

# Funding Impact Statement and Commercial Wastewater Charge – Trade Waste Charges

Funding Impact Statement	Page 2
Commercial Wastewater Charge	Page 14

# Funding Impact Statement

## HOW MUCH WILL MY RATES COST?

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

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

If part of scheme:

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

## DIFFERENTIALS

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

## RATES AND CHARGES

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

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

## RATING UNITS

The projected number of rating units within Nelson at 30 June 2018 is 22,235.

The projected total capital value of rating units within Nelson at 30 June 2018 is \$11,880,000,000.

The projected total land value of rating units within Nelson at 30 June 2018 is \$5,057,600,000.

## 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 carparks
- Storage units
- Properties subject to statutory declarations for unoccupied or second residential units not being used as separate units.

### **Examples of Rates for 2018/19**

To further clarify the rates changes from 2017/18 to those for the 2018/19 rating year a selection of properties has been shown to provide a guide. The following table is GST inclusive.

Examples of Total Impact of General and Targeted Rates on Different Land Uses and Values (GST Inclusive)										
Property Type	2015 Land Value	2017/18 Rates	2018/19 Rates							
			General Rate	UAGC	Stormwater/ Flood Protection	Waste water	Water Annual Charge	Total Rates	% increase on 2017/18	\$ increase on 2017/18
Residential	\$90,000	\$1,935	\$645	\$412	\$316	\$432	\$199	\$2,004	3.58	\$69
	\$105,000	\$2,039	\$753	\$412	\$316	\$432	\$199	\$2,112	3.60	\$73
	\$125,000	\$2,177	\$896	\$412	\$316	\$432	\$199	\$2,255	3.61	\$78
	\$147,000	\$2,329	\$1,054	\$412	\$316	\$432	\$199	\$2,413	3.63	\$85
	\$200,000	\$2,695	\$1,434	\$412	\$316	\$432	\$199	\$2,793	3.66	\$99
	\$210,000	\$2,764	\$1,506	\$412	\$316	\$432	\$199	\$2,865	3.67	\$102
	\$230,000	\$2,902	\$1,649	\$412	\$316	\$432	\$199	\$3,008	3.67	\$107
	\$255,000	\$3,074	\$1,828	\$412	\$316	\$432	\$199	\$3,188	3.68	\$113
	\$315,000	\$3,489	\$2,259	\$412	\$316	\$432	\$199	\$3,618	3.71	\$129
	\$330,000	\$3,592	\$2,366	\$412	\$316	\$432	\$199	\$3,725	3.71	\$133
	\$445,000	\$4,386	\$3,191	\$412	\$316	\$432	\$199	\$4,550	3.74	\$164
\$580,000	\$5,318	\$4,159	\$412	\$316	\$432	\$199	\$5,518	3.76	\$200	
Multi Residential (Two flats Two UAGC & Wastewater Charges)	\$220,000	\$4,011	\$1,735	\$824	\$316	\$864	\$398	\$4,137	3.16	\$127
	\$800,000	\$8,226	\$6,310	\$824	\$316	\$864	\$199	\$8,513	3.49	\$287
Empty Residential Section (Water annual charge included if water meter is installed)	\$82,000	\$1,283	\$588	\$412	\$316			\$1,316	2.62	\$34
	\$220,000	\$2,425	\$1,578	\$412	\$316		\$199	\$2,505	3.31	\$80
	\$405,000	\$3,702	\$2,904	\$412	\$316		\$199	\$3,831	3.50	\$129
Small Holding (Water annual charge included if water meter installed)	\$280,000	\$2,456	\$1,807	\$412	\$316			\$2,535	3.21	\$79
	\$385,000	\$3,298	\$2,485	\$412	\$316		\$199	\$3,412	3.45	\$114
Rural (Water annual charge included if water meter installed)	\$790,000	\$3,974	\$3,682	\$412				\$4,094	3.02	\$120
	\$1,940,000	\$9,324	\$9,042	\$412			\$199	\$9,653	3.53	\$329
Commercial - Outside Inner City / Stoke - 1 Unit	\$365,000	\$7,376	\$6,590	\$412	\$316	\$108	\$199	\$7,626	3.38	\$250
Commercial - Outside Inner City / Stoke - 2 Units	\$355,000	\$7,922	\$6,410	\$824	\$316	\$216	\$398	\$8,164	3.06	\$242
Commercial - Outside Inner City / Stoke - 2 Units	\$335,000	\$7,383	\$6,049	\$824	\$316	\$216	\$199	\$7,604	2.99	\$220
Commercial - Stoke - 1 Unit	\$35,000	\$1,664	\$810	\$412	\$316	\$108	\$0	\$1,646	-1.06	-\$18
Commercial - Inner City - 2 Units	\$290,000	\$8,873	\$7,058	\$824	\$316	\$216	\$199	\$8,613	-2.93	-\$260
Commercial - Inner City - 2 Units	\$330,000	\$9,884	\$8,031	\$824	\$316	\$216	\$199	\$9,586	-3.01	-\$298
Commercial - Inner City - 1 Unit	\$1,160,000	\$30,344	\$28,231	\$412	\$316	\$108	\$199	\$29,266	-3.55	-\$1,078

This table does not include water charges based on consumption. This is charged at \$2.076 per cubic meter and an average residential ratepayer uses 160 m<sup>3</sup> costing \$332.16 (GST Incl)

## GENERAL RATE

A general rate set under section 13 of the Local Government (Rating) Act 2002 is based on the ratable value of the land. General rates are set at different rates in the dollar of ratable value for different categories of ratable land. The general rate is 0.71705 cents in the land value dollar (including GST) for the 2018/19 rating year for the base differential category. An explanation of the differential categories, the relative differentials for each category and the amount in the land value dollar for each category is set out at the end of this funding impact statement.

This compares to the previous year's rate of 0.69042 in the land value dollar in the 2017/18 rating year for the base differential category.

## UNIFORM ANNUAL GENERAL CHARGE

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

It is assessed:

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

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

The UAGC is \$411.93 including GST per separately used or inhabited part of a rating unit for the 2018/19 rating year. The charge for 2018/19 is \$16.87 lower than the charge of \$428.80 for the 2017/18 rating year.

The rates revenue sought from the uniform annual general charge and certain targeted rates set as a fixed amount is 19.83% 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 have an additional 10% general rate differential
- Rural have a negative 35% general rate differential
- Small holdings have a negative 10% general rate differential

Commercial rates are set to collect 24.6% of the total rates excluding water annual charge and water volumetric rate, Clean Heat Warm Homes and Solar Saver charges. This has decreased from 25.1% in the Annual Plan 2017/18 and the reduction affects the inner city and Stoke commercial properties. 28.82% of this is funded from inner city commercial properties, 1.91% from Stoke commercial properties while 69.27% is funded from commercial excluding inner city and Stoke commercial properties. This would result in commercial properties paying a total of \$17,411,000 (including water annual charge) in rates for the 2018/19 rating year compared to \$17,198,501 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 2018/19	Differential %	Cents in the dollar
Residential – single unit	0.0	0.71705
Residential empty section	0.0	0.71705
Single residential unit forming part of a parent valuation, the remainder of which is non-rateable	10.0	0.78876
Multi Residential	10.0	0.78876
Rural	-35.0	0.46605
Small holding	-10.0	0.64535

Category 2018/19	Differential %	Cents in the dollar
Commercial – excluding inner city and Stoke commercial		
100% commercial and industrial (occupied and empty)	151.8	1.80554
25% residential/75% commercial	113.9	1.53378
50% residential/50% commercial	75.9	1.26130
75% residential/25% commercial	38.0	0.98954
Commercial – inner city		
100% commercial and industrial (occupied and empty)	239.4	2.43368
25% residential/75% commercial	179.6	2.00488
50% residential/50% commercial	119.7	1.57537
75% residential/25% commercial	59.9	1.14657
Commercial – Stoke		
100% commercial and industrial (occupied and empty)	222.7	2.31394
25% residential/75% commercial	167.0	1.91454
50% residential/50% commercial	111.4	1.51585
75% residential/25% commercial	55.7	1.11645

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 2018/19, is as follows:

Category	Total Revenue to be collected (\$)
Residential	41,645,000
Multi-residential	3,537,000
Commercial (Inner City, Stoke and other)	17,411,000
Rural	475,000
Small holding	1,651,000

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

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

## **STORMWATER AND FLOOD PROTECTION CHARGE**

The stormwater and flood protection charge is a uniform targeted rate set under section 16 of the Local Government (Rating) Act 2002 per rating unit and is \$316.32 for the 2018/19 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 2018/19 is \$28.68 higher than the charge of \$287.64 for the 2017/18 rating year.

## **TARGETED RATES FOR CLEAN HEAT WARM HOMES**

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

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

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

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



The table below details the loan assistance bands:

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

## TARGETED RATE FOR SOLAR HOT WATER SYSTEMS

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

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

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

Calculation factors:

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

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

## WASTEWATER CHARGE

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

The wastewater charge for residential, multiresidential, rural and smallholding properties is \$431.77 per separately used or inhabited part of a rating unit including GST for the 2018/19 rating year compared to the previous year's rate of \$407.97. 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 \$107.94 per separately used or inhabited part of a rating unit being 25% of the charge for the residential, multiresidential, rural and smallholding properties. Commercial properties are also assessed wastewater charges based on Council's Trade Waste Bylaw. These charges are set out in the Commercial Wastewater Charge – Trade Waste Charges section of this Long Term Plan 2018-28.

## 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 2018/19 is \$199.09 per connection including GST compared with \$189.32 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) 2017/18	Cost (\$ per m3) 2018/19
Usage up to 10,000m <sup>3</sup> per year	1.964	2.076
Usage from 10,001 to 100,000m <sup>3</sup> per year	1.550	1.676
Usage over 100,000m <sup>3</sup> per year	1.222	1.323
Summer irrigation usage over 10,000m <sup>3</sup> per year	1.757	1.876

The water rates represent an average increase of 4.9% for the 2018/19 year for an average water user.

Note: an average residential water user uses 160m<sup>3</sup> per annum.

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

## **PAYMENTS, PENALTIES AND DISCOUNTS**

### **Payment methods for rates**

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

### **Penalty on unpaid rates (excluding water volumetric rates)**

In accordance with Sections 57 and 58 of the Local Government (Rating) Act 2002, a penalty of 10% is added to each instalment or part thereof that is unpaid after the last date for payment. The penalty dates are 20 August 2018, 20 November 2018, 20 February 2019 and 20 May 2019. Previous year's rates that remain unpaid will have a further 10% penalty added on 6 July and 8 January.

### **Penalty on unpaid water volumetric rates**

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

### **Penalty remission on full payment of yearly rates**

The total annual rates, excluding water volumetric rates, may be paid in one lump sum by 20 November 2018 and any first instalment penalty already incurred will be remitted.

### **Discount for early payment of rates**

In accordance with Section 55 of the Local Government (Rating) Act 2002, a discount of 2% of the total year's rates, excluding water volumetric rates, will be allowed where they are paid in full on or before 20 August 2018.

**FUNDING IMPACT STATEMENT**

	Annual Plan 2017/18 (\$000)	Long-term Plan 2018/19 (\$000)	Long-term Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)	Long-term Plan 2021/22 (\$000)	Long-term Plan 2022/23 (\$000)	Long-term Plan 2023/24 (\$000)	Long-term Plan 2024/25 (\$000)	Long-term Plan 2025/26 (\$000)	Long-term Plan 2026/27 (\$000)	Long-term Plan 2027/28 (\$000)
<b>Sources of Operating Funding</b>											
General Rates, uniform annual general charges, rates penalties	45,657	46,728	49,001	51,380	52,605	54,496	56,075	57,649	59,587	60,810	62,949
Targeted rates including water by meter	23,940	25,707	27,075	28,483	30,748	31,787	33,085	34,496	35,921	37,055	38,207
Subsidies and grants for operating purposes	3,372	3,734	3,538	3,659	3,779	3,926	3,978	4,117	4,174	4,264	4,499
Fees and charges	7,237	10,666	10,738	10,883	11,226	11,366	11,603	11,736	12,100	12,256	12,658
Interest and dividends from investments	3,385	3,864	3,628	3,686	3,749	3,812	3,880	3,950	4,025	4,102	4,183
Local authorities fuel tax, fines, infringement fees, and other receipts	14,299	15,222	15,306	15,676	16,201	16,620	16,830	17,091	17,483	17,724	17,895
<b>Total Operating Funding</b>	<b>97,890</b>	<b>105,921</b>	<b>109,286</b>	<b>113,767</b>	<b>118,308</b>	<b>122,007</b>	<b>125,451</b>	<b>129,039</b>	<b>133,290</b>	<b>136,211</b>	<b>140,391</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	69,228	77,582	79,204	86,981	82,351	83,742	85,370	87,555	90,220	92,051	95,444
Finance costs	4,670	4,957	5,427	6,135	7,612	8,400	9,025	9,570	9,843	9,995	10,034
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
<b>Total applications of operating funding</b>	<b>73,898</b>	<b>82,539</b>	<b>84,631</b>	<b>93,116</b>	<b>89,963</b>	<b>92,142</b>	<b>94,395</b>	<b>97,125</b>	<b>100,063</b>	<b>102,046</b>	<b>105,478</b>
<b>Surplus (Deficit) of operating funding</b>	<b>23,992</b>	<b>23,382</b>	<b>24,655</b>	<b>20,652</b>	<b>28,344</b>	<b>29,865</b>	<b>31,056</b>	<b>31,915</b>	<b>33,227</b>	<b>34,165</b>	<b>34,913</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital	5,326	3,517	4,132	3,586	4,653	4,646	5,093	4,362	5,449	3,975	4,705
Development and financial contributions	3,064	3,500	3,577	3,656	3,736	3,822	3,914	4,008	4,108	4,215	4,329
Increase (decrease) in debt	19,384	11,923	11,630	22,768	13,498	8,590	9,208	796	(2,170)	(5,555)	2,706
Gross proceeds from sale of assets	7,700	25	26	27	28	0	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
<b>Total sources of capital funding</b>	<b>35,474</b>	<b>18,965</b>	<b>19,365</b>	<b>30,037</b>	<b>21,915</b>	<b>17,058</b>	<b>18,215</b>	<b>9,166</b>	<b>7,387</b>	<b>2,635</b>	<b>11,740</b>
<b>Applications of capital funding</b>											
Capital Expenditure											
- to meet additional demand	5,770	5,741	5,804	8,375	10,561	5,546	9,642	8,521	8,024	8,219	5,871
- to improve level of service	37,774	20,227	25,217	30,475	28,708	26,681	25,719	17,694	19,007	14,603	24,721
- to replace existing assets	16,406	16,880	13,253	11,717	11,822	14,631	14,086	14,534	13,595	13,809	15,775
Increase (decrease) in reserves	(25)	(182)	41	11	(780)	49	(352)	316	52	185	286
Increase (decrease) in investments	(459)	(319)	(295)	111	(52)	16	176	16	(64)	(16)	0
<b>Total applications of capital funding</b>	<b>59,466</b>	<b>42,347</b>	<b>44,020</b>	<b>50,689</b>	<b>50,259</b>	<b>46,923</b>	<b>49,271</b>	<b>41,081</b>	<b>40,614</b>	<b>36,800</b>	<b>46,653</b>
<b>Surplus (Deficit) of capital funding</b>	<b>(23,992)</b>	<b>(23,382)</b>	<b>(24,655)</b>	<b>(20,652)</b>	<b>(28,344)</b>	<b>(29,865)</b>	<b>(31,056)</b>	<b>(31,915)</b>	<b>(33,227)</b>	<b>(34,165)</b>	<b>(34,913)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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 2017/18 (\$000)	Budget 2018/19 (\$000)	Long-term Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)	Long-term Plan 2021/22 (\$000)	Long-term Plan 2022/23 (\$000)	Long-term Plan 2023/24 (\$000)	Long-term Plan 2024/25 (\$000)	Long-term Plan 2025/26 (\$000)	Long-term Plan 2026/27 (\$000)	Long-term Plan 2027/28 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	23,992	23,382	24,655	20,652	28,344	29,865	31,056	31,915	33,227	34,165	34,913
Subsidies and grants for capital expenditure	5,326	3,517	4,132	3,586	4,653	4,646	5,093	4,362	5,449	3,975	4,705
Development and financial contributions	3,064	3,500	3,577	3,656	3,736	3,822	3,914	4,008	4,108	4,215	4,329
Vested Assets	6,000	7,000	7,154	7,311	7,472	7,644	7,828	8,015	8,216	8,429	8,657
Gains on sale	2,251	0	0	0	0	0	0	0	0	0	0
Depreciation	(24,542)	(25,439)	(26,275)	(27,202)	(28,456)	(29,722)	(30,865)	(32,044)	(33,186)	(34,280)	(35,474)
Other non-cash income	59	81	84	85	85	87	89	90	92	94	96
other non-cash expenditure	(382)	0	0	0	0	0	0	0	0	0	0
Net Surplus (Deficit) before taxation in Statement of Comprehensive Revenue and Expense	15,767	12,041	13,327	8,088	15,834	16,342	17,115	16,346	17,906	16,598	17,226

## Commercial Wastewater Charge – Trade Waste Charges

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

Two methods are used for commercial properties:

- Method A is applied to the largest trade waste contributor and the charge is calculated on both discharge rates and effluent strength. Charges are highest for the most concentrated and larger volumes.
  - Method B applies to all other trade waste contributors, of which there are approximately 1300 in Nelson city. The charge is calculated based on the estimated volume of effluent discharged. The estimate assumes the amount of wastewater is 80% of the volume of incoming water.
- Total trade waste revenue for 2018/19 is estimated to be \$1,579,000

For 2018/19, the GST inclusive trade waste charges are:

- Trade waste A conveying charge \$625.01 per litre per minute
- Trade waste A treatment charge \$1,123.75 per kg BOD\* per day
- Trade waste B combined charge \$1.96 per m<sup>3</sup>
- Wastewater charge \$108.53 per year.

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

For the previous year, 2017/18, the GST inclusive trade waste charges were:

- Trade waste A conveying charge \$606.11 per litre per minute
- Trade waste A treatment charge \$1,097.29 per kg BOD\* per day
- Trade waste B combined charge \$1.87 per m<sup>3</sup>
- Wastewater charge \$103.48 per year.

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

The 2018/19 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 (\$)
2017/18	6,124,833	10,105	606.11
2018/19	6,476,807	10,363	625.01

Year	Total Cost (\$)	Average BOD loading (kg/day)	Cost/kg/BOD/day (\$)
2017/18	3,813,083	3,475	1,097.29
2018/19	4,182,416	3,722	1,123.75

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

**Method B: quantity approach**

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

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

The 2018/19 charges compared with the previous year's charges are:

**CONVEYING AND TREATMENT, INCLUDING GST**

Year	Total Cost (\$)	Total effluent volume (m3)	Cost/m3 (\$)
2017/18	9,937,916	5,311,249	1.87
2018/19	10,659,223	5,446,636	1.96