and charges | 16,540 | 16,600 | 18,354 | 1,754 |
| Interest and dividends from investments | 3,814 | 4,086 | 3,621 | (465) |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 17,802 | 18,944 | 18,470 | (474) |
| Total operating funding | 133,285 | 140,403 | 148,172 | 7,769 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 105,942 | 110,302 | 121,302 | 11,000 |
| Finance costs | 4,994 | 4,860 | 7,743 | 2,883 |
| Other operating funding applications | 0 | 0 | 0 | 0 |
| Total applications of operating funding | 110,936 | 115,162 | 129,045 | 13,883 |
| Surplus (Deficit) of operating funding | 22,348 | 25,241 | 19,127 | (6,114) |
| Sources of capital funding | | | | |
| Subsidies and grants for capital | 8,004 | 5,356 | 20,447 | 15,091 |
| Development and financial contributions | 3,733 | 3,828 | 3,828 | 0 |
| Increase (decrease) in debt | 36,959 | 34,356 | 45,018 | 10,662 |
| Gross proceeds from sale of assets | 7,147 | 0 | 0 | 0 |
| Lump sum contributions | 0 | 0 | 0 | 0 |
| Total sources of capital funding | 55,842 | 43,540 | 69,292 | 25,752 |
| Applications of capital funding | | | | |
| Capital Expenditure | | | | |
| - to meet additional demand | 5,255 | 4,882 | 12,069 | 7,187 |
| - to improve level of service | 49,279 | 39,817 | 50,238 | 10,421 |
| - to replace existing assets | 23,577 | 21,244 | 26,973 | 5,729 |
| Increase (decrease) in reserves | 0 | 0 | (1,470) | (1,470) |
| Increase (decrease) in investments | 80 | 2,838 | 610 | (2,229) |
| Total applications of capital funding | 78,191 | 68,781 | 88,419 | 19,638 |
| Surplus (Deficit) of capital funding | (22,348) | (25,241) | (19,127) | 6,114 |
| Funding balance | 0 | 0 | 0 | 0 |

Funding impact statement

Reconciliation between the surplus in the Statement of Comprehensive Revenue and Expense and Surplus (Deficit) of operating funding in the Funding Impact Statement

| | Annual Plan 2022/23 (\$000) | LTP 2023/24 (\$000) | Annual Plan 2023/24 (\$000) | Difference to LTP 2023/24 (\$000) |
|--|-----------------------------------|---------------------------|-----------------------------------|---|
| Surplus/(Deficit) of operating funding from Funding Impact Statement | 22,348 | 25,241 | 19,127 | (6,114) |
| Subsidies and grants for capital expenditure | 8,004 | 5,356 | 20,447 | 15,091 |
| Development and financial contributions | 3,733 | 3,828 | 3,828 | 0 |
| Vested Assets | 5,223 | 5,359 | 5,359 | 0 |
| Gains on sale | 0 | 0 | 0 | 0 |
| Depreciation | (33,466) | (34,409) | (40,885) | (6,476) |
| Other non-cash income | 1,042 | 1,106 | (1,702) | (2,808) |
| Other non-cash expenditure | 30 | 90 | 0 | (90) |
| Net Surplus (Deficit) before taxation in Statement of Comprehensive Revenue and Expense | 6,912 | 6,571 | 6,173 | (398) |



Funding Impact Statement

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 1400 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 2023/24 is estimated to be \$2,692,000. For 2023/24 the GST inclusive trade waste charges are:

- Trade waste A conveying charge \$989.13 per litre per minute
- Trade waste A treatment charge \$1,695.42 per kg BOD* per day
- Trade waste B combined charge \$3.12 per m³
- Wastewater charge \$154.83 per year.

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

For the previous year, 2022/23, the GST inclusive trade waste charges were:

- Trade waste A conveying charge \$846.53 per litre per minute

- Trade waste A treatment charge \$1,369.85 per kg BOD* per day
- Trade waste B combined charge \$2.60 per m³
- Wastewater charge \$141.18 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.

The 2023/24 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 (\$) |
|---------|-----------------|-----------------------------------|------------------------|
| 2022/23 | 9,891,916 | 11,685 | 846.53 |
| 2023/24 | 11,384,309 | 11,509 | 989.13 |

Funding Impact Statement

Treatment (\$/kg BOD/day), including GST

| Year | Total Cost (\$) | Average loading (kg/day) | Cost/kg/BOD/day (\$) |
|---------|-----------------|--------------------------|----------------------|
| 2022/23 | 6,063,323 | 4,426 | 1,369.85 |
| 2023/24 | 7,486,611 | 4,416 | 1,695.42 |

Method B: quantity approach

For all other commercial premises, the trade waste 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 2023/24 charges compared with the previous year's charges are:

Conveying and treatment, including GST

| Year | Total Cost (\$) | Total effluent volume (m3) | Cost/m3 (\$) |
|---------|-----------------|----------------------------|--------------|
| 2022/23 | 15,955,239 | 6,141,778 | 2.60 |
| 2023/24 | 18,870,920 | 6,049,347 | 3.12 |



Funding Impact Statements – by activity

Transport – Funding impact statement

| | Annual Plan 2022/23 (\$000) | LTP 2023/24 (\$000) | Annual Plan 2023/24 (\$000) | Difference to LTP 2023/24 (\$000) |
|--|-----------------------------------|---------------------------|-----------------------------------|---|
| Sources of operating funding | | | | |
| General Rates, uniform annual general charges, rates penalties | 11,548 | 13,247 | 12,933 | (314) |
| Targeted rates including water by meter | 0 | 0 | 0 | 0 |
| Subsidies and grants for operating purposes | 4,172 | 5,884 | 8,049 | 2,165 |
| Fees and charges | 1,354 | 1,981 | 2,037 | 56 |
| Interest and dividends from investments | 0 | 0 | 0 | 0 |
| Internal charges and overheads recovered* | 0 | 0 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 1,850 | 1,826 | 1,972 | 146 |
| Total Operating Funding | 18,924 | 22,938 | 24,992 | 2,054 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 13,766 | 17,686 | 19,419 | 1,733 |
| Finance costs | 0 | 0 | 0 | 0 |
| Internal charges and overheads applied* | 470 | 398 | 551 | 153 |
| Other operating funding applications | 0 | 0 | 0 | 0 |
| Total applications of operating funding | 14,236 | 18,083 | 19,971 | 1,887 |
| Surplus (Deficit) of operating funding | 4,688 | 4,855 | 5,022 | 167 |
| Sources of capital funding | | | | |
| Subsidies and grants for capital | 4,655 | 4,994 | 17,453 | 12,459 |
| Development and financial contributions | 321 | 329 | 329 | 0 |
| Increase (decrease) in debt | 1,502 | (97) | 5,950 | 6,047 |
| Gross proceeds from sale of assets | 0 | 0 | 0 | 0 |
| Lump sum contributions | 0 | 0 | 0 | 0 |
| Total sources of capital funding | 6,478 | 5,226 | 23,732 | 18,506 |
| Applications of capital funding | | | | |
| Capital Expenditure | | | | |
| - to meet additional demand | 908 | 237 | 3,198 | 2,961 |
| - to improve level of service | 4,872 | 4,547 | 14,100 | 9,553 |
| - to replace existing assets | 5,386 | 5,297 | 11,456 | 6,159 |
| Increase (decrease) in reserves | 0 | 0 | 0 | 0 |
| Increase (decrease) in investments | 0 | 0 | 0 | 0 |
| Total applications of capital funding | 11,166 | 10,081 | 28,754 | 18,673 |
| Surplus (Deficit) of capital funding | (4,688) | (4,855) | (5,022) | (167) |
| Funding balance | 0 | 0 | 0 | 0 |

*(Internal charges and overheads Applied and Internal charges and overheads recovered will net off to Zero across Council's 11 activities thus they do not appear in the Whole of Organisation FIS)

Funding Impact Statements – by activity

Transport – 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 2022/23 (\$000) | LTP 2023/24 (\$000) | Annual Plan 2023/24 (\$000) | Difference to LTP 2023/24 (\$000) |
|---|-----------------------------------|---------------------------|-----------------------------------|---|
| Surplus/(Deficit) of operating funding from Funding Impact Statement | 4,688 | 4,855 | 5,022 | 167 |
| Subsidies and grants for capital expenditure | 4,655 | 4,994 | 17,453 | 12,459 |
| Development and financial contributions | 321 | 329 | 329 | 0 |
| Vested Assets | 2,392 | 2,454 | 2,454 | 0 |
| Gains on sale | 0 | 0 | 0 | 0 |
| Depreciation | (9,125) | (9,464) | (12,218) | (2,754) |
| Other non-cash income / Expenditure | 0 | 0 | 0 | 0 |
| Net Surplus (Deficit) before taxation in Cost of Service Statement | 2,931 | 3,168 | 13,039 | 9,871 |



Funding Impact Statements – by activity

Water Supply – Funding impact statement

| | Annual Plan 2022/23 (\$000) | LTP 2023/24 (\$000) | Annual Plan 2023/24 (\$000) | Difference to LTP 2023/24 (\$000) |
|--|-----------------------------------|---------------------------|-----------------------------------|---|
| Sources of operating funding | | | | |
| General Rates, uniform annual general charges, rates penalties | 0 | 0 | 0 | 0 |
| Targeted rates including water by meter | 13,778 | 13,894 | 14,451 | 557 |
| Subsidies and grants for operating purposes | 0 | 0 | 0 | 0 |
| Fees and charges | 42 | 39 | 40 | 1 |
| Interest and dividends from investments | 0 | 0 | 0 | 0 |
| Internal charges and overheads recovered* | 0 | 0 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 14 | 9 | 15 | 6 |
| Total Operating Funding | 13,834 | 13,943 | 14,506 | 565 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 7,539 | 7,725 | 7,721 | (4) |
| Finance costs | 0 | 0 | 0 | 0 |
| Internal charges and overheads applied* | 1,227 | 1,045 | 1,417 | 372 |
| Other operating funding applications | 0 | 0 | 0 | 0 |
| Total applications of operating funding | 8,765 | 8,770 | 9,138 | 368 |
| Surplus (Deficit) of operating funding | 5,068 | 5,172 | 5,368 | 196 |
| Sources of capital funding | | | | |
| Subsidies and grants for capital | 0 | 0 | 1,226 | 1,226 |
| Development and financial contributions | 443 | 455 | 455 | 0 |
| Increase (decrease) in debt | 994 | 1,293 | (520) | (1,813) |
| Gross proceeds from sale of assets | 0 | 0 | 0 | 0 |
| Lump sum contributions | 0 | 0 | 0 | 0 |
| Total sources of capital funding | 1,438 | 1,747 | 1,161 | (587) |
| Applications of capital funding | | | | |
| Capital Expenditure | | | | |
| - to meet additional demand | 473 | 577 | 891 | 314 |
| - to improve level of service | 2,309 | 2,237 | 4,100 | 1,863 |
| - to replace existing assets | 3,724 | 4,105 | 1,538 | (2,567) |
| Increase (decrease) in reserves | 0 | 0 | 0 | 0 |
| Increase (decrease) in investments | 0 | 0 | 0 | 0 |
| Total applications of capital funding | 6,506 | 6,920 | 6,529 | (390) |
| Surplus (Deficit) of capital funding | (5,068) | (5,172) | (5,368) | (196) |
| Funding balance | 0 | 0 | 0 | 0 |

*(Internal charges and overheads Applied and Internal charges and overheads recovered will net off to Zero across Council's 11 activities thus they do not appear in the Whole of Organisation FIS)

Funding Impact Statements – by activity

Water Supply – 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 2022/23 (\$000) | LTP 2023/24 (\$000) | Annual Plan 2023/24 (\$000) | Difference to LTP 2023/24 (\$000) |
|---|-----------------------------------|---------------------------|-----------------------------------|---|
| Surplus/(Deficit) of operating funding from Funding Impact Statement | 5,068 | 5,172 | 5,368 | 196 |
| Subsidies and grants for capital expenditure | 0 | 0 | 1,226 | 1,226 |
| Development and financial contributions | 443 | 455 | 455 | 0 |
| Vested Assets | 1,345 | 1,380 | 1,380 | 0 |
| Gains on sale | 0 | 0 | 0 | 0 |
| Depreciation | (5,434) | (5,440) | (6,831) | (1,391) |
| Other non-cash income / Expenditure | 0 | 0 | 0 | 0 |
| Net Surplus (Deficit) before taxation in Cost of Service Statement | 1,423 | 1,567 | 1,598 | 31 |



Funding Impact Statements – by activity

Wastewater – Funding impact statement

| | Annual Plan 2022/23 (\$000) | LTP 2023/24 (\$000) | Annual Plan 2023/24 (\$000) | Difference to LTP 2023/24 (\$000) |
|--|-----------------------------------|---------------------------|-----------------------------------|---|
| Sources of operating funding | | | | |
| General Rates, uniform annual general charges, rates penalties | 0 | 0 | 0 | 0 |
| Targeted rates including water by meter | 10,776 | 11,075 | 11,907 | 832 |
| Subsidies and grants for operating purposes | 0 | 0 | 0 | 0 |
| Fees and charges | 3,173 | 3,363 | 3,682 | 319 |
| Interest and dividends from investments | 0 | 0 | 0 | 0 |
| Internal charges and overheads recovered* | 0 | 0 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 1,505 | 1,617 | 1,766 | 149 |
| Total Operating Funding | 15,454 | 16,055 | 17,354 | 1,299 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 9,074 | 9,514 | 10,375 | 861 |
| Finance costs | 0 | 0 | 0 | 0 |
| Internal charges and overheads applied* | 121 | 107 | 231 | 124 |
| Other operating funding applications | 0 | 0 | 0 | 0 |
| Total applications of operating funding | 9,195 | 9,621 | 10,606 | 985 |
| Surplus (Deficit) of operating funding | 6,259 | 6,434 | 6,749 | 315 |
| Sources of capital funding | | | | |
| Subsidies and grants for capital | 0 | 0 | 352 | 352 |
| Development and financial contributions | 686 | 704 | 704 | 0 |
| Increase (decrease) in debt | 5,243 | 1,643 | 2,269 | 626 |
| Gross proceeds from sale of assets | 0 | 0 | 0 | 0 |
| Lump sum contributions | 0 | 0 | 0 | 0 |
| Total sources of capital funding | 5,929 | 2,346 | 3,325 | 978 |
| Applications of capital funding | | | | |
| Capital Expenditure | | | | |
| - to meet additional demand | 218 | 452 | 1,030 | 578 |
| - to improve level of service | 7,662 | 3,828 | 7,153 | 3,325 |
| - to replace existing assets | 4,308 | 4,501 | 1,890 | (2,611) |
| Increase (decrease) in reserves | 0 | 0 | 0 | 0 |
| Increase (decrease) in investments | 0 | 0 | 0 | 0 |
| Total applications of capital funding | 12,188 | 8,781 | 10,074 | 1,293 |
| Surplus (Deficit) of capital funding | (6,259) | (6,434) | (6,749) | (315) |
| Funding balance | 0 | 0 | 0 | 0 |

*(Internal charges and overheads Applied and Internal charges and overheads recovered will net off to Zero across Council's 11 activities thus they do not appear in the Whole of Organisation FIS)

Funding Impact Statements – by activity

Wastewater – 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 2022/23 (\$000) | LTP 2023/24 (\$000) | Annual Plan 2023/24 (\$000) | Difference to LTP 2023/24 (\$000) |
|---|-----------------------------------|---------------------------|-----------------------------------|---|
| Surplus/(Deficit) of operating funding from Funding Impact Statement | 6,259 | 6,434 | 6,749 | 315 |
| Subsidies and grants for capital expenditure | 0 | 0 | 352 | 352 |
| Development and financial contributions | 686 | 704 | 704 | 0 |
| Vested Assets | 646 | 663 | 663 | 0 |
| Gains on sale | 0 | 0 | 0 | 0 |
| Depreciation | (7,034) | (7,040) | (8,485) | (1,445) |
| Other non-cash income / Expenditure | 0 | 0 | 0 | 0 |
| Net Surplus (Deficit) before taxation in Cost of Service Statement | 557 | 761 | (18) | (779) |



Funding Impact Statements – by activity

Stormwater – Funding impact statement

| | Annual Plan 2022/23 (\$000) | LTP 2023/24 (\$000) | Annual Plan 2023/24 (\$000) | Difference to LTP 2023/24 (\$000) |
|--|-----------------------------------|---------------------------|-----------------------------------|---|
| Sources of operating funding | | | | |
| General Rates, uniform annual general charges, rates penalties | 0 | 0 | 0 | 0 |
| Targeted rates including water by meter | 5,743 | 6,053 | 6,355 | 302 |
| Subsidies and grants for operating purposes | 0 | 0 | 0 | 0 |
| Fees and charges | 5 | 5 | 5 | 0 |
| Interest and dividends from investments | 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 | 5,749 | 6,058 | 6,361 | 303 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 2,135 | 2,174 | 1,850 | (324) |
| Finance costs | 0 | 0 | 0 | 0 |
| Internal charges and overheads applied* | 688 | 704 | 1,142 | 438 |
| Other operating funding applications | 0 | 0 | 0 | 0 |
| Total applications of operating funding | 2,823 | 2,878 | 2,992 | 114 |
| Surplus (Deficit) of operating funding | 2,926 | 3,180 | 3,369 | 189 |
| Sources of capital funding | | | | |
| Subsidies and grants for capital | 0 | 0 | 592 | 592 |
| Development and financial contributions | 379 | 388 | 388 | 0 |
| Increase (decrease) in debt | 9,596 | 5,181 | 3,059 | (2,122) |
| Gross proceeds from sale of assets | 0 | 0 | 0 | 0 |
| Lump sum contributions | 0 | 0 | 0 | 0 |
| Total sources of capital funding | 9,975 | 5,570 | 4,039 | (1,530) |
| Applications of capital funding | | | | |
| Capital Expenditure | | | | |
| - to meet additional demand | 97 | 193 | 292 | 99 |
| - to improve level of service | 10,795 | 8,202 | 4,121 | (4,081) |
| - to replace existing assets | 2,009 | 355 | 2,995 | 2,640 |
| Increase (decrease) in reserves | 0 | 0 | 0 | 0 |
| Increase (decrease) in investments | 0 | 0 | 0 | 0 |
| Total applications of capital funding | 12,901 | 8,749 | 7,408 | (1,342) |
| Surplus (Deficit) of capital funding | (2,926) | (3,180) | (3,369) | (189) |
| Funding balance | 0 | 0 | 0 | 0 |

*(Internal charges and overheads Applied and Internal charges and overheads recovered will net off to Zero across Council's 11 activities thus they do not appear in the Whole of Organisation FIS)

Funding Impact Statements – by activity

Stormwater – 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 2022/23 (\$000) | LTP 2023/24 (\$000) | Annual Plan 2023/24 (\$000) | Difference to LTP 2023/24 (\$000) |
|---|-----------------------------------|---------------------------|-----------------------------------|---|
| Surplus/(Deficit) of operating funding from Funding Impact Statement | 2,926 | 3,180 | 3,369 | 189 |
| Subsidies and grants for capital expenditure | 0 | 0 | 592 | 592 |
| Development and financial contributions | 379 | 388 | 388 | 0 |
| Vested Assets | 840 | 862 | 862 | 0 |
| Gains on sale | 0 | 0 | 0 | 0 |
| Depreciation | (3,519) | (3,654) | (4,570) | (916) |
| Other non-cash income / Expenditure | 0 | 0 | 0 | 0 |
| Net Surplus (Deficit) before taxation in Cost of Service Statement | 626 | 776 | 641 | (135) |



Funding Impact Statements – by activity

Flood Protection – Funding impact statement

| | Annual Plan 2022/23 (\$000) | LTP 2023/24 (\$000) | Annual Plan 2023/24 (\$000) | Difference to LTP 2023/24 (\$000) |
|--|-----------------------------------|---------------------------|-----------------------------------|---|
| Sources of operating funding | | | | |
| General Rates, uniform annual general charges, rates penalties | 0 | 0 | 0 | 0 |
| Targeted rates including water by meter | 2,818 | 3,091 | 4,228 | 1,137 |
| Subsidies and grants for operating purposes | 0 | 0 | 180 | 180 |
| Fees and charges | 0 | 0 | 0 | 0 |
| Interest and dividends from investments | 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 | 2,818 | 3,091 | 4,408 | 1,317 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 802 | 968 | 1,350 | 382 |
| Finance costs | 0 | 0 | 0 | 0 |
| Internal charges and overheads applied* | 1,154 | 1,084 | 1,683 | 599 |
| Other operating funding applications | 0 | 0 | 0 | 0 |
| Total applications of operating funding | 1,956 | 2,052 | 3,033 | 981 |
| Surplus (Deficit) of operating funding | 862 | 1,039 | 1,375 | 336 |
| Sources of capital funding | | | | |
| Subsidies and grants for capital | 2,750 | 0 | 0 | 0 |
| Development and financial contributions | 0 | 0 | 0 | 0 |
| Increase (decrease) in debt | 7,973 | 1,263 | 5,494 | 4,231 |
| Gross proceeds from sale of assets | 0 | 0 | 0 | 0 |
| Lump sum contributions | 0 | 0 | 0 | 0 |
| Total sources of capital funding | 10,723 | 1,263 | 5,494 | 4,231 |
| Applications of capital funding | | | | |
| Capital Expenditure | | | | |
| - to meet additional demand | 0 | 0 | 23 | 23 |
| - to improve level of service | 11,499 | 2,266 | 6,846 | 4,580 |
| - to replace existing assets | 86 | 35 | 0 | (35) |
| Increase (decrease) in reserves | 0 | 0 | 0 | 0 |
| Increase (decrease) in investments | 0 | 0 | 0 | 0 |
| Total applications of capital funding | 11,585 | 2,301 | 6,869 | 4,568 |
| Surplus (Deficit) of capital funding | (862) | (1,039) | (1,375) | (336) |
| Funding balance | 0 | 0 | 0 | 0 |

*(Internal charges and overheads Applied and Internal charges and overheads recovered will net off to Zero across Council's 11 activities thus they do not appear in the Whole of Organisation FIS)

Funding Impact Statements – by activity

Flood Protection – 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 2022/23 (\$000) | LTP 2023/24 (\$000) | Annual Plan 2023/24 (\$000) | Difference to LTP 2023/24 (\$000) |
|---|-----------------------------------|---------------------------|-----------------------------------|---|
| Surplus/(Deficit) of operating funding from Funding Impact Statement | 862 | 1,039 | 1,375 | 336 |
| Subsidies and grants for capital expenditure | 2,750 | 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 | (862) | (1,039) | (854) | 185 |
| Other non-cash income / Expenditure | 0 | 0 | 0 | 0 |
| Net Surplus (Deficit) before taxation in Cost of Service Statement | 2,750 | 0 | 521 | 521 |



Funding Impact Statements – by activity

Solid Waste – Funding impact statement

| | Annual Plan 2022/23 (\$000) | LTP 2023/24 (\$000) | Annual Plan 2023/24 (\$000) | Difference to LTP 2023/24 (\$000) |
|--|-----------------------------------|---------------------------|-----------------------------------|---|
| Sources of operating funding | | | | |
| General Rates, uniform annual general charges, rates penalties | 0 | 0 | 0 | 0 |
| Targeted rates including water by meter | 0 | 0 | 0 | 0 |
| Subsidies and grants for operating purposes | 1,027 | 1,473 | 1,611 | 138 |
| Fees and charges | 6,695 | 7,289 | 10,589 | 3,300 |
| Interest and dividends from investments | 0 | 0 | 0 | 0 |
| Internal charges and overheads recovered* | 2,700 | 3,102 | 4,193 | 1,091 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 2,700 | 3,482 | 271 | (3,212) |
| Total Operating Funding | 13,122 | 15,346 | 16,665 | 1,319 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 9,525 | 11,253 | 11,838 | 585 |
| Finance costs | 50 | 21 | 262 | 241 |
| Internal charges and overheads applied* | 2,735 | 3,126 | 4,266 | 1,140 |
| Other operating funding applications | 0 | 0 | 0 | 0 |
| Total applications of operating funding | 12,309 | 14,400 | 16,367 | 1,967 |
| Surplus (Deficit) of operating funding | 813 | 946 | 298 | (648) |
| 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 | 2,342 | (698) | 4,014 | 4,712 |
| Gross proceeds from sale of assets | 0 | 0 | 0 | 0 |
| Lump sum contributions | 0 | 0 | 0 | 0 |
| Total sources of capital funding | 2,342 | (698) | 4,014 | 4,712 |
| Applications of capital funding | | | | |
| Capital Expenditure | | | | |
| - to meet additional demand | 167 | 237 | 2,513 | 2,276 |
| - to improve level of service | 2,198 | 66 | 896 | 830 |
| - to replace existing assets | 517 | 78 | 439 | 361 |
| Increase (decrease) in reserves | 0 | 0 | 0 | 0 |
| Increase (decrease) in investments | 273 | (134) | 464 | 598 |
| Total applications of capital funding | 3,154 | 247 | 4,311 | 4,064 |
| Surplus (Deficit) of capital funding | (813) | (946) | (298) | 648 |
| Funding balance | 0 | (0) | 0 | 0 |

*(Internal charges and overheads Applied and Internal charges and overheads recovered will net off to Zero across Council's 11 activities thus they do not appear in the Whole of Organisation FIS)

Funding Impact Statements – by activity

Solid Waste – 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 2022/23 (\$000) | LTP 2023/24 (\$000) | Annual Plan 2023/24 (\$000) | Difference to LTP 2023/24 (\$000) |
|---|-----------------------------------|---------------------------|-----------------------------------|---|
| Surplus/(Deficit) of operating funding from Funding Impact Statement | 813 | 946 | 298 | (648) |
| 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 | (780) | (720) | (1,124) | (404) |
| Other non-cash income / Expenditure | 0 | 0 | 0 | 0 |
| Net Surplus (Deficit) before taxation in Cost of Service Statement | 33 | 226 | (826) | (1,052) |



Funding Impact Statements – by activity

Environment – Funding impact statement

| | Annual Plan 2022/23 (\$000) | LTP 2023/24 (\$000) | Annual Plan 2023/24 (\$000) | Difference to LTP 2023/24 (\$000) |
|--|-----------------------------------|---------------------------|-----------------------------------|---|
| Sources of operating funding | | | | |
| General Rates, uniform annual general charges, rates penalties | 11,555 | 12,804 | 12,372 | (432) |
| Targeted rates including water by meter | 0 | 0 | 0 | 0 |
| Subsidies and grants for operating purposes | 1,706 | 364 | 1,286 | 922 |
| Fees and charges | 396 | 251 | 503 | 252 |
| Interest and dividends from investments | 0 | 0 | 0 | 0 |
| Internal charges and overheads recovered* | 51 | 53 | 53 | 0 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 5,051 | 4,799 | 5,855 | 1,056 |
| Total Operating Funding | 18,760 | 18,271 | 20,068 | 1,797 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 18,422 | 17,880 | 23,915 | 6,035 |
| Finance costs | 0 | 0 | 0 | 0 |
| Internal charges and overheads applied* | 392 | 636 | 464 | (172) |
| Other operating funding applications | 0 | 0 | 0 | 0 |
| Total applications of operating funding | 18,814 | 18,516 | 24,379 | 5,863 |
| Surplus (Deficit) of operating funding | (54) | (245) | (4,311) | (4,066) |
| 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 | 2,238 | 604 | 5,604 | 5,000 |
| Gross proceeds from sale of assets | 0 | 0 | 0 | 0 |
| Lump sum contributions | 0 | 0 | 0 | 0 |
| Total sources of capital funding | 2,238 | 604 | 5,604 | 5,000 |
| Applications of capital funding | | | | |
| Capital Expenditure | | | | |
| - to meet additional demand | 55 | 0 | 38 | 38 |
| - to improve level of service | 1,412 | 342 | 914 | 572 |
| - to replace existing assets | 717 | 17 | 342 | 325 |
| Increase (decrease) in reserves | 0 | 0 | 0 | 0 |
| Increase (decrease) in investments | 0 | 0 | 0 | 0 |
| Total applications of capital funding | 2,185 | 359 | 1,293 | 934 |
| Surplus (Deficit) of capital funding | 54 | 245 | 4,311 | 4,066 |
| Funding balance | 0 | 0 | 0 | 0 |

*(Internal charges and overheads Applied and Internal charges and overheads recovered will net off to Zero across Council's 11 activities thus they do not appear in the Whole of Organisation FIS)

Funding Impact Statements – by activity

Environment – 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 2022/23 (\$000) | LTP 2023/24 (\$000) | Annual Plan 2023/24 (\$000) | Difference to LTP 2023/24 (\$000) |
|---|-----------------------------------|---------------------------|-----------------------------------|---|
| Surplus/(Deficit) of operating funding from Funding Impact Statement | (54) | (245) | (4,311) | (4,066) |
| 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 | (197) | (238) | (178) | 60 |
| Other non-cash income / Expenditure | 0 | 0 | 0 | 0 |
| Net Surplus (Deficit) before taxation in Cost of Service Statement | (251) | (483) | (4,489) | (4,006) |



Funding Impact Statements – by activity

Social – Funding impact statement

| | Annual Plan 2022/23 (\$000) | LTP 2023/24 (\$000) | Annual Plan 2023/24 (\$000) | Difference to LTP 2023/24 (\$000) |
|--|-----------------------------------|---------------------------|-----------------------------------|---|
| Sources of operating funding | | | | |
| General Rates, uniform annual general charges, rates penalties | 16,532 | 15,885 | 16,503 | 618 |
| Targeted rates including water by meter | 0 | 0 | 0 | 0 |
| Subsidies and grants for operating purposes | 200 | 204 | 1,304 | 1,100 |
| Fees and charges | 1,325 | 857 | 900 | 43 |
| Interest and dividends from investments | 0 | 0 | 0 | 0 |
| Internal charges and overheads recovered* | 0 | 1 | 0 | (1) |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 877 | 1,046 | 1,074 | 28 |
| Total Operating Funding | 18,934 | 17,992 | 19,781 | 1,788 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 18,235 | 15,203 | 16,877 | 1,674 |
| Finance costs | 0 | 0 | 0 | 0 |
| Internal charges and overheads applied* | 1,174 | 1,330 | 1,430 | 100 |
| Other operating funding applications | 0 | 0 | 0 | 0 |
| Total applications of operating funding | 19,409 | 16,534 | 18,307 | 1,774 |
| Surplus (Deficit) of operating funding | (475) | 1,459 | 1,474 | 14 |
| Sources of capital funding | | | | |
| Subsidies and grants for capital | 140 | 26 | 371 | 345 |
| Development and financial contributions | 0 | 0 | 0 | 0 |
| Increase (decrease) in debt | 6,537 | 19,087 | 6,433 | (12,654) |
| Gross proceeds from sale of assets | 0 | 0 | 0 | 0 |
| Lump sum contributions | 0 | 0 | 0 | 0 |
| Total sources of capital funding | 6,677 | 19,113 | 6,804 | (12,309) |
| Applications of capital funding | | | | |
| Capital Expenditure | | | | |
| - to meet additional demand | 610 | 552 | 1,704 | 1,152 |
| - to improve level of service | 4,702 | 16,494 | 2,421 | (14,073) |
| - to replace existing assets | 1,083 | 554 | 1,181 | 627 |
| Increase (decrease) in reserves | 0 | 0 | 0 | 0 |
| Increase (decrease) in investments | (193) | 2,972 | 2,972 | 0 |
| Total applications of capital funding | 6,202 | 20,572 | 8,278 | (12,294) |
| Surplus (Deficit) of capital funding | 475 | (1,459) | (1,474) | (14) |
| Funding balance | 0 | 0 | 0 | 0 |

*(Internal charges and overheads Applied and Internal charges and overheads recovered will net off to Zero across Council's 11 activities thus they do not appear in the Whole of Organisation FIS)

Funding Impact Statements – by activity

Social – 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 2022/23 (\$000) | LTP 2023/24 (\$000) | Annual Plan 2023/24 (\$000) | Difference to LTP 2023/24 (\$000) |
|---|-----------------------------------|---------------------------|-----------------------------------|---|
| Surplus/(Deficit) of operating funding from Funding Impact Statement | (475) | 1,459 | 1,474 | 14 |
| Subsidies and grants for capital expenditure | 140 | 26 | 371 | 345 |
| Development and financial contributions | 0 | 0 | 0 | 0 |
| Vested Assets | 0 | 0 | 0 | 0 |
| Gains on sale | 0 | 0 | 0 | 0 |
| Depreciation | (1,432) | (1,412) | (1,445) | (33) |
| Other non-cash income / Expenditure | 0 | 0 | 0 | 0 |
| Net Surplus (Deficit) before taxation in Cost of Service Statement | (1,767) | 73 | 400 | 326 |



Funding Impact Statements – by activity

Parks and Active Recreation – Funding impact statement

| | Annual Plan 2022/23 (\$000) | LTP 2023/24 (\$000) | Annual Plan 2023/24 (\$000) | Difference to LTP 2023/24 (\$000) |
|--|-----------------------------------|---------------------------|-----------------------------------|---|
| Sources of operating funding | | | | |
| General Rates, uniform annual general charges, rates penalties | 14,282 | 15,258 | 15,109 | (149) |
| Targeted rates including water by meter | 0 | 0 | 0 | 0 |
| Subsidies and grants for operating purposes | 46 | 47 | 135 | 88 |
| Fees and charges | 601 | 611 | 581 | (30) |
| Interest and dividends from investments | 0 | 0 | 0 | 0 |
| Internal charges and overheads recovered* | 0 | 0 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 3,768 | 3,909 | 4,370 | 461 |
| Total Operating Funding | 18,697 | 19,825 | 20,195 | 370 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 13,295 | 14,297 | 16,411 | 2,114 |
| Finance costs | 0 | 0 | 0 | 0 |
| Internal charges and overheads applied* | 2,190 | 1,861 | 2,587 | 726 |
| Other operating funding applications | 0 | 0 | 0 | 0 |
| Total applications of operating funding | 15,485 | 16,157 | 18,997 | 2,839 |
| Surplus (Deficit) of operating funding | 3,212 | 3,668 | 1,197 | (2,470) |
| Sources of capital funding | | | | |
| Subsidies and grants for capital | 459 | 336 | 454 | 118 |
| Development and financial contributions | 1,904 | 1,952 | 1,952 | 0 |
| Increase (decrease) in debt | 52 | 1,350 | 9,486 | 8,136 |
| Gross proceeds from sale of assets | 0 | 0 | 0 | 0 |
| Lump sum contributions | 0 | 0 | 0 | 0 |
| Total sources of capital funding | 2,414 | 3,637 | 11,891 | 8,253 |
| Applications of capital funding | | | | |
| Capital Expenditure | | | | |
| - to meet additional demand | 2,387 | 2,286 | 2,027 | (259) |
| - to improve level of service | 1,333 | 1,607 | 7,057 | 5,450 |
| - to replace existing assets | 1,906 | 3,413 | 4,005 | 592 |
| Increase (decrease) in reserves | 0 | 0 | 0 | 0 |
| Increase (decrease) in investments | 0 | 0 | 0 | 0 |
| Total applications of capital funding | 5,626 | 7,306 | 13,089 | 5,783 |
| Surplus (Deficit) of capital funding | (3,212) | (3,668) | (1,197) | 2,471 |
| Funding balance | 0 | 0 | 0 | 0 |

*(Internal charges and overheads Applied and Internal charges and overheads recovered will net off to Zero across Council's 11 activities thus they do not appear in the Whole of Organisation FIS)

Funding Impact Statements – by activity

Parks and Active Recreation – 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 2022/23 (\$000) | LTP 2023/24 (\$000) | Annual Plan 2023/24 (\$000) | Difference to LTP 2023/24 (\$000) |
|---|-----------------------------------|---------------------------|-----------------------------------|---|
| Surplus/(Deficit) of operating funding from Funding Impact Statement | 3,212 | 3,668 | 1,197 | (2,471) |
| Subsidies and grants for capital expenditure | 459 | 336 | 454 | 118 |
| Development and financial contributions | 1,904 | 1,952 | 1,952 | 0 |
| Vested Assets | 0 | 0 | 0 | 0 |
| Gains on sale | 0 | 0 | 0 | 0 |
| Depreciation | (3,596) | (3,946) | (3,571) | 375 |
| Other non-cash income / Expenditure | 0 | 0 | 0 | 0 |
| Net Surplus (Deficit) before taxation in Cost of Service Statement | 1,978 | 2,010 | 31 | (1,979) |



Funding Impact Statements – by activity

Economic – Funding impact statement

| | Annual Plan 2022/23 (\$000) | LTP 2023/24 (\$000) | Annual Plan 2023/24 (\$000) | Difference to LTP 2023/24 (\$000) |
|--|-----------------------------------|---------------------------|-----------------------------------|---|
| Sources of operating funding | | | | |
| General Rates, uniform annual general charges, rates penalties | 2,535 | 2,656 | 2,288 | (368) |
| Targeted rates including water by meter | 0 | 0 | 0 | 0 |
| Subsidies and grants for operating purposes | 326 | 331 | 325 | (6) |
| Fees and charges | 0 | 0 | 0 | 0 |
| Interest and dividends from investments | 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 | 2,861 | 2,987 | 2,613 | (374) |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 2,633 | 2,754 | 2,841 | 87 |
| Finance costs | 0 | 0 | 0 | 0 |
| Internal charges and overheads applied* | 158 | 127 | 84 | (43) |
| Other operating funding applications | 0 | 0 | 0 | 0 |
| Total applications of operating funding | 2,791 | 2,881 | 2,924 | 43 |
| Surplus (Deficit) of operating funding | 70 | 106 | (311) | (417) |
| 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 | (70) | (106) | 311 | 417 |
| Gross proceeds from sale of assets | 0 | 0 | 0 | 0 |
| Lump sum contributions | 0 | 0 | 0 | 0 |
| Total sources of capital funding | (70) | (106) | 311 | 417 |
| Applications of capital funding | | | | |
| Capital Expenditure | | | | |
| - to meet additional demand | 0 | 0 | 0 | 0 |
| - to improve level of service | 0 | 0 | 0 | 0 |
| - 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 | 0 | 0 | 0 | 0 |
| Surplus (Deficit) of capital funding | (70) | (106) | 311 | 417 |
| Funding balance | 0 | 0 | 0 | 0 |

*(Internal charges and overheads Applied and Internal charges and overheads recovered will net off to Zero across Council's 11 activities thus they do not appear in the Whole of Organisation FIS)

Funding Impact Statements – by activity

Economic – 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 2022/23 (\$000) | LTP 2023/24 (\$000) | Annual Plan 2023/24 (\$000) | Difference to LTP 2023/24 (\$000) |
|---|-----------------------------------|---------------------------|-----------------------------------|---|
| Surplus/(Deficit) of operating funding from Funding Impact Statement | 70 | 106 | (311) | (417) |
| 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 | (2) | (38) | (2) | 36 |
| Other non-cash income / Expenditure | 0 | 0 | 0 | 0 |
| Net Surplus (Deficit) before taxation in Cost of Service Statement | 68 | 68 | (313) | (381) |



Funding Impact Statements – by activity

Corporate – Funding impact statement

| | Annual Plan 2022/23 (\$000) | LTP 2023/24 (\$000) | Annual Plan 2023/24 (\$000) | Difference to LTP 2023/24 (\$000) |
|--|-----------------------------------|---------------------------|-----------------------------------|---|
| Sources of operating funding | | | | |
| General Rates, uniform annual general charges, rates penalties | (1,958) | (1,498) | (1,649) | (151) |
| Targeted rates including water by meter | 0 | 0 | 0 | 0 |
| Subsidies and grants for operating purposes | 40 | 6 | 337 | 331 |
| Fees and charges | 2,949 | 2,186 | 17 | (2,169) |
| Interest and dividends from investments | 0 | 0 | 3,621 | 3,621 |
| Internal charges and overheads recovered* | 8,410 | 8,052 | 10,973 | 2,921 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 5,852 | 6,569 | 3,149 | (3,420) |
| Total Operating Funding | 15,294 | 15,314 | 16,449 | 1,134 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 10,568 | 11,038 | 8,705 | (2,333) |
| Finance costs | 4,915 | 4,749 | 7,481 | 2,732 |
| Internal charges and overheads applied* | 831 | 900 | 1,365 | 465 |
| Other operating funding applications | 0 | 0 | 0 | 0 |
| Total applications of operating funding | 16,314 | 16,687 | 17,551 | 864 |
| Surplus (Deficit) of operating funding | (1,020) | (1,373) | (1,102) | 270 |
| 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 | 40,694 | 35,197 | 2,917 | (32,280) |
| Gross proceeds from sale of assets | 7,147 | 0 | 0 | 0 |
| Lump sum contributions | 0 | 0 | 0 | 0 |
| Total sources of capital funding | 47,841 | 35,197 | 2,917 | (32,280) |
| Applications of capital funding | | | | |
| Capital Expenditure | | | | |
| - to meet additional demand | 340 | 345 | 353 | 8 |
| - to improve level of service | 2,498 | 228 | 2,630 | 2,402 |
| - to replace existing assets | 3,841 | 2,892 | 3,127 | 235 |
| Increase (decrease) in reserves | 0 | 0 | (1,470) | (1,470) |
| Increase (decrease) in investments | 40,143 | 30,359 | (2,826) | (33,185) |
| Total applications of capital funding | 46,821 | 33,825 | 1,814 | (32,010) |
| Surplus (Deficit) of capital funding | 1,020 | 1,373 | 1,102 | (271) |
| Funding balance | 0 | 0 | 0 | 0 |

*(Internal charges and overheads Applied and Internal charges and overheads recovered will net off to Zero across Council's 11 activities thus they do not appear in the Whole of Organisation FIS)

Funding Impact Statements – by activity

Corporate – 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 2022/23 (\$000) | LTP 2023/24 (\$000) | Annual Plan 2023/24 (\$000) | Difference to LTP 2023/24 (\$000) |
|---|-----------------------------------|---------------------------|-----------------------------------|---|
| Surplus/(Deficit) of operating funding from Funding Impact Statement | (1,020) | (1,373) | (1,102) | 271 |
| 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 | (1,485) | (1,419) | (1,606) | (187) |
| Other non-cash income / Expenditure | 1,072 | 0 | (1,702) | (1,702) |
| Net Surplus (Deficit) before taxation in Cost of Service Statement | (1,433) | (2,791) | (4,411) | (1,619) |



Accounting Policies

Reporting entity

The Nelson City Council Group consists of Nelson City Council, its subsidiaries, associates and joint ventures.

The information provided in these prospective financial statements includes the operation of Nelson City Council ('Council') only, as Council considers that this provides the clearest and most relevant information about the cost of services provided to ratepayers and consequently the rates income that is required to fund those services. The level of rates funding required to provide core services is not affected by other members of the group except to the extent that Council receives distributions from, or further invests in, those other members. The effects of such transactions are included in the prospective financial statements of the Council.

Basis of preparation

These prospective statements of Nelson City Council are for the year from 1 July 2023. The draft forecast information was authorised for issue by Council on 22 June 2023.

This prospective financial information is based upon the financial statements as published in the June 2022 Annual Report and adjusted to incorporate updated assumptions and Council decisions made for the purpose of this Annual Plan. Actual financial results are likely to be different from these Prospective Financial Statements, and that difference may be material.

Statement of compliance

This forecast information has been prepared in accordance with the requirements of the Local Government Act 2002. With the exception of the Funding Impact Statements this forecast information has also been prepared in accordance with New Zealand Generally Accepted Accounting

Practice (GAAP) as it relates to prospective financial information and PBE FRS 42 – prospective financial statements. The prospective financial statements comply with Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS), and other applicable financial reporting standards, as appropriate for public benefit entities.

The prospective financial statements have been prepared in accordance with Tier 1 PBE standards.

The Funding Impact Statements (FIS) do not comply with GAAP as they do not recognise depreciation and movements in the valuation of assets and also they do not show capital income (Subsidies and Development Contributions) as operating income. A reconciliation is provided between the FIS surplus/(deficit) of operating funding and the Statement of Comprehensive Revenue.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of the Council is New Zealand dollars.

Summary of significant accounting policies

The measurement base adopted is that of historical cost, modified by the revaluation of certain assets.

The following particular accounting policies, which materially affect the anticipated results, have been applied.

Revenue

Revenue is measured at the fair value of consideration received or receivable.

Exchange and non-exchange transactions

An exchange transaction is one in which Council receives assets or services, or has liabilities extinguished, and directly gives approximately equal value in exchange. Non-exchange transactions are where Council receives value from another entity without giving approximately equal value in exchange.

Rates revenue

Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. All rates with the exception of water by meter are non-exchange transactions. Water by meter charges are exchange transactions.

Government grants

Council receives government grants, in the main from Waka Kotahi, which subsidises part of Council's costs in maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled. Government grants are generally non-exchange transactions.

Provision of commercially based services

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided. These are exchange transactions and include rents and resource and building consents.

Vested assets

Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as revenue. Assets vested in Council are recognised as revenue when control over the asset is obtained. This is non-exchange revenue.

Sales of goods

Revenue from sales of goods is recognised when a product is sold to a customer. Sales of goods are exchange transactions.

Traffic and parking infringements

Traffic and parking infringements are recognised when tickets are paid. This is non-exchange revenue.

Interest and dividends

Interest income is recognised using the effective interest method. Dividends are recognised when the right to receive payment has been established. Interest and dividends are considered income from exchange transactions.

Development contributions

Development and financial contributions are recognised as revenue when Council provides, or is able to provide, the service for which the contribution was charged. Otherwise, development and financial contributions are recognised as liabilities until such a time as the Council provides, or is able to provide, the service. Development contributions are non-exchange transactions.

Expenditure

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Foreign currency transactions

Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into NZ\$ (the functional currency) using the spot rate at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

Accounting Policies

Grants

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where Council has no obligation to award in receipt of the grant application and are recognised as expenditure when approved by Council and the approval has been communicated to the applicant. Council's grants awarded have no substantive conditions attached.

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Any lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

Receivables

Short term debtors and other receivables are recorded at their face value, less an allowance for expected credit losses (ECL). The Council and Group apply the simplified ECL model of recognising lifetime ECL for receivables.

In measuring ECLs, receivables have been grouped into rates receivables, and other receivables, and assessed on a collective basis as they possess shared credit risk characteristics. They have then been grouped based on the days past due. A provision matrix is then established based on historical credit loss experience, adjusted for

forward looking factors specific to the debtors and the economic environment.

Rates are "written-off":

- when remitted in accordance with the Council's rates remission policy; and
- in accordance with the write-off criteria of sections 90A (where rates cannot be reasonably recovered) and 90B (in relation to Māori freehold land) of the Local Government (Rating) Act 2002.

Other receivables are written-off when there is no reasonable expectation of recovery.

Derivative financial instruments

The Council uses derivative financial instruments (interest rate swaps) to minimise its risk associated with interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and subsequently re-measured to fair value at balance date. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. The valuation at balance date is performed by Hedgebook Limited.

Swaps are entered into with the objective of reducing the risk of rising interest rates. Any gains or losses arising from the changes in fair value of derivatives are taken directly to the surplus or deficit for the year.

The fair value of interest rate swaps is determined by reference to market values for similar instruments. The net differential paid or received on interest rate swaps is recognised as a component of interest expense or interest revenue over the period of the agreement.

Swaps are classified as non-current if the remaining maturity is more than twelve months, and as current if the remaining maturity is less than twelve months.

Although some members of the Group do so, the Council (parent) does not apply hedge accounting for its derivative financial instruments.

Accounting Policies

Fixed assets

Property, plant and equipment consist of the following categories:

- Operational Assets – these include land, buildings, improvements, motor vehicles, plant and equipment, library books, forestry and the marina
- Restricted Assets – restricted assets are land, buildings and improvements, which are owned by Council but which benefit or service the community
- Heritage Assets – Heritage Assets – include museum artefacts, collections and historical buildings and monuments
- Infrastructure Assets – infrastructure assets are the fixed utility systems owned by Council. These include the roading, water, sewer and stormwater networks.

Revaluation

All asset classes are carried at depreciated historical cost with the exception of infrastructure assets (apart from land under roads and operational and restricted land classes). These are re-valued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value.

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference then those asset classes are revalued.

Revaluations of property, plant and equipment are accounted for on a class of asset basis. The net revaluation results are credited or debited to other comprehensive revenue or expense and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or

deficit will be recognised first in the surplus or deficit up to the amount previously expensed and then recognised in other comprehensive revenue and expense.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Council and Group and the cost of the item can be measured reliably. Work in progress is measured at cost less impairment and is not depreciated.

New Council assets that are added between valuations are recorded at cost except when acquired through a non-exchange transaction. Where an asset is acquired through a non-exchange transaction, such as vested assets, it is recognised at fair value as at the date of acquisition. Vested assets are infrastructural assets such as roads, sewers and water mains, paid for by subdividers and vested in the City on completion of the subdivision. The fair value is based on the actual quantities of infrastructure components and the current "in the ground" cost of providing identical services.

Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When re-valued assets are sold or otherwise disposed of, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Council and the cost of the item can be measured reliably.

Accounting Policies

Depreciation

Depreciation has been provided on a straight line basis on all fixed assets, other than forestry, heritage, operational land, restricted land, land under roads and the marina basin at rates that will write off the cost or valuation of the assets to their estimated residual values over their useful lives.

Assets' depreciable lives are as follows:

| Asset | Depreciable life (years) |
|----------------------|--------------------------|
| Operational | |
| Buildings | 50 – 100 |
| Improvements | Nil – 20 |
| Motor vehicles | 7 |
| Plant and equipment | 2 – 30 |
| Library books | 3 – 10 |
| Marina | 30 – 50 |
| Restricted | |
| Buildings | 50 – 100 |
| Improvements | Nil – 20 |
| Roading | |
| Roads formation | n/a |
| Sub-base | n/a |
| Basecourse | 5 – 80 |
| Surfacing (sealed) | 1 – 50 |
| Surfacing (unsealed) | n/a |
| Bridges | 20 – 100 |
| Retaining/sea walls | 30 – 100 |
| Box culverts | 60 – 90 |
| Footpaths | 5 – 100 |
| Streetlights | 20 – 60 |
| Signs | 15 |

| Asset | Depreciable life (years) |
|----------------------|--------------------------|
| Water Supply | |
| Pipeline | 55 – 120 |
| Manholes | 58 – 110 |
| Reservoirs and tanks | 100 |
| Dams | 10 – 200 |
| Wastewater | |
| Pipeline | 40 – 120 |
| Manholes | 80 |
| Pump stations | 10 – 50 |
| Oxidation pond | 15 -151 |
| Stormwater | |
| Pipeline | 50 – 90 |
| Bank protection | 25 – 100 |
| Manholes | 90 |
| Solid Waste | |
| Pipes | 60 – 90 |
| Ponds and dam | 100 |
| Gas flare | 20 |
| Resource consents | 24 |

Accounting Policies

Impairment of property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets subsequently measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired, and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

Other fixed assets including biological assets, intangible assets, investment property, and work in progress

Biological assets

Forestry assets are valued annually at fair value less estimated costs to sell for one growth cycle. The valuation methodology adopted is net present value based on the age and condition of the trees. The valuation was undertaken by PF Olsen on 30 June 2022. Changes in the valuation of the forestry assets are recognised in the surplus or deficit.

Forestry maintenance costs are recognised in the surplus or deficit when incurred.

Intangible assets

Software acquisition and development

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use by Council are recognised as an intangible asset.

Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised as an expense when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised.

The amortisation charge for each period is recognised in the surplus or deficit. The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

| Intangible asset | Useful life (years) | Amortisation rate |
|-------------------|---------------------|-------------------|
| Computer software | 3 – 10 | 10 – 33% |



Accounting Policies

Inventory

Inventories are valued at cost or net realisable value, whichever is lower. For the purposes of arriving at the cost, the weighted average cost method is used.

Work in progress

Profits on contracts are recognised progressively over the period of each contract. The contract amount included in the surplus or deficit, and the value of work in progress, are established by assessment of individual contracts taking into account the proportion of work completed, cost analysis and estimated final results. When it is intended at the inception of the contract that contract costs are to be fully recovered from the parties to that contract, foreseeable losses on contracts are recognised immediately.

Investment property

Investment property is valued initially at its cost, including transaction costs.

Council's investment property is valued annually at fair value as at 30 June. Investment properties were valued based on open market evidence. The latest valuation was performed by Telfer Young (Nelson) Limited and changes in valuation are recognised in the surplus or deficit.

Other financial assets

Financial assets are initially recognised at fair value. They are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit. They are then classified as, and subsequently measured under, the following categories:

- amortised cost;
- fair value through other comprehensive revenue and expense (FVTOCRE); or
- fair value through surplus and deficit (FVTSD).

Transaction costs are included in the carrying value of the financial asset at initial recognition, unless it has been designated at FVTSD, in which case it is recognised in surplus or deficit. The classification of a financial asset depends on its cash flow

characteristics and the Council and Group's management model for managing them.

A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal outstanding and is held within a management model whose objective is to collect the contractual cash flows of the asset.

A financial asset is classified and subsequently measured at FVTOCRE if it gives rise to cash flows that are SPPI and held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Financial assets that do not meet the criteria to be measured at amortised cost or FVTOCRE are subsequently measured at FVTSD. However, the Council and Group may elect at initial recognition to designate an equity investment not held for trading as subsequently measured at FVTOCRE.

Subsequent measurement of financial assets at amortised cost

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses. Where applicable, interest accrued is added to the investment balance. Instruments in this category include term deposits, community loans, and loans to subsidiaries and associates.

Subsequent measurement of financial assets at FVTOCRE

Financial assets in this category that are debt instruments are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense, except expected credit losses (ECL) and foreign exchange gains and losses are recognised in surplus or deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified to surplus and deficit. The Council and Group do not hold any debt instruments in this category.

Financial assets in this category that are equity instruments designated as FVTOCRE

Accounting Policies

are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense. There is no assessment for impairment when fair value falls below the cost of the investment. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to accumulated funds within equity. The Council and Group designate into this category all equity investments that are not included in its investment fund portfolio, and if they are intended to be held for the medium to long-term.

Subsequent measurement of financial assets at FVTSD

Financial assets in this category are subsequently measured at fair value with fair value gains and losses recognised in surplus or deficit. Interest revenue and dividends recognised from these financial assets are separately presented within revenue. Instruments in this category include the Council and Group's investment fund portfolio (comprising of listed shares, bonds, and units in investment funds) and LGFA borrower notes.

Expected credit loss allowance (ECL)

The Council and Group recognise an allowance for ECLs for all debt instruments not classified as FVTSD. ECLs are the probability-weighted estimate of credit losses, measured at the present value of cash shortfalls, which is the difference between the cash flows due to Council and Group in accordance with the contract and the cash flows it expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

ECLs are recognised in two stages. ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). However, if there has been a significant increase in credit risk since initial recognition, the loss allowance is based on losses possible for the remaining life of the financial asset (Lifetime ECL).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Council and Group considers reasonable and supportable information that is

relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Council and Group's historical experience and informed credit assessment and including forward-looking information.

The Council and Group consider a financial asset to be in default when the financial asset is more than 90 days past due. The Council and Group may determine a default occurs prior to this if internal or external information indicates the entity is unlikely to pay its credit obligations in full.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance date, which are included in non-current assets.

Trade and other receivables are initially measured at fair value, subsequently measured at amortised cost using the effective interest method less any provision for impairment and are stated at expected realisable value after providing for doubtful and uncollectable debts. Any accounts considered to be unrecoverable are written off at year end.

Loans made to community organisations if at nil or below market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial instrument. The difference between the current value and the face value of the expected future cash flows of the loan is recognised in the surplus or deficit. The loans are subsequently measured at amortised cost using the effective interest method.



Accounting Policies

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities and there is the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than twelve months after balance date, which are included in noncurrent assets.

With the exception of shares in the Local Government Insurance Corporation, which are recorded at their net asset value, investments other than in associated entities are measured after initial recognition at amortised cost, using the effective interest method, less impairment. Gains or losses when the asset is impaired or derecognised are recognised in surplus or deficit.

Financial Assets at fair value through other comprehensive revenue and expense

Financial assets at fair value through other comprehensive revenue and expense are those that are designated into the category at initial recognition or are not classified into any of the other categories above. They are included in non-current assets unless management intends to dispose of, or realise, the investment within twelve months of balance date. The Council and Group may include in this category:

- investments that it intends to hold long term, but which may be realised before maturity; and
- shareholdings that it holds for strategic purposes.

After initial recognition, these investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit.

On de-recognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Impairment of financial assets

At each balance sheet date Council assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the surplus or deficit.

Impairment of a loan or a receivable is established when there is objective evidence that Council will not be able to collect amounts due according to the original terms. Significant financial difficulties of the debtor/issuer, probability that the debtor/issuer will enter into bankruptcy, receivership, or liquidation and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectable, it is written off against the allowance account.

Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due). For term deposits, local authority stock, government stock and community loans, impairment losses are recognised directly against the instruments carrying amount.

Impairment of term deposits, local authority, government stock and related party and community loans is established when there is objective evidence that the Council will not be able to collect amounts due according to the original terms of the instruments. Significant financial difficulties of the issuer, probability the issuer will enter into bankruptcy, and default in payments are considered indicators that the instrument is impaired.

Accounting Policies

Financial assets at fair value through other comprehensive revenue and expense

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

For debt investments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are objective indicators that the asset is impaired.

If impairment evidence exists for investments at fair value through other comprehensive revenue and expense, the cumulative loss (measured as the

difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through surplus or deficit.

If in a subsequent period the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.



Accounting Policies

Borrowings

Borrowings are initially recognised at their face value plus transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Council or Group has an unconditional right to defer settlement of the liability for at least twelve months after balance date.

Creditors and other payables

Short term creditors and other payables are recorded at the amount payable their face value.

Employee entitlements

Provision is made in respect of the Council's liability for annual leave, long service leave and retirement gratuities. Provision has been made for annual leave due and retirement gratuities calculated on an actual entitlement basis at current rates of pay. The provision for long service leave is based on an actuarial calculation at balance date.

Superannuation schemes

Defined contribution schemes

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit when incurred.

Provisions

The Regional Landfill Business Unit (a joint activity with Tasman District Council) has a legal obligation to provide ongoing maintenance and monitoring services at landfill sites after closure. This provision is calculated on the basis of discounting closure and post-closure costs into present day values. The calculation assumes no change in resource consent conditions for closure and post-closure treatment. Nelson City Council has consolidated its 50% share of this provision.

Income tax

Income tax expense comprises both current tax and deferred tax and is calculated using tax rates that have been enacted or substantively enacted by balance date. Current tax is the amount of income tax payable based on the taxable profit for the current year plus any adjustments to income tax payable in respect of prior years.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of transaction, affects neither accounting profit nor taxable profit.

Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Current tax and deferred tax is charged or credited to the surplus or deficit, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

Accounting Policies

Goods and services tax (GST)

All items in the financial statements are stated exclusive of GST except for debtors and creditors which are presented on a GST inclusive basis. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Cost allocation

The cost of service for each significant activity of the Council has been derived using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area.

Equity

Equity is the community's interest in Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- accumulated funds
- restricted reserves
- Council created reserves
- property revaluation reserves

Reserves

Reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be:

Restricted reserves

Restricted reserves are those subject to specific conditions accepted as binding by Council, and which may not be revised by Council without reference to the courts or a third party. Transfer from these reserves may be made only for certain specified purposes or if certain specified conditions are met.

Council created reserves

Part of the accumulated balance established at the will of Council. Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of Council.

Revaluation reserves

The results of revaluing land, infrastructural assets are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve for any class of asset, this is expensed in the surplus or deficit. To the extent that increases in value offset previous decreases debited to the surplus or deficit, the increase is credited to the surplus or deficit.

Statement of cashflows

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which Council or Group invests as part of its day-to-day cash management.

Operating activities include cash received from all income sources of the Group and record the cash payments made of the supply of goods and services. Investing activities are those activities relating to the acquisition and disposal of non-current assets. Financing activities comprise activities that change the equity and debt capital structure of Council and Group.



Accounting Policies

Changes in accounting policies

PBE FRS 48 Service Performance Reporting replaces the service performance reporting requirements of PBE IPSAS 1 Presentation of Financial Statements but the new standard that is effective from 1 July 2022 does not apply to service performance information that is prospective.

PBE IPSAS 41 Financial Instruments will replace both PBE IPSAS 29 and PBE IFRS 9. The Council has assessed the changes have minimal impact on the prospective statements

PBE IPSAS Leases sets out principles for the recognition, measurement, presentation, and disclosure of leases to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. The effective reporting date is 1 January 2025, and the Council does not plan to early adopt this standard.

Critical accounting estimates and assumptions

In preparing this forecast information Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Landfill after care costs

The Regional Landfill Business Unit (a joint activity with Tasman District Council) has a legal obligation to provide ongoing maintenance and monitoring services at the landfill site after closure.

The landfill post closure provision is recognised in accordance with New Zealand PBE IPSAS 19 Provisions, Contingent Liabilities and Contingent Assets. This provision is calculated on the basis of discounting closure and post closure costs into present day value.

The calculations assume no change in the legislative requirements for closure and post closure treatment.

Nelson City Council has consolidated its 50% share of this provision.

Infrastructural assets

There are a number of assumptions and estimates used when performing depreciated replacement cost (DRC) valuations over infrastructural assets. These include:

- The physical deterioration and condition of an asset, for example Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets that are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets
- Estimating any obsolescence or surplus capacity of an asset
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then Council could be over or underestimating the annual depreciation charge recognised as an expense in the Statement of Comprehensive Revenue and Expense. To minimise this risk Council's infrastructural asset useful lives have been determined with reference to the New Zealand Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of Council's asset management planning activities, which gives Council further assurance over its useful life estimates
- Experienced independent valuers perform Council's infrastructural asset revaluations.



Financials

Council's Annual Plan 2023/24 covers the period 1 July 2023 to 30 June 2024. It incorporates operating and capital expenditure for the period for the core Council entity – consolidated statements have not been prepared to include subsidiaries.

In this section, financial information is provided at a summary level.

This Annual Plan achieves the following:

- Maintains the Long Term Plan 2021-2031 levels of service for each of the Council activities

- An ability to maintain the condition of the City's assets, although there is only limited provision for unforeseen events
- A capital programme of \$77 million, which is \$17.6 million more than what was planned for the year in the Long Term Plan 2021-2031
- Forecast net debt of \$207.9 million at the end of June 2024
- A 7.2% change in the total rates requirement for 2023/24, after allowing for a 0.69% growth in the rating base.



Statement of comprehensive revenue and expense

| | Annual Plan 2022/23 (\$000) | LTP 2023/24 (\$000) | Annual Plan 2023/24 (\$000) | Difference to LTP 2023/24 (\$000) |
|--|-----------------------------|---------------------|-----------------------------|-----------------------------------|
| Revenue | | | | |
| Rates other than metered water, net of remissions | 77,967 | 82,739 | 84,383 | 1,644 |
| Subsidies and grants | 15,520 | 13,665 | 33,674 | 20,009 |
| Fees and charges including metered water | 41,652 | 42,761 | 40,013 | (2,748) |
| Other revenue | 15,105 | 15,781 | 15,587 | (194) |
| Development/financial contributions | 0 | 0 | 3,828 | 3,828 |
| Interest received | 0 | 1 | 322 | 321 |
| Other gains/losses | 1,042 | 1,106 | (1,702) | (2,808) |
| Total revenue | 151,286 | 156,052 | 176,105 | 20,053 |
| Expenses | | | | |
| Personnel costs | 28,639 | 28,959 | 30,094 | 1,135 |
| Finance costs | 4,964 | 4,770 | 7,743 | 2,973 |
| Depreciation and amortisation | 33,466 | 34,409 | 40,885 | 6,476 |
| Other expenses | 77,304 | 81,343 | 91,210 | 9,867 |
| Total expenses | 144,374 | 149,481 | 169,932 | 20,451 |
| Net surplus/(deficit) before taxation | 6,912 | 6,571 | 6,173 | (398) |
| Taxation | - | - | - | - |
| Net surplus/(deficit) | 6,912 | 6,571 | 6,173 | (398) |
| Increase in asset revaluation reserves | 30,554 | 27,977 | 38,054 | 10,077 |
| Total other comprehensive revenue and expense | 30,554 | 27,977 | 38,054 | 10,077 |
| Total comprehensive revenue and expense | 37,466 | 34,548 | 44,227 | 9,679 |

Financials

Statement of changes in net assets/equity

| | Annual Plan 2022/23 (\$000) | LTP 2023/24 (\$000) | Annual Plan 2023/24 (\$000) | Difference to LTP 2023/24 (\$000) |
|---|-----------------------------------|------------------------|-----------------------------------|---|
| Equity at beginning of year | 1,777,155 | 1,742,705 | 2,040,650 | 297,945 |
| Total comprehensive revenue and expense | 37,466 | 34,548 | 44,227 | 9,679 |
| Equity at end of year | 1,814,621 | 1,777,253 | 2,084,877 | 307,624 |

The Annual Plan equity at the beginning of the year is based on 2021/22 Annual Report closing balance plus a forecast for 2022/23.

Statement of financial position

| | Annual Plan 2022/23 (\$000) | LTP 2023/24 (\$000) | Annual Plan 2023/24 (\$000) | Difference to LTP 2023/24 (\$000) |
|---|--------------------------------------|---------------------------|-----------------------------------|---|
| Current assets | | | | |
| Cash and cash equivalents | 11,070 | 5,586 | 16,278 | 10,692 |
| Inventories | - | - | - | - |
| Trade and other receivables | 20,125 | 12,276 | 22,279 | 10,003 |
| Other financial assets | 3,762 | 1,063 | 567 | (496) |
| Taxation | - | - | - | - |
| Derivative financial instruments | 59 | - | 209 | 209 |
| Total current assets | 35,016 | 18,925 | 39,333 | 20,408 |
| Non-current assets | | | | |
| Trade and other receivables | - | - | - | - |
| Investments accounted for using the equity method | 36,663 | 36,663 | 36,663 | - |
| Investment in subsidiaries | 8,200 | 8,200 | 8,200 | - |
| Investment properties | 998 | 1,008 | 930 | (78) |
| Other financial assets | 5,673 | 6,390 | 6,546 | 156 |
| Intangible assets | 4,023 | 3,579 | 8,415 | 4,836 |
| Biological assets | 5,758 | 5,181 | 4,359 | (822) |
| Property, plant, and equipment | 1,926,907 | 1,943,270 | 2,242,742 | 299,472 |
| Derivative financial instruments | 1,185 | - | 3,806 | 3,806 |
| Total non-current assets | 1,989,406 | 2,004,289 | 2,311,661 | 307,372 |
| Total assets | 2,024,422 | 2,023,215 | 2,350,994 | 327,779 |

Continued on next page

Financials

Statement of financial position (continued)

| | Annual Plan 2022/23 (\$000) | LTP 2023/24 (\$000) | Annual Plan 2023/24 (\$000) | Difference to LTP 2023/24 (\$000) |
|---|--------------------------------------|---------------------------|-----------------------------------|---|
| Current liabilities | | | | |
| Bank overdraft | - | - | - | - |
| Trade and other payables | 23,152 | 22,576 | 26,277 | 3,701 |
| Employee benefit liabilities | 2,390 | 2,493 | 2,612 | 119 |
| Provisions | 264 | - | 269 | 269 |
| Taxation payable | - | - | - | - |
| Current portion of borrowings | 30,539 | 66,318 | 49,048 | (17,270) |
| Derivative financial instruments | - | 954 | - | (954) |
| Total current liabilities | 56,345 | 92,341 | 78,206 | (14,135) |
| Non-current liabilities | | | | |
| Trade and other payables | 4,992 | 863 | 4,673 | 3,810 |
| Provisions | 3,538 | 3,676 | 3,251 | (425) |
| Employee benefit liabilities | 169 | 172 | 140 | (32) |
| Derivative financial instruments | - | 14,266 | - | (14,266) |
| Non-current portion of borrowings | 144,757 | 134,644 | 179,847 | 45,203 |
| Total non-current liabilities | 153,456 | 153,621 | 187,911 | 34,290 |
| Total liabilities | 209,801 | 245,961 | 266,117 | 20,156 |
| Net assets | 1,814,621 | 1,777,253 | 2,084,877 | 307,624 |
| Ratepayer's equity | | | | |
| Accumulated comprehensive revenue and expense | 452,022 | 471,474 | 464,651 | (6,823) |
| Other reserves | 1,362,599 | 1,305,779 | 1,620,227 | 314,448 |
| Total ratepayer's equity | 1,814,621 | 1,777,253 | 2,084,877 | 307,624 |

The Annual Plan balances at the beginning of the year are based on 2021/22 Annual Report closing balance plus a forecast for 2022/23.



Cash flow statement

| | Annual Plan 2022/23 (\$000) | LTP 2023/24 (\$000) | Annual Plan 2023/24 (\$000) | Difference to LTP 2023/24 (\$000) |
|---|-----------------------------------|---------------------------|-----------------------------------|---|
| Cash flows from operating activities | | | | |
| <i>Cash was provided from:</i> | | | | |
| Receipts from rates revenue | 87,612 | 92,465 | 94,499 | 2,034 |
| Subsidies and grants received | 15,520 | 13,665 | 33,674 | 20,009 |
| Receipts from other revenue | 31,451 | 33,747 | 36,145 | 2,398 |
| Development and financial contributions | 3,733 | 3,828 | 3,828 | - |
| Interest received | - | 1 | 322 | 321 |
| Dividends received | 3,814 | 3,619 | 3,621 | 2 |
| | 142,130 | 147,325 | 172,089 | 24,764 |
| <i>Cash was disbursed to:</i> | | | | |
| Payments to suppliers | 77,324 | 81,408 | 90,098 | 8,690 |
| Payments to employees | 28,566 | 28,894 | 30,089 | 1,195 |
| Interest paid | 4,964 | 4,770 | 7,743 | 2,973 |
| Tax paid/(refund) | - | - | - | - |
| | 110,854 | 115,072 | 127,930 | 12,858 |
| Net cash flows from operating activities | 31,276 | 32,253 | 44,159 | 11,906 |
| Cash flows from investing activities | | | | |
| <i>Cash was provided from:</i> | | | | |
| Other investments | - | (440) | - | 440 |
| Sale of investments and properties for resale | - | - | - | - |
| Repayment of LGFA borrower notes | - | - | - | - |
| Sale of biological assets | 2,453 | 1,833 | 7,112 | 5,279 |
| Sale of fixed assets | 7,147 | - | - | - |
| Repayment of community loans and advances | 193 | 193 | 193 | - |
| | 9,793 | 1,586 | 7,305 | 5,719 |

Cash flow statement (continued)

| | Annual Plan 2022/23 (\$000) | LTP 2023/24 (\$000) | Annual Plan 2023/24 (\$000) | Difference to LTP 2023/24 (\$000) |
|---|-----------------------------------|---------------------------|-----------------------------------|---|
| <i>Cash was disbursed to:</i> | | | | |
| Investments in LGFA borrower notes | 875 | 741 | 875 | 134 |
| Community loans advanced | - | - | - | - |
| Other investments | 300 | - | 1,146 | 1,146 |
| Purchase of biological assets | - | 30 | 5,592 | 5,562 |
| Purchase of intangible assets | - | - | 464 | 464 |
| <i>Purchase of fixed assets:</i> | | | | |
| • Renewals | 23,577 | 21,209 | 26,973 | 5,764 |
| • New works – growth | 5,255 | 4,908 | 12,069 | 7,161 |
| • New works – increased level of service | 49,279 | 39,826 | 50,238 | 10,412 |
| | 79,286 | 66,714 | 97,357 | 30,643 |
| Net cash flows from investing activities | (69,493) | (65,128) | (90,052) | (24,924) |
| Cash flows from financing activities | | | | |
| <i>Cash was provided from:</i> | | | | |
| Proceeds from borrowings | 37,701 | 32,360 | 45,378 | 13,018 |
| <i>Cash was applied to:</i> | | | | |
| Repayment of borrowings | - | - | - | - |
| Net cash flows from financing activities | 37,701 | 32,360 | 45,378 | 13,018 |
| Net increase/(decrease) in cash held | (515) | (516) | (515) | 1 |
| Add opening cash balance | 11,585 | 6,101 | 16,793 | 10,692 |
| Closing balance | 11,070 | 5,586 | 16,278 | 10,692 |
| <i>Represented by:</i> | | | | |
| Cash and cash equivalents | 11,070 | 5,586 | 16,278 | 10,692 |

The Annual Plan opening cash balance is based on 2021/22 Annual Report closing balance plus a forecast for 2022/23.

Summary of capital expenditure over \$100,000 in any one year

| Corporate | Annual Plan 2022/23 (\$000) | LTP 2023/24 (\$000) | Annual Plan 2023/24 (\$000) | Difference to LTP 2023/24 (\$000) |
|--|-----------------------------|---------------------|-----------------------------|-----------------------------------|
| Investment management | | | | |
| Covid inflation allowance | 1,800,000 | | | |
| Civic house | | | | |
| Civic House Refurbishment | 500,000 | 2,324,916 | 901,476 | (1,423,440) |
| Civic House Roof Cladding | 700,000 | - | - | - |
| Civic House roof and structure | - | - | 650,632 | 650,632 |
| Civic House Renewal Program | 175,100 | - | - | - |
| Civic House Ceiling Tiles | 1,500,000 | - | 1,146,018 | 1,146,018 |
| Rental properties | | | | |
| Strategic Land Purchases | 292,500 | - | - | - |
| 25-27 Bridge St | - | - | 2,632,500 | 2,632,500 |
| Forestry | | | | |
| Maitai Bridge | 181,302 | - | - | - |
| Roding Bridge | 324,498 | - | - | - |
| Administration | | | | |
| Capital: Motor Vehicles | 103,000 | 105,678 | 105,678 | - |
| Computer Hardware - Client devices | 83,430 | 87,713 | 110,000 | 22,287 |
| Computer Hardware - Network Devices | 210,050 | 45,103 | 45,103 | (0) |
| IT Infrastructure Hosting Investigation | 566,500 | - | - | - |
| Asset Management System enhancements | 103,000 | 28,190 | 100,000 | 71,810 |
| Upgrade TOTSM | - | 105,678 | - | (105,678) |
| Building Systems Upgrade | - | 105,678 | 105,678 | - |
| Core Systems enhancement | 296,733 | 304,448 | 304,448 | 0 |
| Meeting / Agenda / Action Mgmt System | - | 105,678 | 105,678 | - |
| IRIS Next Gen | - | - | 122,707 | 122,707 |
| Corporate projects under \$100,000 | 516,628 | 626,125 | 683,166 | 57,041 |
| Total Corporate | 7,352,741 | 3,839,206 | 7,013,084 | 3,173,878 |
| Scope adjustment | (674,253) | (373,459) | (902,992) | (529,533) |
| Total Corporate less scope adjustment | 6,678,488 | 3,465,748 | 6,110,092 | 2,644,345 |

Summary of Capital Expenditure over \$100,000 in any One Year

| Environmental Management | Annual Plan 2022/23 (\$000) | LTP 2023/24 (\$000) | Annual Plan 2023/24 (\$000) | Difference to LTP 2023/24 (\$000) |
|---|-----------------------------|---------------------|-----------------------------|-----------------------------------|
| Monitoring the environment | | | | |
| Renewals: Monitoring Equipment | 266,900 | 11,281 | 298,181 | 286,900 |
| Plant & Equipment Monitoring The Environment | 173,772 | 151,871 | 201,871 | 50,000 |
| Healthy Streams | 158,854 | 121,944 | 121,944 | - |
| City development | | | | |
| Streets for people | 800,000 | - | 400,000 | 400,000 |
| CBD enhancements | 623,670 | 105,678 | 300,000 | 194,322 |
| Navigational safety | | | | |
| Renewal: Boat/Trailer | 300,000 | 4,227 | 100,000 | 95,773 |
| Environmental Management projects under \$100,000 | 104,298 | 3,593 | 99,349 | 95,756 |
| Total Environmental Management | 2,427,494 | 398,594 | 1,521,345 | 1,122,751 |
| Scope adjustment | (242,749) | (39,859) | (228,203) | (188,344) |
| Total Environmental Management less scope adjustment | 2,184,745 | 358,735 | 1,293,142 | 934,407 |
| Flood Protection | | | | |
| Maitai flood management | 257,500 | 369,873 | 369,873 | - |
| Coastal Inundation Modelling | 206,000 | 52,839 | 80,000 | 27,161 |
| Coastal Erosion Modelling | 51,500 | 105,678 | 51,500 | (54,178) |
| Coastal Response Strategy Implementation | - | 105,678 | - | (105,678) |
| Brook Stream fish passage | 56,200 | 105,678 | - | (105,678) |
| Jenkins & Arapiki (airport) - Flood Protection | 70,900 | 475,551 | 160,000 | (315,551) |
| Minor Flood improvement prgm | 121,200 | 42,271 | - | (42,271) |
| Murphy Street | 100,000 | - | 40,000 | 40,000 |
| Flood Recovery Channel Bank protection | - | - | 1,500,000 | 1,500,000 |
| Flood Recovery 2022 River Stream Improvements | - | - | 575,000 | 575,000 |
| Saxton Creek Stage 4 Upgrade | 10,704,820 | - | 4,200,000 | 4,200,000 |
| Brook Stream Catchment Improvements | 118,450 | 317,034 | 100,000 | (217,034) |
| Inventory of Urban Streams | 92,245 | 158,517 | 200,000 | 41,483 |
| Flood Mitigation | 254,500 | 158,517 | 120,000 | (38,517) |
| Rural Rivers | 82,400 | 105,678 | 42,000 | (63,678) |
| Flood Protection projects under \$100,000 | 707,208 | 522,853 | 560,894 | 38,041 |
| Total Flood Protection | 12,822,923 | 2,520,168 | 7,999,267 | 5,479,099 |
| Scope adjustment | (1,238,332) | (218,753) | (1,130,306) | (911,553) |
| Total Flood Protection less scope adjustment | 11,584,592 | 2,301,414 | 6,868,961 | 4,567,547 |



Summary of Capital Expenditure over \$100,000 in any One Year

| Parks and Active Recreation | Annual Plan 2022/23 (\$000) | LTP 2023/24 (\$000) | Annual Plan 2023/24 (\$000) | Difference to LTP 2023/24 (\$000) |
|---|-----------------------------------|---------------------------|-----------------------------------|---|
| Public gardens | | | | |
| Miyazu Gardens pond relining | 260,848 | 132,098 | - | (132,098) |
| Neighbourhood parks | | | | |
| Land Purchase: General Reserve | 879,208 | 902,067 | 902,067 | - |
| Reserve Development Programme | 439,604 | 162,057 | 157,057 | (5,000) |
| Landscape reserves | | | | |
| Slip 1 Brook Street | - | - | 522,200 | 522,200 |
| Slip 2 Brook Street | - | - | 474,200 | 474,200 |
| Slip 3 Halifax Street | - | - | 335,200 | 335,200 |
| Slip 4 Milton Street | - | - | 202,900 | 202,900 |
| Slip 5 Sowman Street | - | - | 169,600 | 169,600 |
| Slip 6 Grove Street | - | - | 157,400 | 157,400 |
| Slip 7 Miro Street | - | - | 365,200 | 365,200 |
| Slip 10 Brook Street | - | - | 1,319,500 | 1,319,500 |
| Slip 11 Brook Street | - | - | 724,200 | 724,200 |
| Slip 12 Allan Street | - | - | 546,600 | 546,600 |
| Slip 14 Tukuka Street | - | - | 124,400 | 124,400 |
| Slip 16 Endeavour Street | - | - | 1,041,000 | 1,041,000 |
| Slip 17 Lauria Way | - | - | 117,000 | 117,000 |
| Slip 18 Collingwood Street | - | - | 518,300 | 518,300 |
| Retired forestry block conversion programme | 145,230 | 293,785 | 293,785 | 0 |
| Capital: Planting. Landscape Reserves. | 101,436 | 73,293 | 73,293 | 0 |
| Capital: Mountainbike Tracks | - | 169,085 | 169,085 | 0 |
| Marsden Valley MTB Hub | - | 211,356 | 20,000 | (191,356) |
| Esplanade and foreshore | | | | |
| Modellers Pond Solution | 236,900 | - | - | - |
| Wakapuaka Sandflats Esplanade shared path | - | 261,118 | 10,000 | (251,118) |
| City to Maitai Hub track | 281,580 | - | 474,519 | 474,519 |
| Walkways | | | | |
| Tahuna Beach to Great Taste Trail (airport) | 194,761 | - | - | - |

Summary of Capital Expenditure over \$100,000 in any One Year

| Parks and Active Recreation (continued) | Annual Plan 2022/23 (\$000) | LTP 2023/24 (\$000) | Annual Plan 2023/24 (\$000) | Difference to LTP 2023/24 (\$000) |
|--|-----------------------------------|---------------------------|-----------------------------------|---|
| Sports parks | | | | |
| Saltwater Cr bridge (Haven Rd - Traf Park) | 80,000 | - | 152,280 | 152,280 |
| Sportsground lighting improvements | 51,500 | 10,568 | 103,000 | 92,432 |
| Guppy Park Facility | - | 147,949 | 147,949 | - |
| Capital: Minor Development. Sports Parks | 103,000 | 11,276 | 153,000 | 141,724 |
| Trafalgar Centre | | | | |
| Renewals: Minor Assets. Trafalgar Centre. | 10,300 | 112,758 | 112,758 | - |
| Saxton Field Stadium | | | | |
| Basketball hoops | 10,000 | 274,763 | - | (274,763) |
| Pools | | | | |
| Riverside Pool water heating system renewal | 67,500 | 739,746 | 828,481 | 88,735 |
| Renewals: Minor Assets | 133,900 | 68,691 | 84,345 | 15,654 |
| Play Facilities | | | | |
| Renewals: Play Equipment | 30,900 | 90,207 | 108,207 | 18,000 |
| Playground Development Programme | 32,970 | 216,640 | 216,640 | 0 |
| Macrocarpa play structure | - | 107,369 | 5,000 | (102,369) |
| Marina | | | | |
| Travel Lift renewal | 51,500 | 845,424 | 1,600,760 | 755,336 |
| Marina: Pontoon renewal programme | 146,260 | 134,211 | 387,206 | 252,995 |
| Capital: Minor Development. Marina. | 103,000 | 105,678 | 103,000 | (2,678) |
| Marina Master Plan Security | - | - | 150,000 | 150,000 |
| Public boat ramp improvements | - | 528,390 | - | (528,390) |
| Marina Hardstand LOS improvements | 51,500 | 211,356 | 100,000 | (111,356) |
| Saxton Field | | | | |
| Cricket oval surface renewal | 20,000 | - | 268,400 | 268,400 |
| Hard surface renewals | - | 158,517 | - | (158,517) |
| New cycle/path development | 326,000 | - | 156,475 | 156,475 |
| Regional Community Facilities | | | | |
| Water Sports Building | 536,200 | 412,144 | - | (412,144) |
| Parks & Active Recreation Projects under \$100,000 | 1,920,803 | 1,692,456 | 1,940,728 | 248,272 |
| Total Parks & Active Recreation | 6,214,900 | 8,073,001 | 15,335,735 | 7,262,734 |
| Scope Adjustment | (589,129) | (767,249) | (2,247,065) | (1,479,816) |
| Total Parks & Active Recreation Less Scope Adjustment | 5,625,771 | 7,305,752 | 13,088,670 | 5,782,918 |



Summary of Capital Expenditure over \$100,000 in any One Year

| Social | Annual Plan 2022/23 (\$000) | LTP 2023/24 (\$000) | Annual Plan 2023/24 (\$000) | Difference to LTP 2023/24 (\$000) |
|--|-----------------------------------|---------------------------|-----------------------------------|---|
| Managing heritage and arts | | | | |
| Art Works Programme | 149,128 | 91,445 | 91,445 | - |
| Founders Park | | | | |
| Collection Store | 676,800 | - | 656,524 | 656,524 |
| Cultural space development | 50,750 | 105,678 | - | (105,678) |
| Nelson Library | | | | |
| Book Purchases | 370,800 | 391,009 | 341,009 | (50,000) |
| Elma Turner Library Extension/ Relocation | 1,200,000 | 17,764,472 | 200,000 | (17,564,472) |
| Nellie Nightingale Library Memorial | | | | |
| Nightingale roof repair | 41,200 | 204,381 | 41,200 | (163,181) |
| Marsden Valley Cemetery | | | | |
| Cemetery Capacity Purchase | 50,000 | - | 1,289,000 | 1,289,000 |
| Toilets (charge) | | | | |
| Montgomery Sq Toilet renewal | 122,000 | - | 852,000 | 852,000 |
| Stoke Hall | | | | |
| Stoke Hall Remediation | - | - | 100,000 | 100,000 |
| Community properties | | | | |
| Refinery Gallery EQ strengthening | 1,295,767 | - | 100,000 | 100,000 |
| Maitai Camp | | | | |
| Maitai Camp capital improvements | 1,600,000 | - | 1,515,000 | 1,515,000 |
| Brook Camp | | | | |
| Capital: Buildings | 151,500 | 52,839 | 52,839 | - |
| Brook Camp Building Renewals | 225,000 | - | - | - |
| Social projects under \$100,000 | 1,130,000 | 908,224 | 927,223 | 18,999 |
| Total Social | 7,062,945 | 19,518,048 | 6,166,240 | (13,351,808) |
| Scope adjustment | (667,695) | (1,918,479) | (860,289) | 1,058,190 |
| Total Social less scope adjustment | 6,395,250 | 17,599,569 | 5,305,951 | (12,293,617) |

Summary of Capital Expenditure over \$100,000 in any One Year

| Solid Waste | Annual Plan 2022/23 (\$000) | LTP 2023/24 (\$000) | Annual Plan 2023/24 (\$000) | Difference to LTP 2023/24 (\$000) |
|--|-----------------------------------|---------------------------|-----------------------------------|---|
| Joint landfill upgrade | 2,849,509 | 315,709 | 3,786,000 | 3,470,291 |
| Solid Waste projects under \$100,000 | 36,050 | 72,918 | 72,918 | - |
| Total Solid Waste | 2,885,559 | 388,627 | 3,858,918 | 3,470,291 |
| Scope adjustment | (3,605) | (7,292) | (10,938) | (3,646) |
| Total Solid Waste less scope adjustment | 2,881,954 | 381,335 | 3,847,980 | 3,466,645 |



Summary of Capital Expenditure over \$100,000 in any One Year

| Stormwater | Annual Plan 2022/23 (\$000) | LTP 2023/24 (\$000) | Annual Plan 2023/24 (\$000) | Difference to LTP 2023/24 (\$000) |
|---|-----------------------------------|---------------------------|-----------------------------------|---|
| Haven/St Vincent Culvert renewal | 2,000,000 | 126,814 | 3,114,447 | 2,987,633 |
| Stormwater Pump Station Renewals | 51,500 | 105,678 | 40,000 | (65,678) |
| York Terrace | 103,000 | 63,407 | 181,553 | 118,146 |
| Intensification AP N270 City Centre | - | 105,678 | - | (105,678) |
| IAF Stormwater Pipeline Upgrade | - | - | 100,000 | 100,000 |
| Capital: Freshwater Improvement Programme | 154,500 | 264,195 | 264,195 | - |
| Washington Valley Stormwater Upgrade | 2,370,824 | 2,303,780 | 100,000 | (2,203,780) |
| Main Road Stoke / Arapiki / Maitland Stormwater Upgrade | - | 105,678 | - | (105,678) |
| Capital: Mount St / Konini St | 101,200 | 2,113,560 | 20,000 | (2,093,560) |
| Airlie St | 200,000 | - | - | - |
| Bellevue Heights Stormwater | - | 317,034 | - | (317,034) |
| Tahunanui Hills Stormwater Catchment 9 - Moana Ave to Rocks | - | 105,678 | 208,678 | 103,000 |
| Tahunanui Hills Stormwater Catchment 4 - Bisley Ave | 61,800 | 31,703 | 392,000 | 360,297 |
| Cawthron Crescent | 130,877 | 21,136 | 225,000 | 203,864 |
| Rutherford Stage 1 - Stormwater Upgrade | 4,795,000 | 2,652,518 | 50,000 | (2,602,518) |
| Tahunanui Hills Stormwater Catchment 3 - Days Track | 978,500 | 52,839 | 930,000 | 877,161 |
| Totara/Hutcheson | 61,800 | 31,703 | 150,000 | 118,297 |
| Toi Toi St Upgrade | - | 21,136 | 100,000 | 78,864 |
| Vanguard Street LOS | 309,000 | 31,703 | 380,000 | 348,297 |
| Murphy / Emano Street upgrade | - | - | 150,000 | 150,000 |
| Flood Recovery Minor Stormwater Improvements | - | - | 100,000 | 100,000 |
| Annesbrook Drive Storm Water | - | 63,407 | 104,607 | 41,200 |
| Wastney Terrace stormwater (pvt drain prgm) | 1,603,000 | - | 100,000 | 100,000 |
| Bisley Avenue | 72,100 | 264,195 | 314,195 | 50,000 |
| Centennial Park pump station outfall and stormwater Treatment | 353,000 | - | - | - |
| Flood Recovery Intakes Resilience | - | - | 100,000 | 100,000 |
| Flood Recovery 2022 Intakes Resilience Cleveland Terrace | - | - | 150,000 | 150,000 |
| Flood Recovery 2022 Intakes Resilience Devenish Place | - | - | 300,000 | 300,000 |
| Vested assets | | | | |
| Vested assets | 840,480 | 862,332 | 862,332 | - |
| Stormwater projects under \$100,000 | 928,527 | 896,020 | 1,033,733 | 137,713 |
| Total Stormwater | 15,115,108 | 10,540,195 | 9,470,740 | (1,069,455) |
| Scope adjustment | (1,373,750) | (928,381) | (1,200,128) | (271,747) |
| Total Stormwater less scope adjustment | 13,741,358 | 9,611,813 | 8,270,612 | (1,341,201) |

Summary of Capital Expenditure over \$100,000 in any One Year

| Transport | Annual Plan 2022/23 (\$000) | LTP 2023/24 (\$000) | Annual Plan 2023/24 (\$000) | Difference to LTP 2023/24 (\$000) |
|--|-----------------------------------|---------------------------|-----------------------------------|---|
| Subsidised roading | | | | |
| WC 111 Sealed Pavement Heavy Works | 154,500 | 158,517 | 158,517 | - |
| WC 212 Sealed Road Resurfacing | 2,152,671 | 1,373,814 | 2,026,485 | 652,671 |
| WC224 Cyclepath Renewals | 173,000 | 105,678 | 236,557 | 130,879 |
| WC 141 Kokoroa Road Flood Repairs | - | - | 150,000 | 150,000 |
| WC141 Maori Road Flood Repair | - | - | 150,000 | 150,000 |
| WC141 Ross Road Flood Repairs | - | - | 140,000 | 140,000 |
| Wc141 Atmore Terrace Flood Repairs | - | - | 280,000 | 280,000 |
| WC141 Maitai Valley Road Flood Repairs | - | - | 200,000 | 200,000 |
| WC141 Flood Recovery - Unspecified | - | - | 1,024,837 | 1,024,837 |
| WC141 Slip Repair Maitai Road | - | - | 530,000 | 530,000 |
| WC141 Cable Bay Road slip repairs | - | - | 1,700,000 | 1,700,000 |
| WC141 Arrow Street Retaining Wall Slip Protection | - | - | 110,000 | 110,000 |
| WC141 333 Wakefield Quay | - | - | 230,000 | 230,000 |
| WC 213 Drainage Renewals | 164,852 | 169,138 | 344,778 | 175,640 |
| WC216 Trafalgar Centre Footbridge | 250,178 | 636,182 | 819,736 | 183,554 |
| WC215 Structure replacement | 476,650 | 58,123 | 353,123 | 295,000 |
| WC 222 Traffic Services Renewal - Lighting | 309,000 | 317,034 | 317,034 | - |
| WC225 Renewals: Footpaths | 1,236,000 | 1,268,136 | 2,401,261 | 1,133,125 |
| WC 141 Days Track Flood Repairs | - | - | 600,000 | 600,000 |
| WC 341 Associated Improvements | - | 211,356 | - | (211,356) |
| WC341 School speed sign upgrades | - | - | 123,000 | 123,000 |
| WC 341 Gloucester Street intersection improvements | - | - | 100,000 | 100,000 |
| WC 341W Songer Street signals review | 250,000 | 105,678 | - | (105,678) |
| WC222 Washington Valley Streetlight renewal | - | 126,814 | - | (126,814) |
| WC 341 Minor Improvements | 200,000 | 634,068 | 57,905 | (576,163) |
| WC341Z School Speed Zone Signs | - | 158,517 | - | (158,517) |
| WC341W Dommett Street - LOS Capital | 151,500 | 105,678 | - | (105,678) |
| WC 341L: Mount Street and Konini Street upgrade | 10,000 | 422,712 | 90,000 | (332,712) |
| WC 324 Quarantine/Nayland intersection upgrades | - | - | 200,000 | 200,000 |

Continued on next page



Summary of Capital Expenditure over \$100,000 in any One Year

| Transport (continued) | Annual Plan 2022/23 (\$000) | LTP 2023/24 (\$000) | Annual Plan 2023/24 (\$000) | Difference to LTP 2023/24 (\$000) |
|--|-----------------------------------|---------------------------|-----------------------------------|---|
| WC 341Z Toi Toi/Vanguard intersection upgrade | 100,000 | - | 150,000 | 150,000 |
| WC 341W: Toi Toi St upgrade | 494,400 | - | - | - |
| WC 341 Sharedzone - Beachville Cres | - | 211,356 | - | (211,356) |
| WC 324 Nelson Future Access Study | 400,000 | 1,690,848 | 362,915 | (1,327,933) |
| WC 341Z Waimea Road / Hampden Street intersection upgrade | 61,500 | 52,839 | 157,000 | 104,161 |
| WC 341L Waimea Road Franklyn Street intersection improvement | 20,000 | - | 1,500,000 | 1,500,000 |
| WC 341 Railway Reserve Improvements | 27,475 | 225,517 | - | (225,517) |
| WC341 Domett St Upgrade | - | - | 190,000 | 190,000 |
| WC341L Selwyn Place Pedestrian Crossings | 150,000 | - | 192,341 | 192,341 |
| WC 341W Railway Reserve Songer Street | 200,000 | - | - | - |
| WC341L Traffic calming to support speed reduction | 100,000 | - | 180,000 | 180,000 |
| WC341Z St Vincent Street Toi Toi Street raised roundabout | 80,000 | - | 666,100 | 666,100 |
| WC341Z Nile Tasman Roundabout raised platform | 230,000 | - | 670,000 | 670,000 |
| WC452 SFP Hospital Connection | - | - | 1,400,000 | 1,400,000 |
| WC 341Z - Gloucester Vanguard intersection safety | - | - | 100,000 | 100,000 |
| WC341Z - Gloucester St Vincent intersection safety | - | - | 100,000 | 100,000 |
| WC341Z - Hardy Vanguard intersection safety | - | - | 100,000 | 100,000 |
| WC341L - Halifax Street East- associated improvements | - | - | 111,356 | 111,356 |
| WC341L - Nayland Songer Roundabout safety | - | - | 100,000 | 100,000 |
| WC 341L Streetlight Improvement | 100,447 | 105,678 | 105,678 | - |
| WC 341 New Footpaths | - | 369,873 | - | (369,873) |
| WC341W Quarantine Road Bridge Footpath (at Bolt Rd) | 405,500 | - | 382,700 | 382,700 |
| WC341 W Stoke Youth Park ped refuge | - | - | 150,000 | 150,000 |
| WC341 W Andrew Street crossing | - | - | 160,000 | 160,000 |
| WC341W Railway Reserve Lighting | 50,000 | 215,670 | 550,000 | 334,330 |
| WC341W Seymour Ave Shared Patth | 300,000 | - | - | - |
| WC 452 Transport Choices | - | - | 4,000,000 | 4,000,000 |
| WC151 Asset Management Capex | 126,500 | 52,839 | 52,839 | - |

Continued on next page

Summary of Capital Expenditure over \$100,000 in any One Year

| Transport (continued) | Annual Plan 2022/23 (\$000) | LTP 2023/24 (\$000) | Annual Plan 2023/24 (\$000) | Difference to LTP 2023/24 (\$000) |
|--|-----------------------------------|---------------------------|-----------------------------------|---|
| Unsubsidised roading | | | | |
| Structures replacement | 103,000 | 634,068 | 310,868 | (323,200) |
| Land Purchase | - | - | 450,000 | 450,000 |
| Maitai Bayview Growth programme | - | - | 250,000 | 250,000 |
| Wastney Terrace cul de sac | - | - | 158,517 | 158,517 |
| IAF Active Linear Corridor | - | - | 2,100,000 | 2,100,000 |
| Street Garden Dev | 154,500 | 31,703 | 31,703 | (0) |
| Slip 8 Atmore Terrace | - | - | 658,200 | 658,200 |
| Slip 13 Cleveland Terrace | - | - | 585,100 | 585,100 |
| Road Drainage Improvements | 154,500 | 42,271 | 157,745 | 115,474 |
| Railway Reserve Lighting | - | - | 1,020,000 | 1,020,000 |
| Hill Street Investigation | - | - | 100,000 | 100,000 |
| Parking and CBD Enhancement | | | | |
| Renewal: CBD aesthetic elements | 164,852 | 169,138 | 169,138 | 0 |
| Millers Acre Centre | | | | |
| Strategic Land Purchase | - | - | 800,000 | 800,000 |
| Building Improvements | 885,041 | - | - | - |
| Public Transport | | | | |
| WC 531 CBD interchange | 500,000 | 105,678 | 355,678 | 250,000 |
| WC531 Bridge Street Bus interchange | - | - | 108,218 | 108,218 |
| WC532 PT Minor Improvements | 276,000 | 105,678 | 281,678 | 176,000 |
| Vested assets | | | | |
| Vested assets | 2,391,660 | 2,453,843 | 2,453,843 | (0) |
| Transport projects under \$100,000 | 1,701,718 | 1,255,247 | 2,407,541 | 1,152,294 |
| Total Transport | 14,705,443 | 13,573,689 | 36,122,391 | 22,548,702 |
| Scope adjustment | (1,148,190) | (1,039,152) | (4,914,815) | (3,875,663) |
| Total Transport less scope adjustment | 13,557,253 | 12,534,538 | 31,207,576 | 18,673,038 |



Summary of Capital Expenditure over \$100,000 in any One Year

| Wastewater | Annual Plan 2022/23 (\$000) | LTP 2023/24 (\$000) | Annual Plan 2023/24 (\$000) | Difference to LTP 2023/24 (\$000) |
|--|-----------------------------------|---------------------------|-----------------------------------|---|
| Wastewater model calibration | 154,500 | 26,420 | 26,420 | 1 |
| Wastewater Pipe Renewals | 200,000 | 2,113,560 | 100,000 | (2,013,560) |
| Rutherford St (Little Go Stream) Renewal. Wastewater. | 615,000 | 211,356 | - | (211,356) |
| Collingwood St Sewer renewal Manuka to Bronte | 770,000 | - | 150,800 | 150,800 |
| Pipe Renewals - Wolfe Street | 800,000 | - | 200,000 | 200,000 |
| Rising/swallows renewals | 103,000 | 105,678 | - | (105,678) |
| Atawhai Rising Main - Stage 1 | 250,000 | 105,678 | 235,678 | 130,000 |
| Capital WW network small upgrades | 77,250 | 105,678 | 50,000 | (55,678) |
| Renewals Pump stations | 438,400 | 295,898 | 300,000 | 4,102 |
| NWWTP renewals | 314,150 | 322,318 | 322,318 | 0 |
| NWWTP Wetlands Plant renewal | 257,500 | 264,195 | 389,195 | 125,000 |
| NWWTP Resource Consent Renewal | 515,000 | 317,034 | 100,000 | (217,034) |
| Nelson Regional Sewerage | 2,398,423 | 2,966,713 | 4,604,112 | 1,637,399 |
| Mahitahi Development | - | - | 200,000 | 200,000 |
| IAF Wastewater Pipeline Upgrade | - | - | 135,000 | 135,000 |
| IAF Paru Paru PS Upgrade | - | - | 300,000 | 300,000 |
| Pump Station upgrades | 156,000 | 317,034 | 317,034 | - |
| Climate Change - Emissions Reduction Strategy Implementation | 77,250 | 105,678 | 132,928 | 27,250 |
| Washington Valley Sewer Upgrade | 1,380,997 | 929,966 | 50,000 | (879,966) |
| Natural Hazards Risk Remediation | 51,500 | 211,356 | 100,000 | (111,356) |
| Overflow Reduction/I&I Capital Works | - | - | 100,000 | 100,000 |
| Awatea Place Pump station | 3,658,529 | - | 1,500,000 | 1,500,000 |
| Pump station resilience improvement programme | 154,500 | 211,356 | 211,356 | - |
| Flood Recovery 2022 - Wastewater Improvements | - | - | 240,000 | 240,000 |
| Trade Waste Monitoring | - | - | 300,000 | 300,000 |
| NWWTP Minor Upgrades | 103,000 | 105,678 | 103,000 | (2,678) |
| System Performance Improvements (Overflow Reduction / I&I) | 103,000 | 211,356 | 211,356 | - |
| SCADA Upgrade | 126,175 | 5,284 | 5,284 | 0 |
| Vested assets | | | | |
| Vested assets | 645,810 | 662,601 | 662,601 | (0) |
| Wastewater projects under \$100,000 | 538,438 | 469,500 | 603,152 | 133,652 |
| Total Wastewater | 13,888,422 | 10,064,337 | 11,650,234 | 1,585,897 |
| Scope adjustment | (1,054,733) | (620,858) | (913,912) | (293,054) |
| Total Wastewater less scope adjustment | 12,833,689 | 9,443,478 | 10,736,322 | 1,292,844 |

Summary of Capital Expenditure over \$100,000 in any One Year

| Water Supply | Annual Plan 2022/23 (\$000) | LTP 2023/24 (\$000) | Annual Plan 2023/24 (\$000) | Difference to LTP 2023/24 (\$000) |
|--|-----------------------------------|---------------------------|-----------------------------------|---|
| Water Treatment Plant Renewals | 159,650 | 163,801 | 166,561 | 2,760 |
| Renewals: Headworks | 118,450 | 79,259 | 50,000 | (29,259) |
| Rutherford St (Little Go Stream) Renewal | 1,312,500 | 105,678 | - | (105,678) |
| Renewals: Water Pipes | 1,354,000 | 1,690,848 | 1,125,000 | (565,848) |
| Washington Valley Water Renewal | - | - | 164,148 | 164,148 |
| Konini Street water renewal | - | 686,907 | - | (686,907) |
| Washington (Rentone to Watson) water renewal | 153,000 | 1,342,111 | - | (1,342,111) |
| Arapiki Watermain renewal | 500,000 | - | - | - |
| Renewals: Commercial Meters | 164,800 | 169,085 | 150,000 | (19,085) |
| City Centre N270 Maitai Precinct Intensification Growth proj | - | 105,678 | - | (105,678) |
| Bayview Development Growth project | - | 105,678 | 105,678 | - |
| IAF Watermain Upgrade | - | - | 365,000 | 365,000 |
| Water Pump Stations - Upgrades | - | 116,246 | 86,246 | (30,000) |
| Water Treatment Plant Upgrades | 328,100 | 290,615 | 220,000 | (70,615) |
| Capital: Atawhai Res & pump Ma | 175,000 | - | 175,000 | 175,000 |
| Headworks Upgrades | 355,350 | 401,576 | 401,576 | (0) |
| Capital: Backflow Prevention | 180,250 | 184,937 | 220,000 | 35,064 |
| Capital: Atawhai Trunkmain | 101,500 | - | 101,500 | 101,500 |
| Fire Flow Upgrades | 51,500 | 105,678 | - | (105,678) |
| Water Loss Reduction Programme | 154,500 | 158,517 | 158,517 | - |
| Natural Hazards Risk Remediation. Water Supply. | 103,000 | 105,678 | 105,678 | - |
| Maitai Pump Station upgrade | - | - | 100,000 | 100,000 |
| WTP Fluoride Dosing | - | - | 821,000 | 821,000 |
| Capital: Atawhai No.2 Reservoir | 254,500 | 105,678 | 264,105 | 158,427 |
| Dam Upgrades | 884,500 | 1,199,445 | 1,752,675 | 553,230 |
| Telemetry/Control Upgrade | 128,750 | 10,568 | 65,000 | 54,432 |
| Taumata Arowai - Contractor access to mains | - | - | 100,000 | 100,000 |
| Flood Recovery 2022 - WTP | - | - | 232,478 | 232,478 |
| Flood Recovery 2022 - Headworks | - | - | 131,891 | 131,891 |
| Vested assets | | | | |
| Vested assets | 1,345,180 | 1,380,155 | 1,380,155 | 0 |
| Water Supply projects under \$100,000 | 721,626 | 537,249 | 575,198 | 37,949 |
| Total Water Supply | 8,546,156 | 9,045,385 | 9,017,406 | (27,979) |
| Scope adjustment | (695,105) | (745,558) | (1,108,204) | (362,646) |
| Total Water Supply less scope adjustment | 7,851,051 | 8,299,827 | 7,909,202 | (390,625) |



Summary of Capital Expenditure over \$100,000 in any One Year

| | Annual Plan 2022/23 (\$000) | LTP 2023/24 (\$000) | Annual Plan 2023/24 (\$000) | Difference to LTP 2023/24 (\$000) |
|--|-----------------------------------|---------------------------|-----------------------------------|---|
| Total | | | | |
| Total capital | 83,334,150 | 71,302,208 | 94,638,508 | 23,336,300 |
| Less total vested assets | 5,223,130 | 5,358,931 | 5,358,931 | - |
| Total capital per funding impact statement | 78,111,020 | 65,943,277 | 89,279,577 | 23,336,300 |
| Less total joint committees | 5,247,932 | 3,282,422 | 8,390,112 | 5,107,691 |
| Total capital – excluding vested and joint committees | 72,863,088 | 62,660,855 | 80,889,465 | 18,228,609 |



Financial Reserves Estimates

Financial Reserves Estimates

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

Changes to the Act in 2010 placed more focus on the accounting for, and disclosure of financial reserves. The Act defines reserve funds as "money set aside by a local authority for a specific purpose". Reserves are part of equity which may or

may not be physically backed by cash/investments. Reserves are often used to separate a funding surplus of an activity. The Act requires Council to specify the amount expected to be in the fund at the commencement of the year, the end of the year, the amount expected to be deposited in the fund during the year and the amount expected to be withdrawn from the fund during the year.

| Name | Activity | Purpose | Projected balance July 2023 (\$) | Deposits (\$) | Withdrawals (\$) | Balance June 2024 (\$) |
|--|---------------------------|---|--|------------------|---------------------|------------------------------|
| Nelson Institute Funds | Nelson Library | Bequest to Nelson Institute | 8,969 | 45 | | 9,014 |
| L C Voller Bequest (ETL) | Nelson Library | Youth Section of Elma Turner Library | 25,048 | 125 | | 25,173 |
| Nelson 2000 Trust | Esplanade Reserves | Wakefield Quay Development | 164,607 | | | 164,607 |
| Insurance Reserve | Investment Management | To fund Insurance claim excess | 1,006,463 | 251,642 | | 1,258,105 |
| Health & Safety Reserve | Admin and Meeting Support | OSH Compliance | 32,328 | 162 | | 32,490 |
| Roading Contributions | Roading | Financial Contribution for capital works | 117,486 | | | 117,486 |
| Walker bequest | Parks | | 10,273 | 51 | | 10,324 |
| Dog Control Reserve | Dog Control | Self funded activity balance | (243,777) | 2,598 | | (241,179) |
| Sport & Rec Grants Reserve | Physical Activity Fund | Ex Hillary Commission fund for Sport and Recreation | 8,411 | | | 8,411 |
| 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 | 313,061 | | 313,061 | - |
| Housing Reserve | Community Housing | Self funded activity balance | 8,605,831 | | 4,477,214 | 4,128,617 |
| Founders Park Reserve | Founders | Founders development | 408,241 | 63,901 | | 472,142 |
| Forestry Fund | Forestry | Self funded activity balance | 470,550 | 1,498,458 | | 1,969,008 |
| Landfill | Solid Waste | Share of development of new landfill when required | 4,663,430 | 23,317 | | 4,686,747 |
| Solid Waste | Solid Waste | Self funded activity balance | 947,590 | | 890,738 | 56,852 |

Annual Plan Disclosure Statement

For year ending 30 June 2024

What is the purpose of this statement?

The purpose of this statement is to disclose the Council's planned financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The Council is required to include this statement in its annual plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

| Benchmark | Limit | Planned | Met |
|---|-------|---------|-----|
| Rates affordability benchmark – increases | 6.8% | 7.2% | No |
| Debt affordability benchmark | <175% | 123% | Yes |
| Balanced budget benchmark | >100% | 99% | No |
| Essential services benchmark | >100% | 179% | Yes |
| Debt servicing benchmark | <10% | 4.6% | Yes |



Rates affordability benchmark

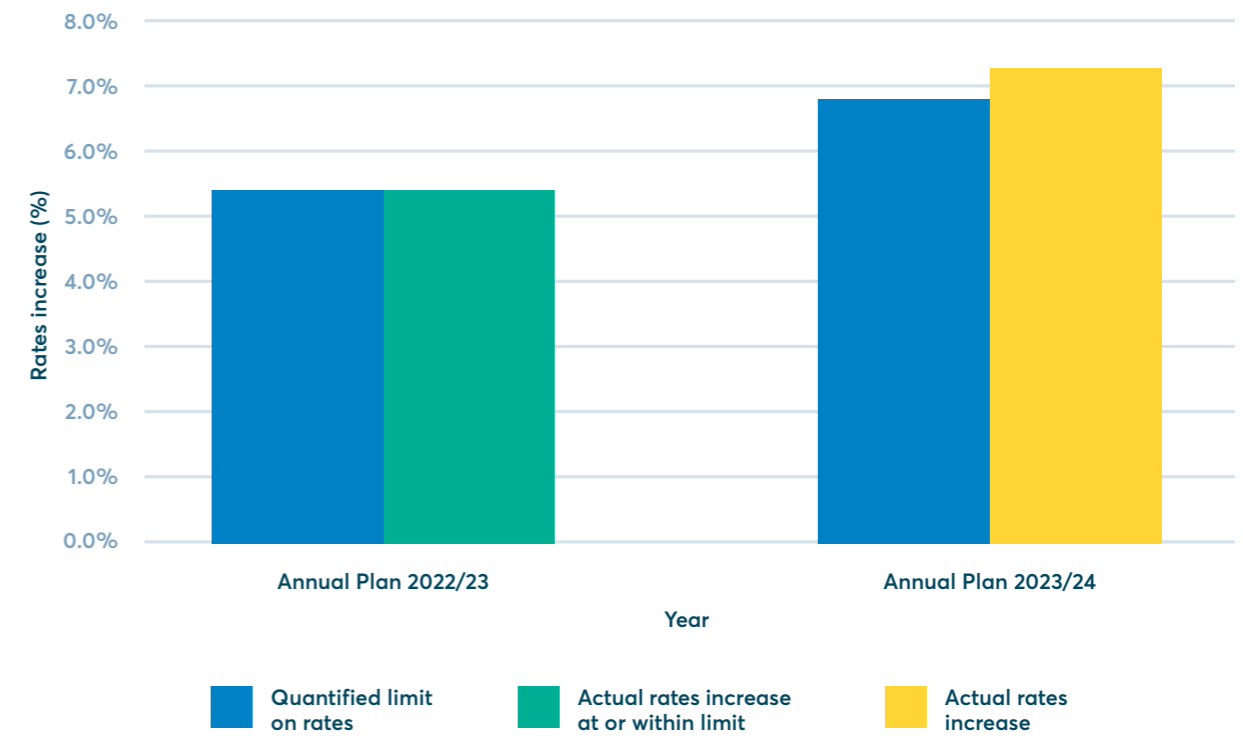
The Council meets the rates affordability benchmark if –

- Its planned rates increases equal or are less than each quantified limit on rates increases.

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 the Long Term Plan 2021-2031. The quantifies limit is the local government cost index plus 2.5% for each year of the Long Term Plan.

Council does not meet the Rates affordability benchmark for 2023/24 – see page 29 – 30 for more information.



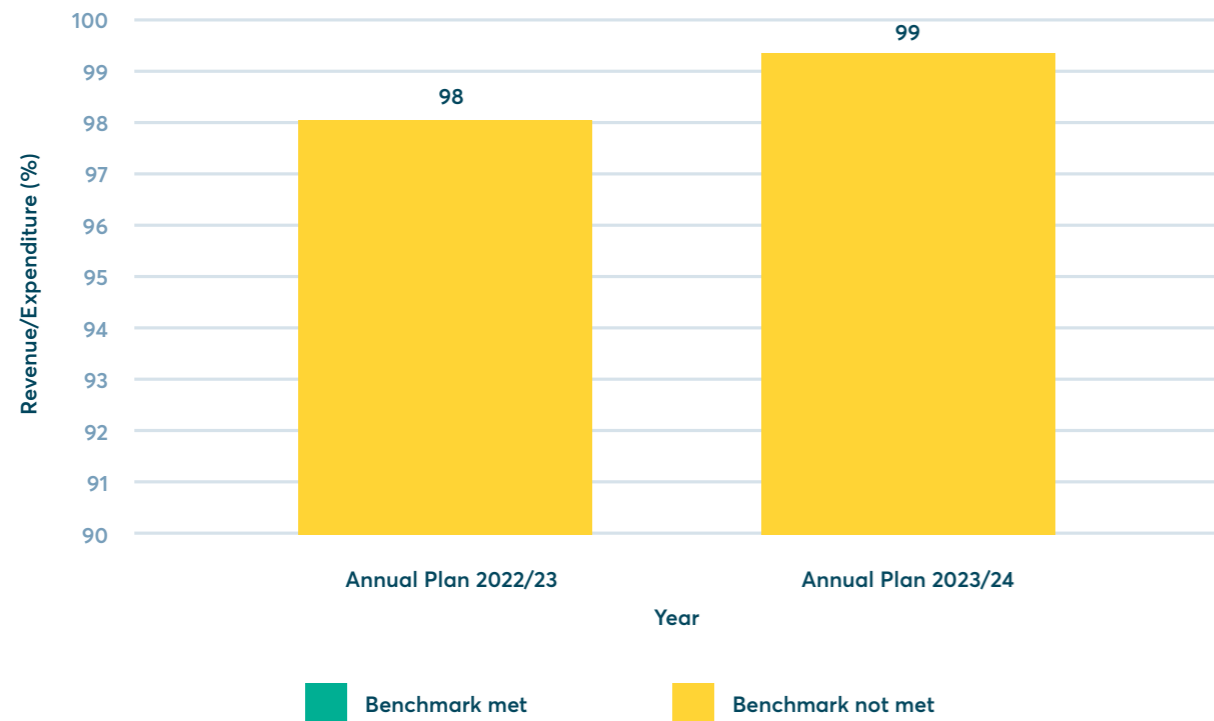
Annual Plan Disclosure Statement

Balanced budget benchmark

The following graph displays the Council's planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

The Council meets this benchmark if its planned revenue equals or is greater than its planned operating expenses.

Council does not meet the balanced budget benchmark for 2023/24 – see page 29 for more information.

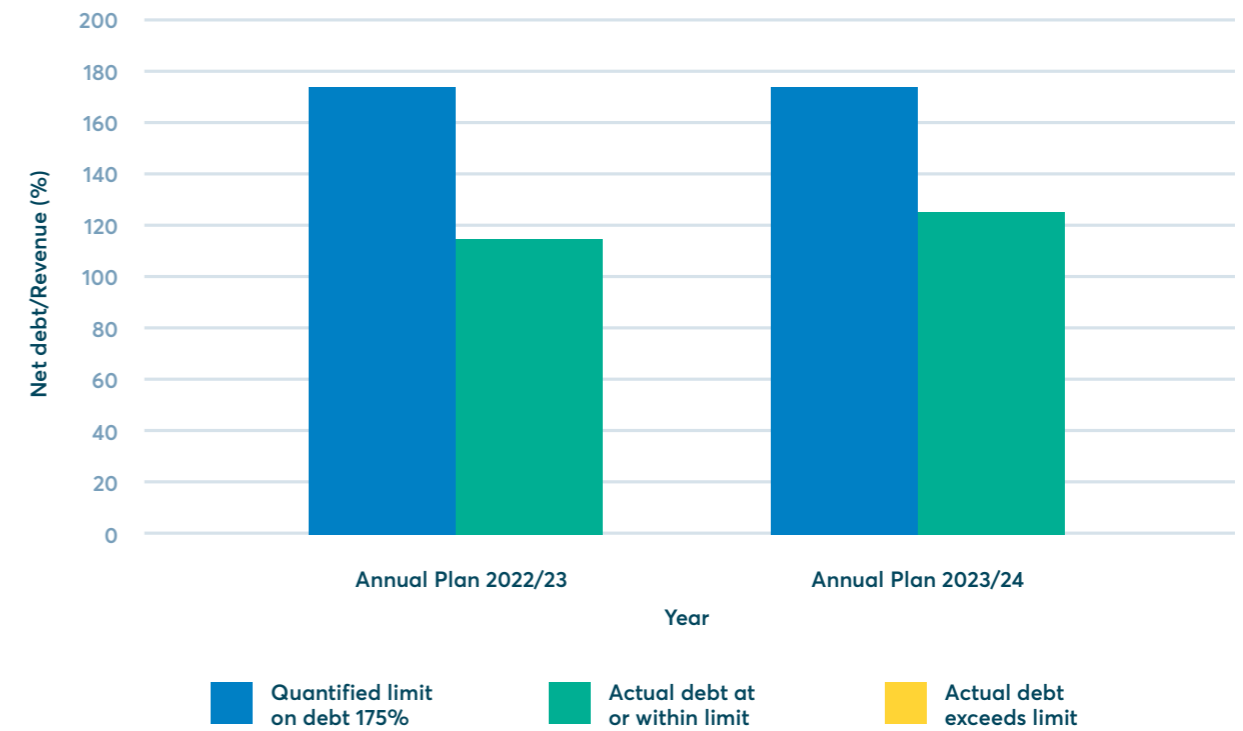


Annual Plan Disclosure Statement

Debt affordability benchmark

The Council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

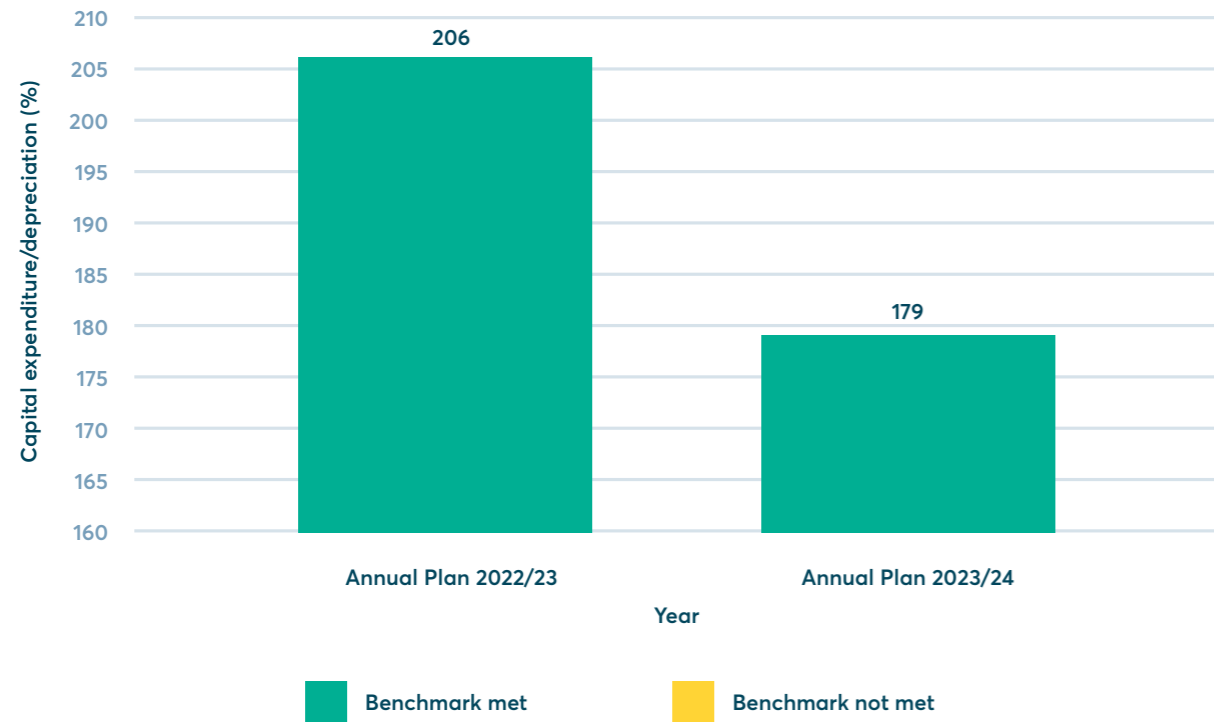
The following graph compares the Council's planned debt with a quantified limit on borrowing contained in the Financial Strategy included in the Long Term Plan. The quantified limit is that net external borrowings are not to exceed 175% of revenue. Net external borrowings are defined as external debt and overdraft less cash balances, term deposits and borrower notes.



Annual Plan Disclosure Statement

Essential services benchmark

The following graph displays the Council's planned capital expenditure on network services as a proportion of expected depreciation on network services. The Council meets this benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.

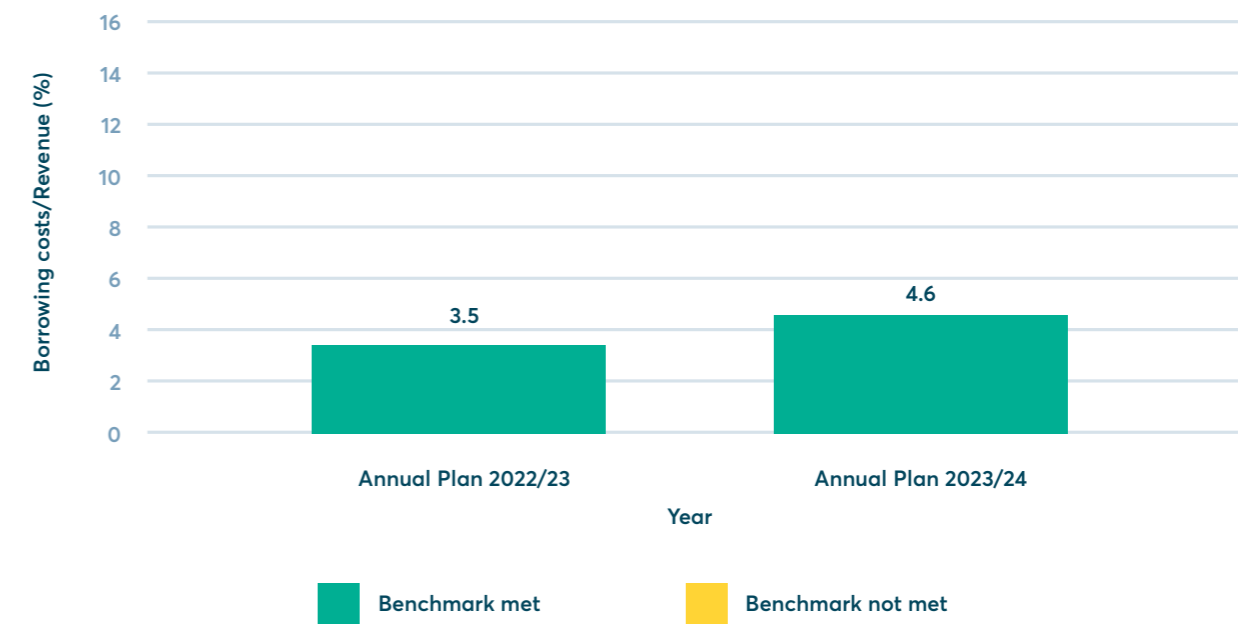


Annual Plan Disclosure Statement

Debt servicing benchmark

The following graph displays the Council's planned borrowing costs 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).

A local authority meets the debt servicing benchmark for a year if its borrowing costs for the year equal or are less than 10% of its revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) for the year.



Council Controlled Organisations

Council Controlled Organisations

Council controlled organisations deliver strategic outcomes or public benefit for the city. Council controlled trading organisations are set up with the primary objective of returning a profit, as well as delivering agreed strategic outcomes for Nelson.

The seven organisations that Council owns or part owns are:

- Port Nelson (50% with Tasman District Council)
- Nelmac Ltd
- Nelson Airport Ltd (50% with Tasman District Council)
- Nelson Regional Development Agency
- Tasman Bays Heritage Trust (Nelson Provincial Museum) (50% with Tasman District Council)
- Bishop Suter Trust
- City of Nelson Civic Trust

Further details on Council controlled organisations can be found in the accounting information

section of the Long Term Plan 2021-2031 and their respective statements of intent.

Note: Council, alongside Tasman District Council, has resolved to create a holding company for Port Nelson Ltd and Nelson Airport Ltd. The intention is that the new holding company (Infrastructure Holdings Ltd) will be operational from 1 July 2023, with the underlying borrowings in Port Nelson Ltd and Nelson Airport Ltd being transferred to the Local Government Funding Agency over the first quarter of 2023/24. The lower cost of borrowing will flow through to increased dividends for the shareholding councils.

Council will also be establishing a new Council Controlled Organisation to manage the Nelson Marina in the new financial year. Decision-making and management for the Marina is currently carried out by Council, but the new Council Controlled Organisation will provide a more commercially focused and dynamic management structure to fulfil the future development plans for Nelson Marina.

Contact us


Contact us

Contact information

 Civic House, 110 Trafalgar Street, Nelson City Council

 PO Box 645, Nelson, 7040

 enquiry@ncc.govt.nz

 03 546 0200

 nelson.govt.nz

Attend a Council meeting

Council meetings are advertised in Our Nelson and on Council's website. Members of the public are welcome to attend open parts of meetings of the Council and its committees. Council meetings are also streamed live on Council's YouTube channel: youtube.com/user/NelsonCouncil

Public forums

There is a public forum at the beginning of most ordinary Council and committee meetings where up to 30 minutes will be available for members of the public to speak to Council. (Note that five minutes is the time limit given to an individual speaker). You need to book a time before the meeting by contacting a Council Governance Adviser on 03 546 0200.

Petitions

The presentation of a petition to Council or its committees must also conform to certain rules. Petitions need to be provided to the Chief Executive at least five working days before the meeting it is being presented at. For more information contact a Council Governance Adviser on 03 546 0200.

Council Customer Service Centre

Open from 8.30am to 5.00pm weekdays (9.00am on Wednesdays) in Civic House, corner Halifax and Trafalgar Streets, Nelson.

Correspondence

Written correspondence to Council should be addressed to the Chief Executive, PO Box 645, Nelson, 7040. Emails should be sent to enquiry@ncc.govt.nz



