ACCOUNTING INFORMATION

REPORTING ENTITIES

Tasman District Council is a unitary local authority governed by the Local Government Act 2002 (LGA) and the Local Government (Rating) Act 2002. The purpose of the Council is to promote the social, economic, environmental and cultural well-being of communities, and enable democratic local decision-making. Council does not operate to make a financial return.

Financial information within Tasman's 10-Year Plan 2021 – 2031 covers the Council operations, plus its controlled and jointly controlled entities.

Council is designated as a Public Benefit Entity (PBE) for financial reporting and applies New Zealand Tier 1 PBE accounting standards.

STATEMENT OF COMPLIANCE

The forecast information has been prepared and complies with Section 111 of the Local Government Act 2002, the Financial Reporting Act 1993, Generally Accepted Accounting Practice in New Zealand (GAAP) and the pronouncements of Chartered Accountants Australia New Zealand. The financial statements have been prepared in accordance with Tier 1 PBE accounting standards. In particular, these prospective financial statements have been prepared in accordance with Public Benefit Entities (PBE) Financial Reporting Standard No. 42.

A CAUTIONARY NOTE

The prospective financial information has been prepared for the purposes of meeting Council's requirements under the LGA 2002. This information may not be suitable for use in any other context.

The forecast information prepared is to enable the public to participate in the decision-making processes as to the services to be provided by Council to the Tasman communities over the period of Tasman's 10-Year Plan 2021 – 2031. The main purpose of prospective financial statements in Tasman's 10-Year Plan 2021 – 2031 is to provide users with information about the core services that Council intends to provide to ratepayers, the expected cost of those services and, consequently, how much Council requires by way of rates to fund the intended levels of service. The level of rates funding required is not affected by subsidiaries, except to the extent that Council obtains distributions from, or further invests in, those subsidiaries. Such effects are included in the prospective financial statements of Council.

The actual results achieved for any given financial year are likely to vary from the information presented and may vary materially, depending upon the circumstances that arise during the period. Council does not intend to update the prospective financial statements after publication. Actual results have not been incorporated in this prospective financial information.

BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis, with the exception of certain items identified in specific accounting policies below. They are presented in New Zealand dollars, which is the functional currency of each of the Council's entities, and are rounded to the nearest thousand dollars ($000), unless otherwise stated. The financial statements have been prepared on an ongoing concern basis and the accounting policies have been applied consistently throughout the planned period.

Council has a balance date of 30 June and these prospective financial statements are for the period from 1 July 2021 to 30 June 2031.

Financial information from the Annual Plan 2020/2021 has been provided to better compare against the financial information contained in Tasman's 10-Year Plan 2021 – 2031.

The accounting policies set out below will be applied consistently to all periods presented in the prospective financial statements.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

The preparation of financial statements, in conformity with PBE standards, is issued by the External Reporting Board. The External Reporting Board requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant judgements, estimates and assumptions have been applied in measuring certain provisions and property, plant and equipment revaluations.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, or if the revision affects both current and future periods.

JOINT ARRANGEMENTS

Joint arrangements are arrangements where two or more parties have joint control. Joint control is the agreed sharing of control of an arrangement by way of a binding arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The accounting treatment can vary according to the structure of the arrangement. There are two types of joint arrangements – either a joint operation or a joint venture:

- A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Council's share of the assets, liabilities, revenue and expenditure of joint ventures is included on an equity accounting basis as a single line.
- A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint operations also include operations where their activities primarily aim to provide the joint arrangement parties with an output (i.e. the parties have rights to substantially all the service potential or economic benefits of the assets). For a joint operation, the Council has a liability in respect of its share of joint ventures' operational deficits and liabilities, and shares in any operational surpluses and assets. The Council's interest in the assets, liabilities, revenue and expenditure of joint operations is included in the financial statements of the Council on a line-by-line basis.

The Councils' jointly controlled operations are:

- Nelson Regional Sewerage Business Unit. Council has a 50% interest in this entity.
- Nelson Tasman Combined Civil Defence Organisation. Council has a 50% interest in this entity.
- Nelson Tasman Regional Landfill Business Unit. Council has a 50% interest in this entity.
- Waimea Water Limited. Council has a minimum 51% shareholding in this entity, however the accounting interest differs for the assets, liabilities, revenue and expenses due to the nature of the agreements:
    - Operating Expenses – the Wholesale Water Augmentation Agreement section 5, provides that Council is responsible for 51% of the operating costs of Waimea Water Limited.
    - Revenue – Council recognises the water charges it is responsible for, through Council's rates and fees and charges.
    - Waimea Water Limited borrowings to be serviced by Waimea Irrigators Limited – Council is not responsible for borrowings to be serviced by Waimea Irrigators Limited, therefore these borrowings are not recognised as liabilities in Council's financial statements.
    - Other Assets and Liabilities – Council recognises its accounting interest as the proportion of Council's paid up equity and convertible shareholder advances divided by total equity and convertible shareholder advances. The difference between Council's investment and advances, and Council's accounting interest, is recognised in Revenue or Expense. Based on current forecasts, this difference is assumed to have arisen in the year ended 30 June 2020 and therefore is reflected in Council's opening balances.

The Councils' joint ventures are:

- Port Nelson Ltd. Council has a 50% shareholding.
- Nelson Airport Ltd. Council has a 50% shareholding.
- Tasman Bays Heritage Trust. Council has a 50% interest in this Trust.

COUNCIL-CONTROLLED ORGANISATIONS

As defined by section 6 of the Local Government Act 2002, a Council-Controlled Organisation (CCO) is a company under the control of local authorities through their:

- shareholding of 50% or more
- voting rights of 50% or more, or
- right to appoint 50% or more of the directors.

Waimea Water Ltd, Port Nelson Ltd, Nelson Airport Ltd and Tasman Bays Heritage Trust are CCOs.

REVENUE RECOGNITION

RATES RECOGNITION

Rates income is measured at fair value. The following particular policies apply:

1. General rates, targeted rates (excluding water-by-meter) and uniform annual general charges are recognised at the start of the financial year, to which the rates resolution relates. They are recognised at the amounts due. Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
2. Rates arising from late payment penalties are recognised as revenue when rates become overdue.
3. Rates remissions are recognised as a reduction of rates revenue when Council has received an application that satisfies its Rates Remission Policy.
4. Water billing revenue is recognised on an accrual basis with unread meters at year end accrued on an average usage basis.

OTHER REVENUE RECOGNITION

Revenue is measured at fair value. The following particular policies apply:

1. Development contributions and reserve financial contributions are recognised as revenue when Council provides, or is able to provide, the service that gave rise to the charging of the contribution. Otherwise, development contributions and financial contributions are recognised as liabilities until such time as Council provides, or is able to provide, the service.
2. Interest is recognised using the effective interest method.
3. Dividends are recognised when the right to receive payment has been established.
4. Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as revenue. Assets vested in Council are recognised as revenue when control over the asset is obtained. The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property developments, the fair value is based on construction price information provided from the most recent revaluation.
5. Infringements are recognised when the fine is issued.
6. Council receives government grants from the Waka Kotahi/New Zealand Transport Agency (Waka Kotahi), which subsidises part of Council's costs in maintaining the local roading infrastructure. Waka Kotahi revenue is recognised on entitlement when conditions pertaining to eligible expenditure is fulfilled.
7. Other grants are recognised as revenue when they become receivable, unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.
8. Fees and charges for building and resource consent services are recognised on a percentage completion basis with reference to the recoverable costs incurred at balance date.

WORK IN PROGRESS

Work in progress is valued at the lower of cost and net realisable value.

EXPENDITURE

Expenditure is recognised when the service has been provided or the goods received or when it has been established that rewards of ownership have been transferred from the seller/provider to Council and when it is certain the obligation to pay arises.

GRANT EXPENDITURE

Non-discretionary grants are awarded, as well as recognised as expenditure, if, and when, the grant application meets the specified criteria.

Discretionary grants are where Council has no obligation to award on receipt of the grant application. Council recognises these grants as expenditure when a successful applicant has been notified.

PAYABLES

Short-term payables are recorded at the amount payable.

LEASES

Finance leases transfer to the lessee substantially all the risks and rewards of ownership. At inception, finance leases are recognised as assets and liabilities on the Balance Sheet at the lower of the fair value of the leased property and the present value of the minimum lease payments. Any additional direct costs of the lessee are added to the amount recognised as an asset. Assets leased under a finance lease are depreciated as if the assets are owned.

Operating leases, where the lessor substantially retains the risks and rewards of ownership, are recognised in the surplus or deficit in a systematic manner over the term of the lease. Lease incentives are recognised in the surplus or deficit as a reduction in rental expense.

BORROWING COSTS

Borrowing costs are recognised as an expense in the period in which they are incurred. Borrowings are initially recognised at their fair value plus transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities, unless Council has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

TAXATION

Council is exempt from income tax except in relation to distributions from its CCO's and its port operations.

Income tax expense in relation to the surplus or deficit for the period comprises current tax and deferred tax.

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

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantively enacted by balance date.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to transactions recognised in other comprehensive revenue and expense or directly in equity.

FINANCIAL ASSETS

TRADE AND OTHER RECEIVABLES

Short-term receivables are recorded at the amount due, less an allowance for expected credit losses (ECL). The Council apply the simplified ECL model of recognising lifetime ECL for receivables.

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

Rates are "written-off":

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

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

Council does not provide for any impairment on rates receivable as it has various powers under the Local Government (rating) Act 2002 to recover any outstanding debts. These powers allow the Council to commence legal proceedings to recover any rates that remain unpaid four months after the due date for payment. If payment has not been made within three months of the Court's judgement, then Council can apply to the Registrar of the High Court to have the judgement enforced by sale or lease of the rating unit.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash-in-hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown in current liabilities in the statement of financial position.

OTHER FINANCIAL ASSETS

Other Financial assets (other than shares in subsidiaries) are initially recognised at fair value. They are then classified as, and subsequently measured under, the following categories:

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

Transaction costs are included in the carrying value of the financial asset at initial recognition, unless it has been designated at FVTSD, in which case it is recognised in surplus or deficit.

The classification of a financial asset depends on its cash flow characteristics and the Council's management model for managing them.

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

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

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

Initial recognition of concessionary loans

Loans made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial instrument. For loans to community organisations, the difference between the loan amount and present value of the expected future cash flows of the loan is recognised in surplus or deficit as a grant expense.

Subsequent measurement of financial assets at amortised cost

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

Subsequent measurement of financial assets at FVTOCRE

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

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

Subsequent measurement of financial assets at FVTSD

Financial assets in this category are subsequently measured at fair value with fair value gains and losses recognised in surplus or deficit.

Interest revenue and dividends recognised from these financial assets are separately presented within revenue.

Instruments in this category include the Council and group's investment fund portfolio (comprising of listed shares, bonds, and units in investment funds) and Local Government Funding Agency borrower notes.

Expected credit loss allowance (ECL)

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

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Council and group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Council and group's historical experience and informed credit assessment and including forward-looking information.

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

ACCOUNTING FOR DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

The Council uses derivative financial instruments to hedge exposure to interest rate risks arising from financing activities. In accordance with its Treasury Policy, Council does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each balance date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The associated gains or losses of derivatives that are not hedge-accounted are recognised in the surplus or deficit.

Council has elected not to hedge account for its interest rate swaps. Council's associate Port Nelson Limited has applied hedge accounting to its interest rate swaps.

INTANGIBLE ASSETS

SOFTWARE ACQUISITION AND DEVELOPMENT

Acquired computer software licenses are capitalized, including the costs to acquire and bring to use the specific software, if council has control and future benefit.

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of software for internal use by Council, are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

CARBON CREDITS

Purchased carbon credits are recognised at cost on acquisition. They have an indefinite useful life and are not amortised, but are instead tested for impairment annually. They are derecognised when they are used to satisfy carbon emission obligations.

AMORTISATION

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit. The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

- Computer software 5 years, 20%

There are no restrictions over the title of intangible assets. No intangible assets are pledged as security for liabilities.

IMPAIRMENT

Council considers there is no impairment of carbon credits held as they are expected to be fully utilised in satisfying carbon obligations from its landfill and forestry operations. Carbon units have been assessed as having an indefinite useful life because they have no expiry date and will continue to have economic benefit as long as the Emissions Trading Scheme is in place.

PROPERTY, PLANT AND EQUIPMENT

OPERATIONAL ASSETS

These include land, buildings, computers and office equipment, building improvements, library books, plant, equipment, wharves and motor vehicles.

RESTRICTED ASSETS

Assets owned or vested in Council which cannot easily be disposed of because of legal or other restrictions and provide a benefit or service to the communities.

INFRASTRUCTURAL ASSETS

Infrastructural assets are the fixed utility systems owned by Council. Each asset type includes all items that are required for the network to function, e.g. wastewater reticulation includes reticulation piping and wastewater pump stations.

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

ACCOUNTING INFORMATION

ADDITIONS

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to Council and the cost of the item can be measured reliably. Work in progress is recognised at cost less impairment and is not depreciated. In most instances, an item of property, plant and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

DISPOSALS

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit.

When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

SUBSEQUENT COSTS

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

Values included in respect of assets are as follows:

Vested assets

Certain infrastructural assets and land will be vested in Council as part of the subdivision consent process. Vested infrastructural assets are valued by calculating the cost of providing identical quantities of infrastructural components. Vested assets are recognised as assets and revenue when control over the asset is obtained.

- Roads, Stormwater, Wastewater and Water Supply assets are recognised on section 224 issued date and by using the latest valuation unit rates, uplifted for inflation as required.
- Land assets are recognised when legal titles passes using the rateable valuation.
- Land under roads is recognised when legal title passes. The valuation is calculated based on the rateable value of the land pre subdivision, discounted by 50% to reflect the restricted nature of the land.

Depreciation

Depreciation is provided on a straight line basis on all assets at rates which will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

These assets have component lives that have been estimated as follows:

• Land	Not depreciated
• Buildings (including fit out)	2 – 100 years
• Plant and equipment	5 – 10 years
• Motor vehicles	5 – 10 years
• Library books	2 – 10 years
Infrastructure Assets	
Transportation	
• Bridges	100 years
• Roads-other components	15 – 80 years
• Formation	Not depreciated
• Sub-base (sealed)	Not depreciated
• Car parks – formation	Not depreciated
• Car parks – sealed pavement	75 years
• Footpaths	25 – 75 years
• Pavement base (unsealed)	Not depreciated
• Drainage	25 – 120 years
Wastewater	
• Oxidation ponds	Not depreciated
• Treatment	9 – 100 years
• Pipe	50 – 80 years
• Pump stations	20 – 80 years
Water	
• Wells and pumps	10 – 80 years
• Pipes/valves/meters	15 – 80 years

Stormwater

• Channel/detention dams	Not depreciated
• Pipe/manhole/sumps	80 – 120 years

Other infrastructural assets

• Ports and wharves	7 – 100 years
• Airfields	10 – 80 years
• Refuse	15 – 100 years

Rivers

• Stopbanks	Not depreciated
• Rock protection	Not depreciated
• Willow plantings	Not depreciated
• Gabion baskets	30 years
• Railway irons	50 years
• Outfalls	60 years

Waimea Community Dam

• Earthworks	Not depreciated
• Concrete and spillway	200 years
• Mechanical stainless-steel piping	100 years
• Electrical	15 years

REVALUATION

With the exception of vested assets at the initial point of recognition, all valuations are carried out or reviewed by the Council's Engineering Services Manager, or by independent qualified valuers. The Council's intention is that valuations are carried out on a three-yearly cycle. The carrying values of revalued items are reviewed at each balance date, to ensure that these values are not materially different to fair value. Where materially different, Council will revalue at an earlier point. Revaluations are carried out on an asset class basis. Forestry valuations are carried out annually.

The net revaluation results are credited or debited to other comprehensive revenue and expenses and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expenses, but is recognised in the surplus or deficit.

Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit, up to the amount previously expensed, and then recognised in other comprehensive revenue and expenses.

The following assets will be revalued on a three-yearly basis:

- Transportation
- Stormwater
- Waste Management and Minimisation (formally Refuse)
- Water Supply
- Wastewater
- Ports
- Coastal Assets
- Land and Buildings

The following assets are not revalued:

- The Waimea Community Dam
- Rivers

The anticipated results of the revaluations have been included in the Tasman's 10-Year Plan 2021 – 2031.

Roads and bridges, wastewater, solid waste, water supply, stormwater, coastal structures, ports and river protection infrastructural assets are valued using the depreciated replacement cost method. There are a number of estimates and assumptions exercised when valuing infrastructural assets using the depreciated replacement cost method.

These include:

- Estimating any obsolescence or surplus capacity of the asset.
- Estimating the replacement cost of the asset. The replacement cost is derived from recent construction contracts in the region for similar assets.

Roads and bridges, wastewater, solid waste, water supply, stormwater and coastal assets were last valued at fair value using optimised depreciated replacement cost by Marsh & McLennan Companies as at 30 June 2020.

ACCOUNTING INFORMATION

River protection assets consist of stop banks, rock protection and riparian protection. These assets are no longer revalued. The latest were valued for inclusion in Council's financial statements at optimised depreciated replacement cost by in-house specialists as at 31 March 2017. These in-house valuations have been peer reviewed by Opus International Consultants Limited. These are no longer revalued.

The Waimea Community Dam is not revalued. The Waimea Community Dam (Dam) is a rock filled Dam with a concrete face and spillway, it also comprises mechanical pipe and electrical components. The Dam is not revalued, it is recognised at historical cost, less depreciation and impairment.

Ports have been valued at optimised depreciated replacement cost by Jones Lang Lasalle IP, Inc. of Auckland as at 13 August 2019. The Port assets were not revalued during the previous three yearly cycle in order for the specialist valuation to be undertaken.

Land under roads – Land under roads has been valued at average land sales throughout the District by MWH New Zealand Ltd as at 1 July 2003. Under NZ IFRS, the Council has elected to use the fair value of land under roads as at 1 July 2003 as deemed cost. Land under roads is no longer revalued.

Library collections – This asset is recorded at the latest valuation conducted by Duke & Cooke Ltd, registered valuers, as at 30 June 1999. During the 2002 income year Council ceased further revaluations and adopted deemed cost.

Airfields – Airfield assets were valued for inclusion in Council's financial statements at optimised depreciated replacement cost by in-house specialists as at 31 March 2017. The in-house valuations have been peer reviewed by Opus International Consultants Limited.

Library books – This asset is recorded at the latest valuation conducted by Duke & Cooke Ltd, registered valuers, as at 30 June 1999. During the 2002 income year Council ceased further revaluations and adopted deemed cost. Donated books are assigned a value based on current replacement cost, less an allowance for age and condition. Additions are valued at cost less depreciation. Library books are depreciated on a straight-line basis over the following estimated life:

• Adult and technical books	10 years
• Children's books	5 years
• CDs and talking books	2 years

Furniture and fittings – Furniture and fittings were recorded at valuation. The latest valuation was conducted by Duke & Cooke Ltd, registered valuers, as at 31 October 2000, using the assessed market value in-situ. Furniture and fittings are not revalued and are now treated as deemed cost. Additions are recorded at cost.

Land (operational, restricted, and infrastructural) – Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Adjustments have been made to the "unencumbered" land value where there is a designation against the land or the use of the land is restricted because of reserve or endowment status. These adjustments are intended to reflect the negative effect on the value of the land where an owner is unable to use the land more intensely. The most recent valuation was performed by GR Butterworth SPINZ, ANZIV of QV Valuations Limited, and the valuation is effective as at 30 June 2018 with the exception of infrastructural land which was revalued with the relevant asset class.

Buildings (operational and restricted) – Specialised buildings are valued at fair value using depreciated replacement cost because no reliable market data is available for such buildings. Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions include:

- The replacement asset is based on the reproduction cost of the specific assets with adjustments where appropriate for obsolescence due to over-design or surplus capacity.
- The replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information.
- The remaining useful life of assets is estimated.
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Non-specialised buildings (for example, residential buildings) are valued at fair value using market-based evidence. Market rents and capitalisation rates were applied to reflect market value. The most recent valuation was performed by GR Butterworth SPINZ, ANZIV of QV Valuations Limited, and the valuation is effective as at 30 June 2018.

Heritage assets comprise Council assets that are subject to a Historic Places protection order and are identified as such in the Resource Management Plan. Heritage assets were identified and introduced at 30 June 2002 at a fair market value as determined by QV Valuations, registered valuers. The fair market values have been adopted as deemed cost. Subsequent additions are at cost or independently determined fair market value which is adopted as deemed cost.

IMPAIRMENT

Intangible assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment.

Property, plant and equipment that have a finite useful life are reviewed for impairment at each balance date and whenever events, or changes in circumstances, indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value, less costs to sell, and its value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense. This increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

VALUE IN USE FOR NON-CASH-GENERATING ASSETS

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash-generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

VALUE IN USE FOR CASH-GENERATING ASSETS

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return.

The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

FORESTRY ASSETS

Forestry assets are predominantly standing trees that are managed on a sustainable yield basis. These are shown in the Statement of Financial Position at fair value less estimated point of sale costs at harvest. The costs to establish and maintain the forestry assets are independently revalued annually at fair value, less estimated costs to sell for one growth cycle. Fair value is determined based on the present value of expected net cash flows, discounted at the current market determined rate. This calculation is based on existing sustainable felling plans and assessments regarding growth, timber prices, felling and silviculture costs, and takes into consideration environmental, operational and market restrictions.

Gains or losses arising on initial recognition of forestry assets at fair value, less estimated point-of-sale costs and from a change in fair value, less estimated point-of-sale costs are recognised in the surplus or deficit.

The costs to maintain the forestry assets are included in the surplus or deficit when incurred.

CONTRACT RETENTION

Certain contracts entitle Council to retain amounts to ensure the performance of contract obligations. These retentions are recognised as a liability and are then used to remedy contract performance or paid to the contractor at the end of the retention period.

OVERHEADS

Indirect overheads have been apportioned on an activity basis, using the labour cost of full-time staff employed in those specific output areas.

Indirect activity costs are allocated as overheads, using appropriate cost drivers such as actual usage, staff numbers and floor area.

INVESTMENT PROPERTIES

Properties leased to third parties under operating leases are classified as investment property, unless the property is held to meet service delivery objectives rather than to earn rent or for capital appreciation. Investment property is measured initially at its cost, including transaction costs. After initial recognition, Council measures all investment property at fair value, as determined annually by an independent valuer. Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

PROPERTIES INTENDED FOR RESALE

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value, less costs to sell. Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit. Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised. Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group, classified as held for sale, continue to be recognised.

PROVISIONS

Council recognises a provision for future expenditure of an uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event. It is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation, using a pre-tax discount rate that reflects current market assessments, of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in 'Finance Costs'.

EMPLOYEE ENTITLEMENTS

SHORT-TERM BENEFITS

Employee benefits that Council expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

Council recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that Council anticipates it will be used by staff to cover those future absences.

Council recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

LONG-TERM BENEFITS

Entitlements that are payable beyond 12 months, such as long service leave and retirement leave have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information;
- the present value of the estimated future cash flows [Note: Retirement leave has not been discounted to present value]; and
- presentation of employee entitlements.

Sick leave, annual leave, vested long service leave, and non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date, are classified as a current liability. All other employee entitlements are classified as a non-current liability.

SUPERANNUATION SCHEMES

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

KEY ASSUMPTIONS IN MEASURING RETIREMENT AND LONG SERVICE LEAVE OBLIGATIONS

The present value of long service leave obligations depend on a number of factors that are determined on an actuarial basis. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any changes in these assumptions will affect the carrying amount of the liability.

The expected future payments are discounted using forward discount rates derived from the yield curve of New Zealand government bonds. The discount rates used have maturities that match, as closely as possible, the estimated future cash outflows. The salary inflation factor is based on the treasury inflation rate.

The retirement obligations have not been discounted to present value.

LANDFILL AFTER-CARE COSTS

Landfills in the region are now provided regionally, through the Nelson Tasman Regional Landfill Business Unit, which is a joint committee of the Nelson City Council and Tasman District Council. This business unit commenced operations on 1 July 2017. From this date, the Eves Valley Landfill (which Council previously managed) stopped receiving waste and all waste is now directed to the York Valley Landfill (located in Nelson City).

As the landfills in the District are now a 50% Joint Operation, Tasman District Council recognise 50% of the post-care provisions for both Eves Valley and York Valley landfills. Our legal obligation is to provide ongoing maintenance and monitoring services at the landfill sites after closure. The landfill post-closure provision is recognised in accordance with Public Benefit Entity International Public Sector Accounting Standards Reporting Standard 19 Provisions, Contingent Liabilities and Contingent Assets. This provision is calculated on the basis of discounting closure and post-closure costs into present day value.

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

ACCUMULATED EQUITY

Equity is the community’s interest as measured by total assets less total liabilities. Public equity is disaggregated and classified into a number of reserves. The components of equity are:

- accumulated funds
- restricted reserves and Council-created reserves, and
- asset revaluation reserve.

Reserves are a component of equity, generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by Council.

RESTRICTED AND COUNCIL CREATED RESERVES

Restricted reserves are those reserves subject to specific conditions accepted as binding by Council and which may not be revised without reference to the Courts or third party. Council created reserves are reserves established by a Council decision.

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

GST

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

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

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

FUNDING IMPACT STATEMENTS

The Funding Impact Statements (FIS) have been prepared in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014. This is a reporting requirement unique to local government and the disclosures contained within. The presentation of these statements is not prepared in accordance with generally accepted accounting practices (GAAP).

The purpose of these statements is to report the net cost of services for significant Groups of Activities (GOA) of Council. They are represented by the revenue that can be allocated to these activities, less the costs of providing the service. They contain all funding sources for these activities and all applications of this funding by these activities. The GOA FIS include internal transactions between activities, such as internal overheads and charges applied and/or recovered. A FIS is also prepared at the whole-of-Council level, summarising the transactions contained within the GOA FIS, eliminating internal transactions and adding in other transactions not reported in the GOA statements.

These statements are based on cash transactions prepared on an accrual basis. As such, they do not include non-cash/accounting transactions that are included within the Comprehensive Revenue and Expense 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.

They also depart from GAAP, as funding sources are disclosed within the FIS as being either for operational or capital purposes. Revenue (such as subsidies received for capital projects, development and financial contributions, and gains on sale of assets) is recorded as capital funding sources. Under GAAP these are treated as revenue in the Comprehensive Revenue and Expense Statement.

FUNDING IN ACCORDANCE WITH THE LOCAL GOVERNMENT ACT 2002

Section 100(1) of the Local Government Act 2002 requires local authorities to set operating revenues at a level to cover all operating expenses, except as provided in S100(2). Operating expenses include an allowance for debt servicing and for the decline in service potential of assets (depreciation). Council has complied with S100(1) in the preparation of Tasman's 10-Year Plan 2021 – 2031.

CHANGES IN ACCOUNTING POLICIES

Council applied new accounting standards Public Benefit Entity International Public Sector Accounting Standards 34-38 in these financial statements to its joint arrangements. This resulted in recognition of the assets, liabilities, revenue and expenses that arise from its interest in Councils' joint operations. Under the previous standards, Council recognised its share of all transactions and balances.

Council has applied new accounting standards Public Benefit Entity International Public Sector Accounting Standards IPSAS 41. This standard becomes effective for the year ending 30 June 2023 which is the second year of the 2021-31 LTP.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these financial statements, Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

INFRASTRUCTURAL ASSETS

Infrastructural asset valuations are carried out on a three-yearly cycle, on a depreciated replacement cost basis. The carrying values of revalued items are reviewed at each balance date to ensure that these values are not materially different to fair value. The most recent revaluation was performed as at 30 June 2020, for Transportation, and Three Waters assets. Where materially different, Council will revalue at an earlier point. There are a number of assumptions and estimates used when performing depreciated replacement cost basis valuations over infrastructural assets. These include:

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

Valuations are carried out by independent qualified valuers.

Rivers and the Waimea Community Dam asset are not revalued, per the Revaluation section above.

OPERATIONAL ASSETS

Specialised buildings are valued at fair value, using depreciated replacement cost because no reliable market data is available for such buildings. Significant assumptions include:

- the replacement asset is based on the reproduction cost of the specific assets with adjustments where appropriate for obsolescence due to over-design or surplus capacity,
- the replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information,
- the remaining useful life of assets is estimated, and
- straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Non-specialised buildings (for example, residential buildings) are valued at fair value using market-based evidence. Market rents and capitalisation rates were applied to reflect market value. GR Butterworth SPINZ, ANZIV of QV Valuations Limited performed the most recent valuation. This valuation is effective as at October 2020.

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Adjustments have been made to the 'unencumbered' land value where there is a designation against the land or the use of the land is restricted because of reserve or endowment status. These adjustments are intended to reflect the negative effect on the value of the land where an owner is unable to use the land more intensely.

CLASSIFICATION OF PROPERTY

Council owns a number of properties which are maintained primarily to provide community housing. The receipt of lower than market-based rental from these properties is incidental to holding these properties. These properties are held for service delivery objectives. These properties are accounted for as property, plant and equipment.

INFLATION ADJUSTED ACCOUNTS

The Public Benefit Entity Financial Reporting Standard 42 – 'Prospective Financial Information', requires councils to incorporate the effects of inflation into their 10-year financial forecasts.

This means that all financial figures shown in this document for Year 1 onwards, incorporate inflation adjustments compounding annually. For example, this means that what costs $1.00 for maintenance in Year 1 is expected to cost almost $1.29 by Year 10.

Inflation data for the local government sector is provided by Business and Economic Research Ltd (BERL). The data is prepared to assist councils with planning models, particularly their Long Term Plans.

The Council considered the BERL figures along with other economic factors like forecast labour costs and the economic conditions currently being experienced.

Variable annual rates have been applied to four cost groups across the model, best summarised in the following table:

	JUNE 2022	JUNE 2023	JUNE 2024	JUNE 2025	JUNE 2026	JUNE 2027	JUNE 2028	JUNE 2029	JUNE 2030	JUNE 2031	TEN YEAR AVERAGE
Income	2.6%	3.2%	2.5%	2.6%	2.8%	2.9%	3.0%	3.1%	3.2%	3.2%	2.9%
Salaries	2.8%	3.4%	2.5%	2.7%	3.0%	3.2%	3.3%	3.4%	3.6%	3.7%	3.2%
Maintenance	2.3%	2.9%	2.5%	2.5%	2.5%	2.5%	2.6%	2.7%	2.7%	2.6%	2.6%
Capital	2.3%	3.0%	2.6%	2.6%	2.7%	2.6%	2.8%	2.8%	2.9%	2.7%	2.7%

The BERL figures were prepared in October 2020.

ACCOUNTING INFORMATION

PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

	2020/2021 ANNUAL PLAN $000	2021/2022 BUDGET $000	2022/2023 BUDGET $000
REVENUE			
General rates	40,287	43,597	47,198
Targeted rates	37,140	38,719	40,058
Development and financial contributions	10,310	12,043	12,169
Operating subsidies and grants	3,848	6,183	6,430
Capital subsidies and grants	14,629	16,096	14,879
Fees and charges	15,652	16,227	17,419
Other revenue	21,413	27,915	31,075
Fair value movement on revaluation	–	1,609	1,657
Other gains	62	62	62
Finance income	446	605	609
Revenue of joint ventures	7,658	6,442	7,096
Share of associates surplus/deficit	–	–	–
Total revenue	**151,445**	**169,498**	**178,652**
EXPENSE			
Finance expense	8,558	7,879	8,583
Employee related expense	27,276	29,756	32,663
Other expenses	37,642	46,579	55,880
Maintenance	21,704	22,951	25,262
Depreciation and amortisation	29,984	31,095	30,806
Fair value loss on revaluation	–	–	–
Expenditure of joint ventures	3,921	7,150	7,854
Total expense	**129,085**	**145,410**	**161,048**
Surplus/(deficit) before taxation	**22,360**	**24,088**	**17,604**
Income tax expense	–	–	–
Surplus/(deficit) after tax	**22,360**	**24,088**	**17,604**
OTHER COMPREHENSIVE REVENUE			
Gain on asset revaluations	–	–	101,348
Deferred tax on asset revaluations	–	–	–
Movement in NZLG shares value	–	–	–
Asset impairment loss	–	–	–
Share of associate other comprehensive income	–	–	–
Total other comprehensive revenue and expense	**–**	**–**	**101,348**
Total comprehensive revenue and expense	**22,360**	**24,088**	**118,952**

ACCOUNTING INFORMATION

	2023/2024 BUDGET $000	2024/2025 BUDGET $000	2025/2026 BUDGET $000	2026/2027 BUDGET $000	2027/2028 BUDGET $000	2028/2029 BUDGET $000	2029/2030 BUDGET $000	2030/2031 BUDGET $000
	50,377	53,961	58,991	62,782	65,213	68,188	71,881	75,563
	41,978	46,489	49,879	52,501	54,232	56,665	60,563	63,124
	12,270	10,344	10,424	10,509	10,600	9,805	9,908	11,566
	8,174	6,248	6,248	6,615	6,775	9,492	6,808	6,885
	4,477	9,251	5,973	7,617	10,947	8,958	11,313	9,679
	18,416	18,696	18,826	19,104	19,388	19,695	20,024	20,441
	32,630	30,557	30,030	30,875	29,296	31,537	29,833	29,608
	1,707	1,758	1,811	1,865	1,921	1,978	2,038	2,099
	62	62	62	62	62	62	62	62
	616	622	629	635	641	646	651	655
	7,813	8,175	8,638	8,936	9,185	9,732	10,174	10,714
	–	–	–	–	–	–	–	–
	178,520	**186,163**	**191,511**	**201,501**	**208,260**	**216,758**	**223,255**	**230,396**
	8,173	8,138	7,942	7,098	6,426	5,975	6,242	6,071
	34,346	35,918	37,621	40,393	42,535	45,655	49,033	52,646
	56,646	48,730	48,590	50,916	49,976	53,766	53,229	53,871
	25,935	26,793	27,706	28,482	28,827	29,622	30,511	31,385
	33,973	35,373	35,998	38,563	39,057	39,993	43,374	44,578
	–	–	–	–	–	–	–	–
	8,633	9,103	9,765	10,179	10,500	11,259	11,870	12,658
	167,706	**164,055**	**167,622**	**175,631**	**177,321**	**186,270**	**194,259**	**201,209**
	10,814	**22,108**	**23,889**	**25,870**	**30,939**	**30,488**	**28,996**	**29,187**
	–	–	–	–	–	–	–	–
	10,814	**22,108**	**23,889**	**25,870**	**30,939**	**30,488**	**28,996**	**29,187**
	19,684	–	118,364	21,812	–	136,694	26,517	–
	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–
	19,684	**–**	**118,364**	**21,812**	**–**	**136,694**	**26,517**	**–**
	30,498	**22,108**	**142,253**	**47,682**	**30,939**	**167,182**	**55,513**	**29,187**

ACCOUNTING INFORMATION

PROSPECTIVE STATEMENT OF FINANCIAL POSITION

	2020/2021 ANNUAL PLAN $000	2021/2022 BUDGET $000	2022/2023 BUDGET $000
CURRENT ASSETS			
Cash and cash equivalents	10,128	20,102	12,867
Trade and other receivables	16,434	14,232	15,226
Other financial assets	1,371	26,765	26,765
Non current assets held for resale	–	–	–
Total current assets	**27,933**	**61,099**	**54,858**
CURRENT LIABILITIES			
Trade and other payables	20,429	33,971	32,704
Employee benefit liabilities	2,219	3,247	3,472
Current portion of borrowings	16,636	15,003	34,003
Current portion of derivative financial instruments	3,625	4,387	4,387
Total current liabilities	**42,909**	**56,608**	**74,566**
Working capital	**14,976**	**4,491**	**(19,708)**
NON-CURRENT ASSETS			
Investments in associates	137,599	169,652	169,652
Other financial assets	22,296	9,869	10,101
Intangible assets	2,376	2,415	2,583
Trade and other receivables	–	–	–
Forestry assets	44,722	49,924	51,422
Investment property	5,279	5,358	5,518
Property, plant and equipment	1,625,736	1,685,609	1,820,037
Total non-current assets	**1,838,008**	**1,922,827**	**2,059,313**
NON-CURRENT LIABILITIES			
Term borrowings	191,409	238,588	231,912
Derivative financial instruments	15,511	19,011	19,011
Employee benefit liabilities	406	400	452
Provisions	2,296	3,575	3,534
Total non-current liabilities	**209,622**	**261,574**	**254,909**
Total net assets	**1,613,410**	**1,665,744**	**1,784,696**
EQUITY			
Accumulated equity	670,121	799,938	823,375
Restricted reserves	24,272	23,498	17,665
Revaluation reserves	919,017	842,308	943,656
Total equity	**1,613,410**	**1,665,744**	**1,784,696**

ACCOUNTING
INFORMATION

2023/2024 BUDGET $000	2024/2025 BUDGET $000	2025/2026 BUDGET $000	2026/2027 BUDGET $000	2027/2028 BUDGET $000	2028/2029 BUDGET $000	2029/2030 BUDGET $000	2030/2031 BUDGET $000
13,299	14,283	12,930	14,744	15,817	18,435	18,558	17,820
15,778	14,354	14,230	14,613	14,180	14,814	14,274	14,868
26,765	26,765	26,765	26,765	26,765	26,765	26,765	26,765
–	–	–	–	–	–	–	–
55,842	**55,402**	**53,925**	**56,122**	**56,762**	**60,014**	**59,597**	**59,453**
34,473	33,921	32,300	34,192	34,627	37,563	36,851	37,108
3,591	3,697	3,807	3,977	4,100	4,270	4,441	4,612
8,503	22,003	10,003	29,003	10,003	15,003	15,003	15,003
4,387	4,387	4,387	4,387	4,387	4,387	4,387	4,387
50,954	**64,008**	**50,497**	**71,559**	**53,117**	**61,223**	**60,682**	**61,110**
4,888	**(8,606)**	**3,428**	**(15,437)**	**3,645**	**(1,209)**	**(1,085)**	**(1,657)**
169,652	169,652	169,652	169,652	169,652	169,652	169,652	169,652
9,992	9,963	9,935	9,907	9,878	9,850	9,822	9,794
2,526	2,155	1,982	1,989	1,997	2,004	2,012	2,019
–	–	–	–	–	–	–	–
52,964	54,553	56,190	57,875	59,612	61,400	63,242	65,139
5,684	5,854	6,029	6,210	6,396	6,588	6,786	6,989
1,868,024	1,887,999	2,019,535	2,059,771	2,083,256	2,256,079	2,309,753	2,335,870
2,108,842	**2,130,176**	**2,263,323**	**2,305,404**	**2,330,791**	**2,505,573**	**2,561,267**	**2,589,463**
275,546	261,292	264,224	239,748	253,279	256,015	256,309	254,736
19,011	19,011	19,011	19,011	19,011	19,011	19,011	19,011
480	505	530	570	598	638	678	718
3,499	3,460	3,431	3,401	3,372	3,342	3,313	3,283
298,536	**284,268**	**287,196**	**262,730**	**276,260**	**279,006**	**279,311**	**277,748**
1,815,194	**1,837,302**	**1,979,555**	**2,027,237**	**2,058,176**	**2,225,358**	**2,280,871**	**2,310,058**
845,791	870,809	894,947	919,164	946,820	981,353	1,010,780	1,043,040
6,063	3,153	2,904	4,557	7,840	3,795	3,364	291
963,340	963,340	1,081,704	1,103,516	1,103,516	1,240,210	1,266,727	1,266,727
1,815,194	**1,837,302**	**1,979,555**	**2,027,237**	**2,058,176**	**2,225,358**	**2,280,871**	**2,310,058**

ACCOUNTING INFORMATION

PROSPECTIVE STATEMENT OF CASHFLOWS

	2020/2021 ANNUAL PLAN $000	2021/2022 BUDGET $000	2022/2023 BUDGET $000
CASHFLOW FROM OPERATING ACTIVITIES			
Cash was provided from:			
Fees and charges and other revenue	65,580	73,850	77,580
Rates revenue	77,486	82,322	87,260
Dividends received	2,955	2,555	2,830
Interest received	446	605	609
Net GST received	–	–	–
	146,467	**159,332**	**168,279**
Cash was disbursed to:			
Payments to staff and suppliers	(90,542)	(102,780)	(119,533)
Interest paid	(8,558)	(7,879)	(8,583)
	(99,100)	**(110,659)**	**(128,116)**
Net cash from operating activities	**47,367**	**48,673**	**40,163**
CASHFLOW FROM INVESTING ACTIVITIES			
Cash was provided from:			
Proceeds from sale of assets	62	62	62
Proceeds from sale of investments	25	1,843	118
	87	**1,905**	**180**
Cash was disbursed to:			
Purchase of investments	(24)	(6,806)	(349)
Purchase of property, plant and equipment	(64,142)	(80,518)	(59,553)
	(64,166)	**(87,324)**	**(59,902)**
Net cash from investing activities	**(64,079)**	**(85,419)**	**(59,722)**
CASHFLOW FROM FINANCING ACTIVITIES			
Cash was provided from:			
Proceeds from loans	33,435	54,370	31,313
Cash was disbursed to:			
Repayment of borrowings	(16,636)	(17,249)	(18,989)
Net cash from financing activities	**16,799**	**37,121**	**12,324**
Total net cashflows	**87**	**375**	**(7,235)**
Opening cash held	10,041	19,727	20,102
Closing cash and cash equivalents balance	**10,128**	**20,102**	**12,867**
Represented by:			
Cash and cash equivalents	10,128	20,102	12,867
Cash and cash equivalents	**10,128**	**20,102**	**12,867**

2023/2024 BUDGET $000	2024/2025 BUDGET $000	2025/2026 BUDGET $000	2026/2027 BUDGET $000	2027/2028 BUDGET $000	2028/2029 BUDGET $000	2029/2030 BUDGET $000	2030/2031 BUDGET $000
72,284	74,170	69,537	72,351	75,483	77,218	76,992	76,462
92,359	100,455	108,875	115,286	119,447	124,856	132,447	138,690
3,080	3,080	3,080	3,080	3,080	3,080	3,080	3,080
616	622	629	635	641	646	651	655
–	–	–	–	–	–	–	–
168,339	**178,327**	**182,121**	**191,352**	**198,651**	**205,800**	**213,170**	**218,887**
(122,843)	(119,054)	(121,927)	(126,854)	(130,126)	(137,102)	(142,376)	(147,934)
(8,173)	(8,138)	(7,942)	(7,098)	(6,426)	(5,975)	(6,242)	(6,071)
(131,016)	**(127,192)**	**(129,869)**	**(133,952)**	**(136,552)**	**(143,077)**	**(148,618)**	**(154,005)**
37,323	**51,135**	**52,252**	**57,400**	**62,099**	**62,723**	**64,552**	**64,882**
62	62	62	62	62	62	62	62
109	29	28	28	28	28	28	28
171	**91**	**90**	**90**	**90**	**90**	**90**	**90**
–	–	–	–	–	–	–	–
(55,196)	(49,488)	(44,627)	(50,200)	(55,646)	(67,932)	(64,813)	(64,137)
(55,196)	**(49,488)**	**(44,627)**	**(50,200)**	**(55,646)**	**(67,932)**	**(64,813)**	**(64,137)**
(55,025)	**(49,397)**	**(44,537)**	**(50,110)**	**(55,556)**	**(67,842)**	**(64,723)**	**(64,047)**
41,730	21,568	14,757	19,754	22,139	33,529	24,461	23,509
(23,596)	(22,322)	(23,825)	(25,230)	(27,609)	(25,792)	(24,167)	(25,082)
18,134	**(754)**	**(9,068)**	**(5,476)**	**(5,470)**	**7,737**	**294**	**(1,573)**
432	**984**	**(1,353)**	**1,814**	**1,073**	**2,618**	**123**	**(738)**
12,867	13,299	14,283	12,930	14,744	15,817	18,435	18,558
13,299	**14,283**	**12,930**	**14,744**	**15,817**	**18,435**	**18,558**	**17,820**
13,299	14,283	12,930	14,744	15,817	18,435	18,558	17,820
13,299	**14,283**	**12,930**	**14,744**	**15,817**	**18,435**	**18,558**	**17,820**

ACCOUNTING INFORMATION

PROSPECTIVE STATEMENT OF CHANGES IN NET ASSETS/EQUITY

	2020/2021 ANNUAL PLAN $000	2021/2022 BUDGET $000	2022/2023 BUDGET $000
Equity at the start of the year	**1,591,050**	**1,641,656**	**1,665,744**
Total comprehensive revenue and expenses	22,360	24,088	118,952
Equity at the end of the year	**1,613,410**	**1,665,744**	**1,784,696**

PROSPECTIVE CASHFLOW RECONCILIATION

	2020/2021 ANNUAL PLAN $000	2021/2022 BUDGET $000	2022/2023 BUDGET $000
Surplus/(deficit) from prospective income statement	**22,360**	**24,088**	**17,604**
Add non cash items:			
Depreciation	29,984	32,674	32,548
Fair value movement on revaluation	–	(1,609)	(1,657)
Share of associates surplus/deficit	–	–	–
Vested assets	(4,452)	(7,437)	(7,661)
	25,532	**23,628**	**23,230**
Movements in workings capital:			
Decrease/(increase) in accounts receivable	(464)	(1,058)	(994)
Increase/(decrease) in accounts payable	(56)	(64)	(1,267)
Increase/(decrease) in employee entitlements	40	260	225
	(480)	**(862)**	**(2,036)**
Other:			
Decrease/(increase) in term receivables	–	–	–
Increase/(decrease) in term provisions	(54)	(35)	(41)
Increase/(decrease) in term employee entitlements	17	61	52
	(37)	**26**	**11**
Add(deduct) items classified as investing or financing activities:			
Gain on sale of assets	(62)	(62)	(62)
Capital creditors	54	1,855	1,416
	(8)	**1,793**	**1,354**
Net cash flow from operating activities	**47,367**	**48,673**	**40,163**

ACCOUNTING INFORMATION

	2023/2024 BUDGET $000	2024/2025 BUDGET $000	2025/2026 BUDGET $000	2026/2027 BUDGET $000	2027/2028 BUDGET $000	2028/2029 BUDGET $000	2029/2030 BUDGET $000	2030/2031 BUDGET $000
	1,784,696	**1,815,194**	**1,837,302**	**1,979,555**	**2,027,237**	**2,058,176**	**2,225,358**	**2,280,871**
	30,498	22,108	142,253	47,682	30,939	167,182	55,513	29,187
	1,815,194	**1,837,302**	**1,979,555**	**2,027,237**	**2,058,176**	**2,225,358**	**2,280,871**	**2,310,058**

	2023/2024 BUDGET $000	2024/2025 BUDGET $000	2025/2026 BUDGET $000	2026/2027 BUDGET $000	2027/2028 BUDGET $000	2028/2029 BUDGET $000	2029/2030 BUDGET $000	2030/2031 BUDGET $000
	10,814	**22,108**	**23,889**	**25,870**	**30,939**	**30,488**	**28,996**	**29,187**
	35,792	37,253	37,928	40,536	41,055	42,067	45,563	46,849
	(1,707)	(1,758)	(1,811)	(1,865)	(1,921)	(1,978)	(2,038)	(2,099)
	–	–	–	–	–	–	–	–
	(7,860)	(7,440)	(7,641)	(7,839)	(8,059)	(8,284)	(8,525)	(8,755)
	26,225	**28,055**	**28,476**	**30,832**	**31,075**	**31,805**	**35,000**	**35,995**
	(553)	1,424	124	(383)	433	(634)	540	(594)
	1,769	(552)	(1,621)	1,892	435	2,936	(712)	257
	119	106	110	170	123	170	171	171
	1,335	**978**	**(1,387)**	**1,679**	**991**	**2,472**	**(1)**	**(166)**
	–	–	–	–	–	–	–	–
	(35)	(39)	(29)	(30)	(29)	(30)	(29)	(30)
	28	25	25	40	28	40	40	40
	(7)	**(14)**	**(4)**	**10**	**(1)**	**10**	**11**	**10**
	(62)	(62)	(62)	(62)	(62)	(62)	(62)	(62)
	(982)	70	1,340	(929)	(843)	(1,990)	608	(82)
	(1,044)	**8**	**1,278**	**(991)**	**(905)**	**(2,052)**	**546**	**(144)**
	37,323	**51,135**	**52,252**	**57,400**	**62,099**	**62,723**	**64,552**	**64,882**

PROSPECTIVE FUNDING IMPACT STATEMENT

	2020/2021 ANNUAL PLAN $000	2021/2022 BUDGET $000	2022/2023 BUDGET $000
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	40,825	43,949	47,561
Targeted rates	37,324	38,719	40,058
Subsidies and grants for operating purposes	5,383	6,183	6,430
Fees and charges	15,652	16,227	17,419
Interest and dividends from investments	3,452	3,050	3,323
Local authorities fuel tax, fines, infringement fees, and other receipts	21,239	24,123	27,433
Total operating funding	**123,875**	**132,251**	**142,224**
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	90,912	104,854	119,918
Finance costs	8,558	7,879	8,584
Other operating funding applications	–	–	–
Total applications of operating funding	**99,470**	**112,733**	**128,502**
Surplus/(deficit) of operating funding	**24,405**	**19,518**	**13,722**
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	13,115	16,096	14,879
Development and financial contributions	10,310	12,043	12,169
Increase/(decrease) in debt	16,799	30,315	12,324
Gross proceeds from sale of assets	62	62	62
Lump sum contributions	–	–	–
Other dedicated capital funding	–	–	–
Total sources of capital funding	**40,286**	**58,516**	**39,434**
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
• to meet additional demand	4,648	4,174	332
• to improve the level of service	16,682	40,280	15,181
• to replace existing assets	42,366	34,044	42,680
Increase/(decrease) in reserves	(842)	1,379	(5,268)
Increase/(decrease) in investments	1,837	(1,843)	231
Total applications of capital funding	**64,691**	**78,034**	**53,156**
Surplus/(deficit) of capital funding	**(24,405)**	**(19,518)**	**(13,722)**
Funding balance	**–**	**–**	**–**

ACCOUNTING INFORMATION

2023/2024 BUDGET $000	2024/2025 BUDGET $000	2025/2026 BUDGET $000	2026/2027 BUDGET $000	2027/2028 BUDGET $000	2028/2029 BUDGET $000	2029/2030 BUDGET $000	2030/2031 BUDGET $000
50,750	54,343	59,384	63,186	65,629	68,617	72,324	76,021
41,978	46,489	49,879	52,501	54,232	56,665	60,563	63,124
8,174	6,248	6,248	6,615	6,775	9,492	6,808	6,885
18,416	18,696	18,826	19,104	19,388	19,695	20,024	20,441
3,571	3,570	3,568	3,568	3,568	3,568	3,568	3,568
29,256	27,963	27,695	28,635	27,079	29,634	28,122	28,198
152,145	**157,309**	**165,600**	**173,609**	**176,671**	**187,671**	**191,409**	**198,237**
123,740	118,664	121,750	128,000	129,839	138,227	142,454	148,289
8,173	8,139	7,943	7,098	6,427	5,975	6,243	6,072
–	–	–	–	–	–	–	–
131,913	**126,803**	**129,693**	**135,098**	**136,266**	**144,202**	**148,697**	**154,361**
20,232	**30,506**	**35,907**	**38,511**	**40,405**	**43,469**	**42,712**	**43,876**
4,477	9,251	5,973	7,617	10,947	8,958	11,313	9,679
12,270	10,344	10,424	10,509	10,600	9,805	9,908	11,566
18,134	(754)	(9,068)	(5,476)	(5,469)	7,736	294	(1,573)
62	62	62	62	62	62	62	62
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
34,943	**18,903**	**7,391**	**12,712**	**16,140**	**26,561**	**21,577**	**19,734**
4,330	61	63	64	547	3,279	3,501	72
12,179	13,883	4,464	8,905	8,430	17,178	16,329	16,650
40,040	35,648	38,753	42,151	47,506	49,456	44,367	47,490
(1,265)	(154)	46	131	90	145	120	(574)
(109)	(29)	(28)	(28)	(28)	(28)	(28)	(28)
55,175	**49,409**	**43,298**	**51,223**	**56,545**	**70,030**	**64,289**	**63,610**
(20,232)	**(30,506)**	**(35,907)**	**(38,511)**	**(40,405)**	**(43,469)**	**(42,712)**	**(43,876)**
–	–	–	–	–	–	–	–

ACCOUNTING INFORMATION

Pursuant to Public Benefit Entity 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 Waka Kotahi 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 Tasman's 10-Year Plan 2021 – 2031 have been developed from the forecast closing position of the 2020/2021 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.

	2020/2021 ANNUAL PLAN $000	2021/2022 BUDGET $000	2022/2023 BUDGET $000
Environmental Management	233	249	326
Public Health and Safety	93	112	114
Transportation	11,605	11,563	11,383
Coastal Assets	48	36	37
Water Supply	3,794	4,542	4,243
Wastewater	4,285	4,619	4,444
Stormwater	1,756	1,959	1,998
Waste Management and Minimisation	654	450	530
Rivers	39	36	32
Community Development	4,465	4,463	4,474
Governance	11	0	0
Council Enterprises	1,224	999	1,006

2023/2024 BUDGET $000	2024/2025 BUDGET $000	2025/2026 BUDGET $000	2026/2027 BUDGET $000	2027/2028 BUDGET $000	2028/2029 BUDGET $000	2029/2030 BUDGET $000	2030/2031 BUDGET $000
404	470	509	537	545	526	516	523
115	114	104	87	82	81	79	81
13,098	13,719	14,140	15,706	16,203	16,934	18,832	19,344
58	65	73	95	95	95	114	107
4,563	4,640	4,659	5,107	5,268	5,350	5,705	5,892
4,876	5,092	5,229	5,604	5,677	5,780	6,279	6,387
2,317	2,365	2,413	2,800	2,850	2,900	3,342	3,373
649	748	779	835	872	968	1,055	1,218
30	28	28	28	28	28	28	28
4,560	4,613	4,586	4,233	3,679	3,670	3,787	3,733
0	6	11	11	11	11	12	13
1,030	1,061	1,062	1,094	1,119	1,023	1,001	1,024