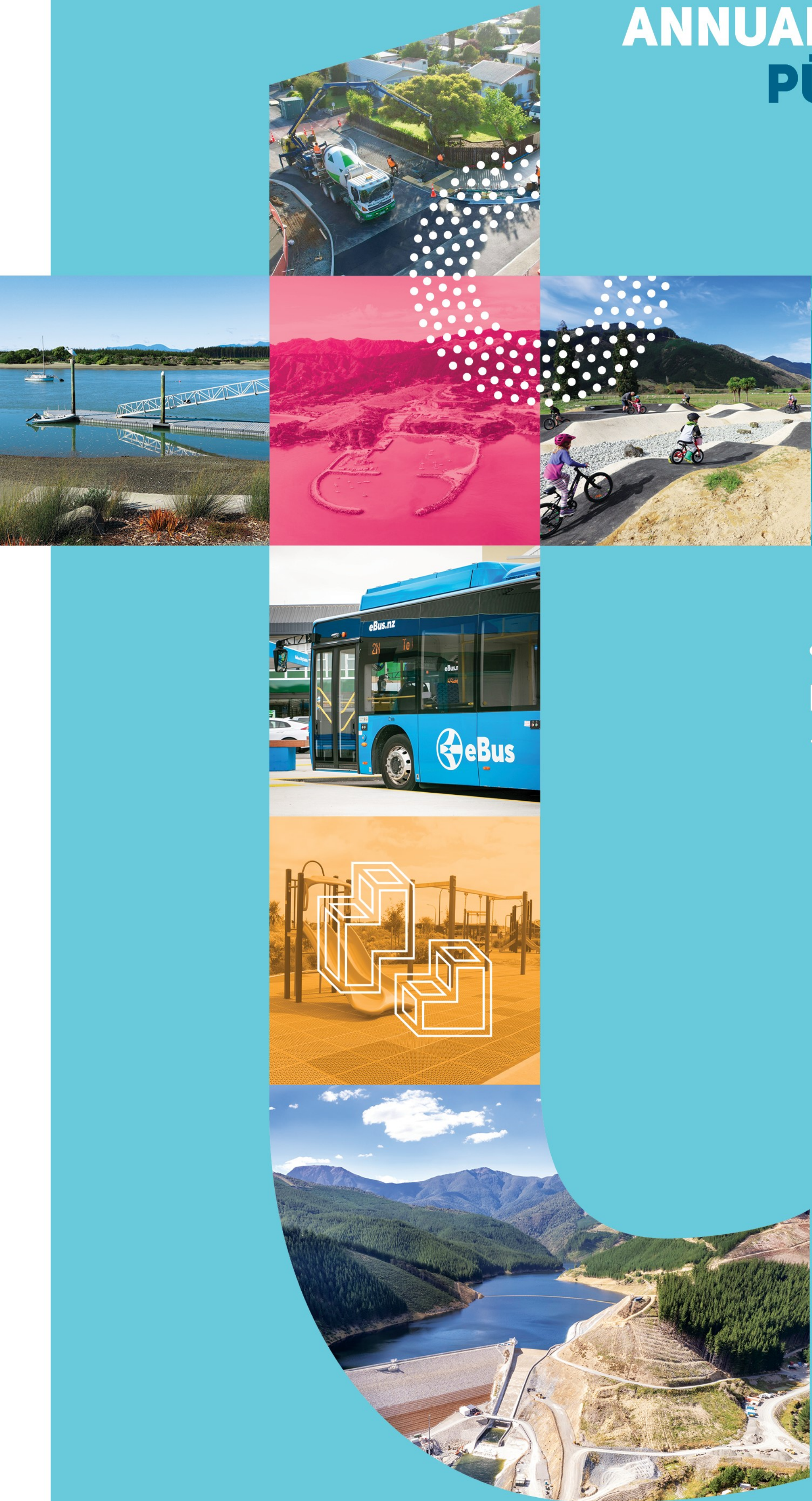
ANNUAL REPORT 2024
PŪRONGO Ā-TAU
VOLUME TWO



DRAFT FOR ADOPTION

tasman district council
Te Kaunihera o te tai o Aorere

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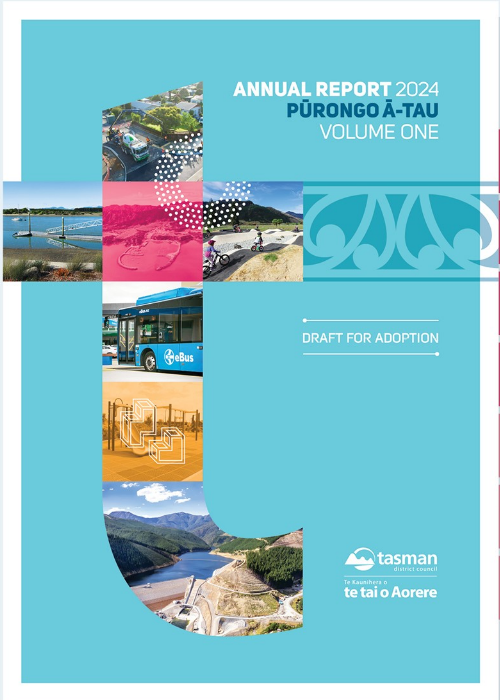

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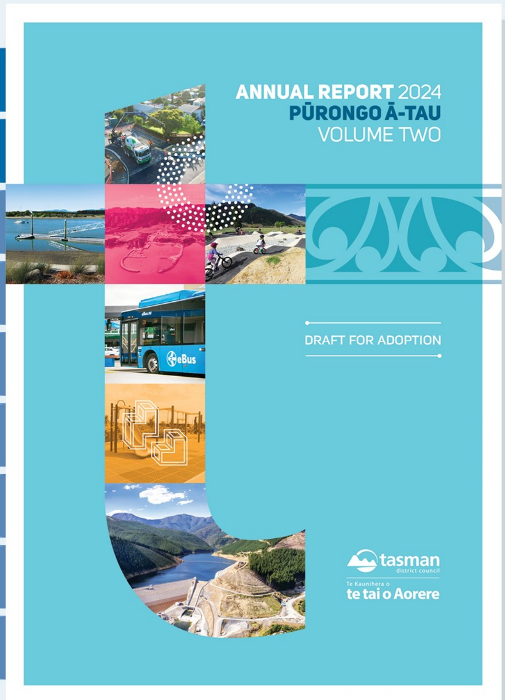


PART ONE: FINANCIAL STATEMENTS

STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

Tasman District Council (Council) is a unitary local authority governed by the Local Government Act 2002 (LGA) and the Local Government (Rating) Act 2002. It is domiciled and operates in New Zealand.

Council provides local infrastructure, local public services, and performs regulatory functions to the community. Council does not operate to make a financial return. The Council includes its jointly controlled ventures (note 20) and operations (note 21) in these financial statements.

Council has designated as a public benefit entity (PBE) for financial reporting purposes.

The financial statements of Council are for the year ended 30 June 2024. The financial statements were authorised for issue by Council on 31 October 2024.

STATEMENT OF COMPLIANCE

The financial statements of the Council and group have been prepared in accordance with the requirements of the LGA and the Local Government (Financial Reporting and Prudence) Regulations 2014 (LG(FRP)R), which include the requirement to comply with NZ GAAP.

The financial statements have been prepared in accordance with and comply with PBE Accounting Standards.

BASIS OF PREPARATION AND ROUNDING

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($000), other than the severance payment disclosures in Note 31 which are rounded to the nearest dollar.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies are included in the notes to which they relate. Significant accounting policies that do not relate to a specific note are outlined below.

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.

FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are translated into New Zealand Dollars (the functional currency) using the spot exchange rate at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in surplus or deficit.

BUDGET FIGURES

The budget figures are those approved by the Council in its 2023/2024 annual plan. The budget figures have been prepared in accordance with GAAP, using accounting policies that are consistent with those adopted by the Council in preparing these financial statements.

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 costs not directly charged to activities are allocated as overheads using appropriate cost drivers such as actual usage, staff numbers and floor area.

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 and 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, and 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 and as such 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 the 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 are recorded as capital funding sources. Under GAAP these are treated as revenue in the Comprehensive

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions 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:

- Estimating the fair value of land, buildings, and infrastructural assets, and their useful lives (note 15)
- Estimating the fair value of forestry assets (note 18)
- Estimating the fair value of Investment property (note 19)
- Estimating the landfill aftercare provision (note 23)
- Valuation of derivative financial instruments (note 12)
- Valuation of Emission Trading Schedule credits (note 16)

CRITICAL JUDGEMENT IN APPLYING COUNCIL'S ACCOUNTING POLICIES

Management has exercised the following critical judgements in applying accounting policies:
- Classification of community housing property (note 15)
- Water services reform, affordable waters (note 37)
- Accounting for Joint Operations, including Councils interest in Waimea Water Ltd (note 21)

CHANGES IN ACCOUNTING POLICIES

There have been no changes in the accounting policies of the Council for the year. All accounting policies and disclosures are consistent with those applied by the Council in the previous financial year.

STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

There are no standards, amendments, and interpretations issued but not yet effective that have not been early adopted, and which are relevant for the Council.

Tauāki ā-moni whiwhi, ā-whakapaunga pūtea

Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2024

Actual 2023 $000		Notes	Actual 2024 $000	Annual Plan Budget 2024 $000
	REVENUE			
47,309	General rates	2	53,635	52,713
41,949	Targeted rates	2	46,414	45,117
17,440	Development and financial contributions		19,904	13,742
14,753	Operating subsidies and grants	4	11,305	10,637
10,456	Capital subsidies and grants	4	18,231	29,101
19,978	Fees and charges	5	19,188	22,403
35,950	Other revenue	3	25,115	24,645
27,247	Vested assets	3	34,031	7,959
(9,173)	Fair value gain/(loss) on revaluation	3	(8,128)	1,555
(2,699)	Other gains/(losses)	3	(1,884)	62
2,496	Finance income	8	3,750	67
10,056	Revenue of joint operations	21	7,299	11,982
5,902	Share of joint ventures surplus/(deficit)	20	(464)	-
221,664	**Total revenue**	**1**	**228,396**	**219,983**
	EXPENSE			
11,956	Finance expense	8	15,587	11,325
34,719	Employee related expense	6	38,130	38,687
65,976	Other expenses	7	61,815	59,748
36,323	Maintenance	7	31,831	28,551
39,012	Depreciation and amortisation	17	41,371	38,937
13,036	Expenditure of joint operations	21	13,676	8,806
201,022	**Total expense**	1	**202,410**	**186,054**
20,642	**Surplus/(deficit) before taxation**		**25,986**	**33,929**
-	Income tax expense	9	-	-
20,642	**Surplus/(deficit) after tax**		**25,986**	**33,929**
	OTHER COMPREHENSIVE REVENUE			
22,707	Gain on Council property, plant and equipment revaluations	26	105,142	30,152
83	Movement in NZLG shares value	26	426	-
(1,930)	Asset impairment, disposal gain/(Loss)	15,26	(1,450)	-
2,677	Share of joint ventures and joint operations other comprehensive revenue	20,21,26	6,302	-
23,537	**Total other comprehensive revenue and expense**	**26**	**110,420**	**30,152**
44,179	**Total comprehensive revenue and expense**		**136,406**	**64,081**

The table above shows surplus before other comprehensive income of $26.0 million (2023: $20.6 million) compared with a budgeted accounting surplus of $33.9 million (2023:$23.3 million). This equates to a surplus variance of $7.9 million less than budget.
Variances to budget are explained in note 36.

The Statement of Accounting Policies and Notes to the Financial Statements form an integral part of, and should be read in conjunction with, these financial statements.

Tauāki mō te tūāhua tahua pūtea

Statement of Financial Position

As at 30 June 2024

Actual 2023 $000		Notes	Actual 2024 $000	Annual Plan Budget 2024 $000
	CURRENT ASSETS			
21,969	Cash and cash equivalents	10	25,564	17,218
16,935	Trade and other receivables	11	20,240	14,699
18,886	Other financial assets	13	32,029	602
57,790	**Total current assets**		**77,834**	**32,519**
	CURRENT LIABILITIES			
29,681	Trade and other payables	22	34,736	27,560
4,352	Employee benefit liabilities	24	5,252	3,342
89,204	Current portion of borrowings	25	97,503	34,003
-	Current portion of derivative financial instruments	12	-	540
123,237	**Total current liabilities**		**137,491**	**65,445**
	NON CURRENT ASSETS			
205,576	Investments in joint ventures	20	211,303	203,157
46,326	Other financial assets	13	53,076	45,456
5,332	Intangible assets	16	5,624	3,921
30,379	Forestry assets	18	22,859	47,579
6,426	Investment property	19	6,190	5,862
2,156,664	Property, plant and equipment	15	2,350,356	2,203,840
2,450,703	**Total non current assets**		**2,649,408**	**2,509,815**
	NON CURRENT LIABILITIES			
199,728	Term borrowings	25	268,096	231,036
-	Derivative financial instruments	12	-	778
-	Employee benefit liabilities	24	-	391
3,512	Provisions	23	3,234	3,692
203,240	**Total non current liabilities**		**271,330**	**235,897**
2,182,016	**Total net assets**		**2,318,422**	**2,240,992**
	EQUITY			
834,294	Accumulated equity	27	877,553	1,176,285
37,370	Restricted reserves	28	55,457	31,002
1,310,352	Revaluation reserves	26	1,385,412	1,033,705
2,182,016	**Total equity**		**2,318,422**	**2,240,992**

The Statement of Accounting Policies and Notes to the Financial Statements form an integral part of, and should be read in conjunction with, these financial statements.
Variances to budget are explained in note 36.

Tauāki mō ngā moni utu, whiwhinga rānei

Statement of Cashflows

As at 30 June 2024

Actual 2023 $000		Notes	Actual 2024 $000	Annual Plan Budget 2024 $000
	CASHFLOW FROM OPERATING ACTIVITIES			
	Cash was provided from:			
104,009	Fees and charges and other revenue		97,196	109,776
89,116	Rates revenue		99,965	97,830
2,791	Dividends received		2,478	2,915
2,362	Interest received		3,693	67
198,278			**203,332**	**210,588**
	Cash was disbursed to:			
(147,860)	Payments to suppliers and employees		(139,260)	(130,638)
(9,519)	Interest paid		(14,120)	(11,325)
(601)	Net GST (paid) / received		(2,781)	-
(157,980)			**(156,161)**	**(141,963)**
40,298	**Net cash flow from operating**	**29**	**47,171**	**68,625**
	CASHFLOW FROM INVESTING ACTIVITIES			
	Cash was provided from:			
1,780	Proceeds from sale of assets		806	62
25,602	Proceeds from sale of investments		18,886	109
27,382			**19,692**	**171**
	Cash was disbursed to:			
(75,401)	Purchase of assets		(97,712)	(90,433)
(34,817)	Purchase of investments		(41,469)	-
(110,218)			**(139,181)**	**(90,433)**
(82,836)	**Net cash flow from investing**		**(119,489)**	**(90,262)**
	CASHFLOW FROM FINANCING ACTIVITIES			
	Cash was provided from:			
97,200	Loans raised		165,117	47,756
	Cash was disbursed to:			
(49,003)	Loan principal repayments		(89,204)	(20,656)
48,197	**Net cash flow from financing**		**75,913**	**27,100**
5,659	**Total net cash flows**		**3,595**	**5,463**
16,310	Opening cash held		21,969	11,755
21,969	**Closing cash and cash equivalents balance**	**10**	**25,564**	**17,218**

The Statement of Accounting Policies and Notes to the Financial Statements form an integral part of, and should be read in conjunction with, these financial statements

Tauāki mō ngā panonitanga o ngā hua uara

Statement of Changes in Equity

As at 30 June 2024

Actual 2023 $000		Actual 2024 $000	Annual Plan Budget 2024 $000
2,137,837	**Equity at start of year**	**2,182,016**	**2,176,911**
44,179	Total comprehensive revenue and expense	136,406	64,081
2,182,016	**Total equity**	**2,318,422**	**2,240,992**

The Statement of Accounting Policies and Notes to the Financial Statements form an integral part of, and should be read in conjunction with, these financial statements

Te tauākī whakaaweawenga tuku pūtea a te Rōpū

Council Funding Impact Statement

As at 30 June 2024

Actual 2023 $000	Annual Plan Budget 2023 $000	FUNDING IMPACT STATEMENT	Actual 2024 $000	Annual Plan Budget 2024 $000
		SOURCES OF OPERATING FUNDING		
47,711	47,316	General rates, uniform annual general charges, rates penalties	54,097	53,093
41,949	41,037	Targeted rates	46,414	45,117
14,753	6,364	Subsidies and grants for operating purposes	11,417	10,637
19,978	19,864	Fees and charges	19,188	22,403
4,758	3,323	Interest and dividends from investments	4,123	3,675
42,727	29,044	Local authorities fuel tax, fines, infringement fees, and other receipts	31,968	32,639
171,876	**146,948**	**Total operating funding**	**167,207**	**167,564**
		APPLICATIONS OF OPERATING FUNDING		
148,150	121,173	Payments to staff and suppliers	140,330	133,297
11,194	8,085	Finance costs	14,837	11,326
159,344	**129,258**	**Total applications of operating funding**	**155,167**	**144,623**
12,532	**17,690**	**Surplus/(deficit) of operating funding**	**12,040**	**22,941**
		SOURCES OF CAPITAL FUNDING		
10,456	17,257	Subsidies and grants for capital expenditure	18,231	29,101
17,440	12,192	Development and financial contributions	19,904	13,742
47,576	35,130	Increase/(decrease) in debt	76,255	19,202
1,780	62	Gross proceeds from sale of assets	805	62
77,252	**64,641**	**Total sources of capital funding**	**115,195**	**62,107**
		APPLICATIONS OF CAPITAL FUNDING		
		Capital expenditure		
3,910	330	• to meet additional demand	2,412	5,881
27,446	14,113	• to improve the level of service	31,550	15,537
42,496	51,605	• to replace existing assets	70,412	64,617
3,535	216	Increase/(decrease) in reserves	(6,985)	(878)
12,397	16,067	Increase/(decrease) in investments	29,846	(109)
89,784	**82,331**	**Total applications of capital funding**	**127,235**	**85,048**
(12,532)	**(17,690)**	**Surplus/(deficit) of capital funding**	**(12,040)**	**(22,941)**
-	-	**Funding balance**	-	-

The Statement of Accounting Policies and Notes to the Financial Statements form an integral part of, and should be read in conjunction with, these financial statements.

PART TWO: NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF REVENUE AND EXPENDITURE FOR GROUPS OF ACTIVITIES

2022/2023 $000	REVENUE	2023/2024 $000
21,115	Environmental Management	22,386
8,762	Public Health and Safety	8,623
33,128	Transportation, Roads and Footpaths	41,967
102	Coastal Structures	135
20,054	Water Supply	22,170
17,392	Wastewater	18,705
7,719	Stormwater	8,456
15,549	Solid Waste	16,169
6,364	Flood Protection and River Control Works	4,631
28,836	Community Development	31,642
21,636	Council Enterprises	14,422
3,970	Governance	3,004
37,037	Overhead activities including finance and vested asset income	36,086
221,664	**Total Revenue**	**228,396**

2022/2023 $000	EXPENSE	2023/2024 $000
21,605	Environmental Management	24,096
10,412	Public Health and Safety	10,603
41,035	Transportation, Roads and Footpaths	39,443
255	Coastal Structures	467
20,694	Water	24,154
16,881	Wastewater	16,904
6,585	Stormwater	6,744
14,574	Solid Waste	16,119
3,092	Flood Protection and River Control Works	2,978
24,429	Community Development	26,885
25,463	Council Enterprises	20,576
4,077	Governance	3,838
11,920	Overhead activities including finance and vested asset income	9,603
201,022	**Total Expense**	**202,410**

2022/2023 $000	Reconciliation of surplus of operating funding to operating surplus before gains and losses	2023/2024 $000
201,022	**Statement of comprehensive revenue and expenses: total expense**	**202,410**
	Less non FIS items:	
(39,012)	Depreciation and amortisation	(41,371)
(1,902)	Loss on disposal	(2,926)
(763)	Finance expense - amortisation of loans at present value	(754)
-	Joint operation depreciation and other non FIS consolidation adjustments	(2,192)
159,344	**Funding impact statement: total applications of operating funding**	**155,167**

NOTE 2: RATES

RATES RECOGNITION

Rates income is recognised on an accrual basis and is measured at the fair value of consideration received or receivable.

The following particular policies apply:

- 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.
- Rates arising from late payment penalties are recognised as revenue when rates become overdue.
- Rates remissions are recognised as a reduction of rates revenue when Council has received an application that satisfies its Rates Remission Policy.
- Water billing revenue is recognised on an accrual basis with unread meters at year end accrued on an average usage basis.

2022/2023 $000	RATES	2023/2024 $000
47,309	**Total General Rates**	**53,635**
	Targeted rates attributable to activities	
121	Environmental Management	115
69	Coastal Structures	71
4,302	Water Supply - excluding metered	5,195
11,560	Water Supply - metered	12,378
10,599	Wastewater	11,353
4,914	Stormwater	5,779
2,771	Solid Waste	2,998
2,035	Flood Protection and River Control Works	2,266
5,205	Community Development	5,872
373	Governance	387
41,949	**Total targeted rates attributable to activities**	**46,414**
89,258	**Total rates net of remissions**	**100,049**
451	Rates remissions	475
89,709	**Total rates gross of remissions**	**100,524**

Council-owned properties and Council's share of joint operations were charged rates totaling $1,891,537 in 2023-2024 and $1,526,104 in 2022-2023. These amounts have not been eliminated from the revenue and expenditure figures in the financial statements.

The annual rates revenue of Council for the year ended 30 June 2024 and 30 June 2023 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown above.

Rates revenue is shown net of rates remissions. The Rates Remission Policy allows Council to remit rates when certain conditions and criteria are met. Some examples of situations where rates may be remitted include when land has been detrimentally affected by natural disaster, on properties with a rating valuation up to $7,500 and on land used for sporting, recreation or community services purposes.

In accordance with the Local Government (Rating) Act 2002, certain properties cannot be rated for general rates. This includes schools, places of religious worship, public gardens and reserves. These non-rateable properties, where applicable, may be subject to targeted rates in respect of wastewater, water, waste management and minimisation and sanitation. Non rateable land does not constitute a remission under Council's rates remission policy.

A rating revaluation occurs every three years. They are prepared on behalf of the Tasman District Council by Quotable Value (QV). The entire process is independently audited by the Office of the Valuer General. The effective date for the current revaluation is 1 September 2020. These valuations, along with other factors will be used by Council as the basis for distributing individual rates obligations for the three financial years, starting from 1 July 2022.

NOTE 3: OTHER REVENUE

Revenue is recognised on an accrual basis and is measured at the fair value of consideration received or receivable. The following particular policies apply:
• Development contributions and reserve financial contributions are recognised as revenue when Council has rights to the contribution and has provided, 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.
• Interest is recognised using the effective interest method.
• Dividends are recognised when the right to receive payment has been established.
• Vested assets are recognised when 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 (for roading and water assets, this is when S224 is approved). 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.
• Infringements are recognised when the fine is issued.
• The accounting policies for the fair value movements on revaluation are explained in the respective notes.

2022/2023 $000	OTHER REVENUE	2023/2024 $000
28,798	Forestry harvesting revenue	17,720
91	Dividend revenue	128
442	Infringements & fines	432
384	Petrol tax	360
297	Rental revenue from investment properties	303
5,938	Other	6,173
35,950	**Total other revenue**	**25,115**

2022/2023 $000	VESTED ASSETS	2023/2024 $000
27,247	Vested assets	34,031
27,247	**Total vested assets**	**34,031**

2022/2023 $000	FAIR VALUE GAIN/ (LOSS) ON REVALUATION		2023/2024 $000
2,593	Unrealised gain/ (loss) on interest rate derivatives	(note 12)	(426)
(12,395)	Movement in carrying value in forestry asset and other fair value movements	(note 18)	(7,227)
629	Investment property revaluation movement	(note 19)	(475)
(9,173)	**Total fair value gain/ (loss) on revaluation**		**(8,128)**

Derivative movement
The unrealised gain on interest rate derivatives of $0.43 million is the decrease in the fair value of the derivative interest rate swap asset to $0.85 million asset at 30 June 2024 (2023: $1.3 million asset), in note 12. Council uses derivative financial instruments to hedge exposure to interest rate risks arising from financing activities. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at each balance date. The associated gains or losses of derivatives are recognised in the surplus or deficit. Council has elected not to hedge account for its interest rate swaps.

Forestry movement
Forestry assets (note 18) decreased by $7.5 million (2023: $14.5 million decrease) comprised $7.2 million fair value movement (above) and $0.3 million transfer of encumbered Emission Trading Scheme units from forestry asset to Intangibles. Fair value movement was mostly due to tree harvest and log price assumption decrease.
The revenue from the forestry harvesting is shown above, and the expenses are included in note 7.

2022/2023 $000	OTHER GAINS AND (LOSSES)	2023/2024 $000
1,780	Gain on disposal of property plant and equipment and intangibles	806
(4,479)	Gain/ (loss) for financial instruments held at amortised cost	(2,690)
(2,699)	**Total other gains/(losses)**	**(1,884)**

Loans at measured at amortised cost are recognised on inception at fair value, therefore adjustments arise between the difference between the loan's face value and its fair value. This fair value is determined using a present value method at the loan's inception and is amortised to finance income or expense over the loan's lifetime. A fair value adjustment arises where loan interest rates are less than market value. Refer note 13.

NOTE 4: SUBSIDIES AND GRANTS

Revenue is recognised on an accrual basis and is measured at the fair value of consideration received or receivable. The following policies apply:
• Council receives government grants from the Waka Kotahi (New Zealand Transport Agency), 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 are fulfilled.
• 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.

2022/2023 $000	OPERATING SUBSIDIES AND GRANTS	2023/2024 $000
10,414	Waka Kotahi (NZ Transport Agency) roading subsidies	6,202
431	Three waters funding	1,051
3,908	Other subsidies, grants and donations	4,053
14,753	**Total Operating Subsidies And Grants**	**11,305**

2022/2023 $000	CAPITAL SUBSIDIES AND GRANTS	2023/2024 $000
6,334	Waka Kotahi (NZ Transport Agency) roading subsidies	14,446
956	Three waters funding	1,160
3,166	Other subsidies and grants	2,625
10,456	**Total Capital Subsidies And Grants**	**18,231**

Significant grants with conditions:

Government grant revenue with conditions: revenue is recognised on entitlement when conditions pertaining to eligible expenditure are fulfilled. At 30 June any unspent balance, is recognised as a deferred liability. This means that there are no unfulfilled conditions or other contingencies attached to government grants and subsidies recognised as revenue. Amounts received with unfulfilled conditions as at 30 June, are recognised as a liability in note 22.

Better Off Funding (Affordable Waters)
In the year ended 30 June 2024 Council received $2.21 million Better Off Funding (2023: $0.81 million) within Three Waters funding above.

Tasman District Council was allocated up to $5.64 million in December 2022 from Department of Internal Affairs (DIA) to benefit the wider community and iwi outcomes through the Government's Three Waters Better Off Support Package. This funding is in recognition of the significant transfer of responsibility for three waters service delivery.

NOTE 5: FEES AND CHARGES

Revenue is recognised on an accrual basis and is measured at the fair value of consideration received or receivable. The following particular policies apply:
• 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.

2022/2023 $000	FEES AND CHARGES	2023/2024 $000
6,249	Building, resource consent, public health and liquor licensing charges	5,246
6,135	Landfill/resource recovery centre charges	5,616
4,571	Sales	5,038
715	Sundry fees and recoveries	660
2,308	Other fees and charges	2,628
19,978	**Total Fees And Charges**	**19,188**

NOTE 6: EMPLOYEE BENEFIT EXPENSES

SALARIES AND WAGES

Salaries and wages are recognised as an expense as employees provide services.

SUPERANNUATION SCHEMES

Defined contribution schemes

Employer contributions to KiwiSaver, the Government Superannuation Fund, and the State Sector Retirement Savings Scheme are accounted for as defined contribution superannuation schemes and are expensed in the surplus or deficit as incurred.

2022/2023 $000	EMPLOYEE BENEFIT EXPENSES	2023/2024 $000
32,713	Salary and wages	35,969
1,801	Kiwi saver/superannuation schemes employer contributions	1,977
205	Increase/(decrease) in employee benefit liabilities	184
34,719	**Total Employee Benefit Expenses**	**38,130**

NOTE 7: OTHER EXPENSES

GRANT EXPENDITURE

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets these criteria for the grant has been received.

Discretionary grants are those grants 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.

OPERATING LEASE

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight line basis over the lease term.

2022/2023 $000	OTHER EXPENSES	2023/2024 $000
21,726	Forestry expenses (commercial plantation forestry, note 18)	15,287
2,051	Projects	2,360
1,630	Grants paid	1,267
1,704	Rates & Water	1,901
1,167	Levies paid	955
1,497	Electricity	1,426
895	Elected representatives remuneration (including community boards)	906
9,937	Consultants	10,641
83	Impairment and bad debt write offs	60
820	Legal fees	604
222	Movement in bad debts provision	(35)
230	Audit fees - Annual Report	274
-	Audit fees - Long Term Plan	187
10	Audit fees - Debenture Trust Deed	7
27	Audit fees - fee recovery related to the prior year	20
19	Donations	15
23,958	Other operating expenses	25,941
65,976	**Total Other Expenses**	**61,815**

Disclosure of rates written off

Impairment and bad debt write offs include $9,671 of rates written off as at 30 June 2024 (2023: $8,026).

MAINTENANCE

Maintenance comprises Council expenditure to maintain its infrastructural and operational assets. This includes the transportation and road network, facilities and parks and Council enterprises, property maintenance. Other Operating Expenses includes general operating expenses, insurance, rating valuation fees, information technology costs, waste management and minimisation and waste water costs.

2022/2023 $000	MAINTENANCE	2023/2024 $000
34,172	Operational Maintenance	29,844
2,151	Other Maintenance	1,987
36,323	**Total Maintenance**	**31,831**

NOTE 8: FINANCE EXPENSE AND FINANCE INCOME

Interest revenue is recognised using the effective interest method.

2022/2023 $000	FINANCE EXPENSE	2023/2024 $000
	Interest expense	
11,194	Interest on borrowings	14,833
762	Finance expense from financial liabilities at amortised cost	754
11,956	**Total finance costs**	**15,587**

2022/2023 $000	FINANCE INCOME	2023/2024 $000
	Interest Revenue	
1,562	Interest on bank deposits	2,279
932	Finance revenue from financial assets at amortised cost	1,470
2	Interest on related party loans	1
2,496	**Total finance revenue**	**3,750**

Finance revenue arising from the non-cash portion of the amortisation of Irrigator capacity loans has been included in other gains and losses, note 3.

NOTE 9: TAX

Council is largely exempt from income tax except for income from its port related commercial undertakings. From 1 July 2023 dividends Council receives from CCOs are exempt income.

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.

2022/2023 $000		2023/2024 $000
	RELATIONSHIP BETWEEN TAX EXPENSE AND ACCOUNTING PROFIT	
20,642	Net surplus	25,986
5,780	Tax at 28%	7,276
(5,780)	Less non-taxable income	(7,276)
-	**Tax expense**	-

	PROPERTY, PLANT AND EQUIPMENT $000	TAX LOSSES $000	TOTAL $000
DEFERRED TAX ASSETS/ (LIABILITIES)			
Balance at 1 July 2022	(557)	557	
Charged to surplus or deficit	18	(18)	-
Balance at 1 July 2023	(539)	539	
Charged to surplus or deficit	43	(43)	-
Balance at 30 June 2024	(496)	496	-

A deferred tax asset in relation to tax losses of $11,847,956 (2023: $11,849,606) has not been recognised for the year ended 30 June 2024.

NOTE 10: CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes 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.

30 JUNE 2023 $000	CASH AND CASH EQUIVALENTS	30 JUNE 2024 $000
21,969	Cash at bank and in hand	25,564
21,969	**Total cash and cash equivalents**	**25,564**

The carrying value of short-term deposits with maturity dates of three months or less approximates their fair value.

NOTE 11: TRADE AND OTHER RECEIVABLES

Receivables are recorded at the amount due, less an allowance for expected credit losses ('ECL').

The Council applies the simplified ECL model where the lifetime ECL is recognised for the receivables.

30 JUNE 2023 $000	TRADE AND OTHER RECEIVABLES	30 JUNE 2024 $000
1,656	Rates receivables	1,799
15,703	Other receivables	18,432
380	Prepayments	778
17,739	**Gross trade and other receivables**	**21,009**
(805)	Less provision for doubtful debts	(769)
16,935	**Net trade and other receivables**	**20,240**
	Comprising	
16,935	Current portion	20,240
16,935	**Total trade & Other Receivables**	**20,240**

The carrying amount of trade and other receivables approximates their fair value. There is no concentration of credit risk with respect to receivables.

Simplified estimated credit loss 'ECL'

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.

The Council does not provide for ECLs on rates receivable. Council has various powers under the Local Government (Rating) Act 2002 (LG(R)A 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 judgment, then the Council can apply to the Registrar of the High Court to have the judgment enforced by sale or lease of the rating unit.

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.

The Chief Executive approved the write-off of rates receivable during the year under the LG(R)A 2002 as follows:
• Section 90A: $7,469 (2023: $5,903)
• Section 90B: $2,202 (2023: $2,124)

NOTE 11: TRADE AND OTHER RECEIVABLES (CONT.)

Movements in the provision for impairment of receivables is as follows:

2022/2023 $000	TRADE AND OTHER RECEIVABLES	2023/2024 $000
(583)	At 1 July	(805)
(343)	Additional provisions made during the year	(121)
52	Written off during period	6
69	Provisions reversed in year	151
(805)	**At 30 June**	**(769)**

Other receivables

The ECL rates for other receivables at are based on the payment profile of revenue on credit over the prior two years at the measurement date and the corresponding historical credit losses experienced for that period. The historical loss rates are adjusted for current and forward-looking macroeconomic factors that might affect the expected recoverability of receivables. Given the short period of credit risk exposure, the effects of macroeconomic factors are not considered significant.

There have been no changes since 1 July 2022 in the estimation techniques or significant assumptions in measuring the loss allowance.

The allowance for credit losses based on The Council's credit loss matrix is as follows:

	Other receivables' days past due					
	1 to 30 days	31 to 60 days	61 to 90 days	More than 90 days	More than 1 year	Total
30-Jun-24						
Expected credit loss rate	0.01%	0.44%	2.68%	17.98%	100.00%	
Gross other receivable amount ($000)	16,695	378	180	510	669	18,432
Lifetime ECL ($000)	(2)	(2)	(5)	(92)	(669)	(769)
Rates receivable ($000)	473	448	67	811	-	1,799
30-Jun-23						
Expected credit loss rate	0.21%	0.46%	1.55%	42.14%	100.00%	
Gross other receivable amount ($000)	13,514	681	593	262	653	15,703
Lifetime ECL ($000)	(29)	(3)	(9)	(111)	(653)	(805)
Rates receivable ($000)	572	368	71	645	-	1,656

Loss rates used vary between portfolios as part of Council's ECL measurement for its other receivables.

NOTE 12: DERIVATIVE FINANCIAL INSTRUMENTS

ACCOUNTING FOR DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

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 remeasured 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.

Derivative financial instruments have been disclosed in note 13 along with other financial assets.

FAIR VALUE

The fair values of interest rate swaps have been determined using a discounted cash flow valuation technique based on quoted market prices. The inputs into the valuation model are from independently sourced market parameters such as interest rate yield curves. These are level 2 instruments under the fair value hierarchy.

Fair value hierarchy

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

Level 1 – Quoted market price – Financial instruments with quoted prices for identical instruments in active markets.

Level 2 – Valuation technique using observable inputs – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Level 3 – Valuation techniques with significant non-observable inputs – Financial instruments valued using models where one or more significant inputs are not observable.

NOTE 13: FINANCIAL ASSETS

Other financial assets 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); and
• fair value through surplus and deficit (FVTSD).

Transaction costs are included in the 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 and joint operations' 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 and group may elect at initial recognition to designate an equity investment not held for trading as subsequently measured at FVTOCRE.

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

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 (ECL). Where applicable, interest accrued is added to the investment balance.

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 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.

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 held for trading as they are strategic investments that 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.

The fair value of financial instruments traded in active markets is based on quoted market prices at the Statement of Financial Position date. The quoted market price used is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

NOTE 13: FINANCIAL ASSETS (CONT.)

Expected credit loss allowance (ECL)

The Council recognises 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 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). ECL on receivables within the scope of PBE IPSAS 41.

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 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.

The Council measures ECLs on loan commitments at the date the commitment becomes irrevocable. If the ECL measured exceeds the gross carrying amount of the financial asset, the ECL is recognised as a provision.

Fair value hierarchy

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

Level 1 – Quoted market price – Financial instruments with quoted prices for identical instruments in active markets.

Level 2 – Valuation technique using observable inputs – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Level 3 – Valuation techniques with significant non-observable inputs – Financial instruments valued using models where one or more significant inputs are not observable.

30 JUNE 2023 $000	OTHER FINANCIAL ASSETS		30 JUNE 2024 $000
	Current Portion		
	Amortised cost		
28	Current portion of community loans		28
100	Loan to Tasman Bays Heritage Trust		100
16,730	Other short term deposits with maturities of 4-12 months		30,100
	Fair value through surplus or deficit	*Fair value hierarchy level*	
1,455	Borrower Notes - NZ LG Funding Agency	2	1,716
573	Derivative financial instruments asset	2	85
18,886	**Total Current Portion**		**32,029**
	Non-current portion		
	Amortised cost		
82	Community Loans		77
225	Loan to Tasman Bays Heritage Trust		125
32,537	Advances to WWL serviced by WIL (note 41)		36,869
	Fair value through comprehensive revenue and expense	*Fair value hierarchy level*	
52	Unlisted shares - Civic Financial Services Ltd	3	52
8,746	Unlisted shares - NZ LG Funding Agency	3	9,172
	Fair value through surplus or deficit		
3,982	Borrower Notes - NZ LG Funding Agency	2	6,017
702	Derivative financial instruments asset	2	764
46,326	**Total Non-current Portion**		**53,076**

Council does not hold any material cash bonds subject to retentions (2023: Nil).

The fair value of the unlisted shares in the New Zealand Local Government Insurance Corporation Limited and the New Zealand Local Government Funding Agency have been determined by calculating Tasman District Council's share of total equity based on shares held. The fair value of the borrower notes have been determined based on cost.

There were no transfers between the different levels of the fair value hierarchy.

The loans receivable from Waimea Water Limited (WWL) are explained in detail in note 41, irrigator capacity advances. Council has external borrowings which are then passed to WWL as advances (Loan receivable). Waimea Irrigator Limited is responsible for servicing these loans. These loans are held at amortised cost, and as portion of these borrowings and advances are interest free, therefore these are discounted to market value on inception.
The book value at 30 June 2024 was $36.9 million (2023: $32.5 million). The loans have been discounted using average discount rate of 5.8% (2023: 5.9%). The face value of these loans at 30 June 2024 was $44.0 million (2023: $37.0 million).
The $4.4 million movement of the book value from $32.5 million to $36.9 million comprised:
+$7.1 million new loans raised
+ $0.6 million difference between actual interest received and effective interest; less
- $3.3 million fair value adjustments.
A fair value adjustment of $2.7 million (2023: $4.5 million) was recognised in the year ended 30 June 2024. This includes both the $3.3 million fair value adjustments and the $0.6 million difference in actual and effective interest. Refer to note 3, other gains and losses.

The total value of other financial assets that can only be used for a specific purpose is $Nil (2023: Nil).

An interest free loan to Tasman Bays Heritage trust of $225,000 (2023:$325,000), which has not been discounted in these financial statements to present value as it is not material (2023: nil discount rate).

Interest rates receivable on community loans range from 3.90% to 9.00%, with an average rate of 6.45% (2023: 3.90% to 9.00%, with an average rate of 6.45%).

NOTE 13: FINANCIAL ASSETS (CONT.)

Credit risk, including ECLs

Term deposits

The Council considers there has not been a significant increase in credit risk for investments in term deposits because the banks continue to have low credit risk at balance date. Term deposits are held with banks that have a long-term AA- investment grade credit rating, which indicates the bank has a very strong capacity to meet its financial commitments.

No ECL has been recognised for term deposits as the loss allowance is trivial.

Community loans

Council manages credit risk associated with community loans in accordance with its Treasury Management Policy.

To access community loans, applicants must demonstrate a reasonable credit history and ability to make repayments. As part of the application process, Council completes due diligence checks to confirm the credit risk associated with each applicant. Council does not enter into any loan agreements that result in credit-impaired loans on origination.

Council monitors increases in credit risk by performing regular credit checks, completing regular debtor payment performance analyses, and review of macroeconomic changes in the Tasman district. Council considers a debtor's credit risk to have significantly increased if the information suggests they will be unable to make loan repayments.

No ECL has been recognised on community loans as the estimated loss allowance is immaterial.

Other financial assets

Expected credit losses measured for other financial assets are immaterial. They are low-risk and the Council has not identified any indications that credit risk associated with those instruments has significantly increased since initial recognition.

The Council does not hold any collateral for any of its loan assets.

NOTE 14: NON-CURRENT ASSETS (PROPERTY) HELD FOR SALE

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.

As at 30 June 2024 council has one property held for sale, the value is not material (2023: Nil).

NOTE 15: PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of:

- **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 community.
- **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. sewer reticulation includes reticulation piping and sewer pump stations.

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

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:

Classification of community housing 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.

- **Vested assets** – Certain infrastructural assets and land have been vested in Council as part of the subdivision consent process. Vested infrastructural assets have been valued by calculating the cost of providing identical quantities of infrastructural components. Vested assets are recognised as revenue when control over the asset is obtained, unless there is a use or return condition attached to the asset.

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 in 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
Furniture and fittings	5 – 15 years
Plant and equipment	5 – 10 years
Motor vehicles	5 – 10 years
Library books	2 – 10 years

Infrastructure Assets	
Bridges	50 - 100 years
Formation and sub-base pavement layer	Not depreciated
Drainage (culverts, sumps)	80 years
Footpaths	25 - 75 years
Pavement layers (other than sub-base)	30 - 60 years (unsealed) 75 years (sealed)
Roads - surface structure and other components	15 – 80 years

Wastewater	
Oxidation ponds	Not depreciated
Treatment	9 – 100 years
Pipe	60 - 120 years
Other wastewater features	10 - 80 years
Manhole	80 – 100 years
Chamber	50 – 100 years

Water	
Water supply features	10 – 80 years
Pipes	60 - 120 years

Stormwater	
Channel/detention dams - earthworks	Not depreciated
Channel/detention dams - concrete/ rock	120 years
Pipe	60 – 120 years
manhole	80 – 100 years
sumps	80 years

Other Infrastructure assets	
Ports and wharves	7 – 100 years
Airfields	10 – 80 years
Waste management (refuse)	15 – 100 years

Rivers	
Stop banks	Not depreciated
Rock protection	Not depreciated
Willow plantings	Not depreciated
Gabion baskets	30 years
Railway irons	50 years
Outfalls	60 years

Waimea Community Dam	
Land	Not depreciated
Buildings (including fit out)	2-100 years
Bridges	100 years
Culverts, structures and fill (concrete, rock)	80-120 years
Earthworks and river stop banks	Not depreciated
Rock and slope protection	80-120 years
Water pipes/valves/meters (manual)	15-80 years
Water pipes/valves/meters (automatic)	15-80 years

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

• **Revaluation of assets –** With the exception of vested assets at the initial point of recognition, all valuations for Roading, Three waters, Waste Management, land and Buildings are carried out or reviewed by independent qualified valuers. Other assets are not revalued. The carrying values of revalued items are reviewed at each balance date to ensure that these values are not materially different to fair value. Revaluations are carried out on an asset class basis.

The frequency of revaluations depends upon the changes in the fair values of the items of property, plant and equipment being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is necessary. Some items of property, plant and equipment experience significant and volatile changes in fair value, thus necessitating annual revaluation. Such frequent revaluations are unnecessary for items of property, plant and equipment with only insignificant changes in fair value. Instead, it may be necessary to revalue the item only every three or five years.

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.

Management performed an assessment of the change in fair value using the Capital Goods Price Index (CGPI) for Roading, Bridges, Ports, Aerodromes, Land and Building assets from Statistics NZ. The assessment indicated no material movement in the asset values and therefore a revaluation of these asset classes were not required as at 30 June 2024.

INFRASTRUCTURAL ASSET CLASSES: ROADS AND BRIDGES, WASTEWATER, SOLID WASTE, WATER SUPPLY, STORMWATER, COASTAL STRUCTURES, PORTS AND RIVER PROTECTION ASSETS

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.
- Estimates of the remaining useful life over which the asset will be depreciated. These estimates can be affected 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 statement of comprehensive revenue and expense. To minimise this risk, 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, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration, and condition-modelling are also carried out regularly as part of asset management planning activities, which provides further assurance over useful life estimates.

Three waters (water supply, waste water and stormwater), waste management and coastal structures have been valued at fair value using optimised depreciated replacement cost by Marsh & McLennan Companies as at 30 June 2024. Roads and bridges were last revalued at 30 June 2022 by Marsh & McLennan Companies.

Waimea Community Dam- The Waimea Community Dam is a rock-filled dam with a concrete face and spillway. This asset class comprises land, building, and infrastructure components (i.e., bridges, earthworks, culverts, rocks, pipes). The dam is not revalued, it is recognised at historical cost, less depreciation and impairment.

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.

As of 30 June 2024, the Council implemented a change in its accounting policy for river protection assets. These assets were reclassified from the fair value model to the cost model. Consequently, the revaluation reserve associated with these assets was transferred to retained earnings. Refer note 26.

Ports – A new asset category for Port assets has been created in the 2014/2015 year. Council considered that it was appropriate to distinguish the commercial Port assets from other coastal structures. These 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.

Aerodromes – Aerodrome 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 – 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 are not revalued and are 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 QV Valuations Limited, and the valuation is effective as at 30 June 2022. Land includes land related to Three Waters assets, including joint operation land, land under treatment plants, sewerage and drainage reserves. Land does not include Land under Roads, or Port land which is held in the respective 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 QV Valuations Limited, and the valuation is effective as at 30 June 2023.

Reconciliation to carrying value of buildings from revalued building assets using depreciated replacement cost and buildings valued using market-based evidence as at 30 June 2023 was as follows:

Operational Buildings	30 JUNE 2021 VALUATION $000	30 JUNE 2023 VALUATION $000
Depreciated replacement cost	69,848	103,821
Market-based evidence	30,789	22,314
Total revaluation of operational buildings	**100,637**	**126,135**
Add : Work in progress	1,107	1,074
Add : Reserves and walkways excluded from revaluation	5,521	1,256
Add: Joint operations	431	719
Total carrying value of operational buildings	**107,695**	**129,183**

Heritage assets – 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 OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

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 and 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.

Note 15: Property, Plant and equipment (Cont.)

	COST/REVALUATION								DEPRECIATION				NET BOOK VALUE	
2023/2024	COST/REVAL[1] 01 JULY 2023 $000	CURRENT YEAR ADDITIONS $000	CURRENT YEAR VESTED ASSETS $000	CURRENT YEAR DISPOSALS $000	CURRENT YEAR IMPAIRMENT $000	REVAL[1] SURPLUS $000	REVAL[1] DEPN[2] WRITE BACK $000	COST/ REVAL[1] 30 JUNE 2024 $000	ACC DEPN[2] & IMPAIRMENT 01 JULY 2023 $000	CURRENT YEAR DEPN[2] $000	WRITE BACK REVAL[1] ON DEPN[2] AND DISPOSAL $000	ADCC DEPN[2] & IMPAIRMENT 30 JUNE 2024 $000	NBV[3] 01 JULY 2023 $000	NBV[3] 30 JUNE 2024 $000
Fixed Assets														
Land	221,836	12,317	262	(273)	(1,546)	341	-	232,937	-	-	-	-	**221,836**	**232,937**
Buildings	129,183	7,842	-	-	-	14	(14)	137,024	-	(6,264)	14	(6,250)	**129,183**	**130,774**
Furniture and Fittings	4,822	127	-	-	-	-	-	4,949	(4,516)	(197)	-	(4,713)	**306**	**236**
Motor Vehicles	5,158	1,073	-	(473)	-	-	-	5,757	(4,657)	(264)	464	(4,456)	**501**	**1,301**
Plant	5,711	524	-	-	-	11	(11)	6,235	(3,680)	(323)	11	(3,992)	**2,031**	**2,243**
Office Equipment	10,675	409	-	(4)	-	-	-	11,081	(9,434)	(507)	-	(9,941)	**1,241**	**1,140**
Library Books	8,735	304	-	-	-	-	-	9,039	(7,591)	(273)	-	(7,864)	**1,144**	**1,175**
Heritage Assets	1,843	-	-	-	-	-	-	1,843	(712)	(31)	-	(743)	**1,131**	**1,100**
Finance Lease	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	387,963	**22,596**	**262**	**(749)**	**(1,546)**	**365**	**(25)**	**408,865**	**(30,589)**	**(7,858)**	**489**	**(37,959)**	**357,373**	**370,906**
Infrastructural Assets						-							-	
Roading	741,155	24,312	8,341	-	-	-	-	773,808	(16,001)	(17,046)	-	(33,047)	**725,155**	**740,761**
Bridges	90,975	270	-	-	-	-	-	91,245	(1,892)	(1,899)	-	(3,790)	**89,083**	**87,455**
Land Under Roads	112,633	1,428	8,761	-	-	-	-	122,822	-	-	-	-	**112,633**	**122,822**
Stormwater	193,198	7,732	6,977	(501)	-	8,912	(6,185)	210,132	(3,067)	(3,118)	6,185	(0)	**190,131**	**210,132**
Wastewater	282,411	13,397	6,897	(635)	(125)	55,579	(13,008)	344,517	(6,132)	(6,876)	13,008	0	**276,279**	**344,517**
Waste Management	23,983	5,239	-	-	(121)	1,517	(2,678)	27,941	(1,612)	(1,066)	2,678	0	**22,371**	**27,941**
Water	197,049	4,775	2,948	(1,655)	-	26,022	(9,909)	219,229	(4,887)	(5,023)	9,909	-	**192,162**	**219,229**
Waimea Community Dam	86,707	12,106	-	-	-	-	-	98,813	-	(127)	-	(127)	**86,707**	**98,685**
Rivers	90,101	3,331	-	-	-	-	-	93,432	(233)	(36)	-	(270)	**89,868**	**93,162**
Coastal Structures	5,612	157	-	-	-	12,864	(475)	18,157	(436)	(39)	475	(0)	**5,176**	**18,157**
Ports	9,229	7,166	-	-	-	-	-	16,395	(820)	(277)	-	(1,097)	**8,409**	**15,298**
Aerodromes	1,750	72	-	-	-	-	-	1,821	(432)	(99)	-	(531)	**1,318**	**1,290**
	1,834,803	**79,986**	**33,923**	**(2,791)**	**(245)**	**104,893**	**(32,257)**	**2,018,313**	**(35,512)**	**(35,607)**	**32,257**	**(38,863)**	**1,799,291**	**1,979,450**
Total	**2,222,765**	**102,581**	**34,185**	**(3,540)**	**(1,792)**	**105,258**	**(32,281)**	**2,427,177**	**(66,101)**	**(43,466)**	**32,745**	**(76,821)**	**2,156,664**	**2,350,356**

[1] Revaluation (Reval)

[2] Depreciation (Depn)

[3] Net Book Value (NBV)

Note 15: Property, Plant and equipment (Cont.)

2022/2023	COST/REVALUATION								DEPRECIATION				NET BOOK VALUE	
	COST/REVAL[1] 01 JULY 2022	CURRENT YEAR ADDITIONS	CURRENT YEAR VESTED ASSETS	CURRENT YEAR DISPOSALS	CURRENT YEAR IMPAIRMENT	REVAL[1] SURPLUS	REVAL[1] DEPN[2] WRITE BACK	COST/ REVAL[1] 30 JUNE 2023	ACC DEPN[2] & IMPAIRMENT 01 JULY 2022	CURRENT YEAR DEPN[2]	WRITE BACK REVAL[1] ON DEPN[2] AND DISPOSAL	ADCC DEPN[2] & IMPAIRMENT 30 JUNE 2023	NBV[3] 01 JULY 2022	NBV[3] 30 JUNE 2023
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Fixed Assets														
Land	215,445	8,298	76	(54)	(1,930)	-	-	221,836	-	-	-	-	**215,445**	**221,836**
Buildings	127,909	4,346	-	(71)	-	22,670	(25,672)	129,183	(20,214)	(5,460)	25,674	-	**107,695**	**129,183**
Furniture and Fittings	4,745	77	-	-	-	-	-	4,822	(4,306)	(209)	-	(4,516)	**439**	**306**
Motor Vehicles	5,015	142	-	-	-	-	-	5,158	(4,397)	(260)	-	(4,657)	**618**	**501**
Plant	5,183	530	-	-	-	20	(23)	5,711	(3,395)	(307)	23	(3,680)	**1,788**	**2,031**
Office Equipment	10,331	344	-	-	-	-	-	10,675	(8,966)	(468)	-	(9,434)	**1,365**	**1,241**
Library Books	8,422	313	-	-	-	-	-	8,735	(7,329)	(262)	-	(7,591)	**1,093**	**1,144**
Heritage Assets	1,843	-	-	-	-	-	-	1,843	(681)	(31)	-	(712)	**1,162**	**1,131**
Finance Lease	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
	378,894	**14,051**	**76**	**(124)**	**(1,930)**	**22,690**	**(25,694)**	**387,963**	**(49,289)**	**(6,996)**	**25,696**	**(30,589)**	**329,605**	**357,373**
Infrastructural Assets						-							-	
Roading	722,342	12,975	5,839	-	-	-	-	741,155	0	(16,001)	-	(16,001)	**722,342**	**725,155**
Bridges	90,848	126	-	-	-	-	-	90,975	(0)	(1,892)	-	(1,892)	**90,848**	**89,083**
Land Under Roads	103,521	846	8,266	-	-	-	-	112,633	-	-	-	-	**103,521**	**112,633**
Stormwater	184,912	2,897	6,062	(673)	-	-	-	193,198	10	(3,077)	-	(3,067)	**184,922**	**190,131**
Wastewater	268,998	8,060	4,438	(691)	-	2,973	(1,368)	282,411	(967)	(6,532)	1,368	(6,132)	**268,031**	**276,279**
Waste Management	17,751	5,997	-	-	-	545	(310)	23,983	(1,167)	(754)	310	(1,612)	**16,583**	**22,371**
Water*	190,689	4,203	2,626	(470)	-	-	-	197,049	60	(4,946)	-	(4,887)	**190,749**	**192,162**
Waimea Community Dam*	66,382	20,354	-	-	(29)	-	-	86,707	-	-	-	-	**66,382**	**86,707**
Rivers	83,607	6,494	-	-	-	-	-	90,101	(197)	(36)	-	(233)	**83,410**	**89,868**
Coastal Structures	5,624	(12)	-	-	-	-	-	5,612	(397)	(39)	-	(436)	**5,228**	**5,176**
Ports	7,453	1,776	-	-	-	-	-	**9,229**	(566)	(254)	-	**(820)**	**6,888**	**8,409**
Aerodromes	1,502	248	-	-	-	-	-	**1,750**	(347)	(85)	-	**(432)**	**1,155**	**1,318**
	1,743,629	**63,965**	**27,231**	**(1,834)**	**(29)**	**3,518**	**(1,677)**	**1,834,803**	**(3,571)**	**(33,618)**	**1,677**	**(35,512)**	**1,740,058**	**1,799,291**
Total	**2,122,523**	**78,015**	**27,307**	**(1,958)**	**(1,958)**	**26,208**	**(27,371)**	**2,222,766**	**(52,860)**	**(40,614)**	**27,373**	**(66,101)**	**2,069,663**	**2,156,664**

***In the published Annual Report 2022-2023, the Waimea Community Dam was included in the Water asset class. In 2023-2024 it was determined that this asset is a separate class. For prior year comparability the 2022-2023 figures are presented on this new basis.**

[1] Revaluation (Reval)

[2] Depreciation (Depn)

[3] Net Book Value (NBV)

Note 15: Property, Plant and equipment (Cont.)

CORE ASSETS	CLOSING BOOK VALUE AT 30 JUNE 2024 $000	ADDITIONS: CONSTRUCTED BY COUNCIL 2023/24 $000	VESTED: TRANSFERRED TO COUNCIL 2023/24 $000	MOST RECENT REPLACEMENT COSTS 30 JUNE 2024 $000
Water supply - treatment plants	(72,177)	471	-	36,903
Water supply - other assets including reticulation	291,406	11,689	2,948	401,634
Wastewater - treatment plants	43,217	8,079	-	127,491
Wastewater - other assets including reticulation	301,300	5,318	6,897	401,714
Stormwater	210,132	7,732	6,977	290,678
Flood protection and control works	93,162	3,331	-	290,264
Transportation - roads, bridges, footpaths and land under roads	951,038	26,011	17,101	1,320,245

CORE ASSETS	CLOSING BOOK VALUE AT 30 JUNE 2023 $000	ADDITIONS: CONSTRUCTED BY COUNCIL 2022/23 $000	VESTED: TRANSFERRED TO COUNCIL 2022/23 $000	MOST RECENT REPLACEMENT COSTS 30 JUNE 2023 $000
Water supply - treatment plants	24,799	1,180	-	28,071
Water supply - other assets including reticulation	254,071	23,377	2,626	349,556
Wastewater - treatment plants	30,217	5,013	-	93,610
Wastewater - other assets including reticulation	246,062	3,047	4,438	303,305
Stormwater	190,131	2,897	6,062	264,049
Flood protection and control works	89,868	6,494	-	91,210
Transportation - roads, bridges, footpaths and land under roads	926,871	13,947	14,105	1,277,133

WORK IN PROGRESS

Included in net book value is work in progress. These assets have not been depreciated. Work in progress includes Council's share of joint operation assets.

2022/2023 $000	WORK IN PROGRESS	2023/2024 $000
2,347	Waste management	370
2,118	Roading	3,359
87,595	Water	3,803
1,202	Stormwater	7,349
6,761	Wastewater	12,092
1,311	Rivers	-
-	Coastal structures	157
1,187	Ports	2,252
765	Land	1,355
1,074	Buildings	1,020
104,360	**Total work in progress**	**31,757**

NOTE 16: INTANGIBLE ASSETS

Software acquisition and development – Acquired computer software licenses are capitalised, including the costs to acquire and bring the specific software into use, 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.

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.

Computer software useful life for amortisation is 5 years.

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

FORESTRY EMISSIONS TRADING SCHEME (ETS) CREDITS

Council earns ETS credits over time as the forest grows in exchange for the carbon absorbed from the atmosphere by these trees. Therefore, the number of ETS credits held by Council increases as the plantation forestry grows.

Council distinguishes its ETS credits into two categories:

•Encumbered credits: the ETS credits Council expects to be surrendered after its trees are harvested. Council earns ETS units over time as the forest grows in exchange for the carbon absorbed from the atmosphere by these trees. Therefore, the number of units held by Council increases as the plantation forestry grows and are surrendered when the trees are harvested. These encumbered units are included in the forestry, note 18, and therefore are not included in Intangibles (refer to note 18, Forestry Assets, assumption 10).

•Unencumbered units: the ETS credits which are deemed to be surplus to future harvest obligations. Purchased ETS credits are recognised at cost on acquisition. ETS credits received through Council's forestry activities are granted by the Crown and are recognised at fair value on receipt. They have an indefinite useful life and are not amortised but are instead tested for impairment annually. Impairment is tested by comparison to market trading prices. They are derecognised when they are used to satisfy carbon emission obligations or sold.

Pre and post 1989 forestry and classification as encumbered or unencumbered

Post 1989 ETS credits, are those which have been earnt from the forestry asset in note 18. The classification of units as encumbered or unencumbered units related to the existing forestry asset (post 1990 ETS account) is an estimate provided by the forestry valuer, based on current harvest and planting forecasts, which is subject to change over time.

Pre 1989 ETS credits, are unencumbered, and have no associated future liabilities. These are not related to the forestry asset in note 18.

Landfill Emissions Trading Scheme (ETS) Credits – ETS credits held to meet the landfill liability - Purchased 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.

Carbon Accounting Method- The stock change method is the carbon accounting method applied for all Council's forest land as at 30 June 2024. Council has not registered any forest land in the ETS since 1 January 2023. Any forest land registered in the ETS after 1 January 2023 would apply the averaging accounting method of carbon accounting.

2023/2024	COMPUTER SOFTWARE $000	ETS LANDFILL $000	ETS FORESTRY (Unencumbered only) $000	TOTAL $000
Cost				
Cost at 1 July 2023	4,256	3,251	1,588	9,094
Additions	219	37	293	549
Disposals	-	(91)	-	(91)
Cost at 30 June 2024	**4,475**	**3,197**	**1,881**	**9,553**
Accumulated amortisation at 1 July 2023	(3,762)	-	-	(3,762)
Amortisation expense	(167)	-	-	(167)
Disposals	-	-	-	-
Accumulated amortisation at 30 June 2024	**(3,929)**	**-**	**-**	**(3,929)**
Net book value at 30 June 2024	**546**	**3,197**	**1,881**	**5,624**

2022/23	COMPUTER SOFTWARE $000	ETS LANDFILL $000	ETS FORESTRY (Unencumbered only) $000	TOTAL $000
Cost				
Cost at 1 July 2022	4,014	2,984	248	7,246
Additions	241	359	1,340	1,940
Disposals	-	(92)	-	(92)
Cost at 30 June 2023	**4,256**	**3,251**	**1,588**	**9,094**
Accumulated amortisation at 1 July 2022	(3,598)	-	-	(3,598)
Amortisation expense	(164)	-	-	(164)
Disposals	-	-	-	-
Accumulated amortisation at 30 June 2023	**(3,762)**	**-**	**-**	**(3,762)**
Net book value at 30 June 2023	**493**	**3,250**	**1,588**	**5,332**

2023/24 Additional ETS disclosures:	Intangible assets ETS LANDFILL	ETS FORESTRY (Unencumbered pre 1989 account)	ETS FORESTRY (Unencumbered post 1989 account)	Forestry asset ETS FORESTRY (Encumbered post 1989 account)	TOTAL ETS
Number of ETS credits held at 30 June 2023	74,165	61,827	42,160	171,290	349,442
Number of ETS credits held at 30 June 2024	70,545	61,827	53,707	143,985	330,064
Market value at 30 June 2023 ($41.00 per unit)* $000	3,041	2,535	1,729	7,023	14,328
Market value at 30 June 2024 ($50.50 per unit)* $000	3,563	3,122	2,712	7,271	16,668
Intangible Book value at 30 June 2023 (Units are held at cost) $000	3,250	248	1,340	N/A	4,839
Intangible Book value at 30 June 2024 (Units are held at cost) $000	3,197	248	1,633	N/A	5,078
ETS Surrender obligations/ contingencies:	Note 23, provisions: ETS held to meet landfill obligation provision	N/A	N/A	Note 18: forestry asset, ETS held to meet future forestry harvest obligations, which is equal to the value of these units.	-

*Market value: the market value at 30 June 2024 was based on Jarden Commtrade last/settle prices for spot ETS for the five trading days ending 30 June 2024, provided by PF Olsen.
ETS market price is disclosed for information purposes only, ETS are recognised using the deemed cost model (market value on date of acquisition) under PBE IPSAS 31.

NOTE 17: DEPRECIATION BY GROUP OF ACTIVITY

2022/2023 $000	DEPRECIATION EXPENSE BY GROUP OF ACTIVITY	2023/2024 $000
304	Environment and Planning*	348
31,741	Engineering*	33,561
4,678	Community Development	5,403
748	Council Enterprises	947
37,471	**Total directly attributable Depreciation by Group of Activity***	**40,259**
1,377	Depreciation expense not directly related to group of activities*	945
38,848	**Total Depreciation (excluding Amortisation Expense)**	**41,204**
1,766	Plus depreciation from joint operations	2,261
40,614	**Total Depreciation per Property, Plant and Equipment note (note 15)**	**43,466**
164	Plus amortisation expense	167
(1,766)	Less depreciation from joint operations	(2,261)
39,012	**Total Depreciation and Amortisation per Statement of Comprehensive Revenue and Income**	**41,371**

*The depreciation expenses for Environment and Planning, Engineering and Depreciation expense not directly related to group of activities for 2022-2023 was incorrectly reported in the published annual report 2022-2023. This was a presentational error only, and had no impact on the income statement or the balance sheet. This has been corrected in 2023-2024 as follows:

	Published in 2022-2023 Annual Report	**Presentation correction for 2022-2023**
Environment and Planning-	NIL	$ 304,000
Engineering-	NIL	$ 31,741,000
Total directly attributable Depreciation by Group of Activity-	$ 5,426,000	$ 37,471,000
Depreciation expense not directly related to group of activities-	$ 33,586,000	$ 1,377,000

NOTE 18: FORESTRY ASSETS

Standing 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 a current market determined rate. This calculation is based on existing sustainable felling plans and assessments regarding growth, timber prices, felling costs 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, from a change in fair value less estimated point-of-sale costs, are recognised in the surplus or deficit.

The costs to plant, harvest and maintain the forestry assets, and revenues from harvest, are included in the surplus or deficit when incurred (note 7, forestry expenses).

30 JUNE 2023 $000	FORESTRY ASSETS	30 JUNE 2024 $000
44,847	**1 July forestry asset**	**30,379**
	Movement in forestry asset value:	
(13,800)	1.Decrease due to harvest	(8,300)
3,900	2. Advance due to 30 June	3,200
-	3. Update area data and harvest schedule	-
-	4. Update crop types and yield tables	-
(3,500)	5. Update costs	-
(1,400)	6. Log price assumption	(2,500)
-	7. Discount rate	-
221	8. Movement in cost to sell	113
6	9. Howard forest JO block	(52)
105	Other	19
(14,468)	**Net fair value Increase/(Decrease)**	(7,520)
30,379	**30 June forestry asset value**	**22,859**

Nature of forestry assets

Council owns 2,053.7 hectares of planted Pinus radiata forest, which are at varying stages of maturity ranging from one to 39 years. Council also owns 185.3 hectares of planted Douglas fir, 24 hectares of planted Cupressus species trees and 18.6 hectares of coast redwoods

Annual revaluation

Registered valuers PF Olsen Ltd have valued forestry assets as at 30 June 2024. PF Olsen also provides Council with forest management services. To preserve independence, the valuation presented by PF Olsen Ltd was peer reviewed by Woodlands Pacific Consulting Limited. The recommendations of the peer review were taken in to account when determining the fair value of forestry assets.

The forests have been valued on a going concern basis and this only includes the value of the existing crops on a single and rotation basis. All costs and revenues are expressed in current dollar terms.

Explanation of significant assumptions and movements

1.Removal of areas harvested since 30 June 2023 reduced the tree crop value by $8.3 million (26.9%) (2023: $13.8 million (30.4%) reduction). Total harvested volume during the year ended 30 June 2024 was 153,370 tonnes (2023: 242,546 tonnes harvested).

2.Advancing forest maturity by one year adds physical growth to the crops, reduces the present value of future costs, increases present value of future revenues.

3. Updating the harvest schedule to match the current ten-year operational plan.

4. No updates were made to the generic crop type yield tables this year, but any new inventory was run and new stand-based yield tables were included for nine stands in Howard Forest. Further the final values were adjusted as per the recommendations made from peer review by Woodlands Pacific Consulting Limited.

5.The 30 June 2024 valuation was not impacted by marginal changes to annual costs, harvest costs and cartage costs (2023: 7.6% reduction). The forestry valuation cost assumptions assume compliance with current industry standards and regulations (including the Resource Management Act, National Environmental Standard, NZ Code of Forest Practice and the Pakohe Management Plan), the cost assumptions do not include a provision for increased costs that may arise from future possible regulatory changes.

6.12-month (July 2023 - June 2024) log prices are applied to the 2024 harvest and 5-year average prices are applied from 2028. Interpolated prices are applied for years 2025-2027. Based on market evidence analysed, the log prices assumed in this valuation represent a fair and reasonable view of long-term prices by log grade as demonstrated by log prices implied in recent sales of mature forests, including stumpage sales. The net impact is an decrease in the valuation of 9.8%.

7. A pre-tax discount rate of 7.3% has been used in discounting the present value of expected pre-tax cash flows (2023: pre-tax discount rate of 7.3% was used). This is the average discount rate used by the Manley survey respondents (2021) for forests >1000ha.

8.The Howard JV stumpage since June 2023 has been marginally positive, hence variations in cost and log price have a large impact. This resulted in a net 34.1% decrease in the Howard joint operation crop valuation (2023:3.8% increase).

9. Council also owns a small stand of timber through its share of the Nelson Regional Sewerage Business Unit joint operation. The movement in the value of this stand is included.

10. **Emission Trading Scheme 'ETS' units**
Council earns ETS units over time as the forest grows in exchange for the carbon absorbed from the atmosphere by these trees. Therefore, the number of units held by Council increases as the plantation forestry grows and are surrendered when the trees are harvested. These units are held in Council's post 1989 forestry ETS account.

The valuation is prepared on the assumption that Council's 'encumbered' ETS units would transfer with a sale of the forestry to the purchaser. If council no longer held these encumbered units, i.e. sold the units, that would reduce the fair value of the Council's forestry.

Council's valuation method is a discounted cashflow ('DCF') and , if Council has sufficient ETS units to fully meet the harvest liability, the model assumes nil cash outflows for the cost of ETS units which would be required on harvest. This valuation is therefore inclusive of ETS credits held, which have been accumulated through tree growth and future surrender of these credits that will occur upon harvest.

Post 1989 Forestry ETS balances and transactions:
At 30 June 2022, Council's carbon modelling forecast showed there were no unencumbered (or 'safe', 'surplus or deficit' units). Therefore, at 30 June 2022 the number of units held, 264,170 was approximately equal to the estimated future surrender of 264,170 units, of which 92,880 was expected to be surrendered in 2023.

In the year ended 30 June 2023 the 92,880 present obligation was settled, and therefore the liability reduced to 171,290 units. Ordinarily, Council would have settled the 92,880 obligation through surrender of ETS credits. However, Council elected to take a one off fixed price option offered by the Ministry for Primary Industries to settle part of its obligation through a cash payment at a price substantially less than market value. Instead of surrendering the full 92,880 units, Council only surrendered 23,220 units. The remaining 69,660 units were met through a cash payment of $1,974,000 (recognised as a forestry expense).

Council funded this payment through the sale of 27,500 units for $2.0 million (recognised within note 3 other gains) to fund the cash payment. This resulted in 42,160 of surplus 'unencumbered' credits, which would have otherwise been surrendered without the fixed price option. [92,880 unit obligation less 27,500 sold less 23,220 surrendered = 42,160 surplus units].

In the year ended 30 June 2024 Council was able to take a final one off fixed price option offered by the Ministry for Primary Industries to again settle through a cash payment at a price substantially less than market value. Instead of surrendering the full 34,324 units, Council only surrendered 13,722 units. The remaining 20,602 unit obligation was met through a cash payment of $583,850 (recognised as a forestry expense). This resulted in 11,547 of surplus 'unencumbered' credits, which would have otherwise been surrendered without the fixed price option. Since these are surplus they were transferred to intangibles at book value of $293,000.
Also shown in the table below:

30 June 2023	Forestry Post 1989 ETS units	30 June 2024
264,170	**Balance at 1 July**	**213,450**
(23,220)	Surrender of units	(13,722)
(27,500)	Sale of units	(8,710)
-	Batch entitlement	6,674
213,450	**Balance at 30 June**	**197,692**
(171,290)	Less total estimated ETS future surrender liability units 30 June	(143,985)
42,160	**Unencumbered units recognised in note 16: Intangible assets, post 1989 ETS**	**53,707**

Forestry valuation risk management

Council is exposed to financial risks arising from changes in timber prices. Council is a long-term forestry investor and does not expect timber prices to decline significantly in the foreseeable future, therefore, has not taken any measures to manage the risks of a decline in timber prices. Council reviews its outlook for timber prices regularly in considering the need for active financial risk management.

NOTE 19: INVESTMENT PROPERTY

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 rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs.

After initial recognition, the 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.

30 JUNE 2023 $000	INVESTMENT PROPERTY	30 JUNE 2024 $000
5,630	**Balance at 1 July**	6,426
167	Addition (transfer from property, plant and equipment)	240
629	Gain/(loss) on changes in fair value of investment property	(476)
6,426	**Balance at 30 June**	**6,190**

Council's investment properties are valued annually at fair value effective 30 June based on open market evidence. The valuations were performed by QV Valuations Limited, registered valuer. They are experienced valuers with extensive market knowledge in the types and location of investment properties owned by the Council. The fair value of investment property has been determined using the capitalisation of net revenue and discounted cash flow methods. These methods are based upon assumptions including future rental revenue, anticipated maintenance costs, and appropriate discount rates.
Council's investment properties comprise properties at Māpua Wharf and a commercial property in Richmond.

NOTE 20: INVESTMENT IN JOINT VENTURES

Council accounts for an investment in a joint venture in the financial statements using the equity method. 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. The Council's interest in the net assets, surplus and other comprehensive revenue is included on an equity accounting basis. The investment in a joint venture is initially recognised at cost and the carrying amount is increased or decreased to recognise Council's interest in the surplus or deficit of the joint venture after the date of acquisition. Distributions received from a joint venture reduces the carrying amount of the investment.

Where Council transacts with a joint venture, surpluses or deficits are eliminated to the extent of Council's interest in the joint ventures.

Council has recognised its interest, according to the entities audited financial statements using the equity method for its joint ventures:

- PORT NELSON LTD (PNL) - Council has a 50% shareholding, and interest, in this entity. (To 30 June 2023 only, from 1 July Council has an interest in IHL below).
- NELSON AIRPORT LTD (NAL)- Council has a 50% shareholding, and interest, in this entity. (To 30 June 2023 only, from 1 July Council has an interest in IHL below).
- TASMAN BAYS HERITAGE TRUST - Council has a 50% interest in this trust.

- INFRASTRUCTURE HOLDINGS LIMITED (IHL) GROUP - Council has a 50% shareholding, and interest, in this entity. IHL was incorporated in January 2023 and is intended to act as a holding company for Tasman District Council and Nelson City Council (its two shareholders). On 1 July 2023, the Company issued 3,709,540 shares, at a value of $100 each, divided equally between Tasman District Council and Nelson City Council in exchange for the acquisition of all of the shares in Port Nelson Limited and Nelson Airport Limited. This transaction also settled previously issue unpaid capital of 84,460 shares, at a value of $100 each. On 26 September 2023, the Company issued a further 2,330,000 shares, at a value of $100 each, divided equally between Tasman District Council and Nelson City Council. These shares are uncalled and unpaid.

Accounting judgement on recognition on initial recognition of IHL: The transaction is similar in nature to a capital restructure , therefore the consideration is measured at the previous carrying amount of Councils interest in PNL and NAL. This results in the interest in IHL being recognised at the previous carrying amount of Council's interest in PNL and NAL. No gain or loss on disposal of the prior interest, or acquisition of the new interest in IHL was recognised. Council has retained the revaluation reserves in Port Nelson and Nelson Airport, these are not recycled to surplus.

	INFRASTRUCTURE HOLDINGS Ltd Group				
INVESTMENT IN JOINT VENTURES	**Port Nelson Ltd**	**Nelson Airport Ltd**	**Group: IHL Limited**	**Tasman Bays Heritage Trust Inc.**	**Total equity accounted share**
2023/24	**$000**	**$000**	**$000**	**$000**	**$000**
Cash and cash equivalents	1,413	71	9,909	354	
Other current assets	14,293	1,262	15,635	81	
Non-current assets	381,428	161,188	545,191	35,307	
Current liabilities	(22,688)	(4,237)	(46,549)	(476)	
Non-current liabilities	(99,518)	(50,621)	(140,163)	(265)	
Joint venture net assets 100%	**274,928**	**107,663**	**384,023**	**35,001**	
Council's eliminations and adjustments to net assets			(1,688)	(104)	
Council's 50% equity accounted investment less adjustments*			**193,699**	**17,604**	**211,303**
Revenue	83,913	17,842	101,655	2,826	
Depreciation and amortisation expense	(10,651)	(4,213)	(14,863)	(485)	
Other expenses	(60,589)	(6,979)	(67,668)	(2,115)	
Finance (expense) / income	(4,402)	(1,707)	(6,022)	(26)	
Tax expense	(7,504)	(8,610)	(16,116)	-	
Joint venture surplus/ (deficit) 100%	**767**	**(3,667)**	**(3,014)**	**200**	
Council's eliminations and adjustments to surplus			(1,677)	(194)	
Council's 50% share of surplus / (deficit) less adjustments*			**(170)**	**(294)**	**(464)**
Joint venture other comprehensive revenue / (expense) 100%	**(1,136)**	**9,954**	**8,845**	**3,057**	
Council's adjustments to other comprehensive revenue and (expense)			345	7	
Council's 50% interest in other comprehensive revenue and (expense) less adjustments			**4,767**	**1,535**	**6,302**
Other disclosures					
Council share of in capital commitments	N/A	N/A	5,150	19	
Council's dividends received or receivable	N/A	N/A	500	N/A	

With the exception of the policies noted below all policies adopted by Council's joint ventures are consistent with the policies adopted by Council. The financial statements of the joint ventures are published on the publicly available websites of the entities.

*From 1 July 2023 only the share in the group IHL results is recognised in these financial statements, not the individual results of Port Nelson Limited and Nelson Airport Limited, as these are already included within the IHL Group.

Differences in accounting policies

Council recognises grants for capital expenditure as revenue, whereas IHL Group recognises grants as a reduction to capital expenditure.

Council applies depreciation on a straight line basis, whereas Nelson Airport Limited has adopted diminishing values in regard to fixtures and fittings, computer software and branding assets.

Nelson Airport Limited capitalises interest costs, whereas Council expenses these. This is adjusted in Council's financial statements, however the impact is not material.

The effect of these differences in accounting policy are not significant in Council's financial statements.

NOTE 20: INVESTMENT IN JOINT VENTURES (CONT.)

INVESTMENT IN JOINT VENTURES 2022/2023	Port Nelson Ltd $000	Nelson Airport Ltd $000	Tasman Bays Heritage Trust Inc. $000	Total equity accounted share $000
Cash and cash equivalents	1,393	172	358	
Other current assets	14,759	1,737	104	
Non-current assets	364,448	145,663	32,130	
Current liabilities	(44,508)	(31,227)	(408)	
Non-current liabilities	(59,294)	(13,739)	(439)	
Joint venture net assets 100%	**276,798**	**102,606**	**31,745**	
Eliminations and adjustments to net assets	-	(0)	1	
Council's 50% equity accounted investment	**138,399**	**51,303**	**15,874**	**205,576**
Revenue	85,780	16,760	2,657	
Depreciation and amortisation expense	(10,574)	(4,238)	(483)	
Finance (expense) / income	(3,550)	(1,329)	(33)	
Other expenses	(59,096)	(7,090)	(1,999)	
Tax expense	(3,243)	(1,394)	-	
Joint venture surplus 100%	**9,317**	**2,709**	**142**	
Council's eliminations and adjustments to surplus	(204)	38	(16)	
Council's 50% share of surplus	**4,455**	**1,392**	**55**	**5,902**
Joint venture other comprehensive revenue and (expense) 100%	(1,343)	543	-	
Council's adjustments to other comprehensive revenue and (expense)	(399)	(85)	-	
Council's 50% interest in other comprehensive revenue and (expense)	**(1,070)**	**187**	**-**	**(884)**
Other disclosures				
Council share of in capital commitments	2,050	571	210	
Council's dividends received or receivable	2,000	600	-	

NOTE 20: INVESTMENT IN JOINT VENTURES (CONT.)

PERFORMANCE MEASURES

Actual and target returns on joint ventures

A list of the investments in joint ventures with targets for returns is set out below.

IHL Group	2023/24	2023/24	Comment
	Target	Result	
Total Dividends Paid ($m) (Of which 50% to Tasman District Council)	5.9	1.0	While the dividend target was not fully met, this is mostly due to a timing difference. Only dividends declared within the 2023/24 financial year can be recorded. A total of $5.2 million in dividends was declared related to 2023/24. Of this amount, $1 million was declared before June 30th, and the remaining $4.2 million was declared after the year end on 24 September 2024 ($2.1 million to each Council). The remaining $0.7 million difference from the target is attributed to two factors: $0.5 million in establishment expenses and a lower NPAT (Net Profit After Tax) result of $0.2 million.
Councils 50% share	2.95	0.5	

To 30 June 2023:	TARGET RETURN	2021/2022	2022/2023
Port Nelson Limited	Annual dividend of not less than 50% of net profit after tax (approximately $5.5 million per annum, shared between the two Councils).	Achieved a total dividend $4.86 million (net profit after tax $12.0 million). Council's dividend share was $2.43 million	Achieved a total dividend $4 million (net profit after tax $9.3 million). Council's dividend share was $2 million
Nelson Airport Limited	Deliver dividend growth in excess of CPI movement, and higher than that declared in previous financial year.	Achieved. Dividend growth 10% A total dividend of $1,100,000 was declared related to the 2021/22 year. Council's dividend share was $550,000	Achieved. dividend increase 9%. A total dividend of $1.2 million was declared related to the 2023/23 year. Council's dividend share was $600,000

Council maintained its 50% investment in Port Nelson Limited and Nelson Airport Limited, via Infrastructure Holdings Limited, during the year as per its objective of retaining effective local body control of this strategic asset as set out in the Long Term Plan. Council also received a commercial return to reduce Council's reliance on rates income. These organisations carried out the nature and scope of activities as intended to be provided by the organisation for the year.

NOTE 21: INTEREST IN JOINT OPERATIONS

A joint arrangement is a binding arrangement that confers enforceable rights and obligations on the parties to the arrangement that is subject to joint control. Joint control is the agreed sharing of control where decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as a joint operation or a joint venture. The classification depends on the rights and obligations of each party under the joint arrangement. The Council reviews the legal form, terms of the binding agreement, and other facts and circumstances relevant to its interest in determining the classification of the joint arrangement

Council recognises in relation to its interest in a joint operation:
(a) Its assets, including its share of any assets held jointly;
(b) Its liabilities, including its share of any liabilities incurred jointly;
(c) Its revenue from the sale of its share of the output arising from the joint operation;
(d) Its share of the revenue from the sale of the output by the joint operation (this excludes sales to the joint operation partners); and
(e) Its expenses, including its share of any expenses incurred jointly
Consolidation differences are recognised within joint operation revenue or expense respectively.

The entities disclosed below are joint operations.

NELSON REGIONAL SEWERAGE BUSINESS UNIT (NRSBU)

Council has a 50% interest in this joint business unit between Tasman District Council and Nelson City Council. The most recent unaudited financial statements (30 June 2024) have been used to determine Council's interest.

NELSON TASMAN CIVIL DEFENCE AND EMERGENCY MANAGEMENT (NTCDEM)

Council has a 50% interest with Nelson City Council having the other 50% interest. The most recent unaudited financial statements (30 June 2024) have been used to determine Council's interest.

NELSON TASMAN REGIONAL LANDFILL BUSINESS UNIT (NTRLBU)

Council has a 50% interest in this joint business unit between Tasman District Council and Nelson City Council. The most recent unaudited financial statements (30 June 2024) have been used to determine Council's interest.

WAIMEA WATER LIMITED (WWL)

Waimea Water Ltd (WWL) is a company created in November 2018 by the Tasman District Council and Waimea Irrigators Ltd (WIL). The purpose of WWL is to manage the construction, operation, and maintenance of the Waimea Community Dam. WWL is a Council Controlled Organisation, under the definitions of the Local Government Act 2002, due to Council's voting rights being greater than 50%. For accounting purposes, WWL is a Joint Operation due to joint decision making and the nature of the operation explained below.

The Dam is a major project for the region, and it's expected to secure the water supply for Nelson Tasman for the next 100 years or more. The Tasman District Council approved the project on November 30, 2018, and financing was secured on December 21, 2018.

For more details about the project's status, risks, and commitments, refer to note 41.

As at 30 June 2024, Council guarantees a loan between WWL and Crown Irrigation Investments Ltd (CIIL). As the loan is repaid and Council's credit support is reduced, WIL's voting shares will increase. This will result in Council voting shares reducing, as it will no longer be guarantor for the loan. (Note 41)

Significant judgement: Waimea Water Limited is a Joint Arrangement

An entity controls another entity only if it has all of the following attributes:
- Power over the other entity.
- Exposure to, or rights to, variable benefits from its involvement with the other entity.
- The ability to use its power over the other entity to affect the nature or amount of the benefits from its involvement with the other entity.

A Joint Arrangement is an arrangement where two or more parties share control. Joint control refers to the agreed-upon sharing of control, which exists only when all parties sharing control unanimously agree on decisions about the relevant activities.

WWL's constitution and shareholder agreement establish joint control between Council and Waimea Irrigators Limited (WIL). Key decisions require approval from both parties. The operating budget and cash flow forecast require written approval from both Council and WIL before WWL can enter the next financial year. This indicates that Council cannot exert power over WWL's operating policies.

Furthermore, the constitution requires that all major shareholders must approve any Director appointment, acting reasonably. This further demonstrates that Council cannot exert power over WWL's operating policies, despite having the majority of voting rights and board members. Council does not have power over WWL, and therefore WWL is a Joint Arrangement and not a subsidiary.

Significant judgement: Waimea Water Limited is a Joint Arrangement, in the form of a Joint Operation

Joint Arrangements structured through a company are most commonly classified as Joint Ventures. However, an exception exists when the arrangement's activities are primarily focused on providing the parties with an output. In such cases, the arrangement may be classified as a Joint Operation rather than a Joint Venture.

For WWL, the activities are primarily focused on providing the parties with an output – the purpose of WWL is to provide an augmented water supply to Council and Waimea Irrigators Limited. Water charges for the supply of water will be based on cost recovery and will not include any profit margin.

Therefore, based on the facts and circumstances, WWL is assessed to be a Joint Operation.

Significant judgement: Accounting for the Joint Operation

Waimea Water Limited. Council has a minimum 51% shareholding in this entity, however the accounting interest differs according to the nature and agreements regarding the balances:
- Revenue: Revenue from sales to the joint operation partners is excluded. Since WWL's revenue primarily comes from water charges to the Joint Operation partners, no revenue is recognised from these charges. Therefore, the only revenue recognised is the 51.1% share of finance income and any accounting differences (explained below).
- Expenses: The Wholesale Water Augmentation Agreement section 5, provides that Council is responsible for 51.1% of the operating costs of WWL.
- WWL borrowings to be serviced by WIL: Council is not responsible for borrowings to be serviced by WIL, therefore these borrowings are not recognised 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 equity investment and convertible loans, and the accounting interest, is recognised in joint operation revenue or expense. At 30 June 2024 the interest is 50.73% (2023: 51.47%).

NOTE 21: INTEREST IN JOINT OPERATIONS (CONT.)

YEAR ENDED 30 JUNE 2024	NRSBU $000	NTCDEM $000	NTRLBU $000	WWL $000	TOTAL $000
Council's interest in the of assets and liabilities recognised is:					
Net revenue	2,111	2	5,102	84	7,299
Net expenditure	(4,721)	(570)	(6,839)	(1,546)	(13,676)
Net surplus/ (deficit)	**(2,610)**	**(568)**	**(1,737)**	**(1,462)**	**(6,377)**
Includes depreciation of	(1,510)	(30)	(586)	(124)	(2,250)
Other comprehensive income/(expense)	**(673)**	**-**	**645**	**-**	**(28)**
Total comprehensive income/(expense)	**(3,283)**	**(568)**	**(1,092)**	**(1,462)**	**(6,405)**
Current assets	298	3	419	2,644	3,364
Current liabilities	(1,285)	(43)	(1,973)	(5,755)	(9,056)
Non-current assets	56,375	131	16,940	98,804	172,250
Non-current liabilities	-	-	(3,233)	-	(3,233)
Net assets	**55,388**	**91**	**12,153**	**95,693**	**163,325**

YEAR ENDED 30 JUNE 2023	NRSBU $000	NTCDEM $000	NTRLBU $000	WWL $000	TOTAL $000
Council's interest in the of assets and liabilities recognised is:					
Net revenue	2,265	86	4,492	3,212	10,056
Net expenditure	(4,802)	(734)	(6,931)	(568)	(13,036)
Net surplus/ (deficit)	**(2,537)**	**(648)**	**(2,439)**	**2,644**	**(2,980)**
Includes depreciation of	(1,403)	(33)	(304)	(37)	(1,777)
Other comprehensive income/(expense)	**3,016**	**-**	**545**	**-**	**3,561**
Total comprehensive income/(expense)	**479**	**(648)**	**(1,894)**	**2,644**	**581**
Current assets	184	7	391	6,047	6,629
Current liabilities	(1,526)	-	(2,279)	(1,853)	(5,658)
Non-current assets	52,171	123	13,117	86,841	152,252
Non-current liabilities	-	-	(3,512)	-	(3,512)
Net assets	**50,829**	**130**	**7,717**	**91,035**	**149,711**

NOTE 22: TRADE AND OTHER PAYABLES

Creditors and other payables are recorded at their face value.

30 JUNE 2023 $000	TRADE AND OTHER PAYABLES	30 JUNE 2024 $000
13,317	Trade payables	15,420
10,863	Sundry accruals	14,643
2,351	Other liabilities, bonds and deposits	2,633
3,150	Revenue in advance	2,040
29,681	**Total trade and other payables**	**34,736**

Payables are generally non-interest bearing and are normally settled on 30-day terms. Therefore, the carrying value of payables approximates their fair value.

NOTE 23: PROVISIONS

Council recognises a provision for future expenditure of 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”.

PROVISION FOR LANDFILL AFTERCARE COSTS

On 1 July 2017 the Nelson Tasman Regional Landfill Business Unit (NTRLBU) (a joint committee of Nelson City Council and Tasman District Council) took over as the operator of the York Valley from Nelson City Council and the Eves Valley landfill from Tasman District Council. The business unit has a legal obligation to provide ongoing maintenance and monitoring services after closure. The provision is calculated on the basis of discounting closure and post closure costs into present day value. This calculation assumes no change in the resource consent conditions for closure and post closure treatment.

30 JUNE 2023 $000	PROVISIONS	30 JUNE 2024 $000
3,561	Opening balance	3,512
(126)	Change in provision	(453)
175	Unwinding of discount	175
3,512		**3,234**

NOTE 24: EMPLOYEE BENEFIT LIABILITIES

EMPLOYEE ENTITLEMENTS

Employee benefit liabilities are measured based on accrued entitlements, at the employee's rate of pay at 30 June. These include:
- Accrued pay for salaries and wages worked, not paid, up to balance date.
- Annual leave accrued, but not yet taken at balance date.
- Long service leave when it has vested, which is when the employee has reached its entitlement date (e.g. 5 year anniversary). Long service leave is not accrued before the entitlement date or measured on an actuarial basis, unless the accounting difference would be material.
- Sick leave is recognised only where there is a significant present obligation relating to a past event. If significant, the 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.
- Retirement gratuity is calculated based on the contractual entitlement, discounted by a probability that staff will the reach entitlement.

Employee entitlements, which are payable beyond 12 months, are classified as a non-current liability, and discounted to present value, only if significant.

30 JUNE 2023 $000	EMPLOYEE BENEFIT LIABILITIES	30 JUNE 2024 $000
1,388	Accrued pay	2,039
2,474	Annual leave	2,800
214	Retirement gratuities	174
276	Long service leave	239
4,352	**Total employee benefit liabilities**	**5,252**
	Comprising:	
4,352	Current	5,252
4,352	**Total employee benefit liabilities**	**5,252**

NOTE 25: BORROWINGS

Borrowing costs are recognised as an expense in the period in which they are incurred.

Borrowings are initially recognised at their amount borrowed 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 or group has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

A. SECURITY

All loans are secured by rates over the rateable properties of the Tasman District Council designated area except the investment property building which is secured by rent.

30 JUNE 2023 $000	30 JUNE 2023 $000	BORROWINGS	30 JUNE 2024 $000	30 JUNE 2024 $000
Term	**Current**		**Term**	**Current**
199,728	89,203	Tasman District Council	268,096	97,503
199,728	**89,203**		**268,096**	**97,503**

B. REFINANCING

Council manages its borrowings in accordance with its funding and financial policies, which includes a Liability Management policy.

C. INTEREST RATES

Interest rates payable on individual loans range from 1.47% to 6.50% with a weighted average cost of borrowings, including swap rates and bank facility fees of 5.01% (2023: 1.47% to 6.31% with a weighted average of 4.38%).

Council's secured loans are issued at floating and fixed rates of interest. For floating rate debt, the interest rate is reset quarterly based on the 90 day bank bill rate plus a margin for credit risk. Due to interest rates on debt resetting to the market rate every three months, the carrying amounts of secured loans approximates their fair value.

D. REPAYABLE PERIOD OF LOANS

30 JUNE 2023 $000	REPAYABLE PERIOD OF LOANS	30 JUNE 2024 $000
	Repayable:	
89,203	Within 1 year	97,503
89,203	**Current Portion**	**97,503**
39,101	Within 1-2 years	40,500
115,100	Within 2-5 years	153,619
39,976	5+ years	70,171
14,000	Beyond 10 years	11,500
208,177	**Non Current Portion**	**275,790**
(8,448)	Loan amortised cost adjustments	(7,694)
288,932	**Total Loans**	**365,599**

Under PBE standards, if Council expects and has the discretion to refinance or roll over an obligation for at least 12 months after balance date under an existing loan facility, this is classified as non-current, even if it would otherwise be due within a shorter period. If there is no such arrangement for refinancing in place then Council must disclose these obligations as current.

Council has five loans plus commercial paper maturing during the 2024-2025 financial year totalling $97.5 million, classified as a current liability. It is probable that $25.0 million of commercial paper will reduce to $15.0 million, and $72.5 million loans will be refinanced and extended within the 12 month period.

E. FINANCE LEASES

Council has no significant finance leases.

F. INTERNAL BORROWINGS

Internal borrowings are charged to activities and then eliminated on consolidation in Council's financial statements.

GROUP OF ACTIVITY 2024	30 JUNE 2023 $000	LOANS RAISED $000	LOANS REPAID $000	30 JUNE 2024 $000
Environmental Management	2,180	1,040	(290)	2,931
Public Health and Safety	260	16	(46)	230
Transportation, Roads and Footpaths	40,926	7,311	(5,108)	43,129
Coastal Structures	408	45	(60)	392
Water Supply	83,947	7,724	(4,528)	87,143
Wastewater	33,776	9,716	(2,091)	41,401
Stormwater	28,093	6,160	(2,221)	32,032
Solid Waste	13,580	5,099	(999)	17,681
Flood Protection and River Control Works	3,766	2,003	(293)	5,476
Community Development	29,990	1,328	(2,016)	29,301
Council Enterprises	8,637	9,255	(958)	16,934
Total Internal Loans	**245,563**	**49,697**	**(18,610)**	**276,650**

Interest on internal loans for each activity is disclosed as finance costs in the individual Funding Impact Statements.

G. COVENANT COMPLIANCE

Borrowings includes loans from the LGFA which require Council to meet its borrowing covenants. At the 30 June 2024 Council has complied with these covenants.
Council also complied with its Treasury Risk Management Policy 2023.
The policy and covenants relate to ratios related to debt, interest cost and revenue.

NOTE 26: REVALUATION RESERVE

ASSET REVALUATION RESERVE

This reserve relates to the revaluation of property, plant and equipment and financial assets to fair value.

30 JUNE 2023 $000		OCI REVALUATION INCREASE (DECREASE) $000	OCI IMPAIRMENT ADJUSTMENT $000	TRANSFERS (TO)/ FROM OTHER RESERVE $000	30 JUNE 2024 $000
89,540	Port Nelson Limited	500	-	-	90,040
1,501	Port Tarakohe	-	-	-	1,501
27,343	Nelson Regional Sewerage Business Unit	(590)	-	(90)	26,663
1,000	Nelson Tasman Regional Landfill Business Unit	695	-		1,695
40,333	Nelson Airport Limited	4,167	-	-	44,500
6,922	NZ Local Government Shares	426	-	-	7,348
8,510	Tasman Bay Heritage Trust	1,528	-	-	10,038
146,493	Land	(119)	(1,450)	-	144,924
14,027	Bridges	-	-	-	14,027
96,793	Buildings	-	-	-	96,793
528,669	Roads	-	-	-	528,669
602	Aerodromes	-	-	-	602
35,270	Rivers	-	-	(35,270)	-
1,778	Coastal Structures and Ports	12,864	-	-	14,642
1,236	Waste Management (previously Refuse)	847	-	-	2,083
131,018	Wastewater	56,617	-	-	187,635
97,697	Stormwater	8,913	-	-	106,610
81,621	Water	26,022	-	-	107,643
1,310,352	**Total**	**111,870**	**(1,450)**	**(35,360)**	**1,385,412**

30 JUNE 2022 $000		OCI REVALUATION INCREASE (DECREASE) $000	OCI IMPAIRMENT ADJUSTMENT $000	TRANSFERS (TO)/ FROM OTHER RESERVE $000	30 JUNE 2023 $000
90,610	Port Nelson Limited	(1,071)	-	-	89,540
1,501	Port Tarakohe	-	-	-	1,501
24,328	Nelson Regional Sewerage Business Unit	3,016	-	-	27,343
455	Nelson Tasman Regional Landfill Business Unit	545	-	-	1,000
40,146	Nelson Airport Limited	187	-	-	40,333
6,839	NZ Local Government Shares	83	-	-	6,922
8,510	Tasman Bay Heritage Trust	-	-	-	8,510
148,363	Land	60	(1,930)	-	146,493
14,027	Bridges	-	-	-	14,027
74,146	Buildings	22,647	-	-	96,793
528,669	Roads	-	-	-	528,669
602	Aerodromes	-	-	-	602
35,270	Rivers	-	-	-	35,270
1,778	Coastal Structures and Ports	-	-	-	1,778
1,236	Waste Management (previously Refuse)	-	-	-	1,236
131,018	Wastewater	-	-	-	131,018
97,697	Stormwater	-	-	-	97,697
81,621	Water	-	-	-	81,621
1,286,815	**Total**	**25,467**	**(1,930)**	**-**	**1,310,352**

NOTE 27: 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
• 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.

2022/2023 $000	ACCUMULATED EQUITY	2023/2024 $000
811,537	Opening balance	834,294
20,642	Surplus	25,986
2,115	Net Transfers (to)/ from restricted reserves	(18,087)
-	Net Transfers (to)/ from revaluation reserve	35,360
834,294	**Total accumulated equity**	**877,553**

NOTE 28: 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 by the Council without reference to the Courts or third party. Council created reserves are reserves established by 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 Council.

2022/2023 $000	RESTRICTED AND COUNCIL CREATED RESERVES	2023/2024 $000
39,485	**At 1 July**	37,370
	Transfers to:	
(2,115)	Net transfers to reserves	18,087
37,370	**At 30 June**	**55,457**
	Restricted funds consist of;	
37,370	Other funds (detailed below)	55,457
37,370	**Total restricted and Council created reserves**	**55,457**

RESTRICTED RESERVE REPORTING – Other Funds

Other funds consist of funds relating to donations and bequeaths provided to Council by various people for specific projects, along with funds relating to general disaster funds and funds set aside for specific purposes in the future.

2023/2024	ACTIVITY TO WHICH THE FUND RELATES	OPENING BALANCE 1 JULY 2023 $000	TRANSFER INTO FUND $000	TRANSFERS OUT OF FUND $000	CLOSING BALANCE 30 JUNE 2024 $000
Reserve Financial Contributions Reserve	Community Facilities & Parks	23,810	8,726	(5,860)	26,676
Rivers Disaster Fund	Rivers & Flood Protection	1	-	-	1
Rivers Reserve	Rivers & Flood Protection	(193)	6,095	(6,021)	(119)
Water Reserve	Water	(2,860)	14,657	(15,623)	(3,826)
Waimea Water Financing	Water	497	7,563	10,867	18,927
Wastewater Reserve	Wastewater	1,216	17,045	(17,914)	347
Self Insurance Fund	Overall Council	1,202	12	-	1,214
Stormwater Reserve	Stormwater	671	15,869	(16,696)	(156)
Solid Waste Reserve	Solid Waste	(178)	14,600	(14,860)	(438)
Dog Control Reserve	Public Health & Safety	(28)	548	(548)	(28)
Community Facilities Rate Reserve	Community Facilities & Parks	(479)	2,504	(2,684)	(659)
Camping Ground Reserve	Council Enterprises & Property	563	1,525	(1,394)	694
Community Housing Reserve	Community Facilities & Parks	969	1,227	(926)	1,270
Development Contribution Reserve	Roading & Footpaths, Water, Wastewater, Stormwater	12,038	12,133	(12,770)	11,401
Disaster Fund	Governance, Roading & Footpaths, Water, Wastewater, Stormwater	141	12	-	153
TOTAL		**37,370**	**102,516**	**(84,429)**	**55,457**

NOTE 28: RESTRICTED AND COUNCIL CREATED RESERVES (CONT.)

2022/2023	ACTIVITY TO WHICH THE FUND RELATES	OPENING BALANCE 1 JULY 2022 $000	TRANSFER INTO FUND $000	TRANSFERS OUT OF FUND $000	CLOSING BALANCE 30 JUNE 2023 $000
Reserve Financial Contributions Reserve	Community Facilities & Parks	21,044	8,392	(5,626)	23,810
Rivers Disaster Fund	Rivers & Flood Protection	1	-	-	1
Rivers Reserve	Rivers & Flood Protection	(196)	9,460	(9,457)	(193)
Water Reserve	Water	(2,090)	13,106	(13,876)	(2,860)
Waimea Water Financing	Water	(641)	2,126	(988)	497
Wastewater Reserve	Wastewater	2,387	13,253	(14,424)	1,216
Self Insurance Fund	Overall Council	1,156	46	-	1,202
Stormwater Reserve	Stormwater	1,334	7,560	(8,223)	671
Solid Waste Reserve	Solid Waste	(130)	14,687	(14,735)	(178)
Dog Control Reserve	Public Health & Safety	6	534	(568)	(28)
Community Facilities Rate Reserve	Community Facilities & Parks	(117)	2,662	(3,024)	(479)
Camping Ground Reserve	Council Enterprises & Property	203	1,212	(852)	563
Community Housing Reserve	Community Facilities & Parks	946	987	(964)	969
Development Contribution Reserve	Roading & Footpaths, Water, Wastewater, Stormwater	12,994	10,471	(11,427)	12,038
General Disaster Fund	Governance	2,588	(2,447)	-	141
TOTAL		**39,485**	**82,049**	**(84,164)**	**37,370**

Dog Control Reserve

The dog control reserve is used to separate all funding and expenditure for the dog control activity.

Development Contribution Reserve

It is Council's intention that developers should bear the cost of the increased demand that development places on the District's infrastructure. Population growth in the District places a strain on network and community infrastructure. That infrastructure will need to expand and be further developed in order to cope with the demands of population growth. This includes additional demand on services such as roading, water supply, wastewater and stormwater management. All development contributions must be separately accountable and Council keeps development contributions received in four separate accounts; roading, wastewater, stormwater and water. Strict criteria apply to the use of these funds.

Water Reserve

The water reserve is used to separate all funding and expenditure for the water activity, excluding development contributions revenue and projects. Each year Council sets the proposed revenue, expenditure and funding budgets for this activity. Variations from these budgets, as a result of timing of projects and/or unplanned expenditure, are recorded in the water reserve to keep any surpluses/deficits separate from other activities.

Wastewater Reserve

The wastewater reserve is used to separate all funding and expenditure for the wastewater activity, excluding development contributions revenue and projects. Each year Council sets the proposed revenue, expenditure and funding budgets for this activity. Variations from these budgets, as a result of timing of projects and/or unplanned expenditure are recorded in the wastewater reserve to keep any surpluses/deficits separate from other activities.

Stormwater Reserve

The stormwater reserve is used to separate all funding and expenditure for the stormwater activity, excluding development contributions revenue and projects. Each year Council sets the revenue, expenditure and funding budgets for this activity. Any variations from these budgets, for example as a result of timing of projects or unplanned expenditure, are recorded in the stormwater reserve to keep any surpluses/deficits separate from other activities.

Solid Waste Reserve

The solid waste reserve is used to separate all funding and expenditure for the solid waste activity. Each year Council sets the revenue, expenditure and funding budgets for this activity. Any variations from these budgets for example timing of projects or unplanned expenditure, are recorded in the solid waste reserve to keep any surpluses/deficits separate from other activities.

Rivers Disaster Fund

The rivers disaster fund (The Classified Rivers Protection Fund) covers the excess for river protection assets insured under the Local Authority Protection Programme (LAPP).

Rivers Reserve

The rivers reserve is used to enable separate accounting for funding and expenditure for the rivers activity. Each year Council sets the revenue, expenditure and funding budgets. Variations from these budgets, as a result of timing of projects or unplanned expenditure are recorded in the rivers fund to keep any surpluses/deficits separate from other activities.

Reserve Financial Contributions Reserve

Reserve financial contributions are paid as a percentage of the land value of new allotments, and are applied to the acquisition and development of land for reserves, and to the development and upgrading of community services. All reserve financial contributions must be separately accountable and Council keeps reserve financial contributions received in four separate accounts (Golden Bay Ward, Motueka Ward, Moutere/Waimea/Lakes/Murchison Wards, and Richmond Ward). Strict criteria apply to the use of these funds.

Disaster Fund

Disaster Fund is to cover uninsurable assets like roads and bridges. Council usually receives a subsidy from NZ Transport Agency to cover part of the costs of any roads and bridges damaged in a disaster but Council needs to fund any remaining costs.

Self-Insurance Fund

The purpose of this fund is to provide cover for assets that are medium to low risk, but are uneconomic to insure.

Community Facilities Rate Reserve

The community facilities rate reserve is used to ring-fence all funding and expenditure on the community facilities activity. Each year in Council's Annual Plan revenue, expenditure and funding budgets are set for this activity. Any variations from these budgets (due to timing of projects, unplanned expenditure etc) are recorded in the community facilities rates reserve so that any surpluses/deficits can be ring-fenced.

NOTE 28: RESTRICTED AND COUNCIL CREATED RESERVES (CONT.)

Camping Ground Reserve

The camping ground reserve is used to ring-fence all funding and expenditure on the camping ground activity. Each year in Council's Annual Plan revenue, expenditure and funding budgets are set for this activity. Any variations from these budgets (due to timing of projects, unplanned expenditure, etc.) are recorded in the camping ground reserve so that any surpluses/deficits can be ring-fenced.

Community Housing Reserve

The community housing reserve is used to ring-fence all funding and expenditure on the community housing activity. Each year in Council's Annual Plan revenue, expenditure and funding budgets are set for this activity. Any variations from these budgets (due to timing of projects, unplanned expenditure, etc.) are recorded in the community housing reserve so that any surpluses/deficits can be ring-fenced.

NOTE 29: CASHFLOW RECONCILIATION

Reconciliation of surplus/ (deficit) after income tax to net cash flow from operating activities

30 JUNE 2023 $000	CASHFLOW RECONCILIATION	30 JUNE 2024 $000
20,642	**Opening Surplus/(deficit)**	**25,986**
	Add non-cash expenses/(less) non cash revenue:	
40,778	Depreciation and amortisation	43,633
(3,402)	Share of Joint venture's (surplus)/deficit net of dividend	(1,386)
3,792	Asset write down and disposal	4,718
(27,247)	Vested assets	(34,031)
(629)	Unrealised (gain)/loss on investment property	475
12,395	Fair value (gain)/loss of forestry assets	7,227
(2,593)	Unrealised (gain)/loss on interest rate derivatives	426
762	Unwinding of discount	754
4,479	Present value adjustments for shareholder advances	2,690
(4,245)	Change of share of interest in joint operation assets	1,627
	Add/(less) Movements in Working Capital Items:	
(2,150)	(Increase)/decrease in receivables	(3,305)
(46)	Increase/(decrease) in payables and employee benefit liabilities	5,955
	Add/(less) Other	
(49)	Increase/(decrease) in provisions	(278)
(1,780)	(Gain)/loss on sale included in investing activities	(806)
(18)	(Increase)/decrease in capital amounts included in receivables and payables movement	(6,514)
(391)	Increase/(decrease) in non-current employee benefit liabilities	-
40,298	**Net cash flow from operating**	**47,171**

Reconciliation of liabilities arising from financing activities

	Cash movements $000	Non-cash movement $000	Total $000
Borrowings			
Balance at 1 July 2023			**288,932**
Proceeds from borrowings	165,117	-	165,117
Repayment of borrowings	(89,204)	-	(89,204)
Present value discount and amortisation of loans	-	754	754
Balance at 30 June 2024	**75,913**	**754**	**365,599**
Derivatives			
Balance at 1 July 2023			**(1,275)**
Net (gain)/loss on change in fair value of derivative financial instrument	-	426	426
Derivative financial instruments (asset)/liability balance at 30 June 2024		**426**	**(849)**

	Cash movements $000	Non-cash movement $000	Total $000
Borrowings			
Balance at 1 July 2022			**239,973**
Proceeds from borrowings	97,200	-	97,200
Repayment of borrowings	(49,003)	-	(49,003)
Present value discount and amortisation of loans	-	762	762
Balance at 30 June 2023	**48,197**	**762**	**288,932**
Derivatives			
Balance at 1 July 2022			**1,318**
Receipts from derivative financial instruments	-	-	-
Payments for derivative financial instruments	-	-	-
Net (gain)/loss on change in fair value of derivative financial instrument	-	(2,593)	(2,593)
Derivative financial instruments (asset)/liability balance at 30 June 2023		**(2,593)**	**(1,275)**

NOTE 30: RELATED PARTY TRANSACTIONS

2022/2023 $000	RELATED PARTY TRANSACTIONS	2023/2024 $000
	INFRASTRUCTURE HOLDINGS LIMITED (Holding Co'of PNL and NAL from 1 July 2024)	
-	Share of dividends - cash received	500
-	Share of dividends - accounts receivable	-
-	Services received	-
	PORT NELSON LIMITED (PNL)	
2,150	Share of dividends - cash received	-
1,250	Share of dividends - accounts receivable	-
209	Services received	-
	NELSON AIRPORT LIMITED (NAL)	
	Received from:	
550	Share of dividends - cash received	-
600	Share of dividends - accounts receivable	-
	TASMAN BAYS HERITAGE TRUST	
1,084	Operational funding paid	993
325	Loan outstanding (face value)	225
100	Loan payments received	100
	WAIMEA WATER LIMITED (note 41)	
37,016	Loan outstanding (face value) irrigator capacity loans	44,038
67,300	Total council equity payments	71,242
26,200	Loan outstanding convertible shareholder advances council capacity loans	28,038

From 1 July 2024 Port Nelson Limited and Nelson Airport Limited are held by Infrastructure Holdings Limited. All dividends are received through this parent holding company. Due to the timing of the declaration of dividends for 2023/24, dividends related to this year will be recognised in 2024/25, as only dividends formally declared before year end can be recognised, refer note 20.

The loan from Council to Tasman Bays Heritage Trust is at a nil interest rate (2023: Nil). The loan has a face value of $225,000 (2023: $325,000). The loan has been recorded at cost as there is an immaterial difference between face value and fair value.

The loans receivable from Waimea Water Limited (WWL) are explained in detail in note 41, irrigator capacity advances. Council has external borrowings which are then passed to WWL as advances (Loan receivable). Waimea Irrigator Limited is responsible for servicing these loans. These loans are held at amortised cost, and as portion of these borrowings and advances are interest free, therefore these are discounted to market value on inception.
The book value at 30 June 2024 was $36.9 million (2023: $32.5 million). The loans have been discounted using average discount rate of 5.8% (2023: 5.9%). The face value of these loans at 30 June 2024 was $44.0 million (2023: $37.0 million).
The $4.4 million movement of the book value from $32.5 million to $36.9 million comprised:
+$7.1 million new loans raised
+ $0.6 million difference between actual interest received and effective interest; less
- $3.3 million fair value adjustments.
A fair value adjustment of $2.7 million (2023: $4.5 million) was recognised in the year ended 30 June 2024. This includes both the $3.3 million fair value adjustments and the $0.6 million difference in actual and effective interest. Refer to note 3, other gains and losses.

As all other transactions are deemed to have occurred within a normal supplier/client relationship on terms and conditions considered to be at arm's length, they are not required to be disclosed.

KEY MANAGEMENT PERSONNEL

During the year Councillors and key management, as part of a normal customer relationship, were involved in minor transactions with Council (such as rates, purchase of rubbish bags, etc.).

Key management personnel include the Mayor, Councillors, Chief Executive, and Executive Leadership Team.

2022/2023	KEY MANAGEMENT PERSONNEL REMUNERATION	2023/2024
	Executive Leadership Team, including the Chief Executive	
1,836	Remuneration $(000)	2,058
8	Number of full-time equivalent (FTE) Leadership Team	8
	Councillors	
881	Remuneration $(000)	904
14	Number of councillors	14
2,717	**Total remuneration $(000) of key management personnel**	**2,962**
22	**Total Executive Leadership Team and Councillors**	**22**

Due to the difficulty in determining the full-time equivalent for Councillors, the full-time equivalent figure is taken as the number of Councillors.

An analysis of leadership remuneration is provided in note 32 and Councillor remuneration is provided in note 38.

NOTE 31: SEVERANCE

In accordance with schedule 10, part 3, clause 33, Local Government Act 2002, there have been no severance payments to employees in 2023/24 (2022/23: two payments totalling two severance payments to employees totalling $41,084. The value of each of the severance payments in 2023 was $18,500 and $22,584.)

NOTE 32: REMUNERATION

CHIEF EXECUTIVE

2022/2023 $000	CHIEF EXECUTIVE REMUNERATION	2023/2024 $000
	Chief Executive	
116	Janine Dowding	228
259	Leonie Rae	164
375	**Total Chief Executive remuneration**	**392**

14 March 2022: Janine Dowding on secondment, Leonie Rae acted as Chief Executive.
10 March 2023: Janine Dowding returned from secondment and resumed role as Chief Executive, Leonie Rae resumed previous role as Chief Operating Officer.
26 January 2024: Janine Dowding resigned and Leonie Rae commenced role as Chief Executive.

COUNCIL EMPLOYEES – HEAD COUNT

TOTAL ANNUAL REMUNERATION BY BAND FOR EMPLOYEES AS AT 30 JUNE	30 JUNE HEADCOUNT
30 June 2024	
<$60,000	62
$60,000 - $79,999	81
$80,000 - $99,999	88
$100,000 - $119,999	87
$120,000 - $139,999	60
$140,000 - $159,999	19
$160,000 - $179,999	12
$180,000 - $259,999	8
$260,000 - $399,999	2
Total employees at 30 June 2024	**419**
30 June 2023	
<$60,000	89
$60,000 - $79,999	98
$80,000 - $99,999	74
$100,000 - $119,999	84
$120,000 - $139,999	33
$140,000 - $159,999	9
$160,000 - $179,999	10
$180,000 - $339,999	6
$340,000 - $359,000	1
Total employees at 30 June 2023	**404**

Total remuneration includes non-financial benefits provided to employees including the Chief Executive and Executive Leadership Team. Remuneration includes superannuation, additional leave over statutory entitlements, health insurance and vehicles (where applicable). This does not include elective representatives (note 38).

COUNCIL EMPLOYEES – FULL TIME EQUIVALENT

30 JUNE 2023 FTE	FULL-TIME EQUIVALENT STAFF NUMBERS	30 JUNE 2024 FTE
313	Full-time staff	323
58	Part-time staff, on full-time equivalent staff basis	60
371	**Total full time equivalent staff numbers**	**383**

A full-time employee is determined on the basis of a 40-hour working week. This includes the Chief Executive and Executive Leadership Team. This does not include elective representatives (note 38).

NOTE 33: FINANCIAL INSTRUMENTS

FINANCIAL INSTURMENT CATEGORIES

The following tables are comparisons of carrying amounts of the Group's financial assets and liabilities in each of the financial instrument categories:

30 JUNE 2023 $000	FINANCIAL ASSETS	30 JUNE 2024 $000
	Mandatorily measured at FVTSD	
1,275	Derivative financial assets – not hedge accounted	849
5,437	Borrower Notes - NZ LG Funding Agency	7,733
6,712	**Total at FVTSD**	**8,582**
	Amortised cost	
21,969	Cash and cash equivalents	25,564
14,899	Receivables (excluding prepayments and rates receivables)*	17,663
16,730	Term deposits	30,100
110	Community loans	105
325	Loan to Tasman Bays Heritage Trust	225
32,537	Other financial assets - advances to WWL serviced by WIL (note 41)	36,869
86,570	**Total at amortised cost**	**110,526**
	FVTOCRE	
8,798	Unlisted shares	9,224
8,798	**Total at FVTOCRE**	**9,224**

30 JUNE 2023 $000	FINANCIAL LIABILITIES	30 JUNE 2024 $000
	Mandatorily measured at FVTSD	
-	Derivative financial liabilities – not hedge accounted	-
	Amortised cost	
26,531	Payables	32,696
288,931	Secured loans	365,599
315,462	**Total at amortised cost**	**398,295**

The receivables in the financial instruments note does not match the total receivables balances in Note 11 and in the Statement of Financial Position because it excludes rates receivables and prepayments. Rates receivables are a statutory right, as opposed to a contractual right, therefore it does not meet the definition of a financial asset under PBE IPSAS 41 Financial Instruments.

*In the published Annual Report 30 June 2023, financial instruments note, the receivables incorrectly included rates receivables. However these do not meet the definition of financial assets and should have been excluded for the purpose of this disclosure. Receivables including rates as at 30 June 2023 was $16,555,000. This has been corrected to exclude rates to $14,899,000 as above. This was a presentational error only and had no impact on the Statement of Financial Position.

FINANCIAL INSTRUMENTS RISKS

Council is party to financial instrument arrangements as part of its every day operations. Council is risk averse and seeks to minimise exposure arising from its treasury activities. Council has established a Treasury Policy specifying what transactions can be entered into. These financial instruments include bank balances, accounts receivable, accounts payable, loans, guarantees and investments.

Credit risk

Credit risk is the risk that a third party will default on its obligation to Council, causing Council to incur a loss. Due to the timing of its cash inflows and outflows, Council invests surplus cash into term deposits which gives rise to credit risk.

Receivables arise mainly from the Council's statutory functions. There are no procedures in place to monitor or report the credit quality of receivables. The Council has no significant concentrations of credit risk in relation to receivables as it has a large number of credit customers, mainly ratepayers, and the Council has powers under the Local Government (Rating) Act 2002 to recover outstanding rates from ratepayers.

Council's Treasury Management policy limits the amount of credit exposure to any one financial institution or organisation. Council only invests funds with registered banks that have a Standard and Poor's, or equivalent, credit rating of at least A+ for short term and AA- for long-term investments, or building societies.

Financial instruments which are potentially subject to credit risk consist of cash, bank balances, accounts receivable and short term deposits.

Maximum exposure to credit risk

30 JUNE 2023 $000	MAXIMUM EXPOSURE TO CREDIT RISK	30 JUNE 2024 $000
21,969	Cash at bank and in hand	25,564
16,730	Other short term deposits with maturities of 4-12 months	30,100
16,555	Receivables	19,462
32,972	Community and related party loans	37,199
1,275	Derivative financial instrument assets	849
29,000	Financial guarantee on Waimea Water Limited loan (note 41)	29,000
50,000	Compensation clause for Waimea Water Limited (note 41)	50,000
1,467,772	NZ LGFA guarantee for borrowings (note 41)	1,911,490
1,636,273	**Total credit risk**	**2,103,664**

The Council is exposed to credit risk as a guarantor of all of the LGFA's borrowings. Information about this exposure is explained in note 41.

NOTE 33: FINANCIAL INSTRUMENTS (CONT.)

Credit risk exposure by credit risk rating grades, excluding receivables

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates:

30 JUNE 2023 $000	COUNTERPARTIES WITH CREDIT RATINGS	30 JUNE 2024 $000
	CASH AND CASH EQUIVALENTS	
21,969	AA-	25,564
21,969	**Total cash and cash equivalents**	**25,564**
	TERM DEPOSITS	
16,730	AA-	30,100
16,730	**Total term deposits**	**30,100**
	DERIVATIVE FINANCIAL LIABILITIES	
-	AA-	-
-	**Total derivative financial liabilities**	**-**

30 JUNE 2023 $000	COUNTERPARTIES WITHOUT CREDIT RATINGS	30 JUNE 2024 $000
	COMMUNITY LOANS	
110	Existing counterparty with no defaults in the past	106
110	**Total Community loans**	**106**
	LOANS TO RELATED PARTIES	
32,862	Existing counterparty with no defaults in the past	37,094
32,862	**Total Loans to related parties**	**37,094**
	UNLISTED SHARES	
8,797	Existing counterparty with no defaults in the past	9,223
8,797	**Total unlisted shares**	**9,223**
	BORROWER NOTES	
5,437	Existing counterparty with no defaults in the past	7,733
5,437	**Total borrower notes**	**7,733**

Debtors and other receivables mainly arise from Council's statutory functions, therefore there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. Council has no significant concentrations of credit risk in relation to debtors and other receivables, as it has a large number of credit customers, mainly ratepayers and Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

Council is exposed to credit risk as a guarantor of all of the NZ LGFA's borrowings.

Cashflow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose Council to cash flow interest rate risk.

Council raises some borrowings at floating rates and swaps them into fixed rates using interest rate swaps in order to manage the cash flow interest rate risk. Such interest rate swaps have the economic effect of converting borrowings at floating rates into fixed rates that are generally lower than those available if Council borrowed at fixed rates directly. Under the interest rate swaps, Council agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

Sensitivity analysis

Council's interest rate swaps are sensitive to market movements. With all other variables held constant, based on Council's financial instrument exposures at balance date, a movement in interest rates of plus or minus 1% has an effect on the swap value of plus $2.3 million or minus $2.4 million.

The sensitivity analysis relating to Tasman District Council's interest rate exposures as at 30 June 2024 is as follows:

PBE IPSAS 30 sensitivity analysis on borrowing			30 June 2024	
Interest rate risk			**Potential impact on surplus and deficit**	
Details	**Currency**	**Amount $000**	**Plus 100bps $000**	**Minus 100bps $000**
Variable rate borrowings	NZD	228,400	(6,508)	6,508
Interest rate derivatives	NZD	98,000	2,316	(2,436)
Fixed rate borrowings	NZD	144,919	(3,729)	3,729
Grand Total		**471,319**	**(7,920)**	**7,801**

The sensitivity analysis relating to Tasman District Council's interest rate exposures as at 30 June 2023 is as follows:

PBE IPSAS 30 sensitivity analysis on borrowing			30 June 2023	
Interest rate risk			**Potential impact on surplus and deficit**	
Details	**Currency**	**Amount $000**	**Plus 100bps $000**	**Minus 100bps $000**
Variable rate borrowings	NZD	164,200	(4,180)	4,180
Interest rate derivatives	NZD	111,000	2,507	(2,640)
Fixed rate borrowings	NZD	133,200	(2,821)	2,821
Grand Total		**408,400**	**(4,494)**	**4,361**

NOTE 33: FINANCIAL INSTRUMENTS (CONT.)

Explanation of interest rate risk sensitivity

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease in 100 bps is equivalent to a decrease in interest rates of 1%.

The sensitivity for derivatives (interest rate swaps) has been calculated using a derivative valuation model based on a parallel shift in interest rates of +100bps (2023: 100bps/+100bps).

Notes:

1) Council had $228.4 million of variable rate borrowings at 30 June 2024 (2023: $164.2 million). The variable rate borrowings are made up of $203.4 million (2023: $139.2 million) of floating rate notes and $25.0 million (2023: $25.0 million) of commercial paper (which is treated as floating rate borrowings). Change in market interest rates only applies to remaining payment periods where interest rates had not been fixed as at 30 June 2024.

2) $71.0 million of interest rate swaps were held as at 30 June 2024 (2023: $78.0 million). The sensitivity analysis represents the change in fair value based on a change in the market swap curve.

3) The interest rate impact for fixed rate borrowing is zero, as a change in market interest rates will not change interest cash flow amounts. The fair value change of fixed rate borrowing, shown in the table above, is provided for background information purposes only.

Contractual maturity analysis of financial liabilities, excluding derivatives

The table below analyses the Council and group's financial liabilities (excluding derivatives) into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at balance date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments.

The undiscounted cash flows relating to Council's borrowings and interest rate swap portfolios as at 30 June 2024 is as follows:

PBE IPSAS 30 - Debt - Contractual maturity analysis 30 June 2024 $'000						
Period	**Carrying amount**	**Contractual cash flows (undiscounted)**	**Crown Irrigation Investments Limited**	**LGFA**	**Crown Regional Holdings Limited**	**Payables**
Less than 1 year	130,199	134,906	-	102,210	-	32,696
1 to 2 years	40,214	44,943	4,500	40,443	-	-
2 to 5 years	153,313	183,437	2,500	180,719	219	-
More than 5 years	74,569	105,282	18,500	86,782	-	-
Grand Total	**398,295**	**468,568**	**25,500**	**410,154**	**219**	**32,696**

The above table shows the contractual cash flows. However borrowings are expected to be refinanced, rather than repaid, upon maturity.

The undiscounted cash flows relating to Council's borrowings and interest rate swap portfolios as at 30 June 2023 is as follows:

PBE IPSAS 30 - Debt - Contractual maturity analysis 30 June 2023 $'000					
Period	**Carrying amount**	**Contractual cash flows (undiscounted)**	**Crown Irrigation Investments Limited**	**LGFA**	**Payables**
Less than 1 year	115,700	119,371	2,500	90,340	26,531
1 to 2 years	39,101	43,385		43,385	-
2 to 5 years	114,629	138,414	4,500	133,914	-
More than 5 years*	46,032	62,341	21,000	41,341	-
Grand Total	**315,462**	**363,511**	**28,000**	**308,980**	**26,531**

*In the published Annual Report 30 June 2023, the present value adjustment of $8,448,000 was incorrectly included under carrying amount "more than 5 years" band only. This has been corrected to allocate between 3 bands, "Less than 1 year", "2 to 5 years" and "More than 5 years". This was a presentational error only and had no impact on the financial statements. This has been corrected in the 30 June 2023 disclosure above.

Note that the above table analyses the debt borrowing amounts based on the remaining period at balance date, 30 June 2023, through to the contracted maturity date.

This analysis includes the cash flows associated with interest payment amounts and the terminal principal payment amount at the contracted maturity date on an undiscounted cash flow basis.

NOTE 33: FINANCIAL INSTRUMENTS (CONT.)

Contractual maturity analysis of financial assets

The table below analyses the Council and group's financial assets (excluding derivatives) into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows and include interest receipts

PBE IPSAS 30 - Financial assets - Contractual maturity analysis 30 June 2024 $'000

Period	Carrying amount	Contractual cash flows (undiscounted)	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years
Cash and cash equivalents	25,564	25,564	25,564	-	-	-
Receivables	17,663	17,663	17,663	-	-	-
Net settled derivative assets	849	849	85	123	216	425
Other financial assets:						
Term deposits	30,100	31,517	31,517	-	-	-
Community and related party loans	330	330	128	100	102	-
Advances to WWL serviced by WIL (note 41)*	36,869	37,128	1,515	376	-	35,236
Unlisted shares	9,224	9,224	-	-	-	9,224
Borrower Notes - NZ LG Funding Agency Limited	7,733	8,533	1,982	1,104	3,839	1,608
Grand Total	**128,333**	**130,808**	**78,454**	**1,703**	**4,157**	**46,493**

***Waimea Water Limited loans - Irrigator extractive capacity shareholder advances**

Back to back lending - Council has external borrowings from LGFA and CIIL (recognised in Councils' financial liabilities) and has advanced these funds to WWL (recognised in Councils financial assets). Council has recorded a financial asset related to these WWL shareholder advances carrying value $36.9 million (2023: $32.5 million), face value $44 million (2023:$37 million). The amount recognised is the portion of the loans financed by WIL "Irrigator extractive capacity shareholder advances", explained in note 41. WIL is responsible for servicing these interest only advances until 2058. In 20258 WWL must seek to refinance this advance on commercial terms, subject to Council agreement

The external borrowings for the irrigator extractive capacity advances are expected to be refinanced by Council with LGFA on terms agreed with WIL in the 2024-25 year. The CIIL borrowings are repaid in instalments, and it is expected that the repayment of these loans will be through increasing the LGFA loans. The contractual cash flow reflected in the table "contractual maturity analysis of financial liabilities" includes the irrigator portion of the loans and the table above for the advances reflects contractual cash flows up to the next refinancing dates, for consistency with the liability disclosures.

It is likely that the external borrowings will be refinanced until at least 2058, and possibly in perpetuity. However, WWL may have obtained external funding instead of refinancing through Council. Regarding credit risk, Council's Revenue and Financing Policy includes a provision for a targeted rate to be charged to properties with affiliated consents if WIL fails to service the loans (note 41).

PBE IPSAS 30 - Financial assets - Contractual maturity analysis 30 June 2023 $'000

Period	Carrying amount	Contractual cash flows (undiscounted)	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years
Cash and cash equivalents	21,969	21,969	21,969	-	-	-
Receivables*	14,899	14,899	14,899	-	-	-
Net settled derivative assets	1,275	1,275	573	74	261	366
Other financial assets:						
Term deposits*	16,730	17,395	17,395	-	-	-
Community and related party loans	435	435	128	-	307	-
Advances to WWL serviced by WIL (note 41)*	32,537	30,039	1,072	376	376	28,214
Unlisted shares	8,798	8,798	-	-	-	8,798
Borrower Notes - NZ LG Funding Agency Limited*	5,437	5,839	1,624	954	2,609	651
Grand Total	**102,080**	**100,648**	**57,660**	**899**	**3,053**	**42,374**

*In the published Annual Report 30 June 2023, financial instruments note incorrectly included rates receivables, and the contractual cash flows for term deposits, Advances to WWL serviced by WIL and Borrower Notes - NZ LG Funding Agency Limited were incorrectly presented same as carrying amounts. These were presentational errors only and had no impact on the financial statements. These have been corrected in the 30 June 2023 disclosure above.

NOTE 33: FINANCIAL INSTRUMENTS (CONT.)

INTEREST RATE SWAPS

The notional principal amounts of the outstanding interest rate swap contracts for Council at 30 June 2024 were $98.0 million of which $71.0 million was 'live' at balance date (2023: $111.0 million of which $78.0 million was 'live' at balance date). At 30 June 2024, the fixed interest rates of cash flow hedge interest rate swaps vary from 3.86% to 4.92% (2023: 3.86% to 4.92%).

PBE IPSAS 30 - Interest rate swaps - Contractual maturity analysis
30 June 2024
$000

Maturity Period	Carrying amount (fair value)	Contractual cash flows (undiscounted)$000
Less than 1 year	23,000	(85)
1 to 2 years	12,000	(123)
2 to 5 years	42,000	(216)
More than 5 years	21,000	(425)
Grand Total	**98,000**	**(849)**

PBE IPSAS 30 - Interest rate swaps - Contractual maturity analysis
30 June 2023
$000

Maturity Period	Carrying amount (fair value)	Contractual cash flows (undiscounted)$000
Less than 1 year	28,000	(176)
1 to 2 years	23,000	(317)
2 to 5 years	40,000	(411)
More than 5 years	20,000	(371)
Grand Total	**111,000**	**(1,275)**

FINANCIAL GUARANTEE CONTRACTS

A financial guarantee contract requires the Council to make specified payments to reimburse the holder of the contract for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract was issued in a stand-alone arm's-length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received, the fair value of the liability is initially measured using a valuation technique, such as considering the credit enhancement arising from the guarantee or the probability that the Council will be required to reimburse a holder for a loss incurred discounted to present value. If the fair value of a guarantee cannot be reliably determined at initial recognition, a liability is recognised at the amount of the loss allowance determined in accordance with the expected credit loss (ECL) model described in Note 13.

Financial guarantees are subsequently measured at the higher of:
• the amount determined in accordance with the ECL model described in Note 13; and
• the amount initially recognised less, when appropriate, cumulative amortisation as revenue.

Council has guarantees in place in relation to Waimea Water Limited, these are disclosed in note 41, Commitments and Contingencies.

Council has guarantees to various other organisations which may subject it to credit risk. The assessed exposure to credit risk at balance date was $nil as detailed in the Statement of Contingent Liabilities (2023: $nil).

It is not practical to estimate the fair value of the financial guarantees with an acceptable level of reliability.

Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Council is exposed to equity securities price risk on its investments, which are classified as financial assets held at fair value through comprehensive revenue and expense.

Liquidity Risk

Liquidity risk is the risk that Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Council aims to maintain flexibility in funding by keeping committed credit lines available.

Council manages its borrowings in accordance with its funding and financial policies, which include a Treasury Management policy. These policies have been adopted as part of the Council's Long Term Plan.

Council has a maximum amount that can be drawn down against its overdraft facility of $100,000 (2023: $100,000). There are no restrictions on the use of this facility.

Council has an undrawn loan facility of $30 million with Westpac, and $10 million with ASB.

Council is exposed to liquidity risk as a guarantor of all of the NZ LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Further information is included in the contingencies note.

NOTE 34: CAPITAL MANAGEMENT

Council's capital is its equity (or ratepayers' funds), which comprise retained earnings and reserves. Equity is represented by net assets.

The Local Government Act 2002 requires Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset/activity management plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires Council to make adequate and effective provision in its Long Term Plan and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The Act sets out the factors that Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's Long Term Plan.

Council has the following Council created reserves:

- Reserves for different areas of benefit; and
- Self-insurance reserves.

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from the general rate. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.

Self-insurance reserves were built up from general rates and are made available for specific unforeseen events. The release of these funds generally can only be approved by Council.

Trust and bequest reserves are set up where Council has been donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable and deductions are made where funds have been used for the purpose they were donated.

NOTE 35: URBAN PORTIONS OF THE STATE HIGHWAY NETWORK

The ownership of urban portions of the state highway network is unclear, although there is legal opinion indicating that the ownership rests with local authorities. The Waka Kotahi (NZ Transport Agency) maintains these highways in their entirety without any costs accruing to local authorities.

As a consequence, even if ownership resides with local authorities, in practice, Waka Kotahi (NZ Transport Agency) controls the economic resources. Pending clarification of ownership and further consideration of the accounting issues which may arise, Council has not recognised the urban portion of the state highway network as an asset in these financial statements. The estimated distance of highway involved is 16.7 kilometres.

NOTE 36: SIGNIFICANT VARIANCES COMPARED TO THE ANNUAL PLAN

SUMMARY OF VARIANCES TO BUDGET

The Statement of Comprehensive Revenue and Expense shows surplus before other comprehensive income of $26.0 million (2023: $20.6 million) compared with a budgeted accounting surplus of $33.9 million (2023:$23.3 million). This equates to a surplus variance of $7.9 million. Explanations for major variations from the budget are summarised as follows:

Actual 2023 $000		Actual 2024 $000	Budget 2024 $000	Variance to budget $000	Summary of major variances:
221,664	Revenue	228,396	219,983	8,413	The total revenue exceeded the budget by $8.4 million. This increase was mainly due to: + $26.1 million non-cash **vested asset income** + $6.2 million **development contributions** This was offset mainly by: - $10.9 million **capital subsidies and grants** -$3.2 million **fees and charges** -$9.7 million **fair value** decrease
201,022	Expense	202,410	186,054	16,356	The total expenses exceeded the budget by $16.4 million. This increase was mainly due to : + $4.2 million **finance expenses** + $2.9 million **forestry expenses** +3.3 million **maintenance** (transport and water) +$2.6 million **depreciation** +$4.7 million **joint operations** (accounting differences) See table below for further detail on expense variances.
20,642	Surplus / (deficit) before other comprehensive income	25,986	33,929	(7,943)	Refer below.
2,508,493	Assets	2,727,242	2,542,334	184,908	
326,477	Liabilities	408,821	301,342	107,479	
2,182,016	Net assets	2,318,422	2,240,992	77,430	

The net assets exceeded the budget by $77.4 million due to:
- Property plant and equipment $146.5 million above budget mostly due to revaluations and assets vesting from subdivisions.
- Other financial assets, cash and receivables $52.9 million above budget due mostly due to prefunding debt.
- Investment in joint ventures $6.2 million higher than budget both mostly due to revaluation gains.
- Other net assets $1.8 million.

Offset by:
- Forestry assets $24.7 million less than budget mostly due to harvest.
- $4.7 payable unbudgeted capital payment to WWL
- Total borrowings $100.6 million above budget due to pre funding debt and exclusion of CCO debt in the budget.

See table below for further detail on asset and liability variances.

NOTE 36: SIGNIFICANT VARIANCES COMPARED TO THE ANNUAL PLAN (CONT.)

REVENUE AND EXPENSE DETAILED VARIANCES

	Variance greater/ (less) than budget $000	Reasons for variances include:
Revenue		
General rates	922	2% increase due to growth.
Targeted rates	1,297	2% increase due to growth.
Development and financial contributions	6,162	Growth activity in the district created demand for more subdivisions, and therefore greater volume of contributions charged than expected for the developments and reserves, and increased revenue for capital expenditure, including reserve land purchases.
Operating subsidies and grants	668	Materially in line with budget.
Capital subsidies and grants	(10,870)	Lower than budget due to delays in Transport Choices programmes, mostly funded by NZTA subsidies.
Fees and charges	(3,215)	Building consent fees and charges were $2.0 million less than budget due to lower number of applications for consents in 2024 than expected. Landfill fees and charges were $1.2 million less than budget due to decreased volumes due to lower industrial activity, including building works.
Other revenue	470	Materially in line with budget.
Vested asset income	26,072	Vested asset income represents the book value of assets vesting to Council, mostly as a result of subdivisions. Growth activity in the district created demand for more subdivisions, and therefore an increase in land under roads, roading and three waters assets vesting to Council.
Fair value gain/(loss) on revaluation	(9,683)	Fair value accounting decrease totalling $9.7 million due to: -$8.6 million forestry decrease in fair value. Due to increase in harvest volumes, which decreases the remaining tree crop to be valued. Revenue from this harvest is included in other revenue. - $0.4 million decrease in interest rate deriviatives - $0.6 million decrease in investment property revaluation.
Other gains/(losses)	(1,946)	Materially in line with budget.
Finance income	3,683	Due to increased interest rates, and also because of the gross presentation of Waimea Water Limited's interest income in the actuals, which is offset against expenses in the budget
Revenue of joint operations	(4,683)	Primarily due to a different consolidation method in the applied in the Annual Report. However, this did not materially impact the underlying financial performance of the joint operations or the net surplus.
Share of joint ventures surplus/(deficit)	(464)	The share of joint ventures surplus is not included in the budget.
Total revenue greater than budget	8,413	
Finance expense	4,262	$4.3 million higher than budget due to higher interest rates than budget, and classification of Waimea Water Interest which was presented net in the Annual Plan (finance income is also greater than budget due to this).
Employee related expense	(557)	Employee expenses within 1% of budget.
Other expenses	2,067	$2 million greater than budget due to: - $2.9 million greater additional forestry expenses mostly due to previous year harvest which generated additional revenues in 2023. - $1 million grants less than budget due to timing of research facility grant.
Maintenance	3,280	Maintenance greater than expected due to a combination of increased costs and more repairs required than included in the budget, particularly in pavement maintenance and water reticulation.
Depreciation and amortisation	2,434	Depreciation greater than budget due to cost inflation and timing of revaluations.
Expenditure of joint operations	4,870	Mostly due to accounting classification differences in the budget, primarily due to a change in the way certain accounts were categorised and change in consolidation method. However, this did not materially impact the underlying financial performance of the joint operations or the net surplus.
Total revenue greater than budget	16,356	
Total impact on surplus	**(7,943)**	

ASSET AND LIABILITY DETAILED VARIANCES

	Variance greater/ (less) than budget $000	Reasons for variances include:
Cash and cash equivalents	8,346	$8.3 million higher than budget due to timing of cashflows (mostly due to $2.4 million higher payables and $5.5 million higher receivables). Council holds more funds in its cash account (as opposed to longer term investments), due to the favourable interest rate achieved through all-of-government banking.
Trade and other receivables	5,541	$5.6 million higher than budget mostly due to timing of cashflows including the GST payment.
Other financial assets (current)	31,427	Greater than budget mostly due to pre-funding LGFA loan repayments.
Other financial assets (non current)	7,620	Greater than budget mostly due to presentation of Waimea Irrigator Advances
Intangible assets	1,703	No material difference to budget.
Forestry assets	(24,720)	Less than budget due to higher than planned harvesting, and lower log price assumptions.
Investments in joint ventures	8,146	$8.1 million greater than budget mostly due to revaluation gains recognised within other comprehensive income.
Property, plant and equipment	146,516	Greater than budget due to revaluation of assets in 2024, inflation was higher than expected.
Derivative financial instrument liability (current and non current)	(1,318)	n/a not material
Borrowings (current and non current)	100,560	Total borrowings was $100.6 million higher than budget, mostly due to CCO WWL loans being excluded from external borrowings in the budget, and the pre funding of debt. The current portion of borrowings was greater than budget due to timing of loan maturities which will be refinanced through the LGFA. Overall the net external debt position of $247.8 million which was close to budget $250.0 million.
Trade and other payables	7,176	$7.2 million greater than budget mostly due to $4.7 unbudgeted capital payment to WWL (also increases assets), remaining amount due to the timing of cashflow.

NOTE 37: EVENTS AFTER THE REPORTING DATE

Waimea Water Limited

Refer note 41, Contingent liability events after balance date.

Local Water Done Well Programme

The Government is implementing a water services reform programme to address New Zealand's water infrastructure challenges – the Local Water Done Well programme. The programme is being implemented in three stages, each with its own piece of legislation.

The first stage was the Local Government (Water Services repeal Act 2024) in February 2024, which repealed the affordable waters reform legislation passed into law by the previous Government.

The second stage, the Local Government (Water Services Preliminary Arrangements Act 2024), was enacted on 2 September 2024. This legislation establishes a framework and preliminary arrangements for the delivery of water services. It requires Councils to develop Water Services Delivery Plans to be approved within 12 months of the legislation being enacted.

For the third stage, the Government has indicated it will introduce a Bill in December 2024 that will establish enduring settings for the new water services system. The government aims to have the new water services entities in place by mid-2025.

Tasman District Council has commenced work on its Water Services Delivery Plan in accordance with the Act and will undertake consultation before the Plan is adopted.

The reforms to date have had no effect on the 2024 financial statements or performance information. There is nothing to indicate the need to review the carrying value of assets and liabilities in the 2024 Annual Report as any future change is uncertain.

NOTE 38: ELECTED REPRESENTATIVES

In accordance with Schedule 10, Part 3, section 32 of the Local Government Act 2002, the total remuneration and value of other non-financial benefits received by, or payable to the Mayor and Councillors for the year were as follows:

2022/2023 TOTAL COST $		2023/2024 REMUNERATION $	2023/2024 ALLOWANCES. EXPENSES & ADJUSTMENTS $	2023/2024 TOTAL COST $
156,611	King T B, Mayor*	156,156	-	156,156
71,468	Bryant S - Deputy Mayor	61,025	9,431	70,456
	Councillors			
64,086	Maling K, Standing Committee Chair	61,025	4,140	65,165
38,477	Kininmonth M (from 9 October 2022)	46,942	6,573	53,515
48,734	Greening M	46,942	1,300	48,242
44,388	Maru B (from 9 October 2022)	46,942	15,959	62,901
35,679	Daikee G (from 9 October 2022)	46,942	2,905	49,847
35,990	Ellis J (from 9 October 2022)	46,942	2,861	49,803
35,094	Shallcrass D (from 9 October 2022)	46,942	1,300	48,242
70,914	Hill C, Standing Committee Chair	61,025	10,364	71,389
48,734	Butler C	46,942	1,300	48,242
64,123	Mackenzie C, Standing Committee Chair	61,025	7,256	68,281
54,654	Walker T	46,942	10,485	57,427
53,837	Dowler B	46,942	7,617	54,559
	Previous Councillors			
14,562	McNamara D (to 7 October 2022)	-	-	-
13,637	Tuffnell T (to 7 October 2022)	-	-	-
16,007	Ogilvie D (to 7 October 2022)	-	-	-
14,020	Turley A (to 7 October 2022)	-	-	-
881,015	**Total councillors**	**822,734**	**81,490**	**904,224**

***The Mayor's remuneration:**
Remuneration includes any non-financial benefits provided. The Mayor has full private use of a vehicle to undertake his civic duties. The Remuneration Authority calculation has been used to value this full private use at an annual benefit amount of $3,990 to 26 June 2024, and $4,998 annually from 27 June 2024 (2023: $3,990).
The Mayor's salary set by the Remuneration Authority, is $156,156, and is paid to the mayor after deducting the car allowance.

Councillors' allowances, expenses and adjustments:
Allowances and expenses include mileage expenses, communication, travel and childcare allowances.

NOTE 39: FINANCIAL PERFORMANCE IN RELATION TO REGULATIONS BENCHMARKS

ANNUAL REPORT DISCLOSURE STATEMENT FOR YEAR ENDING 30 JUNE 2024

What is the purpose of this statement?

The purpose of this statement is to disclose Council's financial performance in relation to various benchmarks to enable the assessment of whether Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

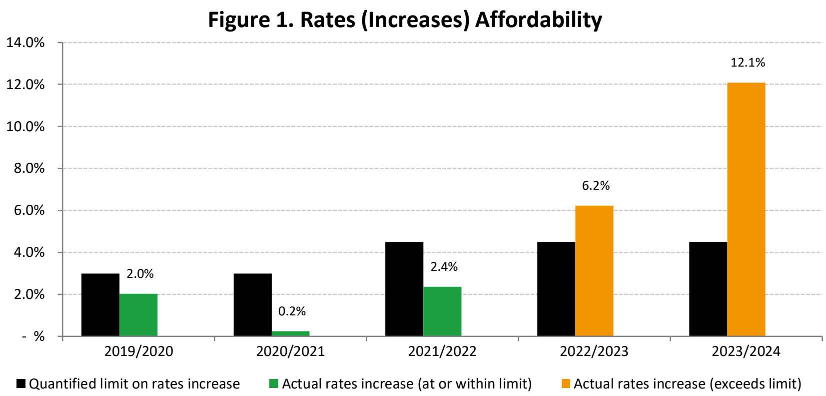
RATES AFFORDABILITY BENCHMARK

Council meets the rates affordability benchmark if its actual rates increases equals, or are less than, each quantified limit on rates increases.

Rates (increases) affordability

Figure 1 compares Council's actual rate increases with a quantified limit on rates increases contained in the financial strategy in Council's Long Term Plan.

The quantified limit is 3% excluding growth per annum for each year covered by the Long Term Plan 2018 – 2028 and 4.5% excluding growth per annum for each year covered by the Long Term Plan 2021 – 2031.



DEBT AFFORDABILITY BENCHMARK

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

The definitions contained in the regulations differ from those used in Council's financial strategy contained in the Long Term Plan. The main departure between these two documents relates to the definition of net debt in the regulations compared to net external debt in the financial strategy. The quantified limits on borrowings contained in the benchmark graphs were taken from the financial strategy, and as such were formulated in relation to the definition of net external debt. Actual results are reported using both the prescribed definitions contained in the regulations, and the definition intended by the financial strategy, explained below.

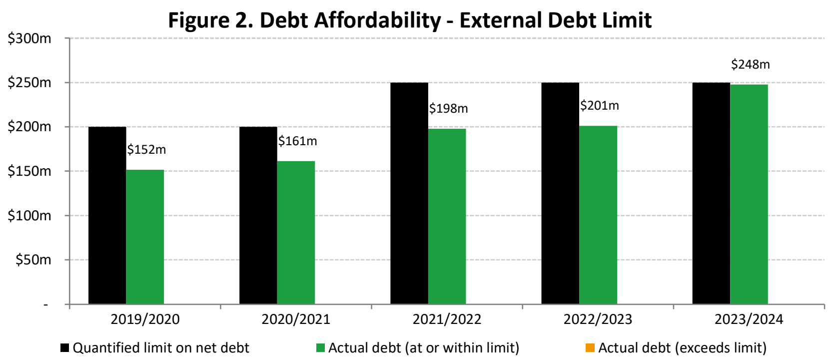
Net external debt is defined in the financial strategy of the Long Term Plan 2021 – 2031 as total external debt less liquid financial assets and investments.

Net debt is defined in the regulations as financial liabilities less financial assets (excluding trade and other receivables). Financial liabilities as defined by GAAP include, gross external debt (aggregate and financial guarantees provided to third parties) plus trade payables and derivative financial instruments (interest rate swaps). Financial assets as defined by GAAP include cash or near cash treasury investments held from time to time, and equity instruments of other entities e.g. investments in CCOs.

External Debt Limit

Figure 2 compares Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy contained in Council's Long Term Plan.

The quantified limit is net external debt not to exceed $200 million per annum for each year covered by the Long Term Plan 2018 – 2028 and net external debt not to exceed $250 million per annum for each year covered by the Long Term Plan 2021-2031.



NOTE 39: FINANCIAL PERFORMANCE IN RELATION TO REGULATIONS BENCHMARKS (CONT.)

Net Debt to Equity

Figure 3 compares Council's actual net debt with a quantified limit on borrowing stated in the financial strategy contained in Council's Long Term Plan.

The quantified limit is net external debt to not exceed 20% of equity.

The following graph represents the actual results based on the prescribed definitions in the regulations.

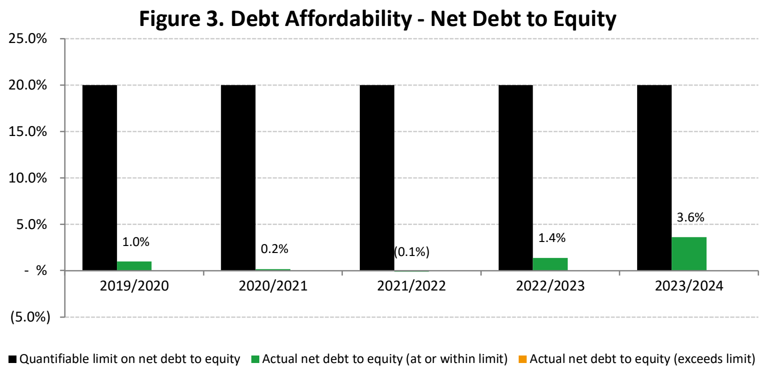
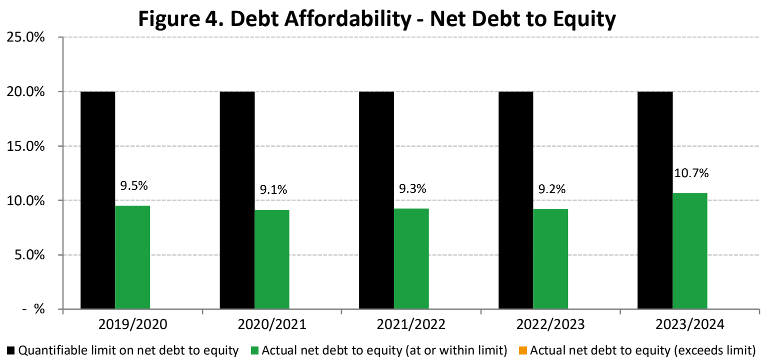


Figure 4 represents the actual results based on the intended definitions contained in the financial strategy.



NOTE 39: FINANCIAL PERFORMANCE IN RELATION TO REGULATIONS BENCHMARKS (CONT.)

Net Debt to Total Operating Revenue

Figure 5 compares Council's actual net debt with a quantified limit on borrowing stated in the financial strategy contained in Council's Long Term Plan.

The quantified limit is net external debt to not exceed 225% of total operating revenue.

Total operating revenue is defined in the financial strategy 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).

The following graph represents the actual results based on the prescribed definitions in the regulations.

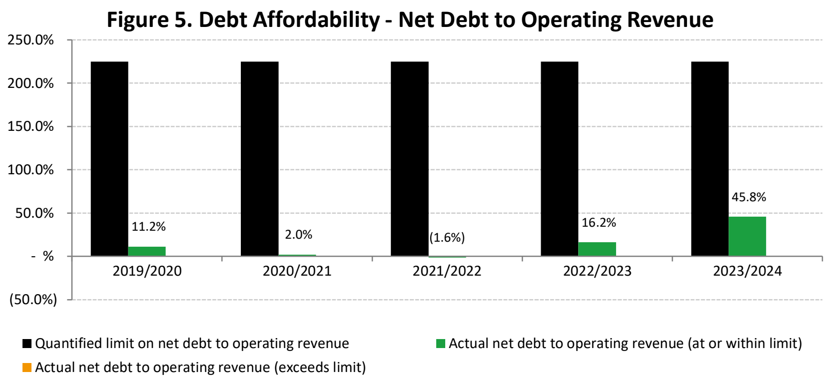
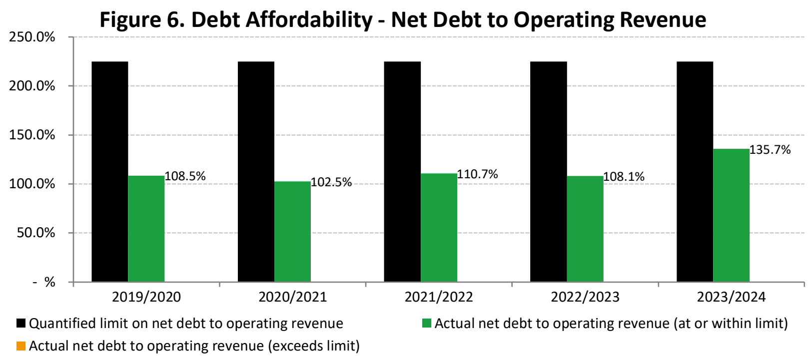


Figure 6 represents the actual results based on the intended definitions contained in the financial strategy.

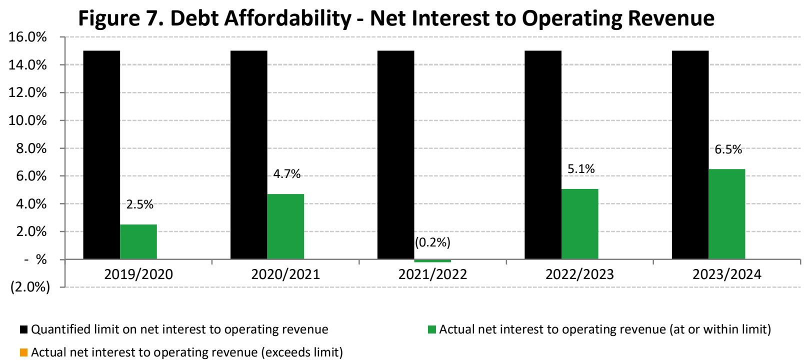


NOTE 39: FINANCIAL PERFORMANCE IN RELATION TO REGULATIONS BENCHMARKS (CONT.)

Net Interest to Total Revenue

Figure 7 compares Council's actual net interest expense with a quantified limit on borrowing stated in the financial strategy contained in Council's Long Term Plan.

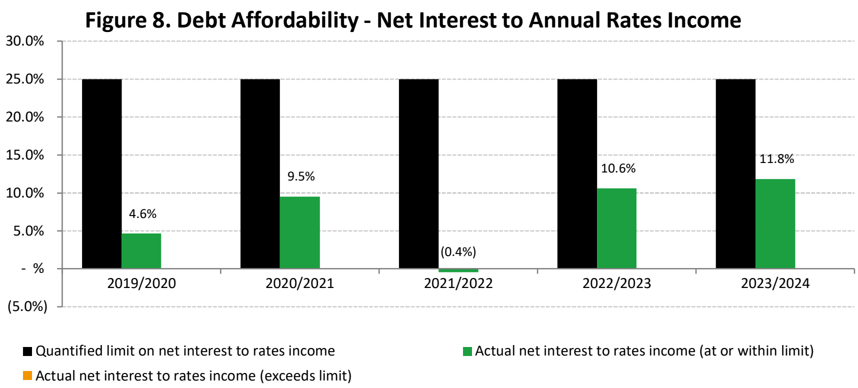
The quantified limit is net interest on external debt to not exceed 15% of total operating revenue for each year covered by the Long Term Plan 2018 – 2028 and the Long Term Plan 2021 – 2031.



Net Interest to Total Rates Revenue

Figure 8 compares Council's actual net interest expense with a quantified limit on borrowing stated in the financial strategy contained in Council's Long Term Plan.

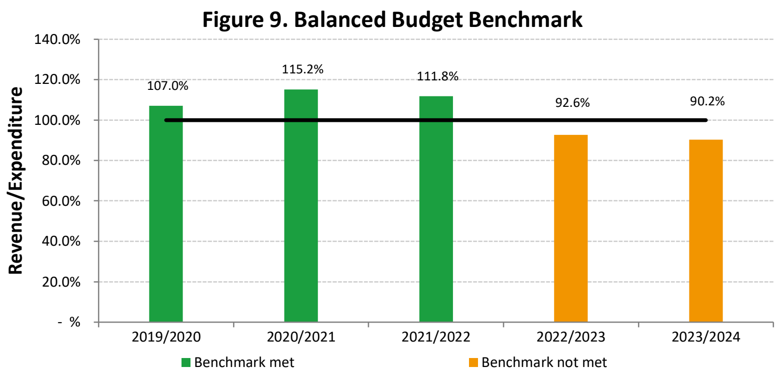
The quantified limit is net interest expense on net external debt to not exceed 25% of annual rates revenue.



BALANCED BUDGET BENCHMARK

Figure 9 displays Council's 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 this benchmark if its revenue equals or is greater than its operating expenses.



NOTE 39: FINANCIAL PERFORMANCE IN RELATION TO REGULATIONS BENCHMARKS (CONT.)

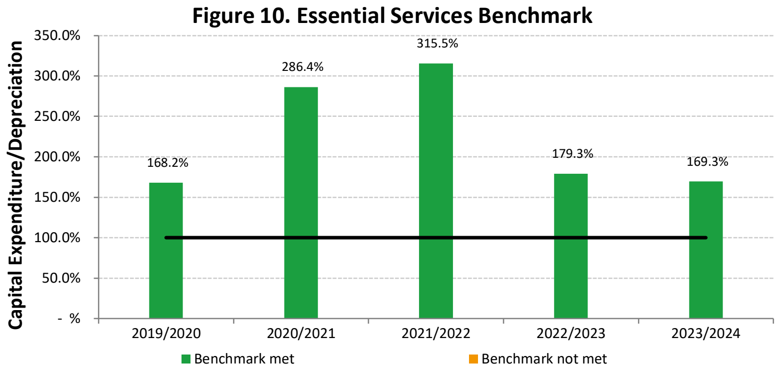
ESSENTIAL SERVICES BENCHMARK

Figure 10 displays Council's capital expenditure on network services as a proportion of depreciation on network services.

The regulations define network services as infrastructure related to water supply, sewerage and the treatment and disposal of sewage, stormwater drainage, flood protection and control works, and the provision of roads and footpaths. Therefore infrastructure related to solid waste, coastal structures, and aerodromes and fixed assets have been excluded from this benchmark.

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

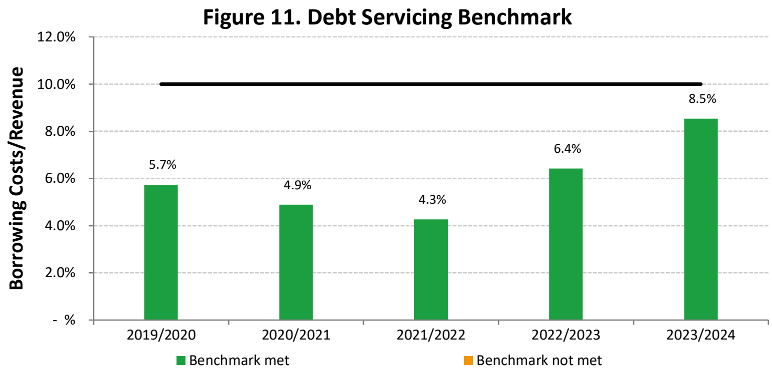
The increase in 2020/21 and 2021/22 is due to capital expenditure for the Waimea Dam through Council's joint operation, Waimea Water Limited.



DEBT SERVICING BENCHMARK

Figure 11 displays Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

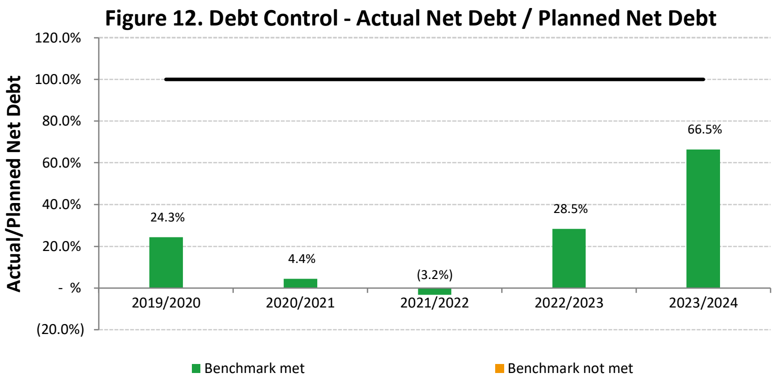
Because Statistics New Zealand projects Council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its' borrowing costs equal or are less than 10% of its revenue.



DEBT CONTROL BENCHMARK

Figure 12 displays Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.

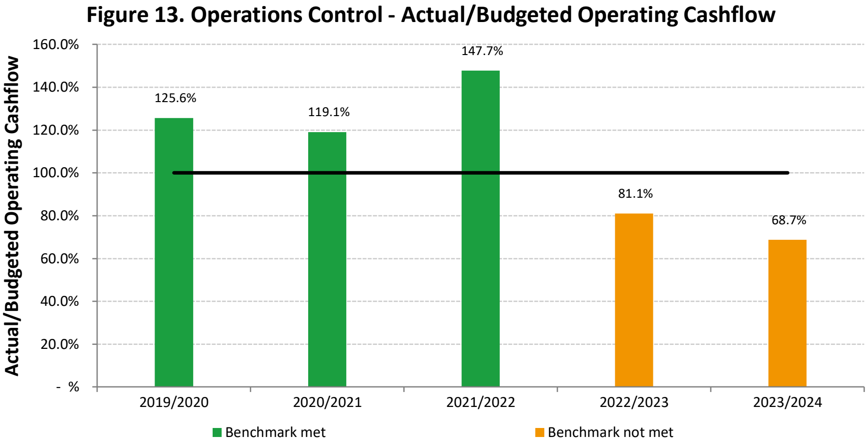


NOTE 39: FINANCIAL PERFORMANCE IN RELATION TO REGULATIONS BENCHMARKS (CONT.)

OPERATIONS CONTROL BENCHMARK

Figure 13 displays Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



NOTE 40: RATING BASE AND INSURANCE OF ASSETS

The Local Government Act 2002 was amended in early August 2014 and requires information on Council's rating base and insurance of assets.

RATING BASE INFORMATION

With regards to Clause 30A of the Local Government Act 2002 we disclose the following information regarding the rating base as at 30 June 2023 (the preceding year as required by the Act).

Rating Unit info as at 30 June 2023:

	COUNT	LAND VALUE	CAPITAL VALUE
Non-rateable 100%	1,100	536,618,650	579,964,650
Non-rateable- services only	265	193,549,102	461,828,366
Total non-rateable	**1,365**	**730,167,752**	**1,041,793,016**
Rateable	25,910	12,512,020,398	23,185,799,434
Total rating units	**27,275**	**13,242,188,150**	**24,227,592,450**

Rating Unit info as at 30 June 2022:

	COUNT	LAND VALUE	CAPITAL VALUE
Non-rateable 100%	1,084	533,836,150	576,294,150
Non-rateable- services only	283	194,485,302	457,780,066
Total non-rateable	**1,367**	**728,321,452**	**1,034,074,216**
Rateable	25,378	12,332,464,898	22,514,253,934
Total rating units	**26,745**	**13,060,786,350**	**23,548,328,150**

NOTE 40: RATING BASE AND INSURANCE OF ASSETS (CONT.)

INSURANCE OF ASSETS

With regards to Clause 31A of the Local Government Act 2002 we are required to disclose the value of all assets covered by insurance of assets and the maximum amount insured as at 30 June 2024.

The cost of the Canterbury, Kaikoura earthquakes and flood events in New Zealand has highlighted the importance of good risk management and the part insurance and/or risk financing plays when it comes to rebuilding public assets. In many instances, councils can provide services in the future only through the continuing use of their assets. Public entities have had to think carefully about how they are managing their risks and how they are using the insurance and risk finance options available to them.

INFRASTRUCTURE ASSETS: WATER, WASTEWATER, STORMWATER, RIVERS, WASTE MANAGEMENT, AERODROMES, PORTS AND COASTAL ASSETS

These activities have a total book value of $929,727,000 (2023: $785,713,000).
- Material damage cover - infrastructure assets which require insurance beyond natural disasters, including buildings, refuse stations and other infrastructure plant and equipment, such as treatment plants and pump stations, are insured to a total insurance value as at 30 June 2024 $206,985,000 plus capital additions (2023: $194,907,000 plus capital additions).
- Natural catastrophe events coverage (South Island local authority shared services infrastructure) - this includes assets not covered by the material damage cover, and comprises below ground assets such as pipes and above ground assets such as coastal and river rock protection. Repairs to these assets following a significant event are covered 40% through Aon collective with a large deductible, with the remaining 60% being funded by central government if certain criteria is met. Council currently has insurance cover for a sublimit of $100 million catastrophic disaster event. There is a combined limit for the Councils in the collective of $300,000,000 for any one loss or series of losses arising out of any one event and in aggregate during the period of insurance.

Council has a rivers disaster fund and a general disaster fund to contribute the deductible or Council's 40% share if the event is lower than the deductible. The value of the general disaster fund as at 30 June 2024 is $153,000 (2023: $141,000).

ROADING AND FOOTPATH ASSETS

These activities have a total book value of $951,037,000 (2023: $926,871,000) (including land under roads). These assets are not insured, however Council would receive a minimum of 51% subsidy from the NZ Transport Agency (Waka Kotahi) for subsidised roading assets. The remaining portion of the loss, and non-subsidised assets, funding would need to be determined and would likely be loan funded.

BUILDINGS, PLANT AND EQUIPMENT, AND OTHER ASSETS

The buildings asset class has a total asset book value of $130,774,000 (2023: $129,183,000). Total insurance value at 30 June 2024 is $256,332,000 plus capital additions (2023: $238,414,000 plus capital additions).

Assets are insured for reinstatement value or indemnity value as per the most current valuation for assets listed in the Statement of Property Insured, with limits of indemnity of $500,000 (2023: $500,000) for subsidence.

Residential property (material damage) at most recent valuation for assets listed in the Statement of Property Insured, with limits of indemnity of $2,000,000 for capital additions, construction/alterations of $2,000,000 (2023: as per 2024) and landslip/subsidence of $500,000. (2023: $500,000)

The harbourmaster boat is insured for $434,000 (2023: $365,000).

VEHICLES

This activity has a total asset book value for insurance purposes of $1,301,000 (2023: $501,000). All vehicles are insured for market value or replacement value (if vehicle is less than 12 months old).

SELF-INSURANCE FUND

Council has a self-insurance fund for assets that are uneconomic to insure. The value of this fund as at 30 June 2024 is $1,214,000 (2023: $1,202,000) and is used to cover deductibles, excesses, and small assets not on the material damage.

NOTE 41. COMMITMENTS AND CONTINGENCIES

CONTRACTUAL CAPITAL COMMITMENTS

These are capital commitments for which a formal contract has been entered at 30 June 2024.

CONTRACTUAL CAPITAL COMMITMENTS	30 JUNE 2024 $000
Transportation	787
Three waters	4,455
Waste management	123
Share of joint operation – (WWL,NRSBU,NTRLBU)	2,433
Land & Buildings	2,156
Rivers	1,654
Others	4,520
Total capital commitments 30 June 2024	**16,128**

These are capital commitments for which a formal contract has been entered at 30 June 2023.

CONTRACTUAL CAPITAL COMMITMENTS	30 JUNE 2023 $000
Transportation	802
Three waters	7,828
Waste management	126
Share of joint operation – (WWL,NRSBU,NTRLBU)	9,757
Land & Buildings	368
Rivers	2,295
Others	4,116
Total capital commitments 30 June 2023	**25,292**

These commitments are based on the legal commitment outstanding under contracts. They do not take into account any additional work required due to emergency events or any adjustments to costs based inflation.

OPERATING LEASES AS LESSEE

Council has no material operating leases as lessee.

GUARANTEE – NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY LIMITED

Tasman District Council is a guarantor of the New Zealand Local Government Funding Agency Ltd . The New Zealand Local Government Funding Agency Ltd was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating from Standard and Poor's of AAA for domestic currency and AA+ for foreign currency.

Tasman District Council is one of 30 local authority shareholders and 72 local authority guarantors of the NZLGFA. In that regard, it has uncalled capital of $1.866 million. When aggregated with the uncalled capital of other shareholders, $20 million is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, Tasman District Council is a guarantor of all of NZLGFA's borrowings. At 30 June 2024, NZLGFA had borrowings totalling $23.030 billion (2023: $17.684 billion). Council is 8.3% shareholder (2023:8.3%).

PBE Accounting Standards require the Council to initially recognise the guarantee liability by applying the 12-month expected credit loss (ECL) model (as fair value could not be reliably measured at initial recognition), and subsequently at the higher of the provision for impairment at balance date determined by the ECL model and the amount initially recognised. The Council has assessed the 12-month ECL of the guarantee liability, based on market information of the underlying assets held by the LGFA. The estimated 12-month expected credit losses are immaterial due to the very low probability of default by the LGFA in the next 12 months. Therefore, the Council has not recognised a liability.

Financial reporting standards require the Council to recognise the guarantee liability at fair value.

However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of NZLGFA defaulting on repayment of interest or capital to be very low on the basis that:

- it is not aware of any local authority debt default events in New Zealand; and
- local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

WAIMEA WATER LIMITED JOINT OPERATION

The joint operation between the Council and Waimea Irrigators Ltd (WIL) to create Waimea Water Ltd (WWL) for the construction and operation of the Waimea Community Dam is a significant project with multiple purposes and benefits:

- Providing the community with water security and supporting a growing population, particularly in the face of a changing climate.
- Healthy Lee and Waimea rivers for swimming, fishing and other recreational activities.
- Healthier rivers for aquatic life to thrive.
- A robust and more resilient economy strengthened by the success of horticulture and farming industries and the subsequent growth of associated secondary and tertiary industries.
- Enabling residential, commercial and industrial investment and development, which brings jobs and associated economic activity now and for future generations.

Project status

In June 2024 the Dam was commissioned and signed off. Practical completion of the Dam was achieved with full environmental compliance. This was 29 months later than originally planned due to the dry weather slowing the fill of the reservoir and the mechanical works taking longer than planned.

Project risks

There is significant risk relating to contractual disputes with the construction Contractor, refer subsequent events below.

Project cost and funding at 30 June 2024

Since the decision to proceed with the construction of the Dam was made in 2018, the estimated expenses for the construction of the Dam have increased, from the initial estimate of $104.5 million to $207.5 million at 30 June 2024 (2023: $198.2 million). The increased cost was due to:

- Encountered geology more challenging than expected, $43 million;
- Mechanical and electrical Costs, $22 million; and
- Other Project Costs, $39.5 million; and
- 2024 contractor claim and liquidated damages $9.2 million, (funded 51.1% by Council), funding agreed in May 2024.

WWL is fully funded by its shareholders, Council and WIL, to the expected project cost of $207.5 million at 30 June 2024.
Funding is sourced from irrigator equity contributions, loans from Crown Irrigation Investments Ltd (CIIL), Council reserves, grants from the Ministry for the Environment and Nelson City Council (NCC), and loans from the Local Government Funding Agency (LGFA). Interest has also been earned by WWL from term deposits. Financing costs are shared between shareholders via water charges.

TOTAL WWL AGREED FUNDING AGREEMENTS AS AT 30 JUNE 2024:

Council equity contributions, $76.38 million (2023: $72.3 million)

This equity payment, primarily results in voting shares to the Council and is included in the Council’s accounting interest. This accounting interest is used to calculate Councils share of assets in the Dam. $1.5 million of the equity contributions do not result in voting shares and are excluded in the accounting interest calculation. The total equity contributions are funded mostly through $25.3 million LGFA borrowings (rate funded debt), $5.0 million Nelson City Council grant, $7.0 million Crown FIF grant ground, $3.0 million Council’s enterprise reserves (forestry), $10.0 million interest free CIIL environmental loan, $9.6 million development contributions.
Equity Contributions made by Council to 30 June 2024: $71.2 million (2023: $67.3 million)

WIL equity contributions, $26.0 million (2023: $26.0 million)

WIL equity contributions results in voting shares to the WIL and therefore reduce Council’s accounting interest.
Contributions made by WIL 30 June 2024: $26.0 million (2023: $26.0 million)

Council capacity shareholder advance $28.2 million (2023: $28.0 million)

This loan is the Council’s responsibility, and it can now be fully converted to voting shares, this is included in the Council’s accounting interest.
Interest cost of up to $376,000pa for the period up to 30 June 2026 are recovered from WIL through the WWL water charges.
The remaining interest costs of the Council’s portion of the shareholder advances and its additional equity contribution will be funded through the Council’s Urban Water account for extractive capacity and through the Zone of Benefit rate and District-wide fixed charge for the environmental and public benefits.
Draw down to 30 June 2024: $28.0 million (2023: 26.2 million).

WIL Irrigator extractive capacity shareholder advance $49.6 million (2023: $45 million)

This shareholder advance is funded through external borrowings (note 25), that the Council will draw down through Crown Irrigation Investments Limited (CIL) (interest free loans) and the Local Government Funding Agency (interest at Council's borrowing rates).

These funds are then passed to Waimea Water Limited as shareholder advances, and recorded in Council's other financial assets (note 13). The advances are recorded at amortised cost using the discounted cashflow method, the present value of future payments of interest and principal.

Waimea Irrigators Limited is servicing the majority of this debt, because this advance relates to irrigator extractive capacity.

Waimea Irrigators Limited is effectively servicing this debt indefinitely, except for the interest bearing portion in the first 5 years of $10.1 million of the debt which is funded through Council's general rates. The remaining interest is on charged by Council to WWL. WIL pays WWL for the interest via water charges.

In addition to the $49.6 million, there is a new facility of $3m. This new facility is to refinance some irrigator costs to enable Waimea Irrigators Ltd to smooth the water charges to its shareholders.

Draw down to 30 June 2024: $44.0 million (2023: $37.0 million), face value of other financial assets (note 13, note 30).

Irrigator extractive capacity shareholder advance - further detail and assumptions

After 40 years, according to the Shareholder Advance Agreement, Waimea Water Limited must seek to refinance this advance on commercial terms, subject to Council agreement. If the refinancing is agreed on commercial terms, the loan will be directly between Waimea Water Limited and a commercial entity. The decision related to the refinancing of the loan in 40 years, will be a shareholder reserve matter (requires agreement of Waimea Water Limited, Waimea Irrigators Limited and the Council).

If Waimea Water Limited does not succeed with this, or agreement between Council and Waimea Irrigators Limited is not reached, Council has a contractual option to roll over this loan, in five year terms. It is quite possible that irrigator capacity shareholder advances will be rolled over in perpetuity.

In either of the scenarios above, the Council will require Waimea Irrigators Limited to continue to be responsible for servicing this loan. If Waimea Irrigators Limited disagrees then there is a provision in the Council's Revenue and Financing Policy for a targeted rate to be charged to properties with affiliated consents to take water. Therefore, either way Waimea Irrigators Limited or their shareholders shall service the debt. This is because it is related to irrigator extractive capacity.

The Council could also decide to fund the repayment of the loan, which would result in the Council receiving ordinary shares with voting rights, so long as the Council still has less than 75% of voting rights, otherwise some shares would be non-voting. We have assumed that the Council will not take this option, as this would create interest costs in the Council, which contractually sit with Waimea Irrigators Limited. It is for this reason that the Council deems the accounting interest in this advance to sit with Waimea Irrigators Limited, not the Council. This assumption would be revisited if it became probable that the Council may convert the loan to equity. The likely accounting impact would be an increase to debt and property, plant and equipment. Although, this is not deemed likely.

Another possibility, which would need further agreement, is that the Council may allow Waimea Irrigators Limited to pay off the loan in return for ordinary shares with voting rights. This is deemed a possibility, given Waimea Irrigators Limited will be servicing the debt, without the benefit of obtaining future voting rights. In the unlikely event of a liquidation, the ordinary shares which have voting rights, give the right to the net assets of Waimea Water Limited.

- CIIL Loan $25 million (2023: $25 million)

Crown Irrigation Investments Ltd (CIIL) issued a loan of $25m to Council's joint operation WWL. WWL is responsible for the servicing and repayment of this loan. The repayments are funded through water charges paid by WIL. WIL is jointly and severally liable with WWL for the loan as co-obligor and guarantor of all of WWL's obligations under the loan. With the exception of $1.5 million, as the loan is repaid, or if the Council credit support is released, WIL's Non-voting Shares will be converted into Ordinary Shares periodically. This loan is not recognised in Council's financial statements as a liability but is included in the calculation of its interest in WWL.

The Council has provided credit support for this loan to the value of $29 million (includes capitalised interest and fees). This means that CIIL may call on the Council to satisfy the Company's obligations to CIIL in relation to repayment of the CIIL loan, in accordance with the Project Deed.

No liability has been recognised in relation to the Council's credit support for the CIIL loan. The risk of default of the CIIL loan is as low and as such the liability as nil. While there is a possibility that the liability will accrue a series of circumstances would have to occur which are considered unlikely.

Draw down to 30 June 2024: $25.0 million (2023: $25.0 million)

- Interest income, $2.3 million

Of the $198.2 million project cost, funding is required for $195.9 million as there is Interest Income in WWL $1.4m and capitalised Interest CIIL from the CIL loan $0.9m.

Compensation clause

Under the terms of the Project Deed (the Deed), a compensation clause is in place.

If within 40 years, Council does not honour the specific provisions of the deed related to its statutory powers and knowingly takes a course of action that is not consistent with the partnership entered into then it may face liability for the economic losses to the irrigators. The Council's maximum exposure is limited to $50 million in aggregate.

The Council remains committed to the joint operation and the Deed. There is no contingent liability or guarantee to be recognised as at 30 June 2024 (30 June 2023: Nil) in relation to the compensation clause.

Contingent liabilities and events after the balance date:

WWL is facing contract disputes related to the increased cost of constructing the Waimea Community Dam. As the contract disputes are ongoing their outcome remains highly uncertain. The value of any future resolution can therefore not be reasonably estimated.

If WWL had to recognise additional costs as a result of a future resolution, Council would provide funding for those costs. Council's expectation is that the cost of financing the additional funding would be shared with Waimea Irrigator Limited, consistent with previous cost overruns.

WWL estimates the costs associated with preparing for and engaging in a process to resolve the disputes could be up to $3,000,000. Council resolved to fund 51.1% of these costs in September 2024, contingent on other matters being resolved and a formal agreement being entered into. No funding agreements are yet in place.

NOTE 41. COMMITMENTS AND CONTINGENCIES (CONT.)

CONTINGENT LIABILITIES

Council has contingent liabilities of $Nil (30 June 2023: $Nil). Council has no contingent claims against other parties (30 June 2023: Nil).

Council is a signatory to the Government's leaky homes package, which may expose Council to up to 25% of any settlement costs.

Council is also exposed to potential future claims which have not yet been advised until the statutory limitation period expires. The amount of potential future claims are not able to be reliably measured and is therefore unquantifiable. Claims must be made within 10 years of construction, or alteration of the dwelling, in order for the claim to be eligible under the WHRS Act 2006, but other statutory limitation periods could also affect claims.

Risk Pool provides public liability and professional indemnity insurance for its members. Council was a member of Risk Pool until 1 July 2016. The Trust Deed of Risk Pool provides that, if there is shortfall (whereby claims exceed contributions of members and reinsurance recoveries) in any funding year, then the Board may make a call on members for that fund year. The Scheme is in wind down, however the Council has an ongoing obligation to contribute to the scheme should a call be made in respect of any historical claims (to the extent those claims are not covered by reinsurance), and to fund the ongoing operation of the scheme. The likelihood of any call in respect of historical claims diminishes with each year as limitation periods expire. However, as a result of the Supreme Court decision on 1 August 2023 in Napier City Council v Local Government Mutual Funds Trustee Limited, it has been clarified that Risk pool has a liability for that member's claim in relation to non-weathertight defects (in a mixed claim involving both weathertight and non-weathertight defects). Risk pool has advised that it is working through the implications of the Supreme Court decision. At this point any potential liability is unable to be quantified.

Council is required to undertake seismic assessments of some of its buildings in accordance with the Building Act and its own policies for Earthquake Prone, Dangerous and Insanitary Buildings. All required assessments have now been completed. Our offices and public buildings having either been upgraded or their maximum occupancies have been reclassified to meet the standards.

A detailed assessment of the Richmond office main building was completed in 2020-21. This identified that the civic area was <20% of the New Building Standard (NBS), and this was strengthened in 2021. The balance of the complex has been assessed at <34% NBS, apart from a 2012 addition which is 35% of NBS. Structural Improvements commenced in 2022 and have now been completed. As the complex is treated as one building, an earthquake prone building notice has been issued to Council. Current legislation provides that Council has until 4 June 2033 to strengthen the building.

Processes and documentation relating to asbestos management are currently under review. The asset management system, SPM has been enhanced to encompass progress on building conditions which incorporates properties that either have the presence of Asbestos Containing Materials (ACM) or are assumed to comprise of ACM. Most of the identified issues have been addressed or are encapsulated

The Council is carrying out a condition assessment of Council owned buildings with an intention to produce reliable 20 year expenditure budgets. Most of Council buildings have now been assessed.

OTHER CONTINGENT ASSETS

2024: $Nil (2023: $Nil.)

JOINT VENTURES CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent assets or liabilities at 30 June 2024.

There are no other material contingent assets or liabilities to record as at the date of this Annual Report.