

Funding Impact Statement

HOW MUCH WILL MY RATES COST?

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

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

If part of scheme:

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

DIFFERENTIALS

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

RATES AND CHARGES

The 'funding impact statement' sets out the rates and charges that are planned for the next year. Unless otherwise stated, rates and charges are shown including GST. The rates included in this Funding Impact Statement will be set and assessed for each year of the Long Term Plan 2021-2031, except the last year of the Clean Heat Warm Homes rate will be 2021-2022, the last year of the Solar Saver rate will be 2021-2022.

RATING UNITS

The projected number of rating units within Nelson at 30 June 2021 is 22,730.

The projected total capital value of rating units within Nelson at 30 June 2021 is \$16,360,715,869.

The projected total land value of rating units within Nelson at 30 June 2021 is \$7,518,384,956.

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 declarations for unoccupied or second residential units not being used as separate units.

Examples of Rates for 2021/22

To further clarify the rates changes from 2020/21 to those for the 2021/22 rating year a selection of properties has been shown to provide a guide. The following table is GST inclusive.

Examples of Total Impact of General and Targeted Rates on Different Land Uses and Values (GST Inclusive)											
Property Type	2018 Land Value	2020/21 Rates	2021/22 Rates								
			General Rate	UAGC	Stormwater / Flood Protection	Waste water	Water Annual Charge	Water Volumetric (Based on 160m ³)	Total Rates	% increase on 2020/21	\$ increase on 2020/21
Residential	\$147,000	\$2,547	\$836	\$431	\$382	\$508	\$200	\$345	\$2,702	6.10	\$155
	\$160,000	\$2,614	\$910	\$431	\$382	\$508	\$200	\$345	\$2,776	6.18	\$162
	\$175,000	\$2,692	\$995	\$431	\$382	\$508	\$200	\$345	\$2,861	6.28	\$169
	\$220,000	\$2,926	\$1,251	\$431	\$382	\$508	\$200	\$345	\$3,117	6.53	\$191
	\$275,000	\$3,212	\$1,564	\$431	\$382	\$508	\$200	\$345	\$3,430	6.78	\$218
	\$315,000	\$3,420	\$1,791	\$431	\$382	\$508	\$200	\$345	\$3,657	6.94	\$237
	\$370,000	\$3,706	\$2,104	\$431	\$382	\$508	\$200	\$345	\$3,970	7.13	\$264
	\$400,000	\$3,862	\$2,274	\$431	\$382	\$508	\$200	\$345	\$4,141	7.23	\$279
	\$435,000	\$4,043	\$2,474	\$431	\$382	\$508	\$200	\$345	\$4,340	7.32	\$296
	\$495,000	\$4,355	\$2,815	\$431	\$382	\$508	\$200	\$345	\$4,681	7.47	\$325
	\$650,000	\$5,161	\$3,696	\$431	\$382	\$508	\$200	\$345	\$5,562	7.78	\$401
	\$800,000	\$5,940	\$4,549	\$431	\$382	\$508	\$200	\$345	\$6,415	7.99	\$475
Multi Residential (Two flats - Two UAGC & Wastewater Charges)											
	\$320,000	\$4,390	\$2,002	\$862	\$382	\$1,016	\$399		\$4,661	6.69	\$294
	\$1,100,000	\$8,649	\$6,880	\$862	\$382	\$1,016	\$200		\$9,340	6.19	\$535
Empty Residential Section (Water annual charge included if water meter is installed)											
	\$113,000	\$1,357	\$643	\$431	\$382				\$1,456	8.46	\$115
	\$295,000	\$2,504	\$1,677	\$431	\$382		\$200		\$2,690	6.74	\$169
	\$560,000	\$3,881	\$3,184	\$431	\$382		\$200		\$4,197	6.29	\$245
Small Holding (Water annual charge included if water meter installed)											
	\$370,000	\$2,501	\$1,894	\$431	\$382				\$2,707	7.09	\$176
	\$520,000	\$3,403	\$2,661	\$431	\$382		\$200		\$3,674	6.40	\$218
Rural (Water annual charge included if water meter installed)											
	\$920,000	\$3,543	\$3,400	\$431					\$3,831	5.58	\$197
	\$2,140,000	\$7,865	\$7,910	\$431			\$200		\$8,540	5.40	\$425
Commercial - Outside Inner City / Stoke - 1 Unit	\$475,000	\$8,103	\$7,368	\$431	\$382	\$127	\$200		\$8,508	4.78	\$387
Commercial - Outside Inner City / Stoke - 1 Units	\$530,000	\$8,915	\$8,222	\$431	\$382	\$127	\$200		\$9,361	4.73	\$421
Commercial - Outside Inner City / Stoke - 3 Units	\$205,000	\$5,225	\$3,180	\$1,293	\$382	\$381	\$200		\$5,435	5.68	\$297
Commercial - Stoke - 1 Unit	\$44,000	\$1,556	\$704	\$431	\$382	\$127	\$0		\$1,644	7.73	\$120
Commercial - Inner City - 2 Units	\$365,000	\$7,403	\$6,078	\$862	\$382	\$254	\$200		\$7,775	5.34	\$396
Commercial - Inner City - 2 Units	\$415,000	\$8,191	\$6,910	\$862	\$382	\$254	\$200		\$8,608	5.27	\$433
Commercial - Inner City - 1 Unit	\$1,450,000	\$23,967	\$24,144	\$431	\$382	\$127	\$200		\$25,284	4.75	\$1,138
This table includes water charges based on consumption for occupied residential properties only at \$2.159 per cubic meter and an usage of 160m ³ costing \$345.37 (GST Incl).											

GENERAL RATE

A general rate set under section 13 of the Local Government (Rating) Act 2002 is based on the ratable value of the land. General rates are set at different rates in the dollar of ratable value for different categories of ratable land. The general rate is 0.56862 cents in the land value dollar (including GST) for the 2021/22 rating year for the base differential category. An explanation of the differential categories, the relative differentials for each category and the amount in the land value dollar for each category is set out at the end of this funding impact statement.

This compares to the previous year's rate of 0.51973 in the land value dollar in the 2020/21 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 13% of rates, excluding Solar Saver and Clean Heat Warm Homes targeted rates and water annual charge and water volumetric rate, through the UAGC.

The UAGC is \$430.91 including GST per separately used or inhabited part of a rating unit for the 2021/22 rating year. The charge for 2021/22 is \$3.73 less than the charge of \$434.64 for the 2020/21 rating year.

The rates revenue sought from the uniform annual general charge and certain targeted rates set as a fixed amount has resulted in 19.68% of the total revenue from all rates sought by Council. This is well within the 30% limit set by Section 21 of the Local Government (Rating) Act 2002.

DIFFERENTIALS

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

CATEGORIES OF DIFFERENTIALS BASED ON LAND USE

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

General Rate

Residential – all rating units that are primarily used for residential purposes or undeveloped rating units zoned for future residential use.

Multi Residential – all rating units that contain more than one residential dwelling that

are capable of being used primarily for residential purposes.

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

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

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

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

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

Rating categories

Council has adopted the following differentials:

- Single residential category with non-rateable portion and Multi Residential category have an additional 10% general rate differential
- Rural have a negative 35% general rate differential
- Small holdings have a negative 10% general rate differential

Commercial rates are set to collect 23.1% of the total rates excluding water annual charge and water volumetric rate, Clean Heat Warm Homes and Solar Saver charges. This has decreased from 23.6% in the Annual Plan 2020/21 and the reduction affects all commercial properties. 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 \$19,010,695 (including water annual charge) in rates for the 2021/22 rating year compared to \$18,063,800 the previous year. Council will continue to reduce the proportion of rates collected from commercial properties by 0.5% per year (to be reviewed annually) for the first three years of the 2021/31 Long Term Plan. 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 2021/22	Differential %	Cents in the dollar
Residential – single unit	0.0	0.56862
Residential empty section	0.0	0.56862
Single residential unit forming part of a parent valuation, the remainder of which is non-rateable	10.0	0.62549
Multi Residential	10.0	0.62549
Rural (excluding residentially zoned land)	-35.0	0.36961
Small holding	-10.0	0.51176
Category 2021/22	Differential %	Cents in the dollar

Commercial – excluding inner city and Stoke commercial

100% commercial and industrial (occupied and empty)	172.8	1.55123
25% residential/75% commercial	129.6	1.30556
50% residential/50% commercial	86.4	1.05991
75% residential/25% commercial	43.2	0.81427

Commercial – inner city

100% commercial and industrial (occupied and empty)	192.83	1.66513
25% residential/75% commercial	144.6	1.39085
50% residential/50% commercial	96.4	1.11678
75% residential/25% commercial	48.2	0.84270

Commercial – Stoke

100% commercial and industrial (occupied and empty)	181.2	1.59897
25% residential/75% commercial	135.9	1.34138
50% residential/50% commercial	90.6	1.08380

75% residential/25% commercial	45.3	0.82621
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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 2021/22, is as follows:

Category	Total Revenue to be collected (\$)
Residential	58,724,546
Multi-residential	4,947,048
Commercial (Inner City, Stoke and other)	19,010,695
Rural	557,617
Small holding	1,824,529

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

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

STORMWATER AND FLOOD PROTECTION CHARGE

The stormwater and flood protection charge is a uniform targeted rate set under section 16 of the Local Government (Rating) Act 2002 per rating unit and is \$382.10 for the 2021/22 rating year. It recovers the funding required by Council for stormwater and flood protection purposes. It is assessed on all rating units excluding:

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

The charge for 2021/22 is \$46.74 higher than the charge of \$335.36 for the 2020/21 rating year.

TARGETED RATES FOR CLEAN HEAT WARM HOMES

The Clean Heat Warm Homes (CHWH) rates are targeted rates under Section 16 of the Local Government (Rating) Act 2002 and are assessed on each separately used or inhabited part of a rating unit that has been provided with home insulation and/or a heater to replace a non-complying solid fuel burner in accordance with agreement of the original ratepayer. CHWH targeted rates are a source of funding for years 1 – 4 of the long term plan when all repayments under the scheme are scheduled to have been received.

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

rate is repaid in 2022.

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

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

The table below details the loan assistance bands:

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

TARGETED RATE FOR SOLAR HOT WATER SYSTEMS

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

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

Solar Saver targeted rates are a source of funding for years 1 – 4 of the long term plan when all repayments under the scheme are scheduled to have been received.

Calculation factors:

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

- 0.13847 (including GST) for agreements entered into after 1 July 2011 multiplied by the Net Cost of the Work.

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

WASTEWATER CHARGE

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

The wastewater charge for residential, multi-residential, rural and smallholding properties is \$508.07 per separately used or inhabited part of a rating unit including GST for the 2021/22 rating year compared to the previous year's rate of \$477.33. 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 \$127.02 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 Long Term Plan 2021-31.

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 2021/22 is \$199.60 per connection including GST compared with \$200.60 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) 2020/21	Cost (\$ per m3) 2021/22
Usage up to 10,000m ³ per year	2.092	2.159
Usage from 10,001 to 100,000m ³ per year	2.006	1.707

Usage over 100,000m ³ per year	1.584	1.347
Summer irrigation usage over 10,000m ³ per year	2.049	1.933

The water rates represent an average increase of 1.8% for the 2021/22 year for a residential water user based on 160m³ per annum.

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

PAYMENTS, PENALTIES AND DISCOUNTS

Payment methods for rates

Payment for rates can be made by Cash, EFTPOS, Direct Debit, Direct Credit 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 5% is added to each instalment or part thereof that is unpaid after the last date for payment. Previous year's rates that remain unpaid will have a further 5% penalty added.

Penalty dates

The penalty dates will be confirmed in Council's annual Rates Resolution.

FUNDING IMPACT STATEMENT

	Annual Plan 2020/21	Long-term Plan 2021/22	Long-term Plan 2022/23	Long-term Plan 2023/24	Long-term Plan 2024/25	Long-term Plan 2025/26	Long-term Plan 2026/27	Long-term Plan 2027/28	Long-term Plan 2028/29	Long-term Plan 2029/30	Long-term Plan 2030/31
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Sources of Operating Funding											
General Rates, uniform annual general charges, rates penalties	49,872	53,438	55,761	58,571	61,893	65,653	69,015	73,219	77,545	83,126	87,786
Targeted rates including water by meter	27,451	28,988	31,599	33,644	35,610	37,368	39,746	41,715	44,110	45,605	48,316
Subsidies and grants for operating purposes	4,999	7,634	6,866	7,140	7,236	7,107	8,248	8,385	8,540	9,609	9,782
Fees and charges	10,319	16,040	17,577	15,747	14,746	19,823	15,774	16,536	17,333	18,749	20,414
Interest and dividends from investments	2,758	2,450	2,771	3,619	3,744	4,083	4,436	4,743	4,854	4,964	5,079
Local authorities fuel tax, fines, infringement fees, and other receipts	12,670	17,635	18,928	20,076	20,767	21,481	21,605	22,152	22,926	23,183	23,903
Total Operating Funding	108,069	126,185	133,502	138,797	143,996	155,515	158,824	166,750	175,308	185,236	195,280
		0	0	0	0	0	0	0	0	0	0
Applications of operating funding											
Payments to staff and suppliers	92,481	102,375	108,277	106,869	108,004	115,083	116,712	119,097	122,480	127,483	135,545
Finance costs	3,011	3,077	3,751	4,527	5,554	6,582	7,452	8,150	8,780	9,150	9,470
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	95,492	105,453	112,028	111,396	113,558	121,665	124,164	127,247	131,260	136,633	145,014
Surplus (Deficit) of operating funding	12,576	20,732	21,474	27,401	30,438	33,850	34,660	39,503	44,048	48,603	50,266
Sources of capital funding											
Subsidies and grants for capital	10,150	11,392	8,009	5,356	8,433	8,178	10,681	8,882	7,443	6,324	8,750
Development and financial contributions	3,537	3,628	3,733	3,828	3,922	4,020	4,121	4,227	4,343	4,459	4,575
Increase (decrease) in debt	28,266	28,774	33,529	32,696	32,999	12,886	18,374	13,467	9,496	4,709	4,630
Gross proceeds from sale of assets	9,209	0	1,526	0	1,577	0	1,638	0	1,713	0	1,793
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	51,162	43,794	46,797	41,880	46,931	25,084	34,814	26,576	22,995	15,492	19,748
Applications of capital funding											
Capital Expenditure											
- to meet additional demand	8,892	4,560	5,753	4,805	14,288	8,266	12,324	13,676	16,632	13,788	17,084
- to improve level of service	39,266	38,283	41,939	40,105	43,940	27,980	32,799	24,823	24,456	26,628	30,391
- to replace existing assets	15,294	21,983	21,060	21,532	19,251	22,774	24,437	27,664	26,039	23,763	22,620
Increase (decrease) in reserves	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in investments	286	(300)	(480)	2,838	(110)	(85)	(84)	(84)	(84)	(84)	(84)
Total applications of capital funding	63,738	64,526	68,272	69,281	77,369	58,935	69,475	66,078	67,042	64,095	70,011
Surplus (Deficit) of capital funding	(12,576)	(20,732)	(21,475)	(27,401)	(30,438)	(33,851)	(34,661)	(39,502)	(44,047)	(48,603)	(50,263)
Funding balance	0	0	0	0	0	0	0	0	0	0	0

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 2020/21	Long-term Plan 2021/22	Long-term Plan 2022/23	Long-term Plan 2023/24	Long-term Plan 2024/25	Long-term Plan 2025/26	Long-term Plan 2026/27	Long-term Plan 2027/28	Long-term Plan 2028/29	Long-term Plan 2029/30	Long-term Plan 2030/31
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	12,576	20,732	21,474	27,401	30,438	33,850	34,660	39,503	44,048	48,603	50,266
Subsidies and grants for capital expenditure	10,150	11,392	8,009	5,356	8,433	8,178	10,681	8,882	7,443	6,324	8,750
Development and financial contributions	3,537	3,628	3,733	3,828	3,922	4,020	4,121	4,227	4,343	4,459	4,575
Vested Assets	7,311	5,071	5,223	5,359	5,498	5,647	5,794	5,956	6,123	6,300	6,470
Gains on sale	0										
Depreciation	(27,364)	(31,194)	(32,776)	(34,225)	(35,871)	(37,733)	(39,360)	(40,927)	(42,550)	(44,250)	(46,123)
Other non-cash income	732	(4,010)	1,128	1,106	1,086						
other non-cash expenditure	0	0	0	0	0	0	0	0	0	0	0
Net Surplus (Deficit) before taxation in Statement of Comprehensive Revenue and Expense	6,942	5,619	6,792	8,826	13,506	13,962	15,896	17,641	19,406	21,435	23,938

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 1300 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 2021/22 is estimated to be \$2,212,000

For 2021/22, the GST inclusive trade waste charges are:

- Trade waste A conveying charge \$739.00 per litre per minute
- Trade waste A treatment charge \$1,222.26 per kg BOD* per day
- Trade waste B combined charge \$2.23 per m³
- Wastewater charge \$127.02 per year.

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

For the previous year, 2020/21, the GST inclusive trade waste charges were:

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

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 2021/22 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 (\$)
2020/21	6,678,520	11,567	663.96
2021/22	8,177,685	12,422	739.00

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

Year	Total Cost (\$)	Average BOD loading (kg/day)	Cost/kg/ BOD/day (\$)
2020/21	4,218,864	4,266	1,137.18
2021/22	4,710,207	4,426	1,222.26

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

Method B: quantity approach

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

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

The 2021/22 charges compared with the previous year's charges are:

CONVEYING AND TREATMENT, INCLUDING GST

Year	Total Cost (\$)	Total effluent volume (m3)	Cost/m3 (\$)
2020/21	10,897,385	6,079,864	2.06
2021/22	12,887,891	6,528,991	2.23