

Supporting Financial Information for the Annual Plan 2023/24 Consultation Document



Table of Contents

Funding Impact Statement 2

Commercial Wastewater Charge – Trade Waste Charges13

Disclosure Statement.....15

Financial Statements21

 Summary of Capital Expenditure.....21

 Statement of Comprehensive Revenue and Expenses30

 Statement of Changes in Net Assets/Equity 31

 Statement of financial position32

 Cashflow statement33

 Funding impact statement (Activities).....34

Financial Reserves Estimates57

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:

- Postponement application charge.
- Postponement interest.

DIFFERENTIALS

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

RATES AND CHARGES

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

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

RATING UNITS

The projected number of rating units within Nelson at 30 June 2023 is 23,128.

The projected total capital value of rating units within Nelson at 30 June 2023 is \$23,227,925,000.

The projected total land value of rating units within Nelson at 30 June 2023 is \$12,670,928,000.

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 car parks.
- 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.

Examples of Total Impact of General and Targeted Rates on Different Land Uses and Values (GST Inclusive)										
No transfer from Comm to residential and 8.7% UAGC										
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	\$982	\$320	\$563	\$619	\$227	\$2,711	7.36	\$186
	\$305,000	\$2,663	\$1,130	\$320	\$563	\$619	\$227	\$2,860	7.40	\$197
	\$380,000	\$2,920	\$1,408	\$320	\$563	\$619	\$227	\$3,138	7.45	\$217
	\$430,000	\$3,092	\$1,594	\$320	\$563	\$619	\$227	\$3,323	7.47	\$231
	\$540,000	\$3,469	\$2,001	\$320	\$563	\$619	\$227	\$3,731	7.53	\$261
	\$560,000	\$3,538	\$2,075	\$320	\$563	\$619	\$227	\$3,805	7.54	\$267
	\$590,000	\$3,641	\$2,186	\$320	\$563	\$619	\$227	\$3,916	7.55	\$275
	\$625,000	\$3,761	\$2,316	\$320	\$563	\$619	\$227	\$4,046	7.56	\$284
	\$670,000	\$3,916	\$2,483	\$320	\$563	\$619	\$227	\$4,212	7.58	\$297
	\$870,000	\$4,602	\$3,224	\$320	\$563	\$619	\$227	\$4,953	7.64	\$351
	\$1,200,000	\$5,735	\$4,447	\$320	\$563	\$619	\$227	\$6,176	7.70	\$442
	\$1,500,000	\$6,764	\$5,559	\$320	\$563	\$619	\$227	\$7,288	7.74	\$524
Average Residential Land Value is \$500,000										
Multi Residential (Two flats - Two UAGC & Wastewater Charges)	\$510,000	\$4,703	\$2,079	\$639	\$563	\$1,238	\$455	\$4,975	5.78	\$272
	\$1,550,000	\$8,409	\$6,318	\$639	\$563	\$1,238	\$227	\$8,987	6.87	\$578
Empty Residential Section (Water annual charge included if water meter is installed)	\$200,000	\$1,517	\$741	\$320	\$563			\$1,624	7.05	\$107
	\$470,000	\$2,664	\$1,742	\$320	\$563		\$227	\$2,852	7.04	\$188
	\$860,000	\$4,003	\$3,187	\$320	\$563		\$227	\$4,297	7.35	\$295
Small Holding (Water annual charge included if water meter installed)	\$550,000	\$2,529	\$1,834	\$320	\$563			\$2,717	7.42	\$187
	\$700,000	\$3,214	\$2,335	\$320	\$563		\$227	\$3,445	7.20	\$231
Rural (Water annual charge included if water meter installed)	\$1,380,000	\$3,455	\$3,324	\$320				\$3,644	5.47	\$188
	\$2,230,000	\$5,572	\$5,372	\$320			\$227	\$5,919	6.22	\$347
Commercial - Outside Inner City / Stoke - 1 Unit	\$600,000	\$8,095	\$7,471	\$320	\$563	\$155	\$227	\$8,736	7.92	\$641
Commercial - Outside Inner City / Stoke - 1 Units	\$630,000	\$8,440	\$7,845	\$320	\$563	\$155	\$227	\$9,110	7.93	\$670
Commercial - Outside Inner City / Stoke - 3 Units	\$260,000	\$4,701	\$3,238	\$639	\$563	\$310	\$227	\$4,977	5.87	\$276
Commercial - Stoke - 1 Unit	\$53,000	\$1,706	\$798	\$320	\$563	\$155	\$0	\$1,836	7.58	\$129
Commercial - Inner City - 2 Units	\$385,000	\$7,847	\$6,836	\$639	\$563	\$310	\$227	\$8,575	9.28	\$728
Commercial - Inner City - 2 Units	\$435,000	\$8,644	\$7,724	\$639	\$563	\$310	\$227	\$9,463	9.47	\$820
Commercial - Inner City - 1 Unit	\$1,530,000	\$25,582	\$27,166	\$320	\$563	\$155	\$227	\$28,431	11.13	\$2,847
This table does not include water charges based on consumption. For occupied residential properties, this is charged at \$2.330 per cubic meter and an average usage of 160 m ³ costing \$372.80 (GST Incl).										

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 0.37058 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 2020/21 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 18.68% 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 used primarily for residential purposes.
- Multi Residential – all rating units that contain more than one residential dwelling that are capable of being used primarily for residential purposes.
- Commercial – any rating unit which is used primarily for commercial use. Properties that have a portion of residential use shall have a reduced commercial differential.
- Inner City Commercial – any rating unit which is used primarily for commercial use that is located within the Inner City Zone, as defined in the Nelson Resource Management Plan. Properties that have a portion of residential use shall have a reduced inner city commercial differential.
- Stoke Commercial – any rating unit which is used primarily for commercial use that is located within the Stoke commercial zone, as defined in the Nelson Resource Management Plan. Properties that have a portion of residential use shall have a reduced Stoke commercial differential.
- Rural – any rating unit having an area greater than 15 hectares which is used primarily for dairy, fattening and grazing, quarries, forestry or horticultural use and is recorded as rural on the District Valuation Roll.
- Small Holding – any rating unit which is primarily used as a small holding and having an area greater than 0.5 hectares but is less than 15 hectares and is recorded as a small holding on the District Valuation Roll.

RATING CATEGORIES

Council has adopted the following differentials:

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

Commercial rates are set to collect 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 \$21,240,797 (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	0.37058
Residential empty section	0.0	0.37058
Single residential unit forming part of a parent valuation, the remainder of which is non-rateable	10.0	0.40764
Multi Residential	10.0	0.40764
Rural	-35.0	0.24088
Small holding	-10.0	0.33352

Category 2023/24	Differential %	Cents in the dollar
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Commercial – excluding inner city and Stoke commercial

100% commercial and industrial (occupied and empty)	236.02	1.24524
25% residential/75% commercial	177	1.02651
50% residential/50% commercial	118	0.80787
75% residential/25% commercial	59	0.58923

Commercial – inner city

100% commercial and industrial (occupied and empty)	379.12	1.77553
25% residential/75% commercial	284.3	1.42415
50% residential/50% commercial	189.6	1.07321
75% residential/25% commercial	94.8	0.72189

Commercial – Stoke

100% commercial and industrial (occupied and empty)	306.31	1.50572
25% residential/75% commercial	229.7	1.22181
50% residential/50% commercial	153.2	0.93831
75% residential/25% commercial	76.6	0.65445

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	67,278,438
Multi-residential	6,123,713
Commercial (Inner City, Stoke and other)	21,240,797
Rural	470,346
Small holding	1,785,899

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 \$563.12 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.
- Rating units east of the Gentle Annie saddle.
- Saxton's Island.
- Council's stormwater network.

The charge for 2023/24 is \$108.69 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.

The wastewater charge for residential, multi residential, rural and smallholding properties is \$619.21 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 \$154.80 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 \$227.47 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 10,000m ³ per year	2.295	2.330
Usage from 10,001 to 100,000m ³ per year	1.962	2.162
Usage over 100,000m ³ per year	1.548	1.993
Summer irrigation usage over 10,000m ³ per year	2.129	2.162

The water rates represent an average increase of 2.1% 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.

PAYMENTS, PENALTIES AND DISCOUNTS

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 7 July 2023 and 8 January 2024.

FUNDING IMPACT STATEMENT

Nelson City Council

	Annual Plan 2022/23	Long-term Plan 2023/24	Annual Plan 2023/24	Difference to LTP 2023/24
	(\$000)	(\$000)	(\$000)	(\$000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	54,495	58,351	57,521	(830)
Targeted rates including water by meter	33,116	34,114	37,023	2,909
Subsidies and grants for operating purposes	7,517	8,308	14,812	6,504
Fees and charges	16,540	16,600	18,357	1,757
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	18,202	(742)
Total Operating Funding	133,285	140,403	149,536	9,133
Applications of operating funding				
Payments to staff and suppliers	105,942	110,302	120,510	10,208
Finance costs	4,994	4,860	7,856	2,996
Other operating funding applications	0	0	0	0
Total applications of operating funding	110,936	115,162	128,366	13,204
Surplus (Deficit) of operating funding	22,348	25,241	21,170	(4,071)
Sources of capital funding				
Subsidies and grants for capital	8,004	5,356	18,147	12,791
Development and financial contributions	3,733	3,828	3,828	0
Increase (decrease) in debt	36,959	34,356	27,465	(6,891)
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	49,440	5,900
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	5,255	4,882	12,176	7,294
- to improve level of service	49,279	39,817	38,045	(1,772)
- to replace existing assets	23,577	21,244	21,251	7
Increase (decrease) in reserves	0	0	(1,471)	(1,471)
Increase (decrease) in investments	80	2,838	610	(2,229)
Total applications of capital funding	78,191	68,781	70,610	1,829
Surplus (Deficit) of capital funding	(22,348)	(25,241)	(21,170)	4,071
Funding balance	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 2022/23	Long-term Plan 2023/24	Annual Plan 2023/24	Difference to LTP 2023/24
	(\$000)	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	22,348	25,241	21,170	(4,071)
Subsidies and grants for capital expenditure	8,004	5,356	18,147	12,791
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)	(40,976)	(6,567)
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	5,826	(745)

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 \$2,695,000 For 2023/24.

The GST inclusive trade waste charges are:

- Trade waste A conveying charge \$987.31 per litre per minute.
- Trade waste A treatment charge \$1,705.39 per kg BOD* per day.
- Trade waste B combined charge \$3.12 per m³.
- Wastewater charge \$155.14 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	11,397,533	11,544	987.31

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

Year	Total Cost (\$)	Average BOD Loading (kg/day)	Cost/kg/ BOD/day (\$)
2022/23	6,063,323	4,426	1,369.85
2023/24	7,530,652	4,416	1,705.39

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	18,928,186	6,067,566	3.12

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 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%	119%	Yes
Balanced budget benchmark	>100%	99%	No
Essential services benchmark	>100%	150%	Yes
Debt servicing benchmark	<10%	4.7%	Yes

NOTES AND GRAPHS

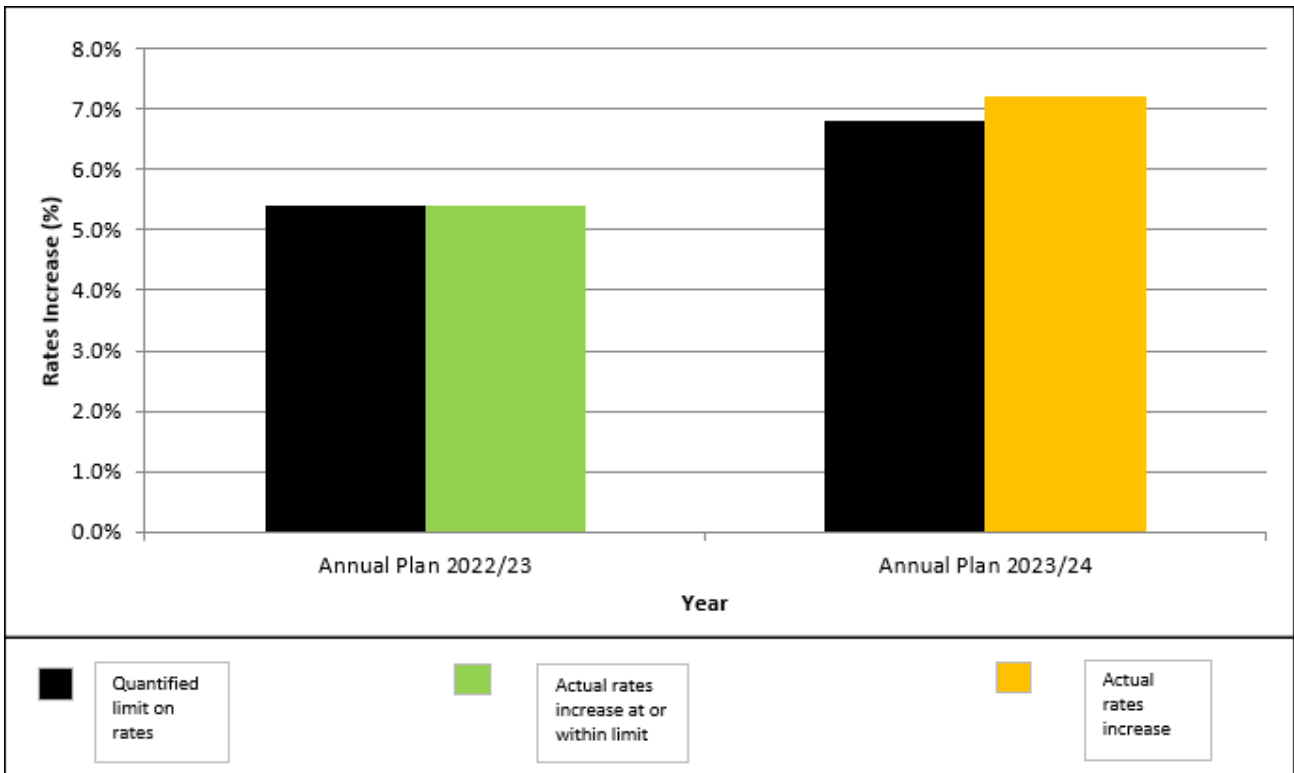
1 Rates affordability benchmark

The Council meets the rates affordability benchmark if –

- Its planned rates income equals or is less than each quantified limit on rates; and
- Its planned rates increases equal or are less than each quantified limit on rates increases.

Rates (increases) affordability

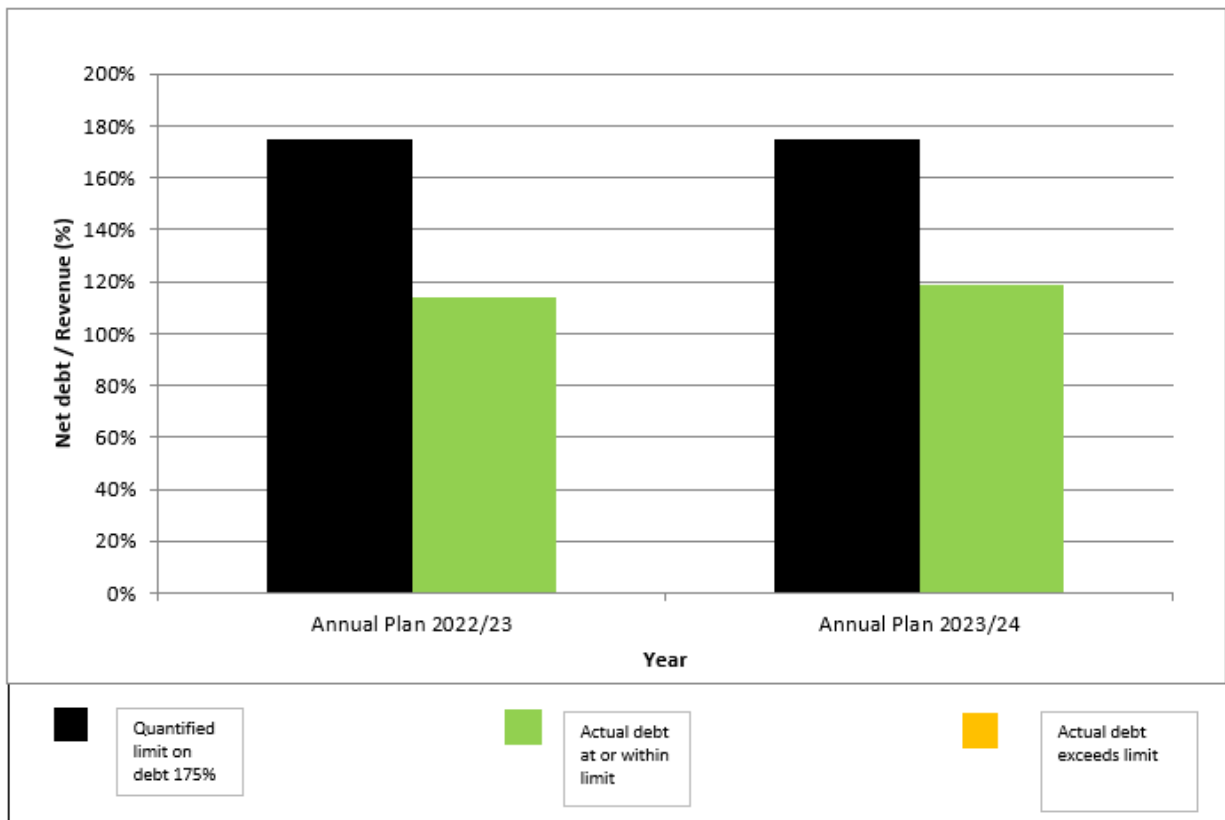
The following graph compares the Council's planned rates increases with a quantified limit on rates increases included in the financial strategy included in the Long Term Plan 2021-31. The quantified limit is the local government cost index plus 2.5% for each year of the Long Term Plan.



2 Debt affordability benchmark

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

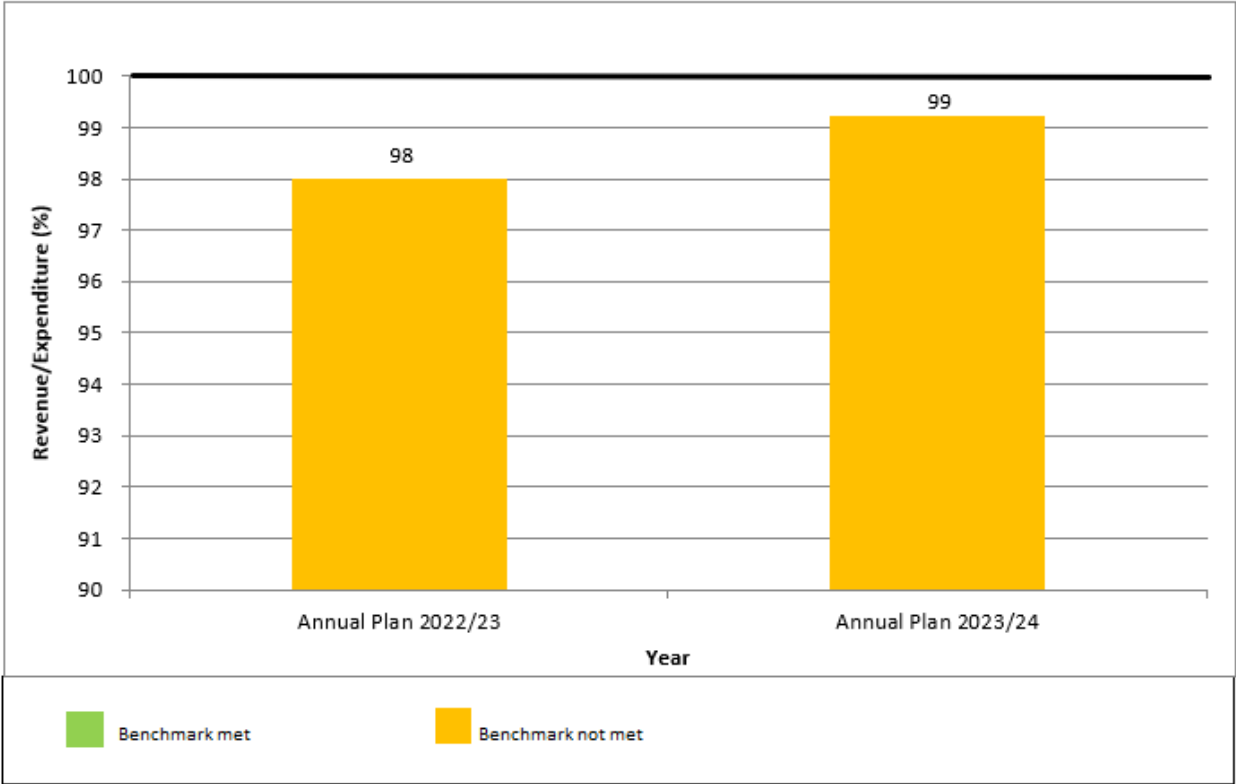
The following graph compares the Council's planned debt with a quantified limit on borrowing contained in the financial strategy included in the Long Term Plan. The quantified limit is that net external borrowings are not to exceed 175% of revenue. Net external borrowings are defined as external debt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



3 Balanced budget benchmark

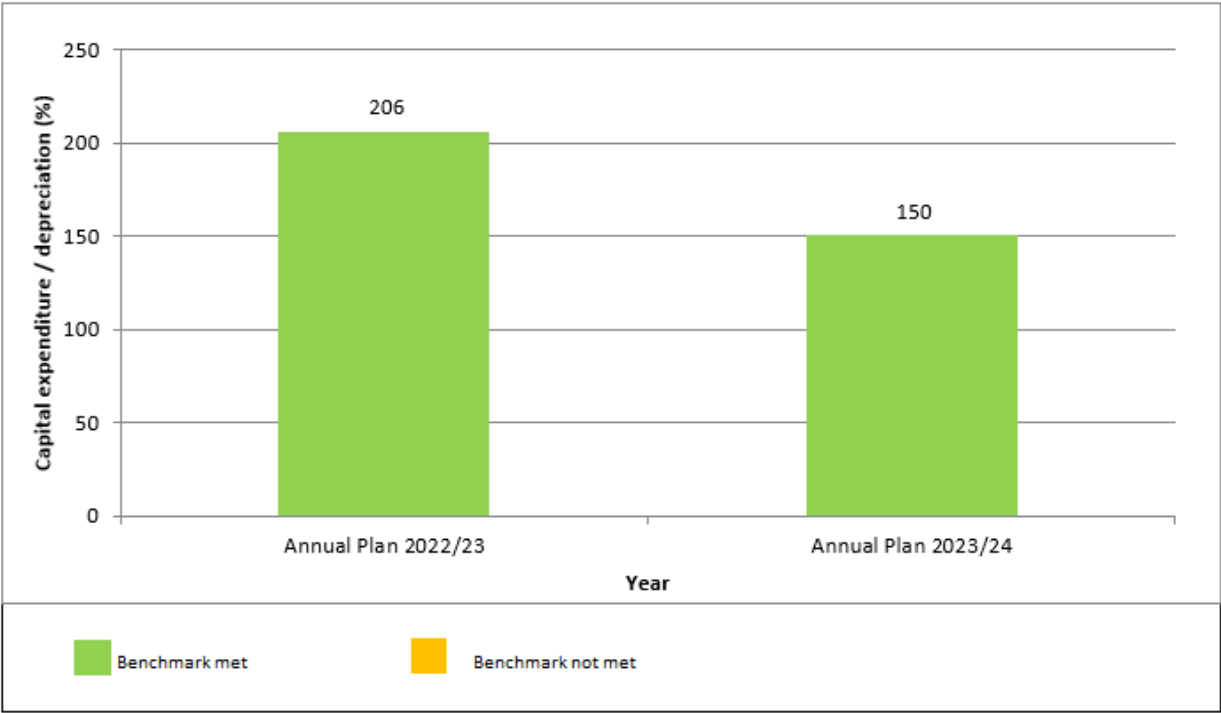
The following graph displays the Council's planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment) as a proportion of planned operating expenses (excluding losses on derivative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



4 Essential services benchmark

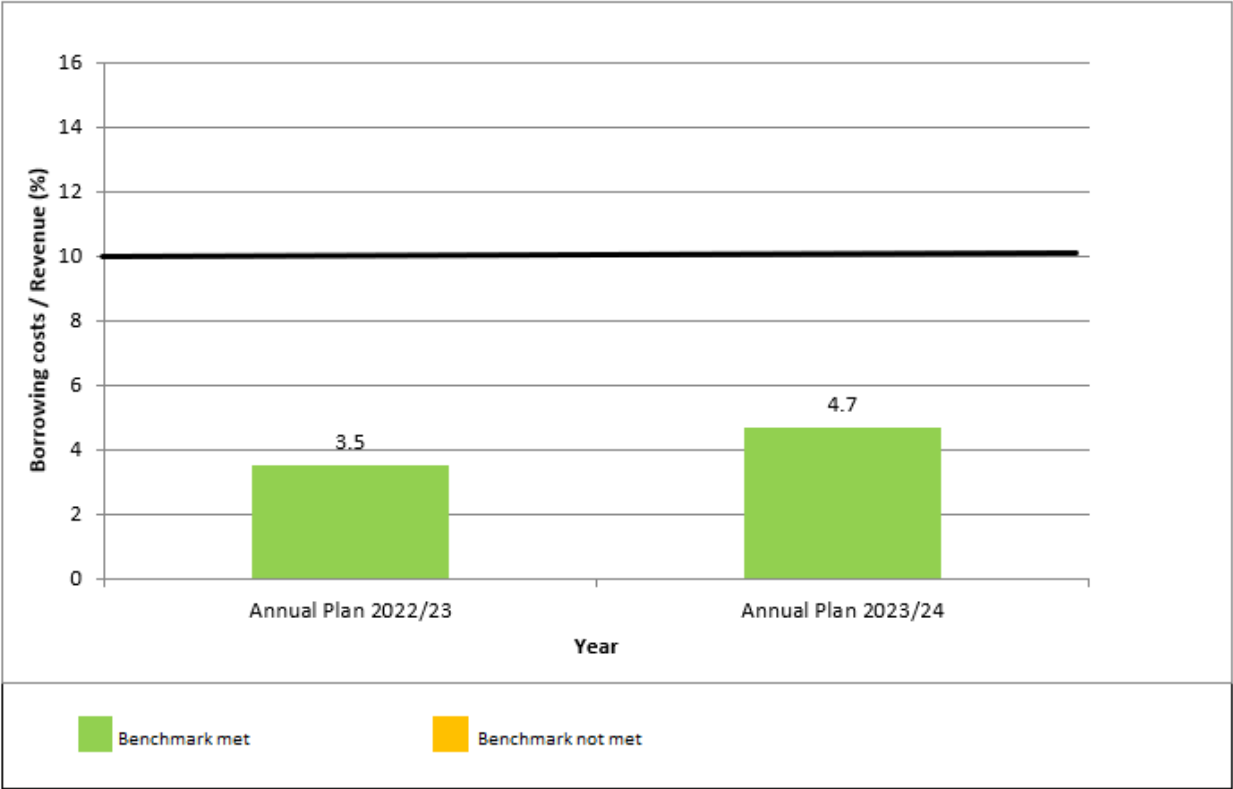
The following graph displays the Council's planned capital expenditure on network services as a proportion of expected depreciation on network services. The Council meets this benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.



5 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.



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

Project	Annual Plan 2022/23	Long-Term Plan 2023/24	Annual Plan 2023/24	Difference to LTP 2023/24
CORPORATE				
Investment Management				
COVID Inflation Allowance	1,800,000	-	-	-
Civic House				
Civic House Refurbishment	500,000	2,324,916	500,000	(1,824,916)
Civic House Roof Cladding	700,000	-	-	-
Civic House Renewal Program	175,100	-	-	-
Civic House Ceiling Tiles	1,500,000	-	700,000	700,000
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	50,000	21,810
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	-	-	355,297	355,297
Corporate Projects under \$100,000	516,628	626,125	656,612	30,487
Total Corporate	7,352,741	3,839,206	5,670,994	1,831,788
Scope Adjustment	(674,253)	(373,459)	(555,535)	(182,076)
Total Corporate Less Scope Adjustment	6,678,488	3,465,748	5,115,459	1,649,712
ENVIRONMENTAL MANAGEMENT				
Monitoring the Environment				
Renewals: Monitoring Equipment	266,900	11,281	298,181	286,900
Plant & Equipment	173,772	151,871	151,871	0
Healthy Streams	158,854	121,944	121,944	0
City Development				
Streets for People	800,000	-	400,000	400,000
CBD Enhancements	623,670	105,678	300,000	194,322
Navigation Safety				
Renewal: Boat/Trailer	300,000	4,227	140,000	135,773
Environmental Management Projects under \$100,000	104,298	3,593	47,849	44,256
Total Environmental Management	2,427,494	398,594	1,459,845	1,061,251
Scope Adjustment	(242,749)	(39,859)	(145,985)	(106,126)
Total Environmental Management Less Scope Adjustment	2,184,745	358,735	1,313,860	955,125

Project	Annual Plan 2022/23	Long-Term Plan 2023/24	Annual Plan 2023/24	Difference to LTP 2023/24
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	150,000	(325,551)
Minor Flood improvement prgm	121,200	42,271	-	(42,271)
Murphy Street	100,000	-	-	-
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	-	2,000,000	2,000,000
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)
Upgrade Urban Streams	82,400	105,678	-	(105,678)
Flood Protection Projects under \$100,000	707,208	522,853	510,894	(11,959)
Total Flood Protection	12,822,923	2,520,168	5,657,267	3,137,099
Scope Adjustment	(1,238,332)	(218,753)	(519,337)	(300,584)
Total Flood Protection Less Scope Adjustment	11,584,592	2,301,414	5,137,930	2,836,516
PARKS & ACTIVE RECREATION				
Public Gardens				
Miyazu Garden Pond Relining	260,848	132,098	-	(132,098)
Neighbourhood Parks				
Land Purchase: General Reserve	879,208	902,067	902,067	(0)
Reserve Development Programme	439,604	162,057	157,057	(5,000)
Landscape reserves				
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 & Forshore				
Modellers Pond Solution	236,900	-	-	-
Wakapuaka Sandflats Esplanade shared path	-	261,118	10,000	(251,118)
City to Maitai Hub track	281,580	-	449,019	449,019
Walkways				
Tahuna Beach to Great Taste Trail (airport)	194,761	-	-	-
Sports Parks				
Saltwater Cr bridge (Haven Rd - Traf Park)	80,000	-	132,180	132,180
Capital: Trafalgar Park Stand Removal	-	-	181,074	181,074
Guppy Park Facility	-	147,949	147,949	(0)
Capital: Minor Development Sports Parks	103,000	11,276	11,276	0
Trafalgar Centre				
Renewals: Minor Assets Trafalgar Centre	10,300	112,758	112,758	(0)
Saxton Field Stadium				
Basketball hoops	10,000	274,763	-	(274,763)
Pools				
Riverside Pool water heating system renewal	67,500	739,746	853,481	113,735
Renewals: Minor Assets Pools	133,900	68,691	34,345	(34,346)
Play Facilities				
Playground Development Programme	32,970	216,640	216,640	0
Macrocarpa play structure	-	107,369	5,000	(102,369)

Project	Annual Plan 2022/23	Long-Term Plan 2023/24	Annual Plan 2023/24	Difference to LTP 2023/24
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	-	-	-
Regional Community Facilities				
Water Sports Building	536,200	412,144	-	(412,144)
Parks & Active Recreation Projects under \$100,000	2,003,203	1,793,230	1,689,452	(103,778)
Total Parks & Active Recreation	6,214,900	8,073,001	8,226,344	153,343
Scope Adjustment	(589,129)	(767,249)	(787,106)	(19,857)
Total Parks & Active Recreation Less Scope Adjustment	5,625,771	7,305,752	7,439,238	133,486
SOCIAL				
Managing Heritage & Arts				
Art Works Programme	149,128	91,445	91,445	(0)
Founders park				
Collection Store	676,800	-	400,000	400,000
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 Cemetary				
Cemetery Capacity Purchase	50,000	-	1,289,000	1,289,000
Toilets (Charge)				
Montgomery Sq Toilet renewal	122,000	-	790,000	790,000
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	-	515,000	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	832,137	(76,087)
Total Social	7,062,945	19,518,048	4,752,630	(14,765,418)
Scope Adjustment	(667,695)	(1,918,479)	(432,163)	1,486,316
Total Social Less Scope Adjustment	6,395,250	17,599,569	4,320,467	(13,279,101)
SOLID WASTE				
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	0
Total Solid Waste	2,885,559	388,627	3,858,918	3,470,291
Scope Adjustment	(3,605)	(7,292)	(7,292)	(0)
Total Solid Waste Less Scope Adjustment	2,881,954	381,335	3,851,626	3,470,291

Project	Annual Plan 2022/23	Long-Term Plan 2023/24	Annual Plan 2023/24	Difference to LTP 2023/24
STORMWATER				
Haven/St Vincent Culvert renewal	2,000,000	126,814	1,200,000	1,073,186
Stormwater Pump Station Renewals	51,500	105,678	40,000	(65,678)
York Terrace	103,000	63,407	150,000	86,593
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
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	30,000	(1,703)
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	264,195	-
Centennial Park pump station outfall and stormwater Treatmen	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 Stormwater	840,480	862,332	862,332	(0)
Stormwater Projects under \$100,000	990,327	927,724	1,125,733	198,009
Total Stormwater	15,115,108	10,540,195	6,824,740	(3,715,455)
Scope Adjustment	(1,373,750)	(928,381)	(535,485)	392,896
Total Stormwater Less Scope Adjustment	13,741,358	9,611,813	6,289,255	(3,322,558)
TRANSPORT				
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	105,678	-
WC141 Devenish Place Flood Repairs	-	-	900,000	900,000
WC141 Ross Road Flood Repairs	-	-	100,000	100,000
WC141 Atmore Terrace Flood Repairs	-	-	250,000	250,000
WC141 Maitai Valley Road Flood Repairs	-	-	200,000	200,000
WC141 Cable Bay Road slip repairs	-	-	850,000	850,000
WC141 Walters Bluff slip drainage	-	-	200,000	200,000
WC141 Arrow Street Retaining Wall Slip Protection	-	-	100,000	100,000
WC141 Glen Road flood repairs	-	-	150,000	150,000
WC141 333 Wakefield Quay	-	-	200,000	200,000
WC 213 Drainage Renewals	164,852	169,138	169,138	0
WC216 Trafalgar Centre Footbridge	250,178	636,182	636,182	0
WC215 Structure replacement	476,650	58,123	58,123	0
WC 222 Traffic Services Renewal - Lighting	309,000	317,034	317,034	-
WC225 Renewals: Footpaths	1,236,000	1,268,136	1,804,136	536,000
WC 141 Days Track Flood Repairs	-	-	350,000	350,000

Project	Annual Plan 2022/23	Long-Term Plan 2023/24	Annual Plan 2023/24	Difference to LTP 2023/24
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	6,628	(627,440)
WC341Z School Speed Zone Signs	-	158,517	-	(158,517)
WC341W Dommatt 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
WC 341Z Toi Toi/Vanguard intersection upgrade	100,000	-	100,000	100,000
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	83,848	(1,607,000)
WC 341L Waimea Road Franklyn Street intersection improvement	20,000	-	1,400,000	1,400,000
WC 341 Railway Reserve Improvements	27,475	225,517	-	(225,517)
WC341L Selwyn Place Pedestrian Crossings	150,000	-	-	-
WC 341W Railway Reserve Songer Street	200,000	-	-	-
WC341L Traffic calming to support speed reduction	100,000	-	100,000	100,000
WC341Z St Vincent Street Toi Toi Street raised roundabout	80,000	-	600,000	600,000
WC341Z Nile Tasman Roundabout raised platform	230,000	-	600,000	600,000
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	-	-	-
WC341 W Andrew Street crossing	-	-	150,000	150,000
WC341W Railway Reserve Lighting	50,000	215,670	308,193	92,523
WC341W Seymour Ave Shared Patth	300,000	-	-	-
Transport Choices	-	-	4,000,000	4,000,000
WC151 Asset Management Capex	126,500	52,839	52,839	-
Unsubsidised Roding				
Structures replacement	103,000	634,068	162,868	(471,200)
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)
Road Drainage Improvements	154,500	42,271	100,000	57,729
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				
Building Improvements	885,041	-	-	-
Public Transport				
WC 531 CBD interchange	500,000	105,678	105,678	-
WC532 PT Minor Improvements	276,000	105,678	105,678	-
Vested Assets				
Vested Assets Unsubsidised Roding	2,391,660	2,453,843	2,453,843	(0)
Transport Projects under \$100,000				
	1,763,218	1,308,086	1,734,021	425,935
Total Transport	14,705,443	13,573,689	27,448,281	13,874,592
Scope Adjustment	(1,148,190)	(1,039,152)	(2,409,714)	(1,370,562)
Total Transport Less Scope Adjustment	13,557,253	12,534,538	25,038,567	12,504,029

Project	Annual Plan 2022/23	Long-Term Plan 2023/24	Annual Plan 2023/24	Difference to LTP 2023/24
WASTEWATER				
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	-	-	-
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	105,678	-
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	264,195	-
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	105,678	-
Washington Valley Sewer Upgrade	1,380,997	929,966	50,000	(879,966)
Natural Hazards Risk Remediation Wastewater	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 Wastewater	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	11,217,184	1,152,847
Scope Adjustment	(1,054,733)	(620,858)	(565,970)	54,888
Total Wastewater Less Scope Adjustment	12,833,689	9,443,478	10,651,214	1,207,736

Project	Annual Plan 2022/23	Long-Term Plan 2023/24	Annual Plan 2023/24	Difference to LTP 2023/24
WATER SUPPLY				
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)
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	-	-	-
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	-	-	-
Fire Flow Upgrades	51,500	105,678	-	(105,678)
Water Loss Reduction Programme	154,500	158,517	158,517	-
Natural Hazards Risk Remediation	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	125,000	19,322
Dam Upgrades	884,500	1,199,445	1,499,445	300,000
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	-	-	300,000	300,000
Flood Recovery 2022 - Headworks	-	-	175,000	175,000
Vested Assets				
Vested Assets Water Supply	1,345,180	1,380,155	1,380,155	0
Water Supply Projects under \$100,000	721,626	537,249	624,404	87,155
Total Water Supply	8,546,156	9,045,385	8,344,260	(701,125)
Scope Adjustment	(695,105)	(745,558)	(671,488)	74,070
Total Water Supply Less Scope Adjustment	7,851,051	8,299,827	7,672,772	(627,055)
TOTAL CAPITAL	83,334,150	71,302,208	76,830,388	5,528,180
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	71,471,457	5,528,180
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	63,081,345	420,489

FUNDING IMPACT STATEMENT

Nelson City Council

	Annual Plan 2022/23	Long-term Plan 2023/24	Annual Plan 2023/24	Difference to LTP 2023/24
	(\$000)	(\$000)	(\$000)	(\$000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	54,495	58,351	57,521	(830)
Targeted rates including water by meter	33,116	34,114	37,023	2,909
Subsidies and grants for operating purposes	7,517	8,308	14,812	6,504
Fees and charges	16,540	16,600	18,357	1,757
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	18,202	(742)
Total Operating Funding	133,285	140,403	149,536	9,133
Applications of operating funding				
Payments to staff and suppliers	105,942	110,302	120,510	10,208
Finance costs	4,994	4,860	7,856	2,996
Other operating funding applications	0	0	0	0
Total applications of operating funding	110,936	115,162	128,366	13,204
Surplus (Deficit) of operating funding	22,348	25,241	21,170	(4,071)
Sources of capital funding				
Subsidies and grants for capital	8,004	5,356	18,147	12,791
Development and financial contributions	3,733	3,828	3,828	0
Increase (decrease) in debt	36,959	34,356	27,465	(6,891)
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	49,440	5,900
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	5,255	4,882	12,176	7,294
- to improve level of service	49,279	39,817	38,045	(1,772)
- to replace existing assets	23,577	21,244	21,251	7
Increase (decrease) in reserves	0	0	(1,471)	(1,471)
Increase (decrease) in investments	80	2,838	610	(2,229)
Total applications of capital funding	78,191	68,781	70,610	1,829
Surplus (Deficit) of capital funding	(22,348)	(25,241)	(21,170)	4,071
Funding balance	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 2022/23	Long-term Plan 2023/24	Annual Plan 2023/24	Difference to LTP 2023/24
	(\$000)	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	22,348	25,241	21,170	(4,071)
Subsidies and grants for capital expenditure	8,004	5,356	18,147	12,791
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)	(40,976)	(6,567)
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	5,826	(745)

**NELSON CITY COUNCIL
FORECAST FINANCIAL STATEMENTS
ANNUAL PLAN 2023/24**

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

	Annual Plan 2022/23	Long-term Plan 2023/24	Annual Plan 2023/24	Difference to LTP 2023/24
	(\$000)	(\$000)	(\$000)	(\$000)
Revenue				
Rates other than metered water, net of remissions	77,967	82,739	84,490	1,751
Subsidies and grants	15,520	13,665	32,960	19,295
Fees and charges including metered water	41,652	42,761	39,950	(2,811)
Other Revenue	15,105	15,781	15,584	(197)
Development/financial contributions	0	0	3,828	3,828
Interest received	0	1	60	59
Other gains/losses	1,042	1,106	(1,702)	(2,808)
Total Revenue	151,286	156,052	175,170	19,118
Expenses				
Personnel costs	28,639	28,959	29,931	972
Finance costs	4,964	4,770	7,856	3,086
Depreciation and amortisation	33,466	34,409	40,976	6,567
Other expenses	77,304	81,343	90,580	9,237
Total Expenses	144,374	149,481	169,344	19,863
Net Surplus/(Deficit) before Taxation	6,912	6,571	5,826	(745)
Taxation	0	0	0	0
Net Surplus/(Deficit)	6,912	6,571	5,826	(745)
Increase in asset revaluation reserves	30,554	27,977	38,338	10,361
Total Other Comprehensive Revenue and Expense	30,554	27,977	38,338	10,361
Total Comprehensive Revenue and Expense	37,466	34,548	44,164	9,616

STATEMENT OF CHANGES IN NET ASSETS/EQUITY				
	Annual Plan 2022/23	Long-term Plan 2023/24	Annual Plan 2023/24	Difference to LTP 2023/24
	(\$000)	(\$000)	(\$000)	(\$000)
Equity at beginning of year	1,777,155	1,742,705	2,043,581	300,876
Total comprehensive revenue and expense	37,466	34,548	44,164	9,616
Equity at end of year	1,814,621	1,777,253	2,087,745	310,492

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	Long-term Plan 2023/24	Annual Plan 2023/24	Difference to LTP 2023/24
	(\$000)	(\$000)	(\$000)	(\$000)
Current Assets				
Cash and cash equivalents	11,070	5,586	16,278	10,692
Inventories	0	0	0	0
Trade and other receivables	20,125	12,276	22,279	10,003
Other financial assets	3,762	1,063	567	(496)
Taxation	0	0	0	0
Derivative financial instruments	59	0	209	209
Total Current Assets	35,016	18,925	39,333	20,408
Non Current Assets				
Trade and other receivables	0	0	0	0
Investments accounted for using the equity method	36,663	36,663	36,663	0
Investment in subsidiaries	8,200	8,200	8,200	0
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	2,237,283	294,013
Derivative financial instruments	1,185	0	3,806	3,806
Total Non Current Assets	1,989,406	2,004,289	2,306,203	301,914
Total Assets	2,024,422	2,023,215	2,345,536	322,321
Current Liabilities				
Bank overdraft	0	0	0	0
Trade and other payables	23,152	22,576	26,277	3,701
Employee benefit liabilities	2,390	2,493	2,612	119
Provisions	264	0	269	269
Taxation payable	0	0	0	0
Current portion of borrowings	30,539	66,318	49,048	(17,270)
Derivative financial instruments	0	954	0	(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	0	14,266	0	(14,266)
Non-current portion of borrowings	144,757	134,644	171,521	36,877
Total Non-Current Liabilities	153,456	153,621	179,585	25,964
Total Liabilities	209,801	245,961	257,791	11,830
Net Assets	1,814,621	1,777,253	2,087,745	310,492
Ratepayer's Equity				
Accumulated comprehensive revenue and expense	452,022	471,474	465,201	(6,273)
Other reserves	1,362,599	1,305,779	1,622,544	316,765
Total Ratepayer's Equity	1,814,621	1,777,253	2,087,745	310,492

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	Long-term Plan 2023/24	Annual Plan 2023/24	Difference to LTP 2023/24
	(\$000)	(\$000)	(\$000)	(\$000)
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash was provided from:				
Receipts from rates revenue	87,612	92,465	94,544	2,079
Subsidies and grants received	15,520	13,665	32,960	19,295
Receipts from other revenue	31,451	33,747	36,142	2,395
Development and financial contributions	3,733	3,828	3,828	0
Interest Received	0	1	60	59
Dividends Received	3,814	3,619	3,621	2
	142,130	147,325	171,155	23,830
Cash was disbursed to:				
Payments to suppliers	77,324	81,408	89,470	8,062
Payments to employees	28,566	28,894	29,927	1,033
Interest Paid	4,964	4,770	7,856	3,086
Tax Paid/(refund)	0	0	0	0
	110,854	115,072	127,253	12,181
Net Cash Flows from Operating Activities	31,276	32,253	43,902	11,649
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash was provided from:				
Other Investments	0	(440)	0	440
Sale of Investments and properties for resale	0	0	0	0
Repayment of LGFA borrower notes	0	0	0	0
Sale of biological assets	2,453	1,833	7,112	5,279
Sale of fixed assets	7,147	0	0	0
Repayment of community loans and advances	193	193	193	0
	9,793	1,586	7,305	5,719
Cash was disbursed to:				
Investments in LGFA* borrower notes	875	741	875	134
Community loans advanced	0	0	0	0
Other investments	300	0	1,146	1,146
Purchase of biological assets	0	30	5,592	5,562
Purchase of intangible assets	0	0	464	464
Purchase of fixed assets:				
Renewals	23,577	21,209	21,251	42
New works - growth	5,255	4,908	12,176	7,268
New works - Increased level of service	49,279	39,826	38,045	(1,781)
	79,286	66,714	79,549	12,835
Net Cash Flows from Investing Activities	(69,493)	(65,128)	(72,244)	(7,116)
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash was provided from:				
Proceeds from borrowings	37,701	32,360	27,826	(4,534)
Cash was applied to:				
Repayment of borrowings	0	0	0	0
Net Cash Flows from Financing Activities	37,701	32,360	27,826	(4,534)
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
Represented by:				
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.

FUNDING IMPACT STATEMENT	Transport			
	Annual Plan	Long-term	Annual Plan	Difference
	2022/23	Plan 2023/24	2023/24	to LTP
	(\$000)	(\$000)	(\$000)	2023/24
				(\$000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	11,548	13,247	12,922	(325)
Targeted rates including water by meter	0	0	0	0
Subsidies and grants for operating purposes	4,172	5,884	9,863	3,979
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	26,794	3,856
Applications of operating funding				
Payments to staff and suppliers	13,766	17,686	21,895	4,209
Finance costs	0	0	0	0
Internal charges and overheads applied *	470	398	588	190
Other operating funding applications	0	0	0	0
Total applications of operating funding	14,236	18,083	22,484	4,400
Surplus (Deficit) of operating funding	4,688	4,855	4,311	(544)
Sources of capital funding				
Subsidies and grants for capital	4,655	4,994	15,047	10,053
Development and financial contributions	321	329	329	0
Increase (decrease) in debt	1,502	(97)	2,898	2,995
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	18,274	13,048
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	908	237	3,081	2,844
- to improve level of service	4,872	4,547	10,699	6,152
- to replace existing assets	5,386	5,297	8,804	3,507
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	22,585	12,504
Surplus (Deficit) of capital funding	(4,688)	(4,855)	(4,311)	544
Funding balance	0	0	0	0

2023/24 Annual Plan Variances against Long Term Plan

The increase in payments to staff and suppliers of \$4.2 million is made up by these main contributing costs:

- \$2.5 million for OPEX related Flood recovery costs (offset by Waka Kotahi subsidies of \$1.8 million).
- \$1 million for operating costs for the transport choices project (fully subsidised by Waka Kotahi).
- An increase in staff costs of \$150,000. This variance sits mostly within the subsidised roading activity and reflects the most current understanding of where staff are spending their time.
- The balance of the difference is due mainly to an increase in the Public Transport minor improvements contract.

These costs are reflected in higher income within subsidies and grants for operating purposes \$4 million, with additional Waka Kotahi subsidies and contributions from Tasman District Council.

Internal charges (interest) have increased by \$180,000 in response to changes in the capital program since the Long Term Plan along with a higher than expected interest rate environment than predicted in the Long Term Plan.

The increase in subsidies and grants for capital of \$10.1 million reflects changes to the capital program in the subsidised roading sub-activity resulting in additional subsidies of \$7.5 million, as well as Three Waters Better off Funding of \$1 million and Infrastructure Acceleration Fund funding of \$1.5 million in unsubsidised roading.

The increase in debt of \$3 million is due to changes in the capital program and operating costs related to the Flood recovery.

These changes to the capital program are listed in the Summary of Capital Expenditure over \$100,000 tables section of this document.

Increased depreciation of \$2.8 million has resulted from the 2021/22 asset revaluation (the current proposal is to phase in the funding of this over 10 years).

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	Long-term Plan 2023/24	Annual Plan 2023/24	Difference to LTP 2023/24
	(\$000)	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	4,688	4,855	4,311	(544)
Subsidies and grants for capital expenditure	4,655	4,994	15,047	10,053
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)	(12,247)	(2,783)
Other non-cash income / Expenditure	0	0	0	0
Net Surplus (Deficit) before taxation in Cost of Service Statement	2,931	3,168	9,894	6,726

FUNDING IMPACT STATEMENT	Water Supply			
	Annual Plan 2022/23	Long-term Plan 2023/24	Annual Plan 2023/24	Difference to LTP 2023/24
	(\$000)	(\$000)	(\$000)	(\$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	14,362	468
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	14,416	475
Applications of operating funding				
Payments to staff and suppliers	7,539	7,725	7,613	(112)
Finance costs	0	0	0	0
Internal charges and overheads applied *	1,227	1,045	1,434	389
Other operating funding applications	0	0	0	0
Total applications of operating funding	8,765	8,770	9,047	277
Surplus (Deficit) of operating funding	5,068	5,172	5,370	198
Sources of capital funding				
Subsidies and grants for capital	0	0	1,330	1,330
Development and financial contributions	443	455	455	0
Increase (decrease) in debt	994	1,293	(862)	(2,155)
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	923	(825)
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	473	577	780	203
- to improve level of service	2,309	2,237	4,007	1,770
- to replace existing assets	3,724	4,105	1,506	(2,599)
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	6,293	(626)
Surplus (Deficit) of capital funding	(5,068)	(5,172)	(5,370)	(198)
Funding balance	0	0	0	0

2023/24 Annual Plan Variances against Long Term Plan

The decrease in payments to staff and suppliers of \$112,000 is mostly attributable to a decrease in staff costs of \$71,000 which reflects the most current understanding of where staff are spending their time.

Internal charges (interest) have increased by \$389,000 in response to changes in the capital program since the Long Term Plan along with a higher than expected interest rate environment than predicted in the Long Term Plan.

Increased depreciation of \$2.8 million has resulted from the 2021/22 asset revaluation (the current proposal is to phase in the funding of this over 10 years).

These costs are reflected in higher income within targeted rates of \$468,000.

The increase in subsidies and grants for capital of \$1.3 million reflects changes to the capital program resulting in additional funding of \$821,000 for the Fluoride project, \$420,000 for flood recovery work and IAF funding of \$89,000.

The decrease in debt of \$2.2 million is due to changes in the capital program, and additional capital subsidies and grants.

These changes to the capital program are listed in the Summary of Capital Expenditure over \$100,000 tables section of this document.

Reconciliation between the net surplus/(deficit) of operating funding in the funding impact statement and the net surplus/(deficit) in the cost of service statement				
	Annual Plan 2022/23	Long-term Plan 2023/24	Annual Plan 2023/24	Difference to LTP 2023/24
	(\$000)	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	5,068	5,172	5,370	198
Subsidies and grants for capital expenditure	0	0	1,330	1,330
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)	(6,833)	(1,393)
Other non-cash income / Expenditure	0	0	0	0
Net Surplus (Deficit) before taxation in Cost of Service Statement	1,423	1,567	1,702	135

FUNDING IMPACT STATEMENT	Wastewater			
	Annual Plan	Long-term	Annual Plan	Difference to LTP
	2022/23	Plan 2023/24	2023/24	
	(\$000)	(\$000)	(\$000)	(\$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	11,953	878
Subsidies and grants for operating purposes	0	0	0	0
Fees and charges	3,173	3,363	3,685	322
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	17,404	1,349
Applications of operating funding				
Payments to staff and suppliers	9,074	9,514	10,389	875
Finance costs	0	0	0	0
Internal charges and overheads applied *	121	107	266	159
Other operating funding applications	0	0	0	0
Total applications of operating funding	9,195	9,621	10,655	1,034
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	2,184	541
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	3,240	893
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	218	452	1,038	586
- to improve level of service	7,662	3,828	7,395	3,567
- to replace existing assets	4,308	4,501	1,555	(2,946)
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	9,989	1,208
Surplus (Deficit) of capital funding	(6,259)	(6,434)	(6,749)	(315)
Funding balance	0	0	0	0

2023/24 Annual Plan Variances against Long Term Plan

The increase in payments to staff and suppliers of \$875,000 is mainly due to an increase in the cost of running the Nelson Regional Sewerage Business Unit and the NCC share of those costs which is offset by a decrease in staff costs of \$75,000, which reflects the most current understanding of where staff are spending their time.

Internal charges (interest) have increased by \$159,000 in response to changes in the capital program since the Long Term Plan, along with a higher than expected interest rate environment than predicted in the Long Term Plan.

Increased depreciation of \$1.4 million has resulted from the 2021/22 asset revaluation (the current proposal is to phase in the funding of this over 10 years).

Movements in non-rate income include \$322,000 more commercial trade waste income than assumed in the LTP (included in fees and charges) as well as additional sundry income in the NCC share of the Nelson Regional Sewerage Business Unit (included in local authorities' fuel tax, fines, infringement fees and other receipts)

The additional \$878,000 of targeted rates reflects the requirement of the net growth in expenditure.

The increase in subsidies and grants for capital of \$352,000 reflects changes to the capital program resulting in additional funding of \$192,000 for flood recovery work and IAF funding of \$160,000.

The increase in debt of \$541,000 is due to changes in the capital program. These changes to the capital program are listed in the Summary of Capital Expenditure over \$100,000 tables section of this document.

Reconciliation between the net surplus/(deficit) of operating funding in the funding impact statement and the net surplus/(deficit) in the cost of service statement				
	Annual Plan 2022/23	Long-term Plan 2023/24	Annual Plan 2023/24	Difference to LTP 2023/24
	(\$000)	(\$000)	(\$000)	(\$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 STATEMENT	Stormwater			
	Annual Plan	Long-term	Annual Plan	Difference
	2022/23	Plan 2023/24	2023/24	to LTP
	(\$000)	(\$000)	(\$000)	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	6,471	418
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	6,476	418
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	1,256	552
Other operating funding applications	0	0	0	0
Total applications of operating funding	2,823	2,878	3,106	228
Surplus (Deficit) of operating funding	2,926	3,180	3,370	190
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	1,077	(4,104)
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	2,057	(3,512)
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	97	193	289	96
- to improve level of service	10,795	8,202	3,816	(4,386)
- to replace existing assets	2,009	355	1,322	967
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	5,427	(3,323)
Surplus (Deficit) of capital funding	(2,926)	(3,180)	(3,370)	(190)
Funding balance	0	0	0	0

2023/24 Annual Plan Variances against Long Term Plan

The decrease in payments to staff and suppliers of \$324,000 is due to various small budget cuts applied by activity managers in an effort to keep the rates requirement down.

Internal charges (interest) have increased by \$552,000 in response to changes in the capital program since the Long Term Plan, especially flood recovery costs in the 2022/23 year along with a higher than expected interest rate environment than predicted in the Long Term Plan.

Increased depreciation of \$917,000 has resulted from the 2021/22 asset revaluation (the current proposal is to phase in the funding of this over 10 years).

The additional \$418,000 of targeted rates reflects the requirement of the net growth in expenditure.

The increase in subsidies and grants for capital of \$592,000 reflects changes to the capital program resulting in additional funding of \$520,000 for flood recovery work and IAF funding of \$72,000.

The decrease in debt of \$4.1 million is due to changes in the capital program. These changes to the capital program are listed in the Summary of Capital Expenditure over \$100,000 tables section of this document.

Reconciliation between the net surplus/(deficit) of operating funding in the funding impact statement and the net surplus/(deficit) in the cost of service statement				
	Annual Plan 2022/23	Long-term Plan 2023/24	Annual Plan 2023/24	Difference to LTP 2023/24
	(\$000)	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	2,926	3,180	3,370	190
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)	(4,571)	(917)
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 STATEMENT	Flood Protection			
	Annual Plan	Long-term	Annual Plan	Difference
	2022/23	Plan 2023/24	2023/24	to LTP
	(\$000)	(\$000)	(\$000)	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	4,237	1,146
Subsidies and grants for operating purposes	0	0	252	252
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	4,489	1,398
Applications of operating funding				
Payments to staff and suppliers	802	968	1,550	582
Finance costs	0	0	0	0
Internal charges and overheads applied *	1,154	1,084	1,679	595
Other operating funding applications	0	0	0	0
Total applications of operating funding	1,956	2,052	3,229	1,177
Surplus (Deficit) of operating funding	862	1,039	1,260	221
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	3,878	2,615
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	3,878	2,615
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	0	0	25	25
- to improve level of service	11,499	2,266	5,113	2,847
- 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	5,138	2,837
Surplus (Deficit) of capital funding	(862)	(1,039)	(1,260)	(221)
Funding balance	0	0	0	0

2023/24 Annual Plan Variances against Long Term Plan

The increase in payments to staff and suppliers of \$582,000 is due to \$700,000 of OPEX related flood recovery costs which is offset by various small budget cuts applied by activity managers in an effort to keep the rates requirement down.

Internal charges (interest) have increased by \$595,000 in response to changes in the capital program since the Long Term Plan, along with a higher than expected interest rate environment than predicted in the Long Term Plan.

Decreased depreciation of \$172,000 has resulted from changes in the capital program in the first few years of the Long Term Plan.

Additional subsidies and grants for operating purposes is for flood recovery work of \$252,000.

The additional \$1.1 million of targeted rates reflects the requirement of the net growth in expenditure, including the repayment of flood recovery debt.

The increase in debt of \$2.6 million is due to changes in the capital program. These changes to the capital program are listed in the Summary of Capital Expenditure over \$100,000 tables section of this document.

Reconciliation between the net surplus/(deficit) of operating funding in the funding impact statement and the net surplus/(deficit) in the cost of service statement				
	Annual Plan 2022/23	Long-term Plan 2023/24	Annual Plan 2023/24	Difference to LTP 2023/24
	(\$000)	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	862	1,039	1,260	221
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)	(867)	172
Other non-cash income / Expenditure	0	0	0	0
Net Surplus (Deficit) before taxation in Cost of Service Statement	2,750	0	393	393

FUNDING IMPACT STATEMENT	Solid Waste			
	Annual Plan	Long-term	Annual Plan	Difference
	2022/23	Plan 2023/24	2023/24	to LTP
	(\$000)	(\$000)	(\$000)	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	4,192	1,090
Local authorities fuel tax, fines, infringement fees, and other receipts	2,700	3,482	271	(3,212)
Total Operating Funding	13,122	15,346	16,664	1,318
Applications of operating funding				
Payments to staff and suppliers	9,525	11,253	11,837	584
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	16,365	1,965
Surplus (Deficit) of operating funding	813	946	299	(647)
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)	4,016	4,714
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)	4,016	4,714
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	167	237	2,515	2,278
- to improve level of service	2,198	66	897	831
- 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	4,315	4,068
Surplus (Deficit) of capital funding	(813)	(946)	(299)	647
Funding balance	0	(0)	0	0

2023/24 Annual Plan Variances against Long Term Plan

The increase in payments to staff and suppliers of \$584,000 is due to an increase in staff costs of \$271,000 which reflects the most current understanding of where staff are spending their time.

As well as an increase in the Landfill charges of \$322,000.

Finance Costs for the regional landfill have risen by \$241,000 due to changes in the capital program as well as higher than anticipated interest rates.

Increased depreciation of \$404,000 has resulted from the 2021/22 asset revaluation (the current proposal is to phase in the funding of this over 10 years) as well as changes to the capital program.

Internal charges applied (recoveries from the landfill cost centre) have increased by \$1.1 million in response to the increased expenditure to be funded.

Additional subsidies and grants for operating purposes of \$138,000 is for the Waste Minimisation fund.

The variance in Fees and Charges and Local authorities fuel tax, fines, infringement fees and other receipts is due to a reallocation of the Local Disposal Levy from Regional Landfill to align with our annual reporting classifications.

The increase in debt of \$4.7 million is due to changes in the capital program. These changes to the capital program are listed in the Summary of Capital Expenditure over \$100,000 tables section of this document.

Reconciliation between the net surplus/(deficit) of operating funding in the funding impact statement and the net surplus/(deficit) in the cost of service statement

	Annual Plan 2022/23	Long-term Plan 2023/24	Annual Plan 2023/24	Difference to LTP 2023/24
	(\$000)	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	813	946	299	(647)
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 STATEMENT	Environment			
	Annual Plan	Long-term	Annual Plan	Difference to LTP
	2022/23	Plan 2023/24	2023/24	
	(\$000)	(\$000)	(\$000)	(\$000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	11,555	12,804	12,223	(581)
Targeted rates including water by meter	0	0	0	0
Subsidies and grants for operating purposes	1,706	364	1,023	659
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	19,656	1,385
Applications of operating funding				
Payments to staff and suppliers	18,422	17,880	21,503	3,623
Finance costs	0	0	0	0
Internal charges and overheads applied *	392	636	463	(173)
Other operating funding applications	0	0	0	0
Total applications of operating funding	18,814	18,516	21,966	3,450
Surplus (Deficit) of operating funding	(54)	(245)	(2,310)	(2,065)
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	3,623	3,019
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	3,623	3,019
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	55	0	40	40
- to improve level of service	1,412	342	876	534
- to replace existing assets	717	17	398	381
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	0	0	0	0
Total applications of capital funding	2,185	359	1,314	955
Surplus (Deficit) of capital funding	54	245	2,310	2,065
Funding balance	0	0	0	0

2023/24 Annual Plan Variances against Long Term Plan

The increase in payments to staff and suppliers of \$3.6 million is made up by these main contributing costs:

- \$2 million for grants from our housing reserve fund.
- An increase in staff costs of \$1.1 million. This variance reflects the most current understanding of where staff are spending their time and reflects the increase in consents volume funded by additional income as well as Ministry for the Environment grant funded work to be completed.
- \$352,000 for Wakapuaka Jobs for nature costs which is fully grant funded.

Internal charges (interest) have decreased by \$173,000 in response to changes in the capital program since the Long Term Plan along with a higher than expected interest rate environment than predicted in the Long Term Plan.

A decrease in depreciation of \$59,000 has resulted from changes to the capital program in the first few years of the Long Term Plan.

An increase in fees and charges of \$252,000 is primarily due to external income towards the Harbour Master services.

Increase in local authorities fuel tax, fines, infringement fees and other receipts of \$1.1 million is due to an anticipated increase in the volume and fees for Building and resource consents.

The increase in subsidies and grants for operating purposes of \$659,000 is for Staff and resource costs as detailed above.

The decrease of \$581,000 in rates reflects the requirement of the net expenditure. The increase in debt of \$3 million is due to changes in the capital program as well as reduction in our reserve due to grant distributions.

These changes to the capital program are listed in the Summary of Capital Expenditure over \$100,000 tables section of this document.

Reconciliation between the net surplus/(deficit) of operating funding in the funding impact statement and the net surplus/(deficit) in the cost of service statement

	Annual Plan 2022/23	Long-term Plan 2023/24	Annual Plan 2023/24	Difference to LTP 2023/24
	(\$000)	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	(54)	(245)	(2,310)	(2,065)
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)	(179)	59
Other non-cash income / Expenditure	0	0	0	0
Net Surplus (Deficit) before taxation in Cost of Service Statement	(251)	(483)	(2,489)	(2,006)

FUNDING IMPACT STATEMENT	Social			
	Annual Plan 2022/23	Long-term Plan 2023/24	Annual Plan 2023/24	Difference to LTP 2023/24
	(\$000)	(\$000)	(\$000)	(\$000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	16,532	15,885	16,430	545
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	19,708	1,715
Applications of operating funding				
Payments to staff and suppliers	18,235	15,203	16,767	1,564
Finance costs	0	0	0	0
Internal charges and overheads applied *	1,174	1,330	1,467	137
Other operating funding applications	0	0	0	0
Total applications of operating funding	19,409	16,534	18,234	1,701
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	5,448	(13,639)
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	5,819	(13,294)
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	610	552	1,842	1,290
- to improve level of service	4,702	16,494	1,326	(15,168)
- to replace existing assets	1,083	554	1,153	599
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	7,293	(13,279)
Surplus (Deficit) of capital funding	475	(1,459)	(1,474)	(15)
Funding balance	0	0	0	(1)

2023/24 Annual Plan Variances against Long Term Plan

Additional grants for operating purposes are primarily from the \$1.1 million from DIA for Three Waters Better off Funding.

The increase of \$545,000 in rates reflects the requirement of the net expenditure.

Payments to staff and suppliers have increased by \$1.6 million. This increase includes an increase in the allocation of staff costs, as well as \$400,000 for the Winter Festival, \$150,000 for the Arts Fund and \$500,000 for Toi Maori, all fully funded by Three Waters Better off Funding.

Internal charges (interest) have decreased by \$137,000 in response to a higher than expected interest rate environment than predicted in the Long Term Plan.

Increase in subsidies and grants for capital is \$345,000 from the Ministry of Business, Innovation & Employment (MBIE) for a toilet renewal program.

The decrease in debt required of \$13.6 million relates to changes in the capital programme, most notably the Elma Turner Library Extension/Relocation project.

These changes to the capital program are listed in the Summary of Capital Expenditure over \$100,000 tables section of this document.

Reconciliation between the net surplus/(deficit) of operating funding in the funding impact statement and the net surplus/(deficit) in the cost of service statement				
	Annual Plan 2022/23	Long-term Plan 2023/24	Annual Plan 2023/24	Difference to LTP 2023/24
	(\$000)	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	(475)	1,459	1,474	15
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)	(1,472)	(60)
Other non-cash income / Expenditure	0	0	0	0
Net Surplus (Deficit) before taxation in Cost of Service Statement	(1,767)	73	373	300

FUNDING IMPACT STATEMENT

Parks & Active Recreation

	Annual Plan 2022/23	Long-term Plan 2023/24	Annual Plan 2023/24	Difference to LTP 2023/24
	(\$000)	(\$000)	(\$000)	(\$000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	14,282	15,258	15,200	(58)
Targeted rates including water by meter	0	0	0	0
Subsidies and grants for operating purposes	46	47	97	50
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	4,363	454
Total Operating Funding	18,697	19,825	20,242	417
Applications of operating funding				
Payments to staff and suppliers	13,295	14,297	15,747	1,450
Finance costs	0	0	0	0
Internal charges and overheads applied *	2,190	1,861	2,610	749
Other operating funding applications	0	0	0	0
Total applications of operating funding	15,485	16,157	18,357	2,199
Surplus (Deficit) of operating funding	3,212	3,668	1,885	(1,783)
Sources of capital funding				
Subsidies and grants for capital	459	336	456	120
Development and financial contributions	1,904	1,952	1,952	0
Increase (decrease) in debt	52	1,350	3,147	1,797
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	5,555	1,917
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	2,387	2,286	2,222	(64)
- to improve level of service	1,333	1,607	968	(639)
- to replace existing assets	1,906	3,413	4,249	836
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	7,439	133
Surplus (Deficit) of capital funding	(3,212)	(3,668)	(1,885)	1,783
Funding balance	0	0	0	0

2023/24 Annual Plan Variances against Long Term Plan

The increase in payments to staff and suppliers of \$1.5 million is made up by these main contributing costs:

- \$414,000 of operating costs at the Marina which is funded within a closed cost centre.
- \$1.3 million of Flood recovery operating costs (debt funded)
- \$100,000 Tahunanui Facility – Feasibility and Concept study.
- A decrease in staff costs of \$422,000. This variance reflects the most current understanding of where staff are spending their time.

Internal charges (interest) have increased by \$749,000 in response to changes in the capital program since the Long Term Plan along with a higher than expected interest rate environment than predicted in the Long Term Plan.

A decrease in depreciation of \$366,000 has resulted from changes to the capital program in the first few years of the Long Term Plan.

Increase in local authorities fuel tax, fines, infringement fees and other receipts of \$454,000 is due to \$95,000 for recoveries related to the flood recovery costs and the balance is due to numerous smaller increases in rentals and fees.

Increase in Subsidies and grants for capital of \$120,000 is primarily due to the new tourism grant for the city to Maitai hub track.

The increase in debt of \$1.8 million is due to changes in the capital program as well as flood recovery operational costs.

These changes to the capital program are listed in the Summary of Capital Expenditure over \$100,000 tables section of this document.

Reconciliation between the net surplus/(deficit) of operating funding in the funding impact statement and the net surplus/(deficit) in the cost of service statement

	Annual Plan 2022/23	Long-term Plan 2023/24	Annual Plan 2023/24	Difference to LTP 2023/24
	(\$000)	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	3,212	3,668	1,885	(1,783)
Subsidies and grants for capital expenditure	459	336	456	120
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)	(3,580)	366
Other non-cash income / Expenditure	0	0	0	0
Net Surplus (Deficit) before taxation in Cost of Service Statement	1,978	2,010	712	(1,298)

FUNDING IMPACT STATEMENT	Economic			
	Annual Plan	Long-term	Annual Plan	Difference
	2022/23	Plan 2023/24	2023/24	to LTP
	(\$000)	(\$000)	(\$000)	2023/24
				(\$000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	2,535	2,656	2,139	(517)
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	2,464	(523)
Applications of operating funding				
Payments to staff and suppliers	2,633	2,754	2,691	(63)
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	2,775	(106)
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

2023/24 Annual Plan Variances against Long Term Plan

The rates requirement is reduced by \$517,000, partially due to small reductions in payments to staff and suppliers, internal interest and depreciation and partially due to \$313,000 of the events contestable fund payment being made from a reserve rather than rate funded.

The increase in debt of \$417,000 is due to the utilisation of the \$313,000 reserve as well as not needing to make debt repayments for grants related to the Science and Technology precinct project which did not go ahead in 2022/23.

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	Long-term Plan 2023/24	Annual Plan 2023/24	Difference to LTP 2023/24
	(\$000)	(\$000)	(\$000)	(\$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 STATEMENT	Corporate			
	Annual Plan	Long-term	Annual Plan	Difference
	2022/23	Plan 2023/24	2023/24	to LTP
	(\$000)	(\$000)	(\$000)	2023/24
				(\$000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	(1,958)	(1,498)	(1,393)	105
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		3,621	3,621
Internal charges and overheads recovered	8,410	8,052	11,154	3,102
Local authorities fuel tax, fines, infringement fees, and other receipts	5,852	6,569	2,887	(3,682)
Total Operating Funding	15,294	15,314	16,623	1,308
Applications of operating funding				
Payments to staff and suppliers	10,568	11,038	8,667	(2,371)
Finance costs	4,915	4,749	7,594	2,845
Internal charges and overheads applied *	831	900	1,286	386
Other operating funding applications	0	0	0	0
Total applications of operating funding	16,314	16,687	17,547	860
Surplus (Deficit) of operating funding	(1,020)	(1,373)	(925)	448
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	1,744	(33,453)
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	1,744	(33,453)
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	340	345	343	(2)
- to improve level of service	2,498	228	2,948	2,720
- to replace existing assets	3,841	2,892	1,825	(1,067)
Increase (decrease) in reserves	0	0	(1,471)	(1,471)
Increase (decrease) in investments	40,143	30,359	(2,826)	(33,185)
Total applications of capital funding	46,821	33,825	819	(33,005)
Surplus (Deficit) of capital funding	1,020	1,373	925	(448)
Funding balance	0	0	0	0

2023/24 Annual Plan Variances against Long Term Plan

The increase in subsidies and grants for operating purposes of \$331,000 is primarily from DIA for Three Waters Funding.

Fees and Charges have decreased by \$2.2 million due to reclassification of forestry harvest income to other non-cash income as per our annual report.

Interest and dividends from investments as well as local authorities fuel tax, fines, infringement fees and other receipts have a variance due to reclassifications.

Internal charges recovered (interest) have increased by \$3.1 million in response to changes in the capital program and flood recovery operating costs since the Long Term Plan along with a higher than expected interest rate environment than predicted in the Long Term Plan.

Payments to staff and suppliers has decreased by \$2.4 million primarily due to the reclassification of forestry operating expenditure to other non-cash income as per our annual report.

Finance costs have increased by \$2.8 million in response to changes in external debt in the first few years of the Long Term Plan along with a higher than expected interest rate environment than predicted in the Long Term Plan.

Internal charges applied (interest) have increased by \$386,000 in response to changes in the capital program and flood recovery operating costs since the Long Term Plan, along with a higher than expected interest rate environment than predicted in the Long Term Plan.

An increase in depreciation of \$197,000 has resulted from changes to the capital program in the first few years of the Long Term Plan.

The decrease in reserves is due to the reclassification of forestry operating income and expenditure as per our annual report.

Changes to debt and investment are due to reclassification of the contra of internal loans raised in our investment management cost centre.

Changes to the capital program are listed in the Summary of Capital Expenditure over \$100,000 tables section of this document.

Changes to other non-cash income and expenditure is due firstly to differences in our interest rate swaps and secondly to the reclassification of forestry operating income and expenditure as per our annual report.

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	Long-term Plan 2023/24	Annual Plan 2023/24	Difference to LTP 2023/24
	(\$000)	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	(1,020)	(1,373)	(925)	448
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)	(1,616)	(197)
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)	(4,243)	(1,451)

FINANCIAL RESERVES ESTIMATES

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

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	956,401	251,391		1,207,792
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	8,806,081		2,473,713	6,332,368
Founders Park Reserve	Founders	Founders development	408,241	63,901		472,142
Forestry Fund	Forestry	Self funded activity balance	472,970	1,498,615		1,971,585
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	773,742		890,025	(116,283)