

Tabled at
Full Council
18/3/21



protected” and using a rate is more appropriate than a charge for kerbside pickup because it creates an incentive to use the service and protect the environment.

*Fees and charges: Low-Medium to Medium

*Local authorities fuel tax, fines, infringement fees, and other receipts: Low-Medium to Medium

*Targeted rates: Low-Medium

*General Rates: Low

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3.9 RIVERS

We maintain 285 km of major rivers throughout the District in order to carry out our statutory roles to promote soil conservation and mitigate damage caused by floods and riverbank erosion. These rivers, known as classified rivers X and Y, are funded by a differential river rating system based on land value. Rivers that are covered under the rivers X and Y schemes include our major rivers like the Waimea, Motueka, Riuwaka, Moutere, Tākaka, Aorere rivers as well as several tributaries. We maintain and improve river assets in rivers X and Y, such as stopbanks and erosion protection.

There are many more rivers, streams and creeks that are on private, Council, and Crown (DOC, Land Information New Zealand) lands. These are collectively known as rivers Z. River protection assets such as rock walls and groynes form part of the river system. These are typically owned and maintained by private property owners, and we sometimes part fund them.

The approach to river management places emphasis on channel management through gravel relocation/repositioning, and vegetation and land buffers on the river’s edge. The aim is to manage the river channel and catchment so that there is less need to use hard engineering methods to prevent erosion.

This activity does not include management of stormwater or coastal assets. These are covered as individual activities and have their own Activity Management Plan.

CONTRIBUTION TO COMMUNITY OUTCOMES

Community outcomes		How our activity contributes to the community outcome
Social Well-being	Our communities are healthy, safe, inclusive and resilient	Our flood protection works and river control structures protect several communities and rural areas from flooding. We maintain these safely and cost-effectively.
Social Well-being	Our urban and rural environments are people-friendly, well planned, accessible and sustainably managed	We engage with our community in several River Care groups to ensure our community’s feedback is considered in river catchment management.
Social Well-being	Our communities have access to a range of social, cultural, educational and recreational facilities and activities	We maintain our river environment to ensure pleasant and appropriate places for recreational activities.

PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

	2020/21 AP Budget \$'000	2021/22 Budget \$'000	2022/23 Budget \$'000	2023/24 Budget \$'000	2024/25 Budget \$'000	2025/26 Budget \$'000	2026/27 Budget \$'000	2027/28 Budget \$'000	2028/29 Budget \$'000	2029/30 Budget \$'000	2030/31 Budget \$'000
REVENUE											
General rates	40,287	43,619	47,257	50,415	54,105	59,140	63,017	65,560	68,556	71,344	76,038
Targeted rates	37,140	38,727	40,355	42,724	47,173	50,953	53,468	55,181	57,535	61,407	63,948
Development and financial contributions	10,310	12,146	12,271	12,372	10,439	10,520	10,605	10,696	9,907	10,010	11,652
Operating subsidies and grants	3,848	6,183	6,430	6,504	6,769	5,674	5,900	6,457	9,154	6,683	6,952
Capital subsidies and grants	14,629	22,527	11,573	6,045	9,251	5,973	7,617	10,947	8,958	11,313	9,679
Fees and charges	15,652	16,230	17,424	18,424	18,694	18,816	19,085	19,366	19,669	19,991	20,402
Other revenue	21,413	27,896	31,060	32,615	30,539	29,993	30,837	29,228	31,499	29,804	29,574
Fair value movement on revaluation	0	0	0	0	0	0	0	0	0	0	0
Other gains	62	62	62	62	62	62	62	62	62	62	62
Finance income	446	605	609	616	622	629	635	641	646	651	655
Revenue of joint ventures	7,658	6,428	7,092	7,822	8,212	8,698	8,982	9,212	9,697	10,116	10,660
Share of associates surpluses/deficit	0	0	0	0	0	0	0	0	0	0	0
Total Revenue	151,445	174,423	174,133	177,599	185,867	190,458	200,208	207,350	215,683	222,381	229,622
EXPENSE											
Finance expense	8,558	7,934	8,937	9,402	8,833	8,603	7,744	7,002	6,518	6,794	6,334
Employee related expense	27,276	29,756	32,663	34,346	35,918	37,621	40,393	42,535	45,655	49,033	52,549
Other expenses	37,642	46,446	55,953	56,063	48,180	48,085	50,319	49,772	53,517	53,190	54,102
Maintenance	21,704	22,907	25,217	25,889	26,525	27,657	28,432	28,775	29,569	30,457	31,340
Depreciation and amortisation	29,984	31,160	30,953	34,154	35,595	36,255	38,826	39,323	40,268	43,662	44,869
Fair value loss on revaluation	0	0	0	0	0	0	0	0	0	0	0
Expenditure of joint ventures	3,921	7,182	7,975	8,725	9,229	9,916	10,289	10,554	11,273	11,854	12,614
Total expense	129,085	145,385	161,650	168,179	164,280	168,136	176,003	177,973	186,799	194,990	202,095
Surplus/(deficit) before taxation	22,360	29,038	12,483	9,420	21,587	22,322	24,205	29,377	28,884	27,391	27,527
Income tax expense	0	0	0	0	0	0	0	0	0	0	0

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DRAFT ACCOUNTING INFORMATION 2021 – 2031

Surplus/(deficit) after tax	22,360	29,038	12,483	9,470	21,587	22,322	24,205	29,377	28,884	71,391	27,527
OTHER COMPREHENSIVE REVENUE											
Gain on asset revaluations	0	0	102,041	19,810	0	118,717	21,961	0	137,031	26,688	0
Deferred tax on asset revaluations	0	0	0	0	0	0	0	0	0	0	0
Movement in NZIG shares value	0	0	0	0	0	0	0	0	0	0	0
Asset Impairment Loss	0	0	0	0	0	0	0	0	0	0	0
Share of associate other comprehensive income	0	0	0	0	0	0	0	0	0	0	0
Total other comprehensive revenue and expense	0	0	102,041	19,810	0	118,717	21,961	0	137,031	26,688	0
Total comprehensive revenue and expense	22,360	29,038	114,524	29,280	21,587	141,039	46,166	29,377	165,915	98,079	27,527

PROSPECTIVE STATEMENT OF FINANCIAL POSITION

	2020/21 AP \$000	2021/22 Budget \$000	2022/23 Budget \$000	2023/24 Budget \$000	2024/25 Budget \$000	2025/26 Budget \$000	2026/27 Budget \$000	2027/28 Budget \$000	2028/29 Budget \$000	2029/30 Budget \$000	2030/31 Budget \$000
CURRENT ASSETS											
Cash and cash equivalents	10,128	15,754	14,114	14,077	14,704	13,010	14,470	15,336	17,771	17,700	16,797
Trade and other receivables	16,434	14,994	16,227	16,779	15,355	15,231	15,614	15,180	15,815	15,275	15,868
Other financial assets	1,371	33,684	33,684	33,684	33,684	33,684	33,684	33,684	33,684	33,684	33,684
Non-current assets held for resale	0	0	0	0	0	0	0	0	0	0	0
Total current assets	27,933	64,432	64,025	64,540	63,743	61,925	63,758	64,200	67,270	66,659	66,349
CURRENT LIABILITIES											
Trade and other payables	20,429	34,471	35,025	36,793	36,242	34,620	36,513	36,947	39,883	39,171	39,428
Employee benefit liabilities	2,219	3,247	3,472	3,591	3,697	3,807	3,977	4,100	4,270	4,441	4,612
Current portion of borrowings	16,636	15,003	34,003	8,503	22,003	10,003	29,003	10,003	15,003	15,003	15,003
Current portion of derivative financial instruments	3,625	4,387	4,387	4,387	4,387	4,387	4,387	4,387	4,387	4,387	4,387
Total current liabilities	42,909	57,108	76,887	59,274	66,329	52,817	73,880	55,437	63,543	63,002	63,430
Working capital	14,976	7,322	(12,862)	11,266	(2,586)	9,108	(10,122)	8,763	3,727	3,657	2,919
NON-CURRENT ASSETS											
Investments in associates	137,599	169,652	169,652	169,652	169,652	169,652	169,652	169,652	169,652	169,652	169,652
Other financial assets	22,296	16,939	35,321	35,212	35,183	35,156	35,127	35,098	35,070	35,042	35,014
Intangible assets	2,376	2,415	2,583	2,526	2,155	1,982	1,989	1,997	2,004	2,012	2,019
Trade & other receivables	0	0	0	0	0	0	0	0	0	0	0
Forestry assets	44,722	47,058	47,058	47,058	47,058	47,058	47,058	47,058	47,058	47,058	47,058

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DRAFT ACCOUNTING INFORMATION 2021 – 2031

Investment property	5,279	5,053	5,054	5,056	5,057	5,059	5,060	5,062	5,064	5,065	5,067
Property, plant and equipment	1,625,736	1,676,586	1,607,344	1,853,639	1,877,451	2,008,758	2,048,506	2,069,850	2,242,979	2,296,437	2,321,951
Total non current assets	1,838,008	1,919,703	2,067,012	2,113,143	2,116,556	2,267,664	2,307,392	2,328,717	2,501,772	2,555,266	2,580,781
NON CURRENT LIABILITIES											
Term borrowings	191,409	244,034	256,622	297,656	285,643	287,410	261,741	272,564	274,664	273,994	271,216
Derivative financial instruments	15,511	19,011	19,011	19,011	19,011	19,011	19,011	19,011	19,011	19,011	19,011
Employee benefit liabilities	406	400	452	480	505	530	570	598	638	678	718
Provisions	2,296	3,575	3,534	3,499	3,460	3,431	3,401	3,372	3,342	3,313	3,283
Total non current liabilities	209,622	267,020	279,619	320,646	308,619	310,382	284,723	295,545	297,655	296,996	294,228
Total net assets	1,613,410	1,660,007	1,774,534	1,803,763	1,825,351	1,956,390	2,022,557	2,041,935	2,207,949	2,261,927	2,289,054
EQUITY											
Accumulated equity	670,121	793,998	813,431	832,480	858,604	881,090	903,550	929,537	962,342	990,020	1,020,463
Restricted reserves	24,272	23,609	16,659	7,032	2,496	2,332	4,078	7,469	3,547	3,259	343
Revaluation reserves	919,017	842,400	944,441	964,231	984,231	1,087,968	1,104,929	1,104,929	1,241,960	1,268,648	1,268,648
Total equity	1,613,410	1,660,007	1,774,534	1,803,763	1,825,351	1,956,390	2,022,557	2,041,935	2,207,949	2,261,927	2,289,054

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PROSPECTIVE STATEMENT OF CASHFLOWS

	2020/21 AP \$000	2021/22 Budget \$000	2022/23 Budget \$000	2023/24 Budget \$000	2024/25 Budget \$000	2025/26 Budget \$000	2026/27 Budget \$000	2027/28 Budget \$000	2028/29 Budget \$000	2029/30 Budget \$000	2030/31 Budget \$000
CASHFLOW FROM OPERATING ACTIVITIES											
Cash was provided from:											
Fees and charges and other revenue	65,580	77,678	71,123	68,986	71,438	65,639	68,219	71,626	73,240	73,133	72,697
Rates revenue	77,486	82,352	87,616	93,143	101,283	110,098	116,488	120,743	126,094	133,754	139,989
Dividends received	2,955	2,555	2,830	3,080	3,080	3,080	3,080	3,080	3,080	3,080	3,080
Interest received	446	605	609	616	622	629	635	641	646	651	655
Net GST received	0	0	0	0	0	0	0	0	0	0	0
	146,467	163,140	162,178	165,825	176,423	179,446	188,422	196,090	203,060	210,618	216,421
Cash was disbursed to:											
Payments to staff and suppliers	(90,542)	(99,448)	(114,287)	(118,386)	(114,281)	(117,297)	(121,989)	(125,476)	(132,165)	(137,472)	(143,145)
Interest paid	(8,558)	(8,292)	(9,395)	(9,553)	(9,471)	(9,307)	(8,512)	(7,847)	(7,471)	(7,836)	(7,648)
	(99,100)	(107,740)	(123,682)	(127,939)	(123,752)	(126,604)	(130,501)	(133,323)	(139,636)	(145,308)	(150,793)
Net cash from operating activities	47,367	55,400	38,496	37,886	52,671	52,842	57,921	62,767	63,424	65,310	65,628
CASHFLOW FROM INVESTING ACTIVITIES											
Cash was provided from:											
Proceeds from sale of assets	62	62	62	62	62	62	62	62	62	62	62
Proceeds from sale of investments	25	1,843	118	109	29	28	28	28	28	28	28
	87	1,905	180	171	91	90	90	90	90	90	90
Cash was disbursed to:											
Purchase of investments	(24)	(6,807)	(18,500)								
Purchase of property, plant and equipment	(64,142)	(96,351)	(53,405)	(53,627)	(53,623)	(44,392)	(49,883)	(53,914)	(68,180)	(64,801)	(63,843)
	(64,166)	(103,158)	(71,905)	(53,627)	(53,623)	(44,392)	(49,883)	(53,914)	(68,180)	(64,801)	(63,843)
Net cash from investing activities	(64,079)	(101,258)	(71,725)	(53,456)	(53,532)	(44,302)	(49,793)	(53,724)	(68,090)	(64,711)	(63,753)
CASHFLOW FROM FINANCING ACTIVITIES											

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DRAFT ACCOUNTING INFORMATION 2021 – 2031

Cash was provided from:											
Proceeds from loans	33,435	61,653	50,582	39,245	23,925	17,133	19,276	20,180	32,987	24,023	26,902
Cash was disbursed to:											
Repayment of borrowings	(16,636)	(17,187)	(18,993)	(23,712)	(22,437)	(27,367)	(25,944)	(28,357)	(25,886)	(24,693)	(29,680)
Net cash from financing activities	16,799	44,466	31,589	15,533	1,488	(10,234)	(6,668)	(8,177)	7,101	(670)	(2,778)
Total net cashflows	87	(1,187)	(1,640)	(32)	\$32	(1,694)	1,460	866	2,435	(73)	(903)
Opening cash held	10,041	17,141	15,754	14,114	14,077	14,704	13,010	14,470	15,386	17,771	17,700
Closing cash and cash equivalents balance	10,128	15,754	14,114	14,077	14,704	13,010	14,470	15,386	17,771	17,700	16,797
Represented by:											
Cash and cash equivalents	10,128	15,754	14,114	14,077	14,704	13,010	14,470	15,386	17,771	17,700	16,797
Cash and capx equivalents	10,128	16,794	14,114	14,077	14,704	13,010	14,470	16,336	17,771	17,700	16,797

PROSPECTIVE FUNDING IMPACT STATEMENT

	2020/21 AP \$000	2021/22 Budget \$000	2022/23 Budget \$000	2023/24 Budget \$000	2024/25 Budget \$000	2025/26 Budget \$000	2026/27 Budget \$000	2027/28 Budget \$000	2028/29 Budget \$000	2029/30 Budget \$000	2030/31 Budget \$000	
SOURCES OF OPERATING FUNDING												
General rates, uniform annual general charges, rates penalties	40,825	43,971	47,620	50,787	54,487	59,533	63,421	65,977	68,986	72,787	76,496	
Targeted rates	37,324	38,727	40,355	42,724	47,173	50,953	53,468	55,181	57,535	61,407	63,948	
Subsidies and grants for operating purposes	5,383	6,183	6,430	6,504	6,769	5,674	5,900	6,457	9,154	6,683	6,952	
Fees and charges	15,652	16,230	17,424	18,424	18,695	18,816	19,085	19,366	19,669	19,991	20,402	
Interest and dividends from investments	3,452	3,050	3,323	3,571	3,570	3,568	3,568	3,568	3,568	3,568	3,568	
Local authorities fuel tax, fines, infringement fees, and other receipts	21,239	24,089	27,414	29,249	27,981	27,718	28,643	27,039	29,561	28,035	28,035	
Total operating funding	129,875	132,250	142,566	151,259	158,675	166,262	174,085	177,588	188,473	192,471	192,471	
APPLICATIONS OF OPERATING FUNDING												
Payments to staff and suppliers	90,912	104,309	119,492	122,583	117,255	120,552	126,634	128,761	136,935	141,266	141,266	
Finance costs	8,558	8,292	9,396	9,553	9,471	9,308	8,513	7,848	7,471	7,837	7,837	
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0	
Total applications of operating funding	99,470	112,601	129,888	132,136	126,726	129,860	135,147	136,609	144,406	149,103	149,103	
Surplus/(deficit) of operating funding	24,405	19,649	13,678	19,123	31,949	36,402	38,938	40,979	44,067	43,368	44,536	
SOURCES OF CAPITAL FUNDING												
Subsidies and grants for capital expenditure	13,115	22,527	11,573	6,045	9,251	5,973	7,617	10,947	8,958	11,313	9,679	
Development and financial contributions	10,310	12,146	12,271	12,372	10,439	10,520	10,605	10,696	9,907	10,010	11,652	
Increase/(decrease) in debt	16,799	44,465	31,589	15,533	1,488	(10,234)	(6,666)	(8,178)	7,100	(670)	(2,778)	
Gross proceeds from sale of assets	62	62	62	62	62	62	62	62	62	62	62	
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0	
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0	
Total sources of capital funding	40,286	79,200	55,495	34,012	21,240	6,321	11,616	13,527	26,027	20,715	18,615	

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APPLICATIONS OF CAPITAL FUNDING

Capital expenditure																				
- to meet additional demand	4,648	4,174	332	4,380	61	63	64	547	3,279	3,501	72									
- to improve the level of service	16,682	17,272	8,960	12,179	13,871	4,464	8,879	8,430	17,178	16,318	18									
- to replace existing assets	42,366	37,866	17,773	38,471	39,797	38,518	41,862	45,674	49,703	44,366	47									
Increase (decrease) in reserves	(842)	(442)	(1,254)	(1,736)	(511)	(294)	(223)	(117)	(38)	(74)										
Increase (decrease) in investments	1,837	4,964	18,387	(109)	(29)	(28)	(28)	(28)	(28)	(28)										
Total applications of capital funding	64,691	98,849	69,173	53,135	53,189	42,723	50,554	54,506	70,094	64,083	69,151									
Surplus/(deficit) of capital funding	(24,405)	(19,649)	(13,678)	(19,123)	(31,949)	(36,402)	(38,938)	(40,979)	(44,067)	(43,368)	(44,536)									
Funding balance	0	0	0	0	0	0	0	0	0	0	0									

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Pursuant to PBE FRS-42 paragraph 40 following is an explanation of the relationship between this Funding Impact Statement and the Prospective Comprehensive Income Statement.

This Funding Impact Statement has been prepared in accordance with the Local Government (Financial Reporting) Regulations 2011. This is a reporting requirement unique to Local Government and the disclosures contained within and the presentation of this statement is not prepared in accordance with generally accepted accounting practices ("GAAP").

This statement is based on cash transactions prepared on an accrual basis and as such does not include non-cash/accounting transactions that are included within the Prospective Comprehensive Income Statement as required under GAAP. These items include but are not limited to Council's depreciation, gain and/or losses on revaluation and vested assets.

It also departs from GAAP as funding sources are disclosed based on whether they are deemed for operational or capital purposes. Income such as subsidies for capital projects, for example New Zealand Transport Agency subsidies projected to be received for road renewal works, development and reserve financial contributions and gains on sale of assets are recorded as capital funding sources. Under GAAP these are treated as income in the Prospective Comprehensive Income Statement.

Where appropriate the budgets for the LTP 2021-2031 have been developed from the forecast closing position of the 2020/21 financial year rather than the published annual plan.

DEPRECIATION AND AMORTISATION OF EXPENSES BY GROUP OF ACTIVITIES

This table has been included in accordance with section 4 of the Local Government (Financial Reporting) Regulations 2011, and will constitute part of the notes to the financial statements in Council's Annual Report.

The purpose of this table is to specify in relation to each group of activities, the combined depreciation and amortisation expense for assets used directly in providing the group of activities.

This information was previously included within Council's Cost of Service Statements, however, under the new financial reporting regulations the funding impact statements exclude non-cash/accounting transactions such as depreciation.

	2020/21 AP \$'000	2021/22 Budget \$'000	2022/23 Budget \$'000	2023/24 Budget \$'000	2024/25 Budget \$'000	2025/26 Budget \$'000	2026/27 Budget \$'000	2027/28 Budget \$'000	2028/29 Budget \$'000	2029/30 Budget \$'000	2030/31 Budget \$'000
Environmental Management	233	249	326	404	470	509	537	545	526	516	523
Public Health and Safety	93	112	114	115	114	104	87	82	81	79	81
Transportation	11,605	11,636	11,541	13,321	13,986	14,406	15,979	16,475	17,206	19,111	19,622
Coastal Structures	48	35	35	49	50	57	79	79	88	114	107
Water Supply	3,794	4,535	4,230	4,549	4,627	4,646	5,094	5,254	5,337	5,691	5,879
Wastewater	4,285	4,623	4,453	4,886	5,201	5,239	5,615	5,687	5,791	6,291	6,398
Stormwater	1,756	1,959	1,998	2,317	2,365	2,413	2,800	2,850	2,900	3,342	3,373
Waste Management and Minimisation	654	450	530	650	748	780	836	872	968	1,055	1,218
Flood Protection and River Control Works	39	36	32	30	28	28	28	28	28	28	28
Community Development	4,465	4,456	4,467	4,527	4,583	4,591	4,238	3,684	3,675	3,792	3,738

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DRAFT ACCOUNTING INFORMATION 2021 – 2031

Governance	11	0	0	0	6	11	11	11	11	12	13
Council Enterprises	1,224	999	1,006	1,030	1,061	1,062	1,094	1,119	1,023	1,001	1,024

NET DEBT TO TOTAL OPERATING REVENUE

These graphs compare Council's planned debt with a quantified limit on borrowing contained in the Financial Strategy. The quantified limit is net external debt to not exceed 225% of total operating revenue.

(Total operating revenue is defined as earnings from rates, government grants and subsidies, user charges, levies, interest, dividends, financial and other revenue, but excludes non-government capital contributions, (e.g. developer contributions and vested assets), gains on derivative financial instruments, and revaluations of property, plant, or equipment.)

Figure 6 represents the planned results based on the intended definitions contained in the Financial Strategy. represents the planned results based on the prescribed definitions in the regulations.

Figure 6: Debt Affordability – Net Debt to Operating Revenue!

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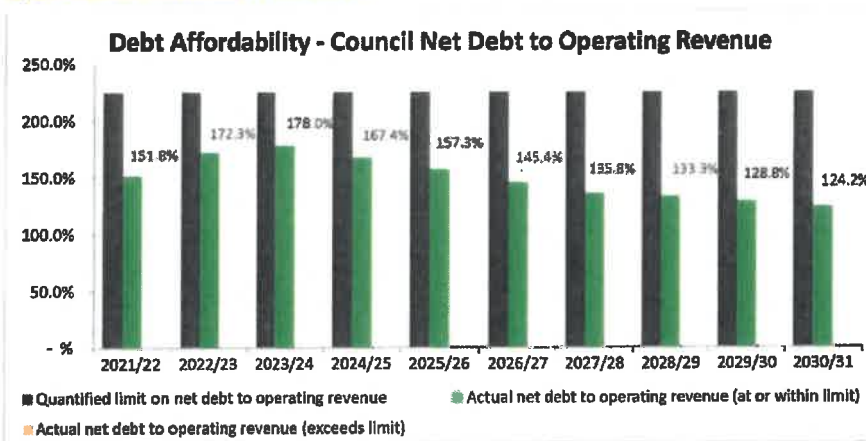
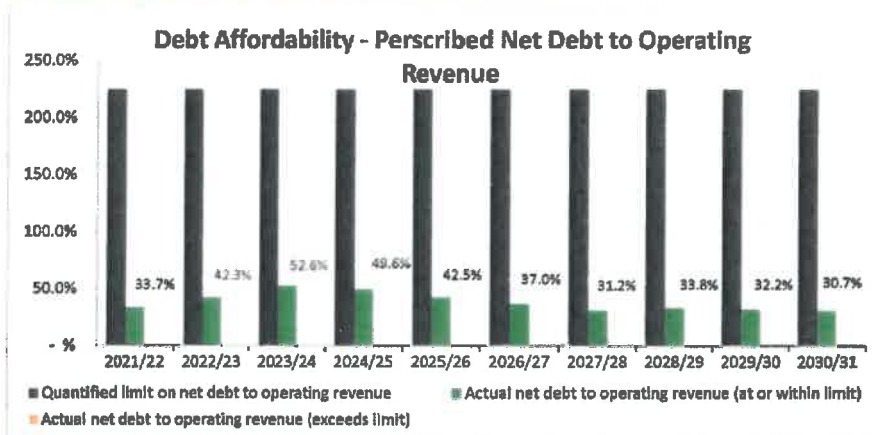


Figure 7 represents the planned results based on the intended definitions contained in the Financial Strategy, represents the planned results based on the prescribed definitions in the regulations.

Figure 7: Debt Affordability – Net Debt to Operating Revenue

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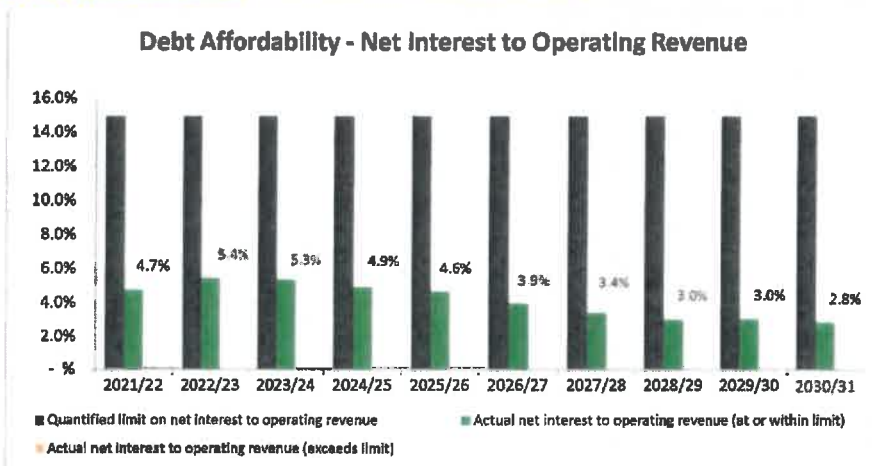


NET INTEREST TO TOTAL OPERATING REVENUE

Figure 8 compares the net interest costs of Council's planned debt with a quantified limit on borrowing contained in the Financial Strategy. The quantified limit is net interest on external debt to not exceed 15% of total annual operating revenue.

Figure 8: Debt Affordability – Net Interest to Operating Revenue

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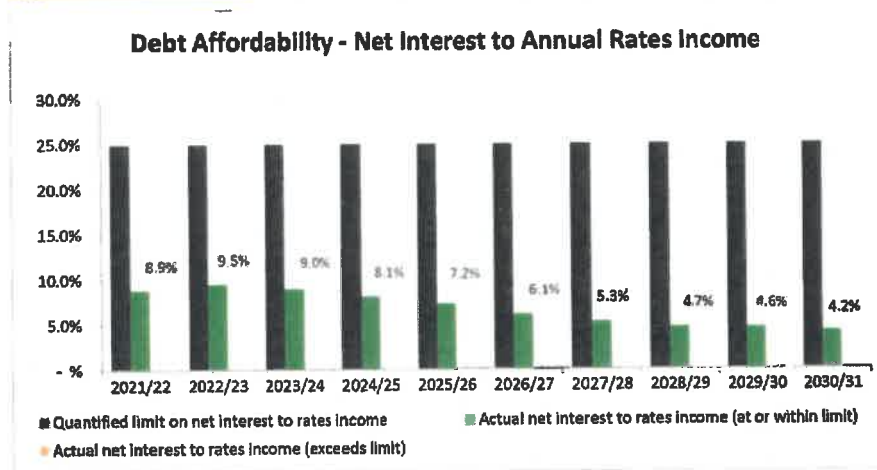


NET INTEREST TO TOTAL RATES INCOME

Figure 9 compares the net interest costs of Council's planned debt with a quantified limit on borrowing contained in the Financial Strategy. The quantified limit is net interest on external debt to not exceed 25% of total annual rates income.

Figure 9: Debt Affordability – Net Interest to Annual Rates Income

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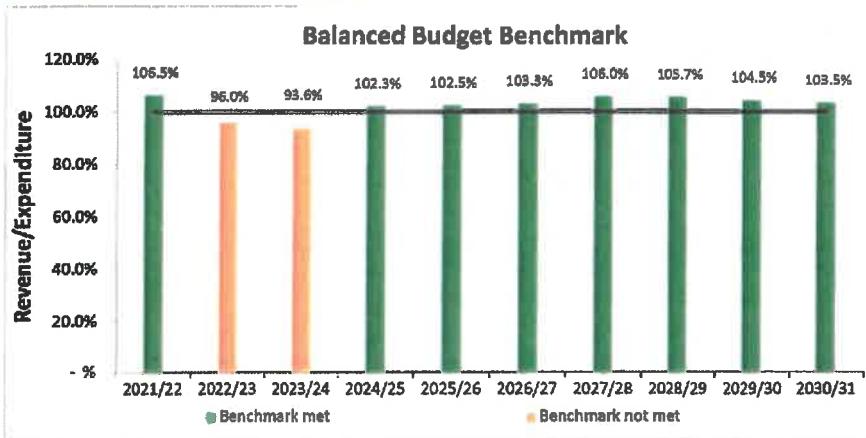
BALANCED BUDGET BENCHMARK

Figure 10 displays 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 operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant or equipment).

Council meets the balanced budget benchmark if its planned revenue equals or is greater than its planned operating expenses.

Figure 10: Balanced Budget Benchmark

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The operating deficits in 2022/2023 and 2023/2024 are driven by Council's decision to loan fund operating expenditure for the Digital Innovation Programme and the review of the Tasman Resource Management Plan across the LTP. These programmes are being loan funded, as the benefit to the community extends beyond a single year. For more detail please refer to the Revenue and Financing Policy (see Supporting Information). Loan funding is not included under the regulations for the calculation of operating revenue leading to an operating deficit. The balanced budget does not reflect the cash operating position of Council.

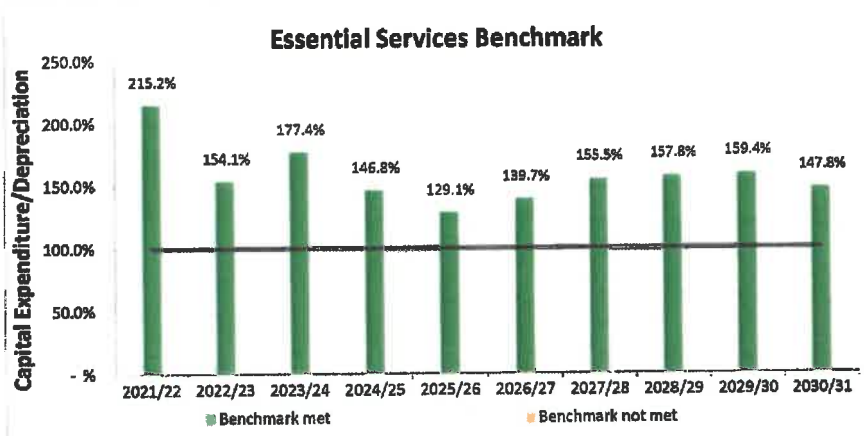
ESSENTIAL NETWORK SERVICES BENCHMARK

Figure 11 displays the Council's planned capital expenditure on essential network services as a proportion of expected depreciation on network services. Essential network services are defined as infrastructure relating to water, wastewater, stormwater, flood protection, roads and footpaths.

Council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services. Capital expenditure excludes vested assets.

Figure 11: Essential Services Benchmark

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DEBT SERVICING BENCHMARK

Figure 12 displays 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).

Because Statistics New Zealand projects the population of Tasman District will grow more slowly than the national population growth rate, Council meets the debt servicing benchmark if it's planned borrowing costs equal or are less than 10% of its planned revenue.

Figure 12: Debt Servicing Benchmark

DRAFT COUNCIL ACTIVITIES SUMMARIES

OVERVIEW

The following sections describe each of the groups of activities that contain our service delivery. This includes the overall budget for each section, the statements of service provision, the contributions to our community outcomes, and the cost and how we intend to fund the provision of the service.

SUMMARY OF REVENUE AND EXPENDITURE BY GROUP OF ACTIVITY

Activity	Sources of operating income		Applications of operating funding	Sources of capital funding		Applications of capital funding		Funding balance
	Rates	Non-rates		Debt Movement	Non-Debt related funding	Capex additions	Movements in reserves and investments	
Environmental Management	156,639	41,007	-197,460	5,435	0	-5,590	69	-
Public Health and Safety	28,062	64,869	-90,884	-334	0	-219	508	-
Transportation	185,139	69,837	-156,103	-17,784	88,047	-184,459	-4,877	-
Coastal Assets	3,324	97	-3,017	432	0	-1,602	766	-
Water Supply	182,892	16,978	-141,867	33,623	33,982	-96,587	-29,001	-
Wastewater	148,000	49,939	-133,939	7,697	29,579	-103,633	4,357	-
Stormwater	56,552	1,640	-34,647	-1,242	19,086	-62,836	21,447	-
Waste Management and Minimisation	39,250	142,287	-161,263	2,853	4,965	-30,311	2,239	-
Rivers	31,701	8,862	-35,602	9,404	4,500	-17,961	-904	-
Community Development	220,343	37,473	-233,793	-1,378	34,343	-58,113	1,125	-
Governance	43,387	1,079	-40,370	24	0	-119	-4,001	-
Council Enterprises	-2,557	186,203	-110,063	-4,329	0	-7,285	-11,948	-

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our key projects over the next 10 years. Details of each of these groups of activities are outlined in the following pages. These pages cover the activity goal, what we do in relation to each activity group, why we do it, the contribution of the activities to the community outcomes, any key issues, how we will measure our performance, any assumptions we have made, and a snapshot of

	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031
	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET
	\$000	\$000	\$000	\$000	\$000
ENGINEERING					
TOTAL COSTS	48,230	52,762	58,035	61,034	66,038
Transportation	10,803	13,096	13,977	14,504	15,092
Coastal Assets	416	199	335	223	332
Water Supply	9,928	10,705	12,741	13,334	13,777
Wastewater	8,938	10,180	10,711	11,119	12,146
Stormwater	3,088	2,873	2,931	3,078	3,431
Waste Management and Minimisation	12,318	12,899	14,369	15,544	15,910
Rivers	2,739	2,810	2,971	3,232	3,392
TOTAL COSTS	48,230	52,762	58,035	61,034	66,038
Transportation	15,435	16,277	17,099	17,650	18,331
Coastal Assets	372	225	407	264	417
Water Supply	14,506	14,819	15,347	15,909	16,585
Wastewater	13,889	14,086	14,985	16,052	17,176
Stormwater	3,637	3,579	3,686	3,904	3,971
Waste Management and Minimisation	16,194	16,947	17,373	17,959	18,172
Rivers	3,634	3,755	3,930	4,077	4,329
TOTAL COSTS	67,667	69,688	72,827	75,815	78,981

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The 10-year operating budgets for the engineering activities are outlined in the following table along with the 2020/2021 budgets for comparison.

- Rivers
- Waste Management and Minimisation
- Stormwater
- Wastewater
- Water Supply
- Coastal Assets
- Transportation

The Engineering section is broken down into seven groups of related activities:

ENGINEERING

ENGINEERING

FUNDING IMPACT STATEMENTS AND FUNDING SOURCES FOR THE WATER SUPPLY GROUP OF ACTIVITIES

	2020/21 AP \$'000	2021/22 BUDGET \$'000	2022/23 BUDGET \$'000	2023/24 BUDGET \$'000	2024/25 BUDGET \$'000	2025/26 BUDGET \$'000	2026/27 BUDGET \$'000	2027/28 BUDGET \$'000	2028/29 BUDGET \$'000	2029/30 BUDGET \$'000	2030/31 BUDGET \$'000
SOURCES OF OPERATING FUNDING											
General rates, uniform annual general charges, rates penalties	56	152	262	337	201	158	147	147	147	147	147
Targeted rates	10,661	12,756	14,363	15,328	16,812	17,998	18,920	19,656	20,583	21,782	22,849
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0	0
Fees and charges	1,134	1,137	1,130	1,110	1,091	1,068	1,039	1,002	965	928	888
Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	611	614	641	666	667	668	670	671	673	674	676
Total operating funding	12,462	14,659	16,396	17,441	18,771	19,892	20,776	21,476	22,368	23,531	24,560
APPLICATIONS OF OPERATING FUNDING											
Payments to staff and suppliers	5,578	6,181	7,612	7,936	8,133	8,396	8,556	8,698	8,974	9,228	9,450
Finance costs	2,344	2,521	2,635	2,703	2,784	2,779	2,708	2,673	2,674	2,653	2,658
Internal charges and overheads applied	1,528	2,003	2,494	2,695	2,860	2,989	3,242	3,448	3,699	4,028	4,477
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	9,450	10,705	12,741	13,334	13,777	14,164	14,506	14,819	15,347	15,909	16,585
Surplus/(deficit) of operating funding	3,012	3,954	3,655	4,107	4,994	5,728	6,270	6,657	7,021	7,622	7,975
SOURCES OF CAPITAL FUNDING											
Subsidies and grants for capital expenditure	4,390	7,890	3,500	0	0	0	0	0	0	0	0
Development and financial contributions	2,873	2,428	2,428	2,428	2,174	2,174	2,174	2,174	2,133	2,133	2,346
Increase (decrease) in debt	9,482	25,545	15,706	(2,309)	635	(3,510)	1,741	3,051	(4,621)	1,790	(4,405)
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0

ENGINEERING – WATER SUPPLY

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	AP	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	16,745	35,863	21,634	119	2,809	(1,336)	3,915	5,225	(2,488)	3,923	(2,059)
APPLICATIONS OF CAPITAL FUNDING											
Capital expenditure											
- to meet additional demand	1,681	2,818	26	27	28	28	29	511	3,242	3,463	33
- to improve the level of service	9,912	37,876	3,773	59	50	51	23	24	25	25	26
- to replace existing assets	10,360	4,480	3,137	4,863	6,995	8,700	11,731	12,300	4,068	11,283	11,893
	(4,138)	(12,164)	(147)	(723)	730	(4,387)	(1,598)	(953)	(2,802)	(3,226)	(6,036)
Increase (decrease) in reserves	1,942	6,807	18,500	0	0	0	0	0	0	0	0
Increase (decrease) in investments	19,757	39,817	25,289	4,226	7,803	4,392	10,185	11,882	4,533	11,545	5,916
Total applications of capital funding	(3,012)	(3,954)	(3,655)	(4,107)	(4,994)	(5,728)	(6,270)	(6,657)	(7,021)	(7,622)	(7,975)
Surplus/(deficit) of capital funding	0	0	0	0	0	0	0	0	0	0	0

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Funding balance
The FIs also reflect changes resulting from internal restructures and revenue reclassification. The Annual Plan 2020/2021 has not been restated to reflect these changes.

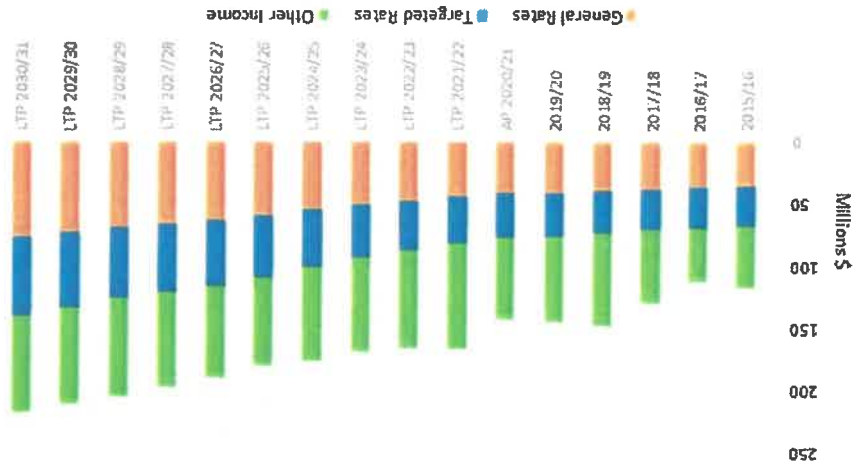
FUNDING IMPACT STATEMENTS AND FUNDING SOURCES FOR THE WASTE MANAGEMENT AND MINIMISATION GROUP OF ACTIVITIES

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	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	AP	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
SOURCES OF OPERATING FUNDING											
General rates, uniform annual general charges, rates penalties	1,041	1,062	777	468	568	451	411	450	594	765	641
Targeted rates	2,494	2,467	2,778	2,765	2,885	3,023	3,118	3,689	3,659	4,162	4,150
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0	0
Fees and charges	4,940	5,438	6,170	6,912	6,888	6,735	6,719	6,703	6,600	6,669	6,732
Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	5,150	5,204	5,143	7,170	7,728	7,824	8,032	8,250	8,503	8,764	9,009
Total operating funding	13,621	14,171	16,686	17,322	16,945	16,033	16,261	16,972	16,644	16,389	16,733
APPLICATIONS OF OPERATING FUNDING											
Payments to staff and suppliers	10,973	11,348	12,893	13,791	14,047	14,025	14,263	14,953	15,302	15,569	15,668
Finance costs	283	351	341	343	357	338	301	278	279	303	287
Internal charges and overheads applied	1,052	1,202	1,335	1,410	1,506	1,552	1,630	1,716	1,792	2,068	2,017
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	12,318	12,899	14,569	15,544	16,910	16,915	16,194	16,947	17,371	17,939	18,172
Surplus/(deficit) of operating funding	1,303	1,272	2,117	1,778	2,155	2,118	2,067	2,125	2,271	2,381	2,560
SOURCES OF CAPITAL FUNDING											
Subsidies and grants for capital expenditure	0	401	876	0	3,688	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	(1,070)	242	2,070	(773)	(689)	(1,213)	163	307	1,326	(658)	1,958
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	(1,070)	643	2,946	(773)	3,089	(1,213)	163	307	1,326	(658)	1,958
APPLICATIONS OF CAPITAL FUNDING											
Capital expenditure	0	0	0	0	0	0	0	0	0	0	0
- to meet additional demand	74	118	28	28	30	30	31	32	33	34	35
- to improve the level of services	101	3,834	4,508	1,301	5,353	811	2,209	2,247	3,504	1,694	4,410
- to replace existing assets	34	(917)	(93)	(925)	(128)	64	30	53	60	65	73
Increase (decrease) in reserves	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in investments	24	(1,720)	0	0	0	0	0	0	0	0	0
Total applications of capital funding	233	1,916	4,443	1,005	5,254	905	2,270	2,432	3,697	1,733	4,918
Surplus/(deficit) of capital funding	(1,303)	(1,272)	(1,497)	(1,778)	(2,165)	(2,118)	(2,067)	(2,125)	(2,271)	(2,381)	(2,560)
Funding balance	0	0	0	0	0	0	0	0	0	0	0

The FIS also reflect changes resulting from internal restructures and revenue reclassification. The Annual Plan 2020/2021 has not been restated to reflect these changes.

Chart 4: Make up of Revenue



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The prospective Statement of Comprehensive Revenue and Expense shows a large surplus in every year of the LTP. This reflects the fact that Council receives a significant amount of revenue that is used to fund capital expenditure. Revenue sources include the *Waka Kotahi*/NZTA roading subsidy, central government funding, Development Contributions and Reserve Financial Contributions

NET DEBT CAP

The Council is proposing to increase its net debt cap from \$200 to \$298 million for the 2021 – 2031 period. This provides more scope to fund the important infrastructure projects required in the District to support growth, invest for the District's future, renew infrastructure at the end of its life and maintain service levels. The forecast increase in interest from higher debt can be managed within the new rates increase cap.

ACTIVITY	TYPE OF CHANGE	DESCRIPTION ENVIRONMENTAL HEALTH
Water	Reduce water loss from the network	Invest in proactive leak detection and repairs, and on-going pipe renewal.
Water	Improve compliance with NZ's Drinking Water Standards	Invest in meeting the requirements of the Drinking Water Standard New Zealand.
Wastewater	Complete the investment in the Waimea Community Dam	Provide for water security for urban and rural users.
Wastewater	Reduce incidences of wastewater overflows into waterways	Invest in pipe and pump station upgrades.
Stormwater	Maintain focus on mitigating flooding of habitable floors	Invest in additional storage or standby electrical generation
Stormwater	Improve network resilience	Prioritise investment in network upgrades that mitigate flooding of habitable floors rather than nuisance surface water flooding.

MANAGING LEVELS OF SERVICE

Levels of service are what we have agreed to deliver to, and on behalf of, the community. They are attributes for each activity that describe the service from the customer's perspective. Levels of service are set through our LTP, sometimes in response to community desire, and sometimes in response to statutory requirements. Due to our proposed self-imposed financial limits, there is little scope for us to significantly increase level of service targets over the next 10 years. We have had to focus investment on meeting existing level of service targets, and making improvements due to statutory requirements. The following table summarises where we have planned works in order to achieve agreed level of service targets or increase levels of service.

Category	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
WFO Expenditure/Total Operating Expenditure	152%	122%	178%	167%	157%	145%	136%	133%	129%
Net Investment on Expenditure	14%	15%	16%	15%	14%	13%	13%	12%	12%
Net Investment on Expenditure (Excl. Total Operating Expenditure)	5%	6%	6%	5%	5%	4%	4%	3%	4%
Total Expenditure/Total Expenditure	9%	10%	10%	9%	8%	7%	6%	5%	5%
Total Expenditure/Total Expenditure (Excl. Total Operating Expenditure)	10%	10%	10%	9%	8%	7%	6%	5%	5%

DRAFT FINANCIAL STRATEGY 2021 – 2031

The below table compares the Council's forecast performance against these limits for each year as planned in the LTP 2021 – 2031.

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Tabled at full
Council 18/3/21

9 Financials

The Council has planned a prudent financial approach to managing its assets and services. This section provides a summary of the total value of the activity and the investment that the Council has planned to make over the next 30 years.

9.1 Funding Sources

The Waste Management and Minimisation activity is currently funded through a mixture of sources, as shown in Figure 31 below.

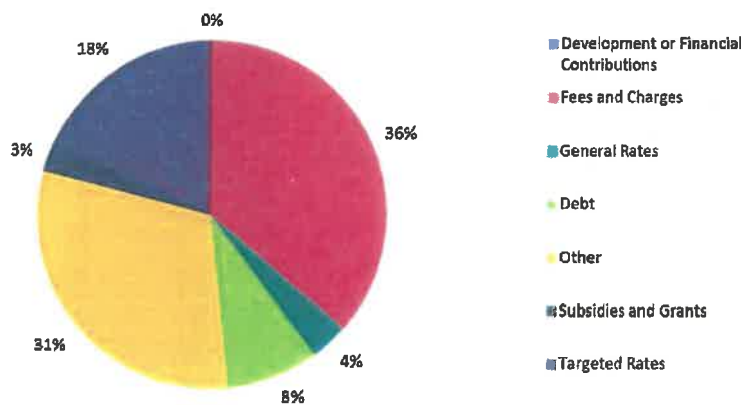


Figure 31: Funding Sources for this Activity

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As shown in Figure 31, the majority of funding for this activity comes from fees and charges. The bulk of the revenue is from waste disposal charges.

"Other income" includes:

- Regional landfill revenue distributions from the regional landfill business unit (just over 69% of other revenue).
- Waste levy distributions for territorial authorities from central government (21%).
- Revenue for sale of commercial recyclables (1%), and
- other investment income from other Council activities (9%).

Targeted rate income is used to fund the kerbside recycling service and subsidies and grants refer to external funding from government or other users of the MRF.

9.1.1 Fees and Charges

Under the Revenue and Financing Policy, the Council has the ability to set a Schedule of Charges to recover some costs associated with Council's services. Some of these fees and charges are set by statute and others by Council.

9.3 Financial Summary
9.3.1 Funding Impact Statement

Council's Funding Impact Statement (FIS) for this activity is included in the table below. It summarises in one place how this activity will be funded and how those funds will be applied over the next 10 years.

Table 19: Funding Impact Statement

	2020/21 AP BUDGET \$'000	2021/22 BUDGET \$'000	2022/23 BUDGET \$'000	2023/24 BUDGET \$'000	2024/25 BUDGET \$'000	2025/26 BUDGET \$'000	2026/27 BUDGET \$'000	2027/28 BUDGET \$'000	2028/29 BUDGET \$'000	2029/30 BUDGET \$'000	2030/31 BUDGET \$'000
SOURCES OF OPERATING FUNDING											
General rates, uniform annual general charges, rates penalties	1,041	1,062	777	466	568	451	411	450	594	755	841
Targeted rates	2,484	2,467	2,776	2,765	2,885	3,023	3,119	3,669	3,859	4,162	4,150
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0	0
Fees and charges	4,940	5,438	6,170	6,912	6,886	6,735	6,719	6,703	6,688	6,669	6,732
Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0	0
Local authorities: fuel tax, fines, infringement fees, and other receipts	5,156	5,204	6,143	7,179	7,726	7,824	8,032	8,250	8,503	8,764	9,009
Total operating funding	13,621	14,171	15,666	17,322	18,065	18,033	18,281	19,072	19,644	20,350	20,732
APPLICATIONS OF OPERATING FUNDING											
Payments to staff and suppliers	10,973	11,346	12,693	13,791	14,047	14,025	14,263	14,953	15,302	15,588	15,868
Finance costs	293	351	341	343	357	388	301	278	279	303	287
Internal charges and overheads applied	1,052	1,202	1,335	1,410	1,506	1,552	1,630	1,716	1,792	2,068	2,017
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	12,318	12,899	14,369	15,544	15,910	15,915	16,194	16,947	17,373	17,959	18,172
Surplus/(deficit) of operating funding	1,303	1,272	1,497	1,778	2,155	2,118	2,087	2,125	2,271	2,391	2,560
SOURCES OF CAPITAL FUNDING											
Subsidies and grants for capital expenditure	0	401	876	0	3,688	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	(1,070)	242	2,070	(773)	(589)	(1,213)	183	307	1,326	(658)	1,958
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0

WASTE MANAGEMENT AND MINIMISATION ACTIVITY MANAGEMENT PLAN

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	2020/21 AP \$'000	2021/22 BUDGET \$'000	2022/23 BUDGET \$'000	2023/24 BUDGET \$'000	2024/25 BUDGET \$'000	2025/26 BUDGET \$'000	2026/27 BUDGET \$'000	2027/28 BUDGET \$'000	2028/29 BUDGET \$'000	2029/30 BUDGET \$'000	2030/31 BUDGET \$'000
Total sources of capital funding	(1,070)	643	2,946	(773)	3,099	(1,213)	183	307	1,326	(658)	1,958
APPLICATIONS OF CAPITAL FUNDING											
Capital expenditure											
- to meet additional demand	0	0	0	0	0	0	0	0	0	0	0
- to improve the level of service	74	118	28	29	30	30	31	32	33	34	35
- to replace existing assets	101	3,834	4,508	1,301	5,353	811	2,209	2,347	3,504	1,634	4,410
Increase (decrease) in reserves	34	(317)	(93)	(325)	(129)	64	30	53	60	65	73
Increase (decrease) in investments	24	(1,720)	0	0	0	0	0	0	0	0	0
Total applications of capital funding	233	1,915	4,443	1,005	5,254	905	2,270	2,432	3,597	1,733	4,518
Surplus/(deficit) of capital funding	(1,303)	(1,272)	(1,497)	(1,778)	(2,155)	(2,118)	(2,087)	(2,125)	(2,271)	(2,391)	(2,560)
Funding balance	0	0	0	0	0	0	0	0	0	0	0

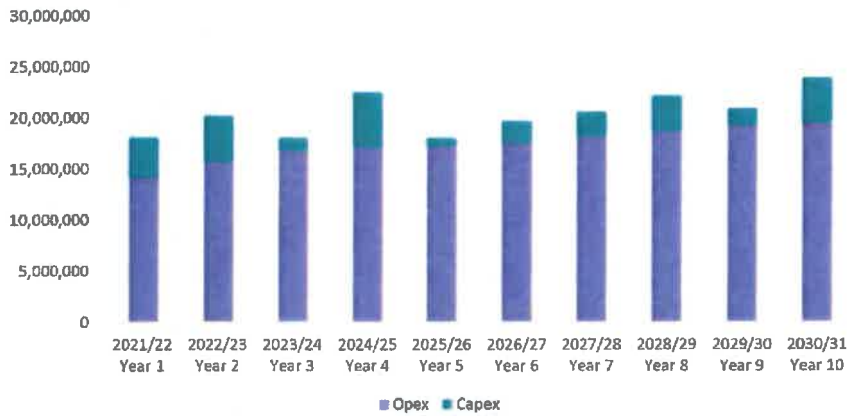


Figure 35: Total Annual Expenditure Years 1 to 10 Including Inflation

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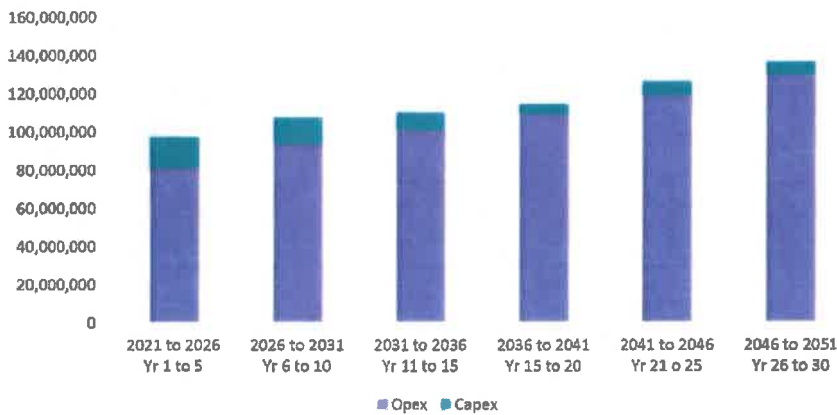


Figure 36: Five Yearly Total Expenditure Years 1 to 30 Including Inflation

Commented [JN4]: Graph updated 17.3.21

9.3.4 Total Income

Figure 37 and Figure 38 show the total income for the waste management and minimisation activity for the first 10 and 30 years respectively.

Income throughout the period is dominated by fees and charges and 'other' income, which is mainly Local Disposal Levy income from the Nelson Tasman Regional Landfill Business Unit (around 70%) and the national waste disposal levy (around 20%). Income from subsidies and grants is funding for waste minimisation infrastructure in Year 1 and funding for a MRF extension in Years 2 and 4.

Fees and charges increase with increased disposal costs from Year 1 to Year 3, then decrease slightly. 'Other' income increases significantly from Year 1 to Year 4, with increases in local disposal levy and national disposal levy income increases. From Year 5 growth in 'other' income reduces.

Growth in rates income is driven by growth in targeted rates for kerbside collection services, while general rate decreases modestly. increases in targeted rates in Years 7 to 10 are to fund replacement recycling bins.

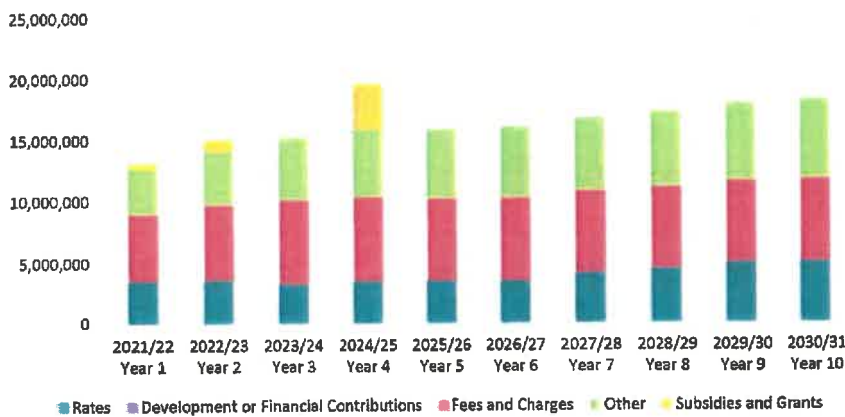


Figure 37: Total Annual Income Years 1 to 10 Including Inflation

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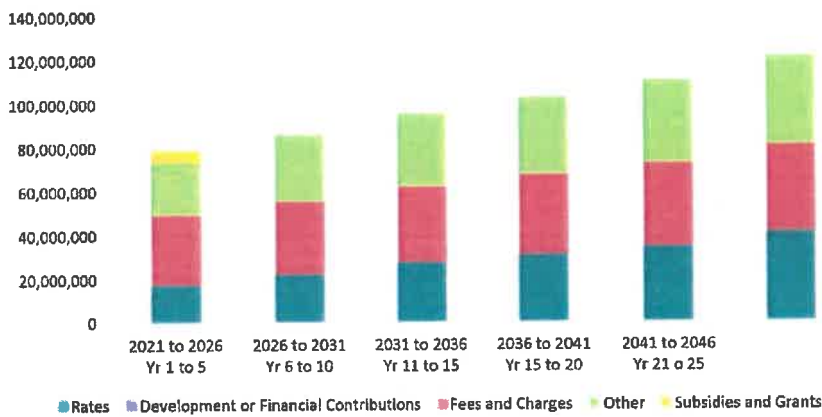


Figure 38: Five Yearly Total Income Years 1 to 30 Including Inflation

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9.3.5 Operational Costs

Figure 39 and Figure 40 show the total operating expenditure for this activity for the first 10 and 30 years respectively.

Operating costs are dominated by “direct costs”, which include payments to operations contractors and payments for landfill disposal. The significant increases in Years 1 to 3 are due to waste disposal costs increasing and in Years 7 to 10 due to the cost of replacing kerbside recycling bins. Other costs rise over time due to inflation and increases in population leading to higher operational costs.

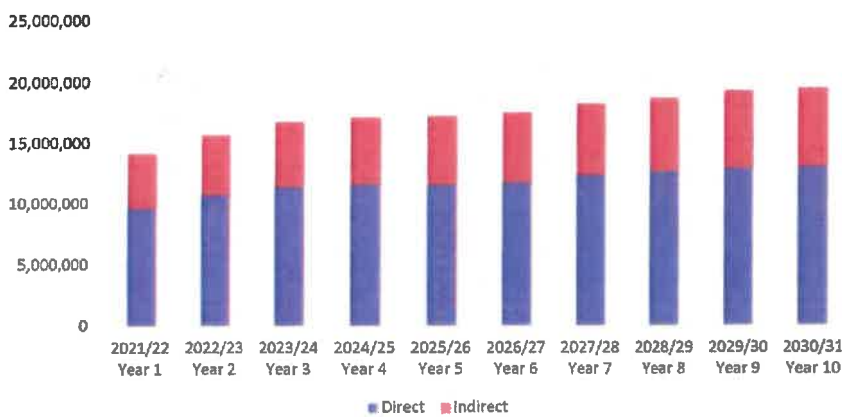


Figure 39: Annual Operating Costs Years 1 to 10 Including Inflation

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Figure 40: Five Yearly Operating Cost Years 1 to 30 Including Inflation

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