ACCOUNTING INFORMATION

REPORTING ENTITIES

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

Financial information within Tasman's 10-Year Plan 2024 – 2034 covers the Council operations, plus its controlled and jointly controlled entities.

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

STATEMENT OF COMPLIANCE

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

A CAUTIONARY NOTE

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

The forecast information prepared is to enable the public to participate in the decision-making processes as to the services to be provided by Council to the Tasman communities over the period of Tasman's 10-Year Plan 2024–2034. The main purpose of prospective financial statements in Tasman's 10-Year Plan 2024–2034 is to provide users with information about the core services that Council intends to provide to ratepayers, the expected cost of those services and, consequently, how much Council requires by way of rates to fund the intended levels of service. The level of rates funding required is not affected by subsidiaries, except to the extent that Council obtains distributions from, or further invests in, those subsidiaries. Such effects are included in the prospective financial statements of Council.

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

BASIS OF PREPARATION

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

concern basis and the accounting policies have been applied consistently throughout the planned period.

Council has a balance date of 30 June and these prospective financial statements are for the period from 1 July 2024 to 30 June 2034.

Financial information from the Annual Plan 2023/2024 has been provided to better compare against the financial information contained in Tasman's 10-Year Plan 2024–2034.

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

SIGNIFICANT JUDGEMENTS AND ESTIMATES

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

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

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

JOINT ARRANGEMENTS

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

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

The Councils' jointly controlled operations are:

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

The Councils' joint ventures are:

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

COUNCIL-CONTROLLED ORGANISATIONS

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

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

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

REVENUE RECOGNITION

RATES RECOGNITION

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

1. General rates, targeted rates (excluding water-by-meter) and uniform annual general charges are recognised at the start of the financial year, to which the rates resolution relates. They are recognised at the amounts due. Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.

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

OTHER REVENUE RECOGNITION

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

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

WORK IN PROGRESS

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

EXPENDITURE

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

GRANT EXPENDITURE

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

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

PAYABLES

Short-term payables are recorded at the amount payable.

LEASES

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

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

BORROWING COSTS

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

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

TAXATION

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

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

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

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

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

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

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

FINANCIAL ASSETS

TRADE AND OTHER RECEIVABLES

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

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

Rates are "written-off":

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

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

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

CASH AND CASH EQUIVALENTS

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

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

OTHER FINANCIAL ASSETS

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

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

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

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

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

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

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

Initial recognition of concessionary loans

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

Subsequent measurement of financial assets at amortised cost

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

Subsequent measurement of financial assets at FVTOCRE

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

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

Subsequent measurement of financial assets at FVTSD

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

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

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

Expected credit loss allowance (ECL)

The Council and group recognise an allowance for ECLs for all debt instruments not classified as FVTSD. ECLs are the probability-weighted estimate of credit losses, measured at the present value of cash

shortfalls, which is the difference between the cash flows due to Council and group in accordance with the contract and the cash flows it expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

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

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

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

ACCOUNTING FOR DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

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

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

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

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

INTANGIBLE ASSETS

Software acquisition and development

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

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

Carbon credits

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

Amortisation

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

• Computer software 5 years, 20%

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

Impairment

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

PROPERTY, PLANT AND EQUIPMENT

OPERATIONAL ASSETS

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

RESTRICTED ASSETS

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

INFRASTRUCTURAL ASSETS

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

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

ADDITIONS

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

DISPOSALS

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

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

SUBSEQUENT COSTS

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

Values included in respect of assets are as follows:

Vested assets

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

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

Depreciation

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

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

• Land	Not depreciated
• Buildings (including fit out)	2 - 100 years
• Plant and equipment	5 – 10 years
• Motor vehicles	5 – 10 years
• Library books	2 – 10 years
Infrastructure Assets	
Transportation	
• Bridges	100 years
• Roads-other components	15 – 80 years
• Formation	Not depreciated
• Sub-base (sealed)	Not depreciated
• Car parks – formation	Not depreciated
• Car parks – sealed pavement	75 years
• Footpaths	25 – 75 years
• Pavement base (unsealed)	Not depreciated

• Drainage	25 – 120 years
Wastewater	
• Oxidation ponds	Not depreciated
• Treatment	9 – 100 years
• Pipe	50 – 80 years
• Pump stations	20 – 80 years
Water	
• Wells and pumps	10 – 80 years
• Pipes/valves/meters	15 – 80 years
Stormwater	
• Channel/detention dams	Not depreciated
• Pipe/manhole/sumps	80 – 120 years
Other infrastructural assets	
• Ports and wharves	7 – 100 years
• Airfields	10 – 80 years
• Refuse	15 – 100 years
Rivers	
• Stopbanks	Not depreciated
• Rock protection	Not depreciated
• Willow plantings	Not depreciated
• Gabion baskets	30 years
• Railway irons	50 years
• Outfalls	60 years
Waimea Community Dam	
• Earthworks	Not depreciated
• Concrete and spillway	200 years
• Mechanical stainless-steel piping	100 years
• Electrical	15 years

REVALUATION

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

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

will be recognised first in the surplus or deficit, up to the amount previously expensed, and then recognised in other comprehensive revenue and expenses.

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

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

The following assets are not revalued:

- The Waimea Community Dam
- Rivers

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

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

These include:

• Estimating any obsolescence or surplus capacity of the asset.

• Estimating the replacement cost of the asset. The replacement cost is derived from recent construction contracts in the region for similar assets.

Roads and bridges, wastewater, solid waste, water supply, stormwater and coastal assets were last valued at fair value using optimised depreciated replacement cost by Marsh & McLennan Companies as at 30 June 2022.

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

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

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

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

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

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

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

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

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

Land (operational, restricted, and infrastructural) – Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Adjustments have been made to the "unencumbered" land value where there is a designation against the land or the use of the land is restricted because of reserve or endowment status. These adjustments are intended to reflect the negative effect on the value of the land where an owner is unable to use the land more intensely. The most recent valuation was performed by GR Butterworth SPINZ, ANZIV of QV Valuations Limited, and the valuation is effective as at 30 June 2022 with the exception of infrastructural land which was revalued with the relevant asset class.

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

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

• Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Non-specialised buildings (for example, residential buildings) are valued at fair value using market-based evidence. Market rents and capitalisation rates were applied to reflect market value. The most recent valuation was performed by GR Butterworth SPINZ, ANZIV of QV Valuations Limited, and the valuation is effective as at 30 June 2021.

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

IMPAIRMENT

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

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

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

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

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

VALUE IN USE FOR NON-CASH-GENERATING ASSETS

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

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

VALUE IN USE FOR CASH-GENERATING ASSETS

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

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

FORESTRY ASSETS

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

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

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

CONTRACT RETENTION

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

OVERHEADS

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

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

INVESTMENT PROPERTIES

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

PROPERTIES INTENDED FOR RESALE

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

are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group, classified as held for sale, continue to be recognised.

PROVISIONS

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

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

EMPLOYEE ENTITLEMENTS

SHORT-TERM BENEFITS

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

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

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

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

LONG-TERM BENEFITS

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

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

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

SUPERANNUATION SCHEMES

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

KEY ASSUMPTIONS IN MEASURING RETIREMENT AND LONG SERVICE LEAVE OBLIGATIONS

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

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

The retirement obligations have not been discounted to present value.

LANDFILL AFTER-CARE COSTS

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

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

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

ACCUMULATED EQUITY

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

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

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

RESTRICTED AND COUNCIL CREATED RESERVES

Restricted reserves are those reserves subject to specific conditions accepted as binding by Council and which may not be revised without reference to the Courts or third party. Council created reserves are reserves established by a Council decision. Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

GST

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

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

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

FUNDING IMPACT STATEMENTS

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

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

These statements are based on cash transactions prepared on an accrual basis. As such, they do not include non-cash/accounting transactions that are included within the Comprehensive Revenue and Expense Statement, as required under GAAP. These items include, but are not limited to, Council's depreciation, gain and/or losses on revaluation and vested assets.

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

FUNDING IN ACCORDANCE WITH THE LOCAL GOVERNMENT ACT 2002

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

CHANGES IN ACCOUNTING POLICIES

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

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

INFRASTRUCTURAL ASSETS

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

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

Valuations are carried out by independent qualified valuers.

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

OPERATIONAL ASSETS

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

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

Non-specialised buildings (for example, residential buildings) are valued at fair value using market-based evidence. Market rents and capitalisation rates were applied to reflect market value. GR Butterworth SPINZ, ANZIV of QV Valuations Limited performed the most recent valuation. This valuation is effective as at October 2021.

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

CLASSIFICATION OF PROPERTY

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

INFLATION ADJUSTED ACCOUNTS

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

This means that all financial figures shown in this document for Year 1 onwards, incorporate inflation adjustments compounding annually. For example, this means that what costs $1.00 for maintenance in Year 1 is expected to cost almost $1.24 by Year 10.

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

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

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

	Jun-25	Jun-26	Jun-27	Jun-28	Jun-29	Jun-30	Jun-31	Jun-32	Jun-33	Jun-34	Ten Year Average
Income	10.00%	7.50%	2.70%	2.70%	2.60%	2.50%	2.50%	2.40%	2.40%	2.40%	3.77%
Salaries	4.50%	3.00%	3.20%	3.20%	3.10%	3.00%	3.00%	2.90%	2.90%	2.90%	3.17%
Maintenance	2.90%	2.20%	2.30%	2.30%	2.20%	2.10%	2.00%	2.00%	1.90%	1.90%	2.18%
Capital	3.00%	2.20%	2.40%	2.30%	2.20%	2.10%	2.10%	2.00%	2.00%	1.90%	2.22%

The BERL figures were prepared in October 2023.

PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

	2023/24 Annual Plan	2024/25 Budget $000	2025/26 Budget $000	2026/27 Budget $000	2027/28 Budget $000	2028/29 Budget $000	2029/30 Budget $000	2030/31 Budget $000	2031/32 Budget $000	2032/33 Budget $000	2033/34 Budget $000
REVENUE											
General rates	52,713	57,511	61,534	65,747	69,609	73,237	77,564	79,885	85,781	87,371	88,627
Targeted rates	45,117	51,392	57,038	60,657	65,602	71,048	73,772	76,814	81,139	85,980	90,961
Development and financial contributions	13,742	14,953	15,001	15,056	18,214	18,408	18,477	18,547	18,394	18,463	20,645
Operating subsidies and grants	10,637	10,462	9,442	8,929	9,258	9,565	9,747	9,967	10,265	10,443	10,668
Capital subsidies and grants	29,101	7,907	13,520	18,632	11,437	10,533	9,201	9,723	10,127	11,766	10,772
Fees and charges	22,403	25,217	26,690	27,635	28,260	28,664	29,165	29,950	31,451	33,214	34,973
Other revenue	32,604	46,058	40,644	40,687	44,123	33,431	35,796	37,660	37,726	35,969	46,715
Fair value movement on revaluation	1,555	1,179	1,215	1,251	1,288	1,327	1,367	1,408	1,450	1,494	1,539
Other gains	62	400	400	400	400	400	400	400	400	400	400
Finance income	67	3,540	3,541	3,619	3,730	3,842	3,962	4,097	4,204	4,283	4,476
Revenue of joint operations	11,982	6,242	6,460	6,581	8,042	8,097	8,141	8,386	9,105	9,462	10,682
Share of venture surplus/deficit	0	3,150	3,950	3,950	3,950	3,950	3,950	3,950	3,950	3,950	3,950
Total revenue	**219,983**	**228,011**	**239,435**	**253,144**	**263,913**	**262,502**	**271,542**	**280,787**	**293,992**	**302,795**	**324,408**
		0	0	0	0	0	0	0	0	0	0
EXPENSE		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Finance expense	11,325	12,821	13,531	14,576	16,473	17,101	17,139	17,179	16,688	18,307	20,459
Employee related expense	38,687	41,509	43,880	45,172	47,435	49,304	51,833	54,497	56,865	59,660	62,371
Other expenses	59,748	56,656	51,142	50,505	51,369	45,920	47,017	47,606	53,326	52,366	61,916
Maintenance	28,551	29,894	31,224	31,746	32,923	33,969	34,924	35,573	36,693	37,581	38,294
Depreciation and amortisation	38,937	43,676	49,481	52,484	55,203	60,535	63,294	65,490	70,164	72,811	75,263
Fair value loss on revaluation	-	0	0	0	0	0	0	0	0	0	0

Expenditure of joint operations	8,806	10,817	11,041	11,476	12,018	12,087	12,131	12,746	13,644	14,207	14,793
Total expense	**186,054**	**195,373**	**200,299**	**205,959**	**215,421**	**218,916**	**226,338**	**233,091**	**247,380**	**254,932**	**273,096**
		0	0	0	0	0	0	0	0	0	0
Surplus/(deficit) before taxation	**33,929**	**32,638**	**39,136**	**47,185**	**48,492**	**43,586**	**45,204**	**47,696**	**46,612**	**47,863**	**51,312**
Income tax expense	-	0	0	0	0	0	0	0	0	0	0
Surplus/(deficit) after tax	**33,929**	**32,638**	**39,136**	**47,185**	**48,492**	**43,586**	**45,204**	**47,696**	**46,612**	**47,863**	**51,312**
		0	0	0	0	0	0	0	0	0	0
OTHER COMPREHENSIVE REVENUE		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Gain on asset revaluations	30,152	180,846	39,765	(276)	166,863	29,817	2	141,649	24,011	3	123,635
Deferred tax on asset revaluations	-	0	0	0	0	0	0	0	0	0	0
Movement in NZLG shares value	-	0	0	0	0	0	0	0	0	0	0
Asset impairment Loss	-	0	0	0	0	0	0	0	0	0	0
Share of associate other comprehensive income	-	0	0	0	0	0	0	0	0	0	0
Total other comprehensive revenue and expense	**30,152**	**180,846**	**39,765**	**(276)**	**166,863**	**29,817**	**2**	**141,649**	**24,011**	**3**	**123,635**
Total comprehensive revenue and expense	**(64,081)**	**213,484**	**78,901**	**46,909**	**215,355**	**73,403**	**45,206**	**189,345**	**70,623**	**47,866**	**174,947**
		0	0	0	0	0	0	0	0	0	0
TOTAL OPERATING SURPLUS (as above)	**33,929**	**32,638**	**39,136**	**47,185**	**48,492**	**43,586**	**45,204**	**47,696**	**46,612**	**47,863**	**51,312**
Less Non-Controllable Activities		0	0	0	0	0	0	0	0	0	0
Development and financial contributions	(13,742)	(14,953)	(15,001)	(15,056)	(18,214)	(18,408)	(18,477)	(18,547)	(18,394)	(18,463)	(20,645)
Capital subsidies	(29,101)	(7,907)	(13,520)	(18,632)	(11,437)	(10,533)	(9,201)	(9,723)	(10,127)	(11,766)	(10,772)
Vested assets	(7,959)	(24,720)	(25,264)	(25,870)	(26,465)	(27,047)	(27,615)	(28,195)	(28,759)	(29,334)	(29,892)
Fair value movement on revaluation	(1,555)	(1,179)	(1,215)	(1,251)	(1,288)	(1,327)	(1,367)	(1,408)	(1,450)	(1,494)	(1,539)
Share of joint venture & operations OCR	(3,176)	1,425	631	945	26	40	40	410	589	795	161
Total Non-Controllable Activities	**(55,533)**	**(47,334)**	**(54,369)**	**(59,864)**	**(57,378)**	**(57,275)**	**(56,620)**	**(57,463)**	**(58,141)**	**(60,262)**	**(62,687)**
		0	0	0	0	0	0	0	0	0	0
Total controllable surplus/deficit	**(21,604)**	**(14,696)**	**(15,233)**	**(12,679)**	**(8,886)**	**(13,689)**	**(11,416)**	**(9,767)**	**(11,529)**	**(12,399)**	**(11,375)**

PROSPECTIVE STATEMENT OF FINANCIAL POSITION

	2023/24 Annual Plan	2024/25 Budget $000	2025/26 Budget $000	2026/27 Budget $000	2027/28 Budget $000	2028/29 Budget $000	2029/30 Budget $000	2030/31 Budget $000	2031/32 Budget $000	2032/33 Budget $000	2033/34 Budget $000
CURRENT ASSETS											
Cash and cash equivalents	17,218	16,637	16,545	16,302	15,426	15,179	14,313	13,611	13,352	13,108	12,887
Trade and other receivables	14,699	18,265	18,081	17,972	18,180	18,073	18,276	18,397	18,296	18,188	18,068
Other financial assets	602	4,809	4,093	3,061	3,528	3,971	4,458	5,052	5,870	6,893	7,523
Non current assets held for resale	0	0	0	0	0	0	0	0	0	0	0
Total current assets	**31,519**	**39,711**	**38,719**	**37,336**	**37,135**	**37,223**	**37,047**	**37,061**	**37,518**	**38,189**	**38,479**
CURRENT LIABILITIES											
Trade and other payables	27,560	29,256	29,440	29,549	29,341	29,448	29,245	29,124	29,225	29,333	29,453
Employee benefit liabilities	3,342	4,102	4,095	4,087	4,079	4,071	4,062	4,053	4,045	4,035	4,026
Current portion of borrowings	34,003	29,003	39,003	30,503	30,503	27,503	33,003	30,003	36,003	37,003	29,503
Current portion of derivative financial instruments	540	(533)	(532)	(531)	(529)	(528)	(527)	(525)	(524)	(522)	(521)
Total current liabilities	**65,445**	**61,828**	**72,006**	**63,609**	**63,394**	**60,494**	**65,784**	**62,656**	**68,749**	**69,849**	**62,461**
Working capital	**(32,976)**	**(22,117)**	**(33,287)**	**(26,273)**	**(26,259)**	**(23,271)**	**(28,737)**	**(25,595)**	**(31,231)**	**(31,660)**	**(23,983)**
NON CURRENT ASSETS											
Investments in associates	203,157	205,576	205,576	205,576	205,576	205,576	205,576	205,576	205,576	205,576	205,576
Other financial assets	45,456	60,775	60,663	60,551	60,539	60,526	60,514	60,503	60,490	60,477	60,465
Intangible assets	3,921	4,662	4,327	3,988	3,645	3,300	2,951	4,098	5,992	7,882	9,448
Trade & other receivables	0	0	0	0	0	0	0	0	0	0	0
Forestry assets	47,579	33,844	34,859	35,905	36,982	38,091	39,234	40,411	41,623	42,872	44,158
Investment property	5,862	6,846	7,050	7,045	7,256	7,474	7,698	7,929	8,167	8,412	8,664
Property, plant and equipment	2,203,840	2,468,612	2,563,081	2,624,831	2,853,474	2,940,064	2,985,802	3,178,623	3,278,462	3,368,646	3,567,593

Total non current assets	**2,509,815**	**2,780,315**	**2,875,556**	**2,937,896**	**3,167,472**	**3,255,031**	**3,301,775**	**3,497,140**	**3,600,310**	**3,693,865**	**3,895,904**
NON CURRENT LIABILITIES											
Term borrowings	231,036	304,526	309,619	331,976	346,120	363,161	359,122	368,171	394,956	440,082	474,711
Derivative financial instruments	778	(742)	(743)	(744)	(746)	(747)	(748)	(750)	(751)	(753)	(754)
Employee benefit liabilities	391	250	258	265	273	281	290	299	307	317	326
Provisions	3,692	3,429	3,500	3,581	3,664	3,760	3,864	3,969	4,088	4,213	4,344
Total non current liabilities	**235,897**	**307,463**	**312,633**	**335,078**	**349,311**	**366,455**	**362,527**	**371,689**	**398,600**	**443,859**	**478,627**
Total net assets	**2,240,992**	**2,450,735**	**2,529,636**	**2,576,545**	**2,791,901**	**2,865,305**	**2,910,511**	**3,099,856**	**3,170,479**	**3,218,346**	**3,393,294**
EQUITY											
Accumulated equity	1,176,285	960,126	1,004,106	1,056,875	1,122,710	1,177,592	1,231,342	1,292,410	1,359,079	1,425,606	1,477,966
Restricted reserves	31,002	20,080	15,236	9,652	(7,690)	(18,985)	(27,531)	(40,903)	(60,960)	(79,623)	(80,670)
Revaluation reserves	1,033,705	1,470,529	1,510,294	1,510,018	1,676,881	1,706,698	1,706,700	1,848,349	1,872,360	1,872,363	1,995,998
Total equity	**2,240,992**	**2,450,735**	**2,529,636**	**2,576,545**	**2,791,901**	**2,865,305**	**2,910,511**	**3,099,856**	**3,170,479**	**3,218,346**	**3,393,294**

PROSPECTIVE STATEMENT OF CASHFLOW

	2023/24 Annual Plan	2024/25 Budget $000	2025/26 Budget $000	2026/27 Budget $000	2027/28 Budget $000	2028/29 Budget $000	2029/30 Budget $000	2030/31 Budget $000	2031/32 Budget $000	2032/33 Budget $000	2033/34 Budget $000
CASHFLOW FROM OPERATING ACTIVITIES											
Cash was provided from:											
Fees and charges and other revenue	109,776	86,708	86,522	91,604	92,506	81,603	82,554	85,762	88,255	89,936	104,528
Rates revenue	97,830	108,903	118,572	126,404	135,211	144,285	151,336	156,699	166,920	173,351	179,588
Dividends received	2,915	3,305	4,105	4,105	4,105	4,105	4,105	4,105	4,105	4,105	4,105
Interest received	67	3,540	3,541	3,619	3,730	3,842	3,962	4,097	4,204	4,283	4,476
Net GST received		(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
	210,588	**202,456**	**212,740**	**225,732**	**235,552**	**233,835**	**241,957**	**250,663**	**263,484**	**271,675**	**292,697**
Cash was disbursed to:											
Payments to staff and suppliers	(130,638)	(135,664)	(133,885)	(135,427)	(140,422)	(137,556)	(142,422)	(146,732)	(156,518)	(159,745)	(172,172)
Interest paid	(11,325)	(12,821)	(13,531)	(14,576)	(16,473)	(17,101)	(17,139)	(17,179)	(16,688)	(18,307)	(20,459)
	(141,963)	**(148,485)**	**(147,416)**	**(150,003)**	**(156,895)**	**(154,657)**	**(159,561)**	**(163,911)**	**(173,206)**	**(178,052)**	**(192,631)**
Net cash from operating activities	**68,625**	**53,971**	**65,324**	**75,729**	**78,657**	**79,178**	**82,396**	**86,752**	**90,278**	**93,623**	**100,066**
CASHFLOW FROM INVESTING ACTIVITIES											
Cash was provided from:											
Proceeds from sale of assets	62	400	400	400	400	400	400	400	400	400	400
Proceeds from sale of investments	109	3,349	5,637	5,237	2,606	3,098	3,496	3,875	4,247	4,860	6,275
	171	**3,749**	**6,037**	**5,637**	**3,006**	**3,498**	**3,896**	**4,275**	**4,647**	**5,260**	**6,675**
Cash was disbursed to:											

Purchase of investments	-	(5,377)	(4,809)	(4,093)	(3,061)	(3,528)	(3,971)	(4,458)	(5,052)	(5,870)	(6,893)
Purchase of property, plant and equipment	(90,433)	(81,093)	(81,737)	(91,373)	(93,623)	(93,437)	(84,648)	(93,320)	(122,917)	(139,384)	(127,199)
	(90,433)	**(86,470)**	**(86,546)**	**(95,466)**	**(96,685)**	**(96,965)**	**(88,619)**	**(97,778)**	**(127,970)**	**(145,254)**	**(134,091)**
Net cash from investing activities	**(90,262)**	**(82,721)**	**(80,509)**	**(89,829)**	**(93,678)**	**(93,467)**	**(84,723)**	**(93,503)**	**(123,322)**	**(139,994)**	**(127,417)**
CASHFLOW FROM FINANCING ACTIVITIES											
Cash was provided from:											
Proceeds from loans	47,756	63,125	44,096	52,860	44,647	44,544	28,964	39,052	62,788	82,129	64,132
Cash was disbursed to:											
Repayment of borrowings	(20,656)	(34,003)	(29,003)	(39,003)	(30,503)	(30,503)	(27,503)	(33,003)	(30,003)	(36,003)	(37,003)
Net cash from financing activities	**27,100**	**29,122**	**15,093**	**13,857**	**14,144**	**14,041**	**1,461**	**6,049**	**32,785**	**46,126**	**27,129**
Total net cashflows	**5,463**	**372**	**(92)**	**(243)**	**(877)**	**(248)**	**(866)**	**(702)**	**(259)**	**(245)**	**(222)**
Opening cash held	11,755	16,265	16,637	16,545	16,302	15,426	15,179	14,313	13,611	13,352	13,108
Closing cash and cash equivalents balance	**17,218**	**16,637**	**16,545**	**16,302**	**15,425**	**15,178**	**14,313**	**13,611**	**13,352**	**13,107**	**12,886**
Represented by:											
Cash and cash equivalents	17,218	16,637	16,545	16,302	15,426	15,179	14,313	13,611	13,352	13,108	12,887
Cash and cash equivalents	**17,218**	**16,637**	**16,545**	**16,302**	**15,426**	**15,179**	**14,313**	**13,611**	**13,352**	**13,108**	**12,887**

PROSPECTIVE STATEMENT OF CHANGES IN NET ASSETS/EQUITY

	2023/24 Budget $000	2024/25 Budget $000	2025/26 Budget $000	2026/27 Budget $000	2027/28 Budget $000	2028/29 Budget $000	2029/30 Budget $000	2030/31 Budget $000	2031/32 Budget $000	2032/33 Budget $000	2033/34 Budget $001
Equity at the start of the year	**2,176,911**	**2,237,250**	**2,450,734**	**2,529,635**	**2,576,544**	**2,791,899**	**2,865,302**	**2,910,508**	**3,099,853**	**3,170,476**	**3,218,342**
Total Comprehensive revenue and expenses	64,081	213,484	78,901	46,909	215,355	73,403	45,206	189,345	70,623	47,866	174,947
Equity at the end of the year	**2,240,992**	**2,450,734**	**2,529,635**	**2,576,544**	**2,791,899**	**2,865,302**	**2,910,508**	**3,099,853**	**3,170,476**	**3,218,342**	**3,393,289**

PROSPECTIVE CASHFLOW RECONCILIATION

	2023/24 Annual Plan	2024/25 Budget $000	2025/26 Budget $000	2026/27 Budget $000	2027/28 Budget $000	2028/29 Budget $000	2029/30 Budget $000	2030/31 Budget $000	2031/32 Budget $000	2032/33 Budget $000	2033/34 Budget $000
SURPLUS(DEFICIT) FROM PROSPECTIVE INCOME STATEMENT	33,929	(32,638)	(39,136)	(47,185)	(48,492)	(43,586)	(45,204)	(47,696)	(46,612)	(47,863)	(51,312)
Add non cash items:											
Depreciation	41,432	(46,376)	(52,292)	(55,427)	(58,309)	(63,710)	(66,527)	(68,844)	(73,598)	(76,287)	(78,779)
Fair value movement on revaluation	(1,555)	1,179	1,215	1,251	1,288	1,327	1,367	1,408	1,450	1,494	1,539
Share of associate's (surplus)/deficit net of dividend	-	-	-	-	-	-	-	-	-	-	-
Vested assets	(7,959)	24,720	25,264	25,870	26,465	27,047	27,615	28,195	28,759	29,334	29,892
	31,918	**(20,477)**	**(25,813)**	**(28,306)**	**(30,556)**	**(35,336)**	**(37,545)**	**(39,241)**	**(43,389)**	**(45,459)**	**(47,348)**
Movements in workings capital:											
Decrease (increase) in accounts receivable	181	(744)	(184)	(109)	208	(107)	203	121	(101)	(108)	(120)
Increase (decrease) in accounts payable	1,871	340	(184)	(109)	208	(107)	203	121	(101)	(108)	(120)
Increase (decrease) in employee entitlements	-	250	8	8	8	8	8	9	9	9	10
	2,052	**(154)**	**(361)**	**(210)**	**424**	**(206)**	**414**	**251**	**(193)**	**(207)**	**(230)**
Other:											
Decrease (increase) in term receivables	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in term provisions	788	(520)	(71)	(81)	(83)	(96)	(104)	(105)	(119)	(125)	(131)
Increase (decrease) in term employee entitlements	-	(250)	(8)	(8)	(8)	(8)	(8)	(9)	(9)	(9)	(10)
	788	**(770)**	**(79)**	**(89)**	**(91)**	**(104)**	**(112)**	**(114)**	**(128)**	**(134)**	**(141)**
Add(deduct) items classified as investing or financing activities:											
Gain on sale of assets	(62)	400	400	400	400	400	400	400	400	400	400

Capital creditors		-	-	-	-	-	-	-	-	-	-
Joint operator ETS movement	-	(332)	(335)	(339)	(342)	(345)	(349)	(352)	(356)	(360)	(1,434)
	(62)	**400**	**400**	**400**	**400**	**400**	**400**	**400**	**400**	**400**	**400**
Net cash flow from operating activities	**68,625**	**(53,971)**	**(65,324)**	**(75,729)**	**(78,657)**	**(79,178)**	**(82,396)**	**(86,752)**	**(90,278)**	**(93,623)**	**(100,066)**

PROSPECTIVE FUNDING IMPACT STATEMENT

	2023/24 Annual Plan	2024/25 Budget $000	2025/26 Budget $000	2026/27 Budget $000	2027/28 Budget $000	2028/29 Budget $000	2029/30 Budget $000	2030/31 Budget $000	2031/32 Budget $000	2032/33 Budget $000	2033/34 Budget $000
SOURCES OF OPERATING FUNDING											
General rates, uniform annual general charges, rates penalties	53,093	57,939	61,994	66,219	70,094	73,734	78,074	80,408	86,316	87,919	89,188
Targeted rates	45,117	51,392	57,038	60,657	65,602	71,048	73,772	76,814	81,139	85,980	90,961
Subsidies and grants for operating purposes	10,637	10,462	9,442	8,929	9,258	9,565	9,747	9,967	10,265	10,443	10,668
Fees and charges	22,403	25,217	26,690	27,635	28,260	28,664	29,165	29,950	31,451	33,214	34,973
Interest and dividends from investments	3,675	6,065	6,865	6,865	6,865	6,865	6,866	6,866	6,866	6,866	6,866
Local authorities fuel tax, fines, infringement fees, and other receipts	32,639	28,178	22,406	22,029	26,428	15,309	17,257	18,909	19,225	17,315	28,904
Total operating funding	**167,564**	**179,253**	**184,435**	**192,334**	**206,507**	**205,185**	**214,881**	**222,914**	**235,262**	**241,737**	**261,560**
APPLICATIONS OF OPERATING FUNDING											
Payments to staff and suppliers	133,297	135,924	134,221	135,700	140,378	137,841	142,403	146,790	156,804	160,041	172,481
Finance costs	11,326	12,821	13,531	14,577	16,473	17,102	17,139	17,180	16,689	18,308	20,460
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	**144,623**	**148,745**	**147,752**	**150,277**	**156,851**	**154,943**	**159,542**	**163,970**	**173,493**	**178,349**	**192,941**
Surplus/(deficit) of operating funding	**22,941**	**30,508**	**36,683**	**42,057**	**49,656**	**50,242**	**55,339**	**58,944**	**61,769**	**63,388**	**68,619**
SOURCES OF CAPITAL FUNDING											
Subsidies and grants for capital expenditure	29,101	7,907	13,520	18,632	11,437	10,533	9,201	9,723	10,127	11,766	10,772

Development and financial contributions	13,742	14,953	15,001	15,056	18,214	18,408	18,477	18,547	18,394	18,463	20,645
Increase (decrease) in debt	19,202	29,122	15,092	13,857	14,144	14,041	1,461	6,050	32,785	46,126	27,130
Gross proceeds from sale of assets	62	0	0	0	0	0	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	**62,107**	**51,982**	**43,613**	**47,545**	**43,795**	**42,982**	**29,139**	**34,320**	**61,306**	**76,355**	**58,547**
APPLICATIONS OF CAPITAL FUNDING											
Capital expenditure											
- to meet additional demand	5,881	4,697	3,433	563	1,881	428	1,093	0	1,366	0	131
- to improve the level of service	15,537	17,814	11,340	13,815	21,043	32,962	27,776	21,797	29,686	30,278	33,605
- to replace existing assets	64,617	61,272	66,882	76,909	70,615	59,961	55,698	69,949	89,548	106,790	90,403
Increase (decrease) in reserves	(878)	(516)	(531)	(542)	(543)	(557)	(564)	935	1,671	1,664	2,409
Increase (decrease) in investments	(109)	(777)	(828)	(1,143)	455	430	475	583	804	1,011	618
Total applications of capital funding	**85,048**	**82,490**	**80,296**	**89,602**	**93,451**	**93,224**	**84,478**	**93,264**	**123,075**	**139,743**	**127,166**
Surplus/(deficit) of capital funding	**(22,941)**	**(30,508)**	**(36,683)**	**(42,057)**	**(49,656)**	**(50,242)**	**(55,339)**	**(58,944)**	**(61,769)**	**(63,388)**	**(68,619)**
Funding balance	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

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

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

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

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

Where appropriate the budgets for Tasman's 10-Year Plan 2024–2034 have been developed from the forecast closing position of the 2023/2024 financial year rather than the published annual plan.

DEPRECIATION AND AMORTISATION OF EXPENSES BY GROUP OF ACTIVITIES

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

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

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

	2023/24 Budget $000	2024/25 Budget $000	2025/26 Budget $000	2026/27 Budget $000	2027/28 Budget $000	2028/29 Budget $000	2029/30 Budget $000	2030/31 Budget $000	2031/32 Budget $000	2032/33 Budget $000	2033/34 Budget $000
Environmental Management	360	345	405	470	524	528	502	469	458	469	458
Public Health and Safety	117	127	129	108	91	89	87	88	89	91	93
Transportation	17,853	19,829	22,830	24,069	25,250	27,858	28,702	29,595	31,828	32,837	33,756
Coastal Assets	50	41	73	79	79	111	111	110	142	140	139
Water Supply	4,282	5,376	6,295	6,787	7,239	8,103	8,462	8,796	9,468	9,677	9,829
Wastewater	4,502	5,548	6,300	6,638	7,086	8,110	8,755	9,280	10,353	11,366	12,538
Stormwater	3,421	3,311	3,915	4,051	4,172	4,736	4,871	5,064	5,671	5,837	5,956
Solid Waste	385	668	799	859	924	979	1,155	1,329	1,341	1,321	1,340
Rivers	75	56	55	55	55	52	52	52	52	52	52
Community Development	4,748	5,397	5,466	5,650	5,938	5,912	6,017	5,961	5,884	5,882	5,923
Council Enterprises	971	1,179	1,348	1,418	1,483	1,665	1,881	1,983	2,058	2,107	2,146

RESERVE FUNDS

The Local Government Act 2002 (LGA) requires councils to provide a summary of the Reserve funds that it holds.

BACKGROUND

The LGA places more focus on the accounting for, and disclosure of, reserves. It defines reserve funds as 'money set aside by a local authority for a specific purpose'. Reserves are part of equity, which may or may not be physically backed by cash/investments. Reserves are often used to separate a funding surplus of an activity. The LGA requires Council to specify the amount expected to be deposited in the fund, and the amount expected to be withdrawn from the fund over the 10 year period that the Tasman's 10-Year Plan 2024–2034 covers. Council does not transfer money from one reserve to fund another. Council now charges/pays 'internal' interest on any surplus or deficit balances that each individual reserve may have. Opening balance surpluses are usually due to approved committed projects not yet being undertaken or completed.

Reserve Reporting	Activity to which the fund relates	Opening Balance 1 July 2024 (000's)	Transfer into fund (000's)	Transfers out of fund (000's)	Closing Balance 30 June 2034 (000's)
Reserve Financial Contributions Reserve	Community Facilities a& Parks	19,449	11,568	(21,848)	9,169
Rivers Disaster Fund	Rivers & Flood Protection	1	1	-	2
Rivers Reserve	Rivers & Flood Protection	(530)	56,739	(56,547)	(338)
Water Reserve	Water Supply	(3,682)	245,027	(241,981)	(636)
Waimea Water Financing	Water	566	35,984	(22,286)	14,264
Wastewater Reserve	Wastewater	602	452,330	(453,409)	(477)
Self Insurance Fund	Overall Council	1,214	672	-	1,886
Stormwater Reserve	Stormwater	321	136,341	(136,662)	-
Solid Waste Reserve	Solid Waste	(358)	181,998	(179,902)	1,738
Dog Control Reserve	Public Health & Safety	(207)	7,492	(5,639)	1,646
Community Facilites Rate Reserve	Reserves & Facilities	(714)	87,326	(86,848)	(236)
Camping Ground Reserve	Council Enterprises & Property	242	13,799	(13,013)	1,028
Community Housing Reserve	Reserves & Facilities	1,084	13,341	(8,914)	5,511
Development Contribution Reserve	Transportation, Water Supply, Wastewater, Stormwater	4,782	128,122	(247,917)	(115,013)
Disaster Fund	Overall Council	152	634	-	786
TOTAL		**22,922**	**1,371,374**	**(1,474,966)**	**(80,670)**

RESERVES

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 the Council keeps Reserve Financial Contributions received in four separate accounts (Golden Bay Ward, Motueka Ward, Moutere-Waimea/Lakes/Murchison Wards, Richmond Ward). Strict criteria apply to the use of these funds.

RIVERS RESERVE

The Rivers Reserve is used to enable separate accounting for the funding and expenditure for the Rivers Activity. Each year, Council sets the proposed income, 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.

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). No allowance has been made in Tasman's 10-Year Plan 2024–2034 for any withdrawals on this disaster fund as the timing of any disasters cannot be predicted.

WATER RESERVE

The Water Reserve is used to separate all funding and expenditure for the Water Supply Activity, excluding development contributions income and projects. Each year Council sets the proposed income, 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 income and projects. Each year Council sets the proposed income, 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 income and projects. Each year Council sets the proposed income, expenditure and funding budgets for this activity. Any variation 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.

SELF INSURANCE FUND

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

WASTE MANAGEMENT AND MINIMISATION RESERVE

The Waste Management and Minimisation Reserve is used to separate all funding and expenditure for the Waste Management and Minimisation Activity. Each year Council sets the proposed income, expenditure and funding budgets set for this activity. Any variation from these budgets for example timing of projects or unplanned expenditure are recorded in the Waste Management and Minimisation Reserve to keep any surpluses/deficits separate from other activities.

DOG CONTROL RESERVE

The Dog Control Reserve is used to separate all funding and expenditure for the Dog Control activity. Each year Council sets the proposed income, expenditure and funding budgets for this activity. Any variation from these budgets, for example timing of projects or unplanned expenditure, are recorded in the Dog Control Reserve to keep any surpluses/deficits separate from other activities.

COMMUNITY FACILITIES RATE RESERVE

The Community Facilities Rate Reserve is used to separate all funding and expenditure for the Community Facilities activity. Each year Council sets the proposed income, expenditure and funding budgets for this activity. Any variations from these budgets, for example timing of projects or unplanned expenditure, are recorded in the Community Facilities Rate Reserve so that any surpluses/deficits are kept separate from other activities. The surplus in this reserve increases over the life of Tasman's 10-Year Plan 2024–2034 due to interest costs decreasing as the loans are repaid. The surplus increase is mainly from year five onwards in this Plan.

CAMPING GROUND RESERVE

The Camping Ground Reserve is used to separate all funding and expenditure for the Camping Ground activity. Each year Council sets the proposed income, expenditure and funding budgets for this activity. Any variations from these budgets, for example timing of projects, unplanned expenditure or changes in income, are recorded in the Camping Ground Reserve so that any surpluses/deficits are kept separate from other activities.

COMMUNITY HOUSING RESERVE

The Community Housing Reserve is used to separate all funding and expenditure for the Community Housing activity. Each year Council sets the proposed income, expenditure and funding budgets for this activity. Any variations from these budgets, for example due to timing of projects or unplanned expenditure, is recorded in the Community Housing Reserve so that any surpluses/deficits can be kept separate from other activities

DEVELOPMENT CONTRIBUTION RESERVE

It is the 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 transportation, water supply, wastewater and stormwater management. All Development Contributions must be separately accountable and the Council keeps Development Contributions received in four separate accounts; transportation, wastewater, stormwater and water. Strict criteria apply to the use of these funds. Any budgeted surpluses/deficits for these funds in any given year are funded through borrowing or repaying

Development Contribution loans. The significant movement in the Development Contribution Reserve from a surplus of $6 million to a deficit of $36 million is driven by larger up front growth costs that will be recovered over a 30 year period.

GENERAL DISASTER FUND

The General Disaster Fund is to cover uninsurable assets like roads and bridges. Council usually receives a subsidy from Waka Kotahi to cover part of the costs of any roads and bridges damaged in a disaster, but Council needs to fund any remaining costs. No allowance has been made in Tasman's 10-Year Plan 2024–2034 for any withdrawals on this disaster fund as disasters are impossible to predict.

FINANCIAL REGULATIONS BENCHMARKS

Tasman's 10-Year Plan 2024–2034 disclosure statement for period commencing 1 July 2024

WHAT IS THE PURPOSE OF THIS STATEMENT?

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

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

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.

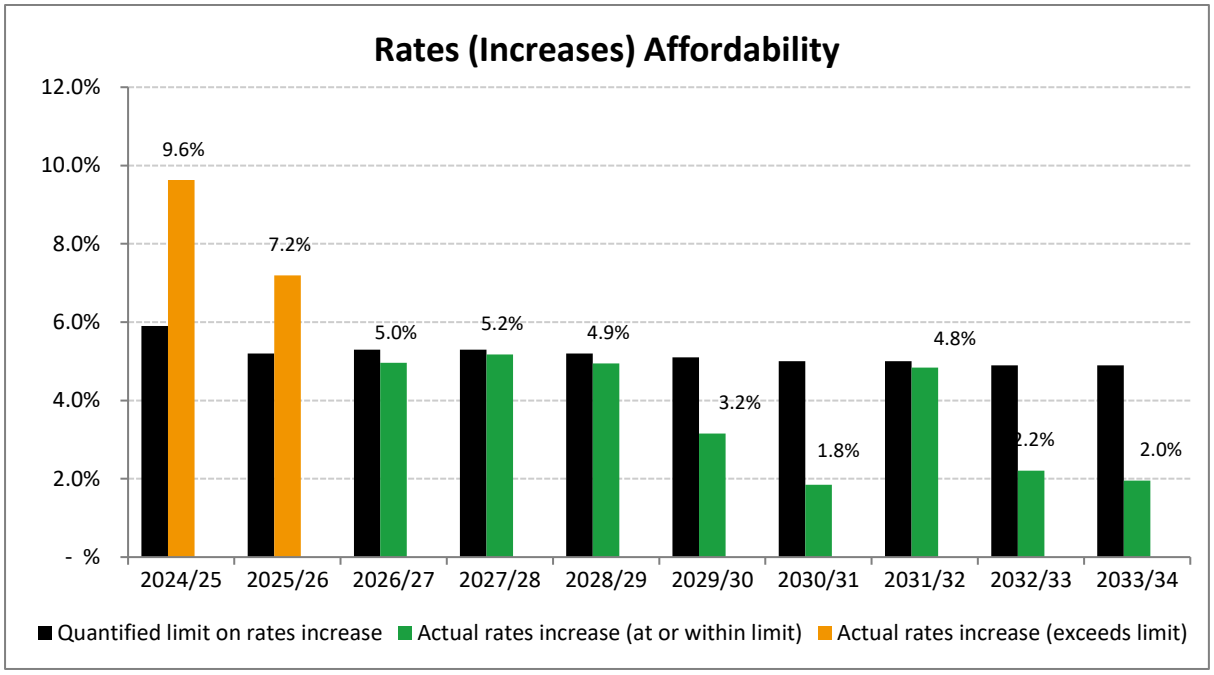
RATES (INCREASES) AFFORDABILITY

Figure 1 compares Council's planned rate increases with a quantified limit on rates increases contained in the Financial Strategy (refer to Supporting Information). The quantified limit is a dynamic rates cap that is made up of the following.

- BERL Operating expense adjustor
- Level of Service Increase

Growth ranges from 1.74% to 1.66% per annum over the 10 years of the Plan.

Figure 1: Rates (Increases) Affordability



The reason for the breach in year 1 and 2 relate to the need to accommodate the impact of higher inflation, higher interest costs, the funding of depreciation and higher costs in roading and river maintenance spend.

DEBT AFFORDABILITY BENCHMARK

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

The definitions contained in the regulations differ from those used in Council's Treasury Risk Management Policy and Financial Strategy. The quantified limits on borrowings contained in the Financial Strategy are taken from Council's Treasury Policy, and as such were formulated in relation to the definition of net external debt. Planned 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 Treasury Policy 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 Generally Accepted Accounting Principles (GAAP), include gross external debt (aggregate borrowings of the Council, excluding debt of Council's associate organisations, including any capitalised finance leases, and financial guarantees provided to third parties), plus trade payables and derivative financial instruments (interest rate swaps).

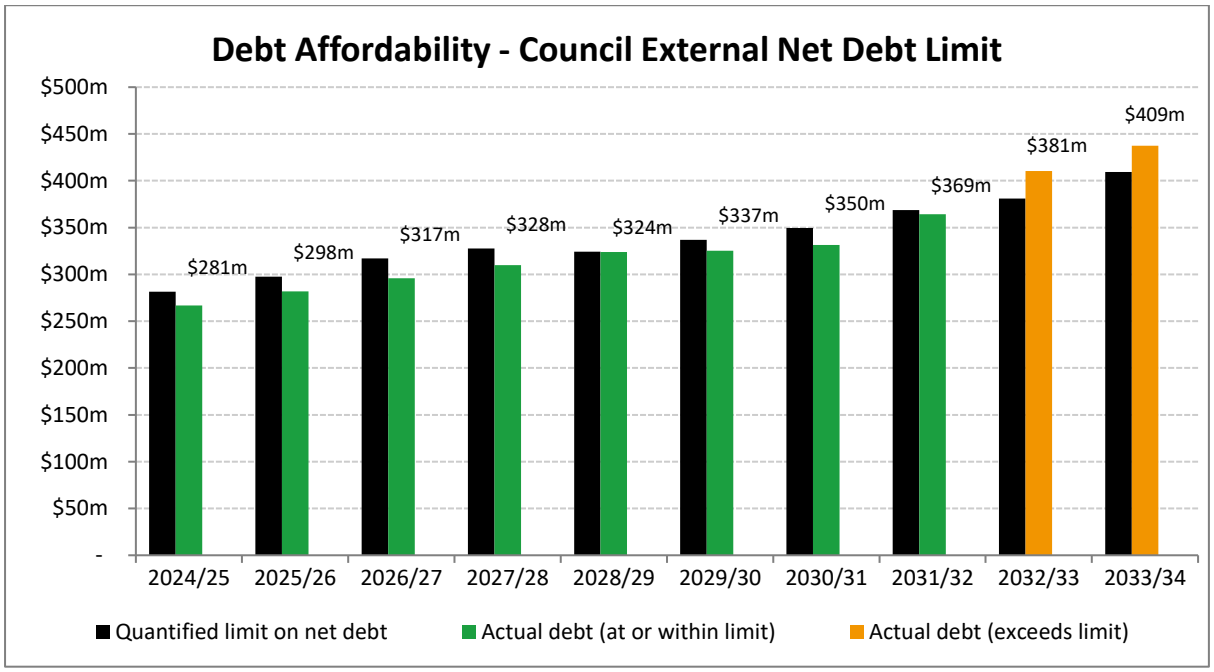
Financial assets, as defined by GAAP, include cash or near cash treasury investments held from time to time, and equity instruments of other entities (e.g. investments in CCOs).

EXTERNAL DEBT LIMIT

These graphs compare Council's planned borrowing with a quantified limit on borrowing contained in the Financial Strategy. The quantified limit is net external debt not to exceed 150% of operating revenue.

Figure 2 represents the planned results based on the intended definitions contained in the Financial Strategy.

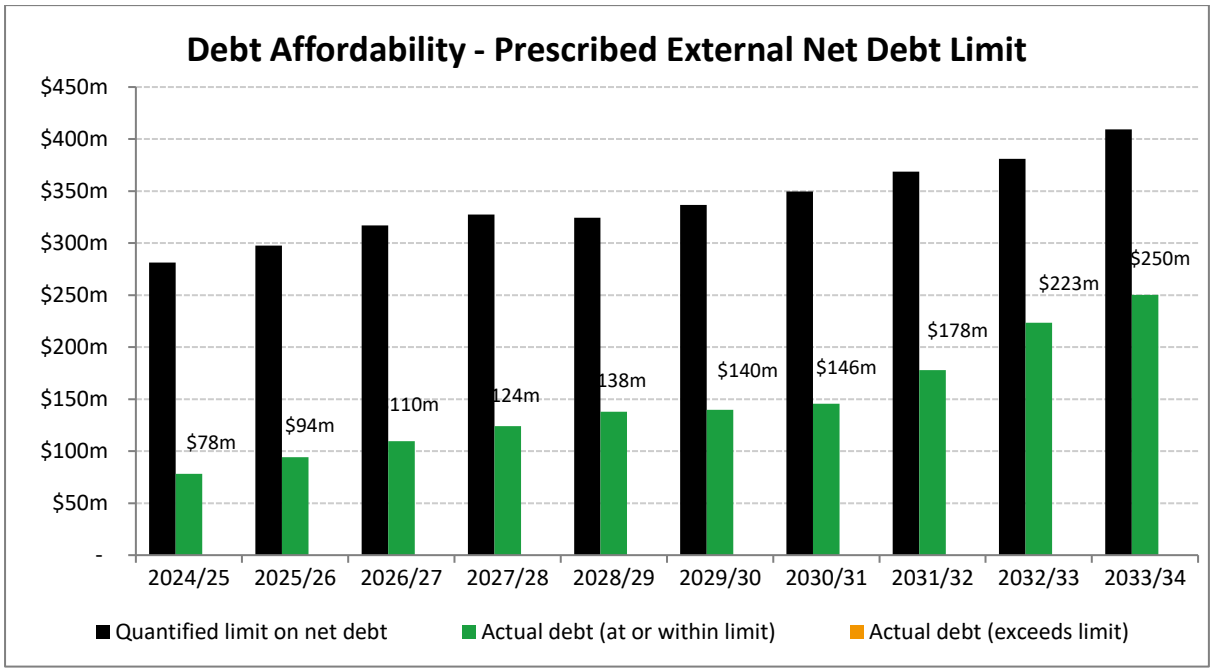
Figure 2: Debt Affordability – External Debt Limit



This cap will be exceeded in Year 9 and 10 due to the replacement costs of the Motueka and Tākaka wastewater treatment plants. These are critical pieces of infrastructure for these communities. The above represents the worst-case scenario. Council will pursue other alternative solutions to lower the anticipated cost.

Figure 3 represents the planned results based on the prescribed definitions in the regulations.

Figure 3: Debt Affordability – External Debt Limit



NET DEBT TO EQUITY

These graphs compare Council's planned debt with a quantified limit on borrowing contained in the Financial Strategy. The quantified limit is net external debt to not exceed 20% of equity.

Figure 4 represents the planned results based on the intended definitions contained in the Financial Strategy.

Figure 4: Debt Affordability – Net Debt to Equity

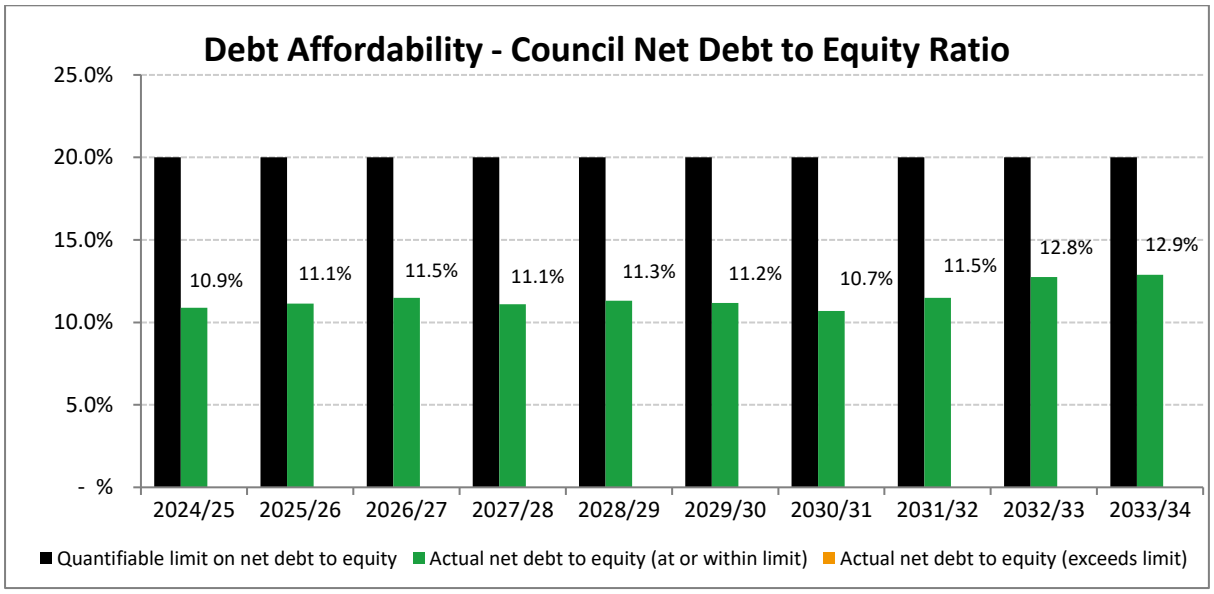
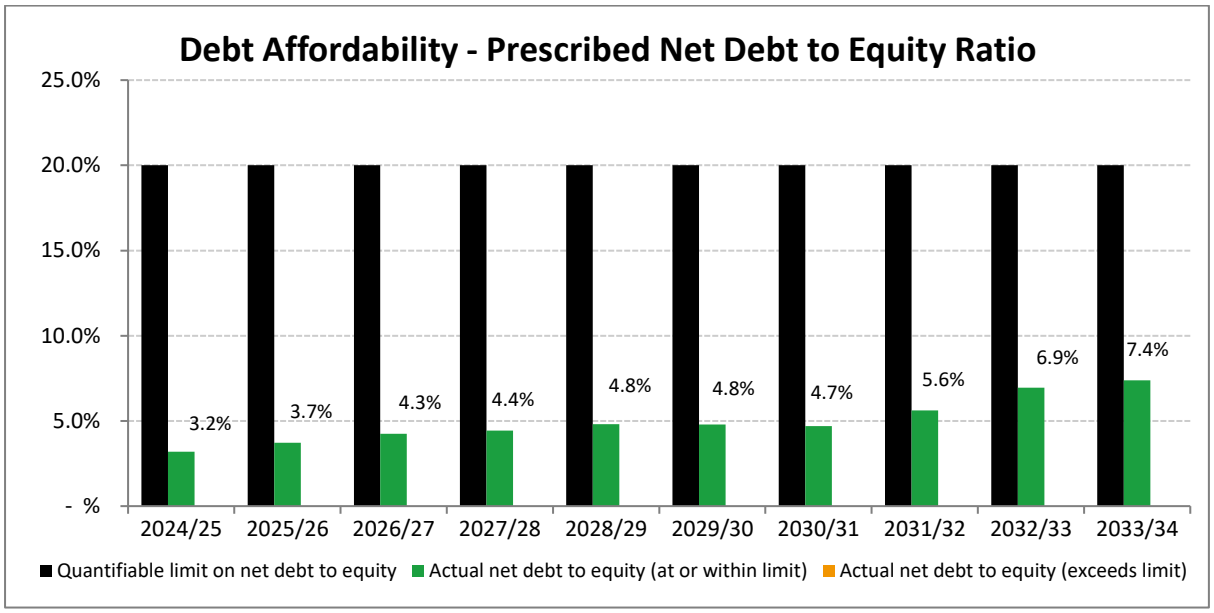


Figure 5 represents the planned results based on the prescribed definitions in the regulations.

Figure 5: Debt Affordability – Net Debt to Equity



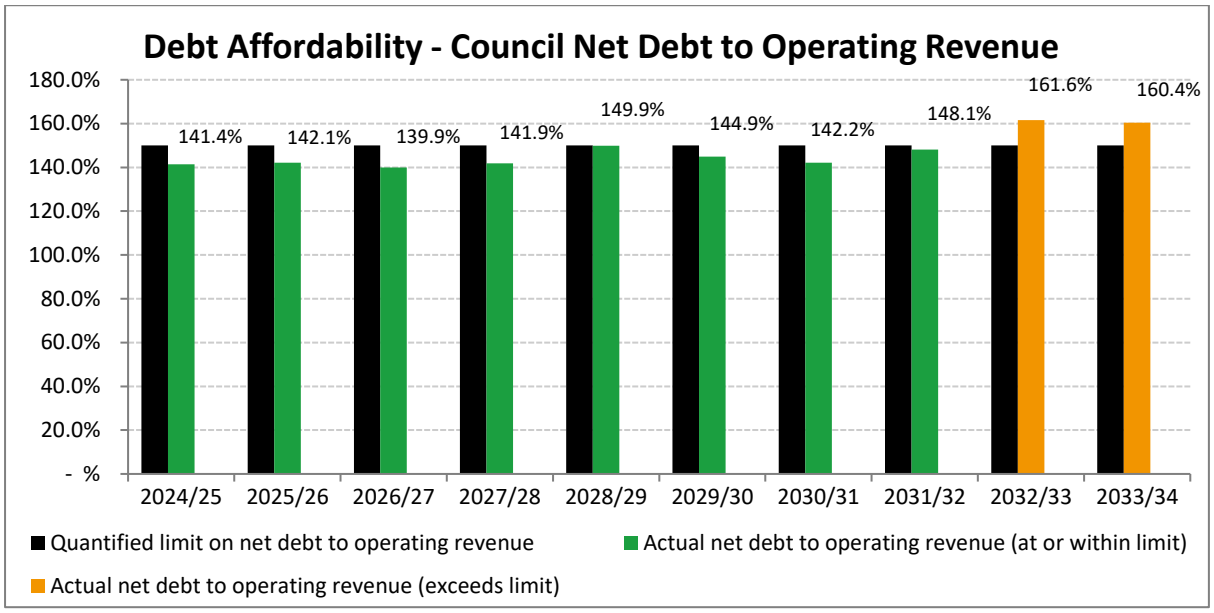
NET DEBT TO TOTAL OP NET DEBT TO TOTAL OPERATING REVENUE

These graphs compare Council's planned debt with a quantified limit on borrowing contained in the Financial Strategy. The quantified limit is net external debt to not exceed 150% of total operating revenue.

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

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

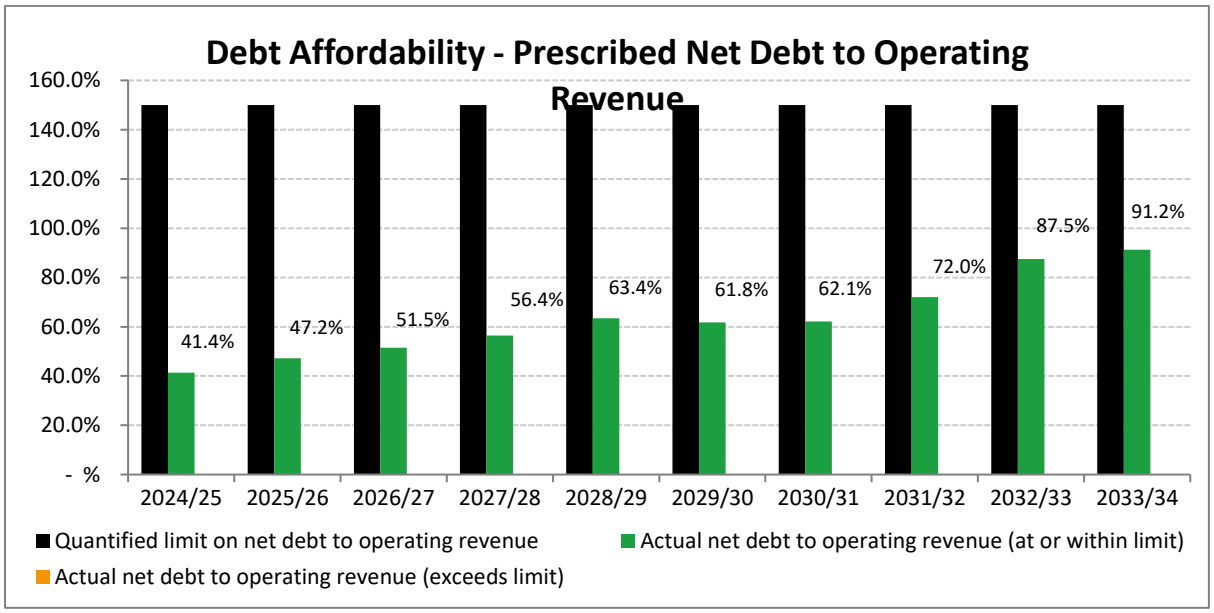
Figure 6: Debt Affordability – Net Debt to Operating Revenue



This cap will be exceeded in Year 9 and 10 due to the replacement costs of the Motueka and Tākaka wastewater treatment plants. These are critical pieces of infrastructure for these communities. The above represents the worst case scenario of debt funding this work. Other alternatives will be pursued.

Figure 7 represents the planned results based on the prescribed definitions in the regulations.

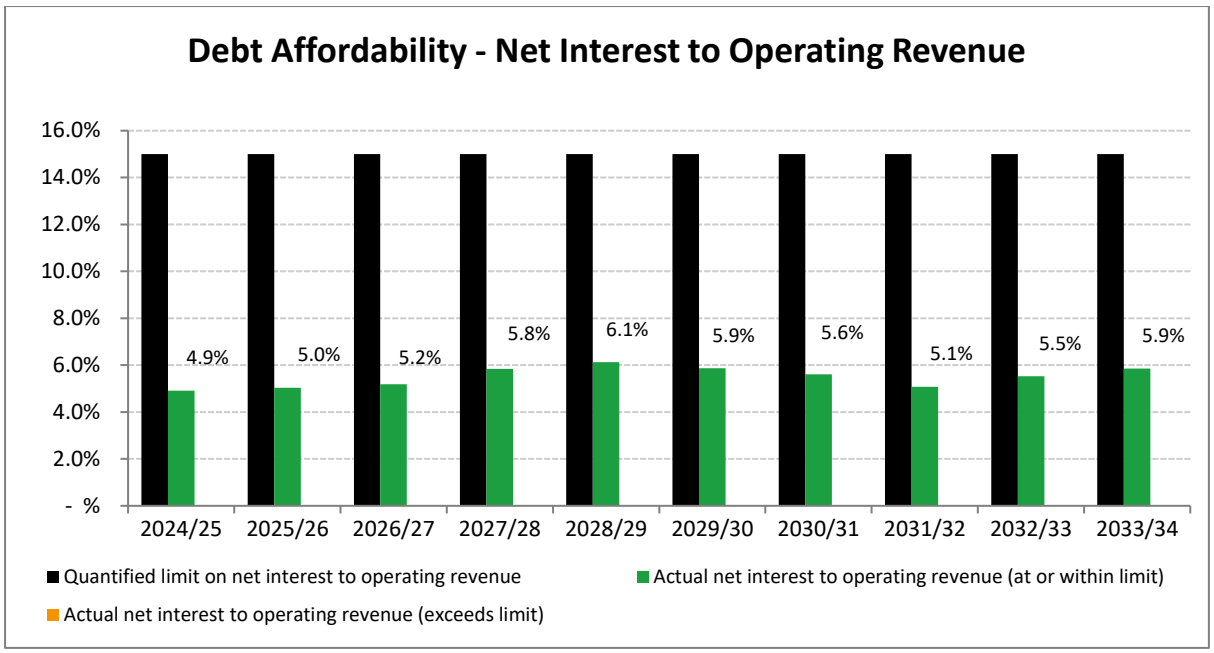
Figure 7: Debt Affordability – Net Debt to Operating Revenue



NET INTEREST TO TOTAL OPERATING REVENUE

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

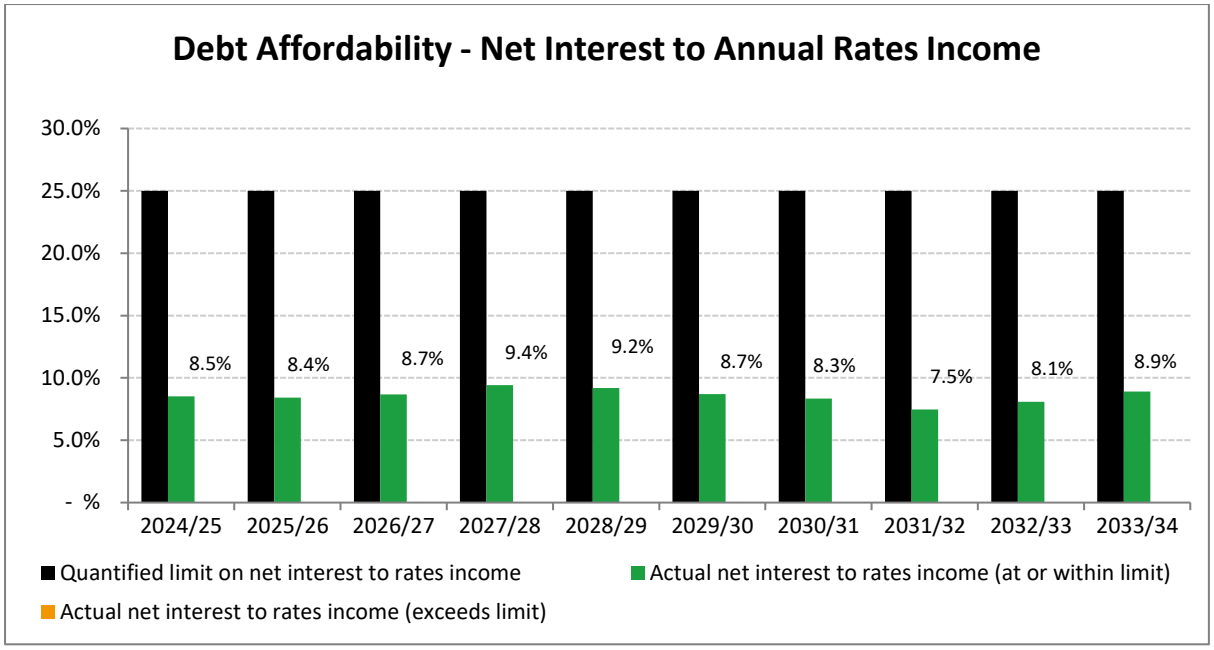
Figure 8: Debt Affordability – Net Interest to Operating Revenue



NET INTEREST TO TOTAL RATES INCOME

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

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

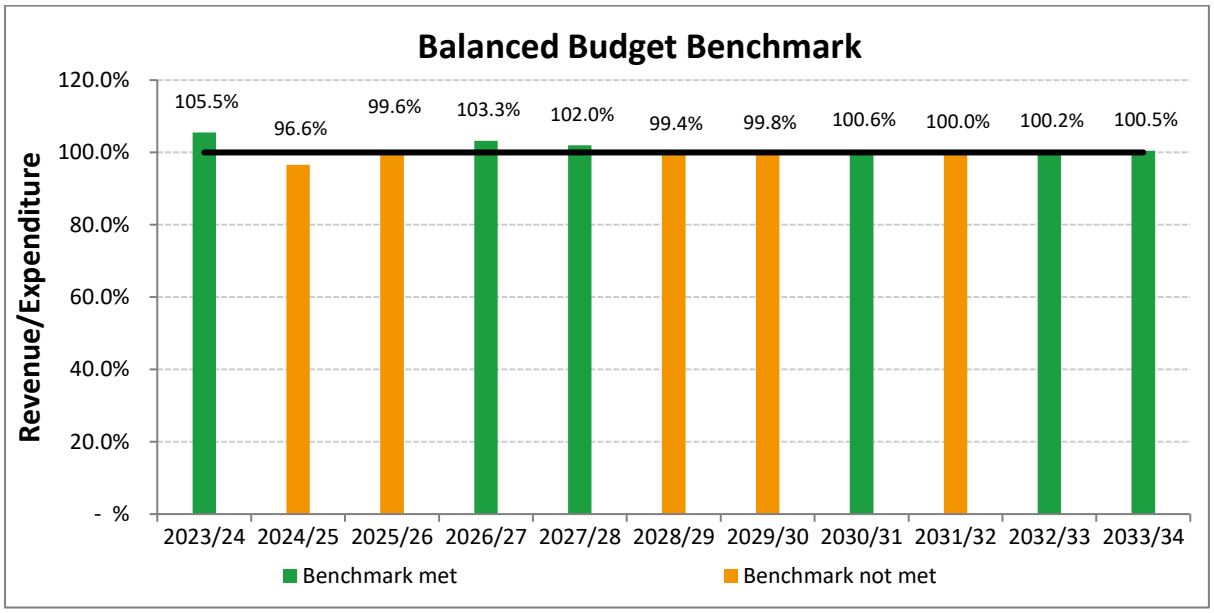


BALANCED BUDGET BENCHMARK

Figure 10 displays Council's planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant or equipment).

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

Figure 10: Balanced Budget Benchmark



The operating deficit is driven by Council's decision to loan fund operating expenditure for the Digital Innovation Programme, the review of the Tasman Resource Management Plan and the funding of grants to Nelson City Council for capital assets at Saxton Fields across the Plan. These programmes are being loan funded, as the benefit to the community extends beyond a single year.

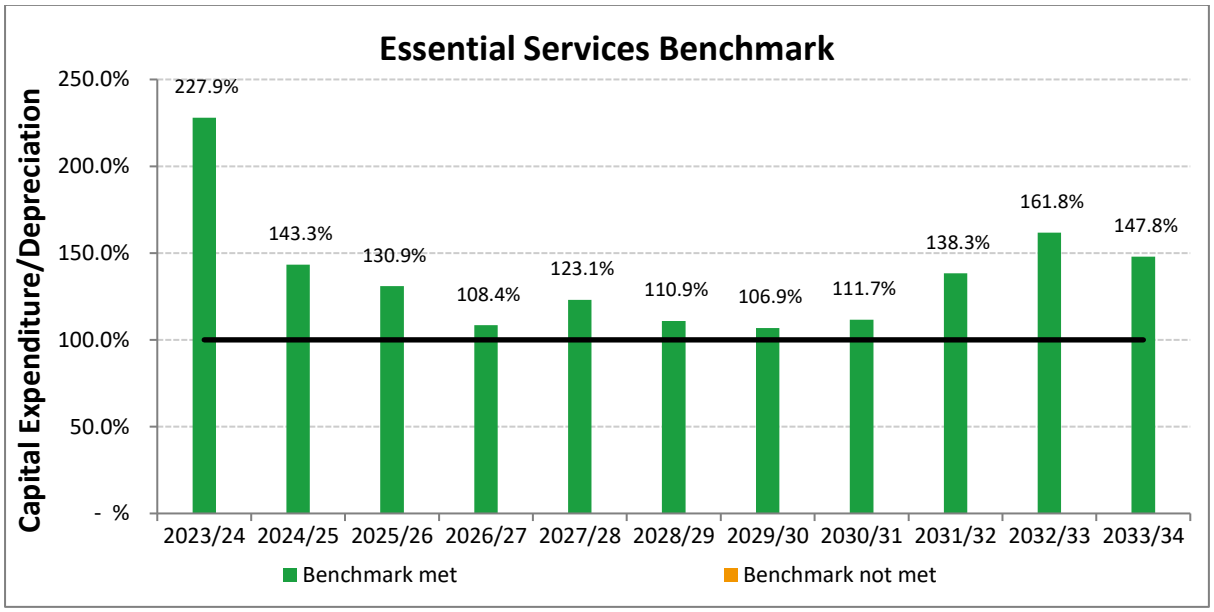
For more detail please refer to the Revenue and Financing Policy. Loan funding is not included under the regulations for the calculation of operating revenue leading to an operating deficit. We do not fully fund depreciation till year 5 of the plan which also contributes to the unbalanced budget. The balanced budget does not reflect the cash operating position of Council. It should be noted that across the 10 years Council is in surplus by $4.5 million.

ESSENTIAL NETWORK SERVICES BENCHMARK

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

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

Figure 11: Essential Services Benchmark



DEBT SERVICING BENCHMARK

Figure 12 displays Council's planned borrowing costs as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment).

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

Figure 12: Debt Servicing Benchmark