WHAKATĀNE DISTRICT COUNCIL
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

DRAFT PORTION ONLY

FINANCIAL STATEMENTS

Ngā matapae whakapuakanga pūtea

Index to the financial statements

Introduction to the financial section

The financial section encompasses the essential financial details mandated by the Local Government Act 2002 and the Financial Reporting and Prudence Regulations 2014 for Whakatāne District Council (Council}.

This section includes:

- Financial Prudence Benchmarks
- Whole of Council Funding Impact Statement (FIS)
- Financial Statements
- Notes to the Financial Statements

The Financial Prudence Benchmarks are prepared in compliance with the Financial Reporting and Prudence Regulations 2014. Their aim is to reveal the Council's financial performance against various benchmarks that are also used by other councils.

Rating Base Information outlines the basis on which rates are determined and trends observed over recent years.

The Whole of Council Funding Impact Statement (FIS) is compiled in line with the Financial Reporting and Prudence Regulations 2014. It presents the full year's results compared to the budget and the previous year, categorising revenue and expenditure as either operational or capital sources and applications of funds. Depreciation expense is excluded from the operational application of funds. In the Funding Impact Statement, depreciation is included in the movement of reserves as a source of capital funding.

Following the Whole of Council Funding Impact Statement, the Council's Financial Statements are presented in accordance with the Local Government Act 2002, and are prepared in line with New Zealand Generally Accepted Accounting Practice and the new Public Benefit Entity requirements.

The Financial Statement of Comprehensive Revenue and Expense presents operational and capital revenue and expenditure differently from the Funding Impact Statement.

Operating expenditure includes depreciation and some non-cash expenses such as provisions for doubtful debts. Depreciation is a non-cash operating expense that acknowledges the use of an asset over the year. Since assets will eventually wear out and need replacement, the cost of asset depreciation should be considered an operational cost. However, the Council does not always fully fund the costs of depreciation through rates and user fees and charges, such as for the replacement of Road assets which are partly funded by NZ Transport Agency Waka Kotahi.

The Statement of Financial Position displays what the Council owns (its assets) and what it owes (its liabilities) at the end of the financial year. This statement provides a snapshot of the Council's net worth (assets less liabilities) at a specific point in time. It is supported by a Statement of Movements in Equity, which illustrates how the net worth of the organisation has changed over the year, and a Statement of Cashflows, which records the Council's transactions involving cash movements and thus explains the year-end cash balance.

The notes to the accounts offer a more detailed explanation of the items in the financial statements.

Financial prudence

Annual Report disclosure statement for the year ending 30 June 2024

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

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

Rates affordability benchmarks

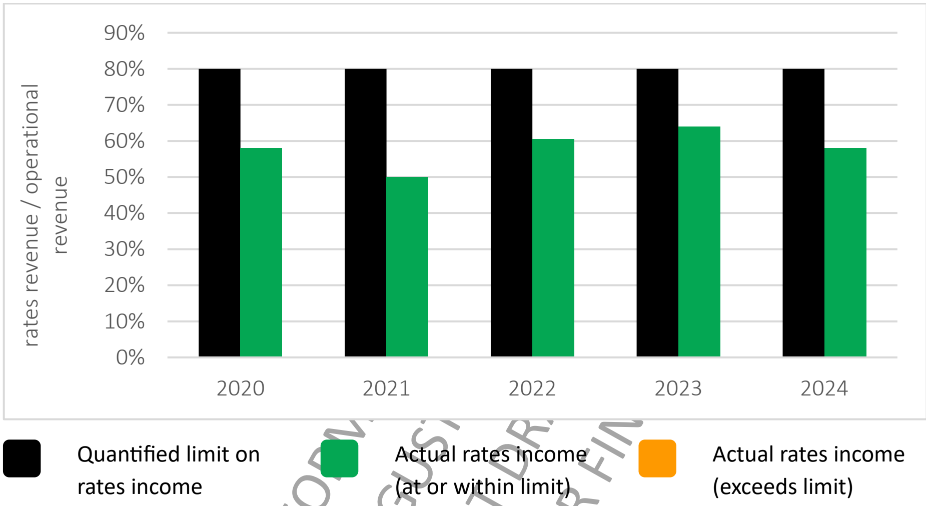
Local Government (Financial Reporting and Prudence) Regulations 2014 S.17

The Council meets this benchmark if:

- Its actual rates income for the year equals or is less than each quantified limit on rates; and
- Its actual rates increases for the year equal, or are less than each quantified limit on rates increases.

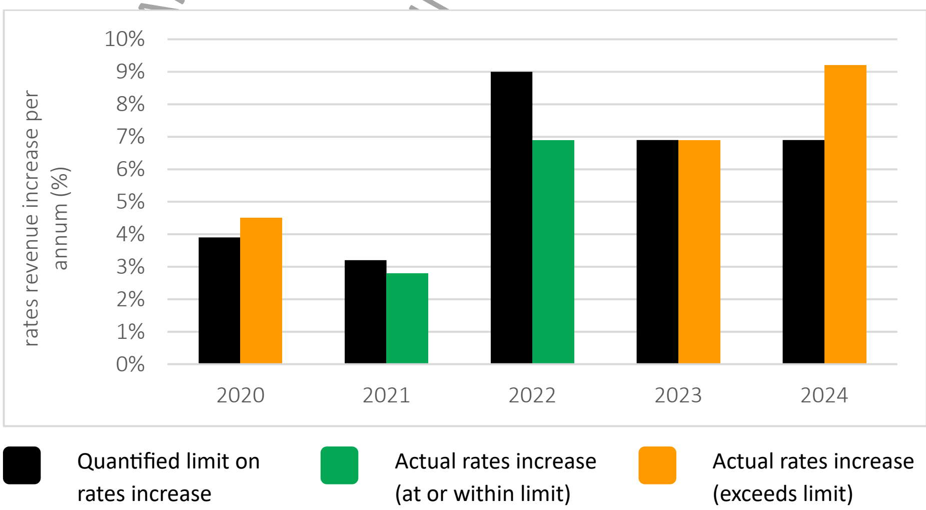
Rates (income) affordability

The following graph compares the Council's actual rates income with a quantified limit on rates contained in the financial strategy included in the Council's long-term plan. The quantified limit on rates revenue for each year of the long-term plan period of ten years is 80% of total revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).



Rates (increases) affordability

The following graph compares the Council's actual rates increases with a quantified limit on rates contained in the financial strategy included in the Council's long-term plan. The quantified limit on rates increases, for 2018-2021 is the annual percentage increase in the Local Government Cost Index*+2%, and for 2022-2024 the quantified limit specified in the long-term plan is 6.93%.



The performance against limit for 2024 particularly reflects the higher rates resolution adopted by the Council as a response to actual annual inflation pressure above that provided for in the 2021-2031 Long Term Plan in setting the limits.

Debt affordability benchmarks

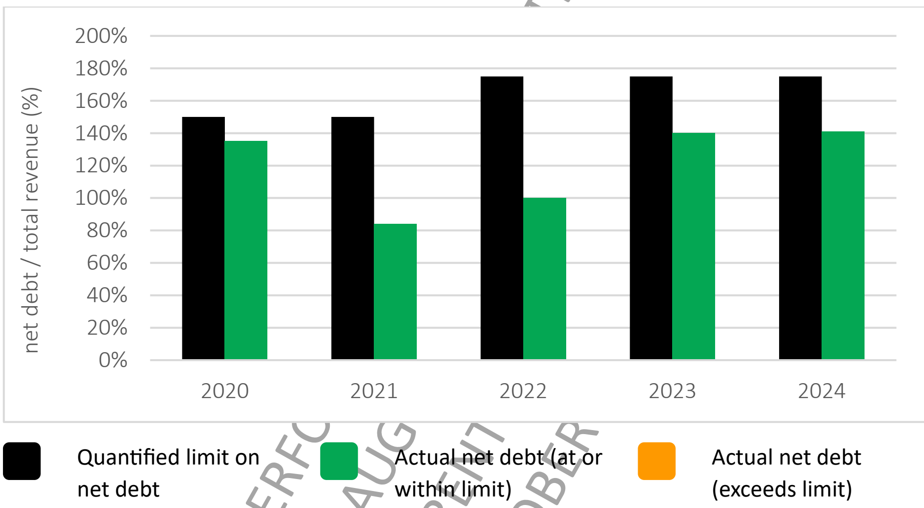
Local Government (Financial Reporting and Prudence) Regulations 2014 S.18

The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. The Council has 2 quantified limits on borrowing:

- Its actual borrowing amount at the end of each year equals or is less than each quantified limit on borrowing amount; and
- Its actual borrowing cost for the year equals, or is less than each quantified limit on borrowing cost.

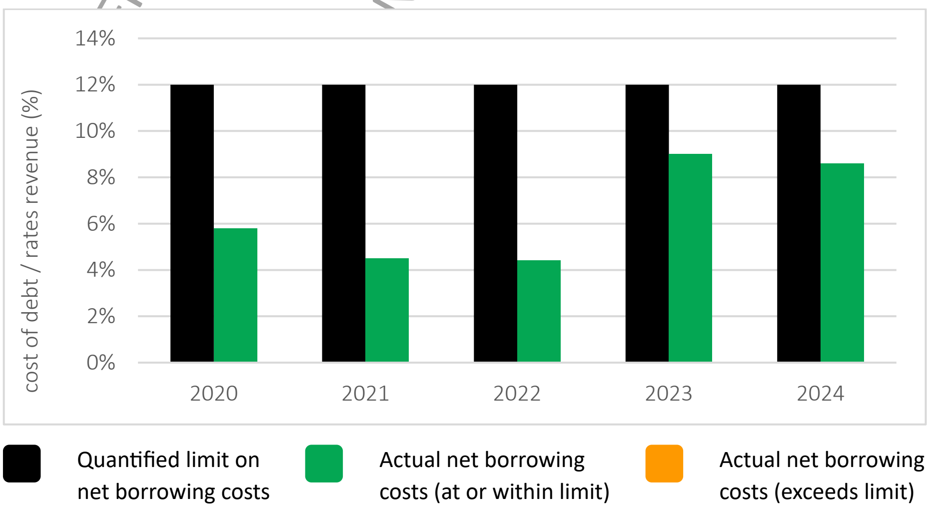
Borrowing amount

The following graph compares the Council's actual amount of borrowing with a quantified limit on borrowing stated in the financial strategy in the Council's long-term plan and within its treasury management policy. The quantified limit on the amount of borrowing with effect from the 2021-31 Long Term Plan is for actual net debt to be equal to or less than 175% of total revenue.



Borrowing cost

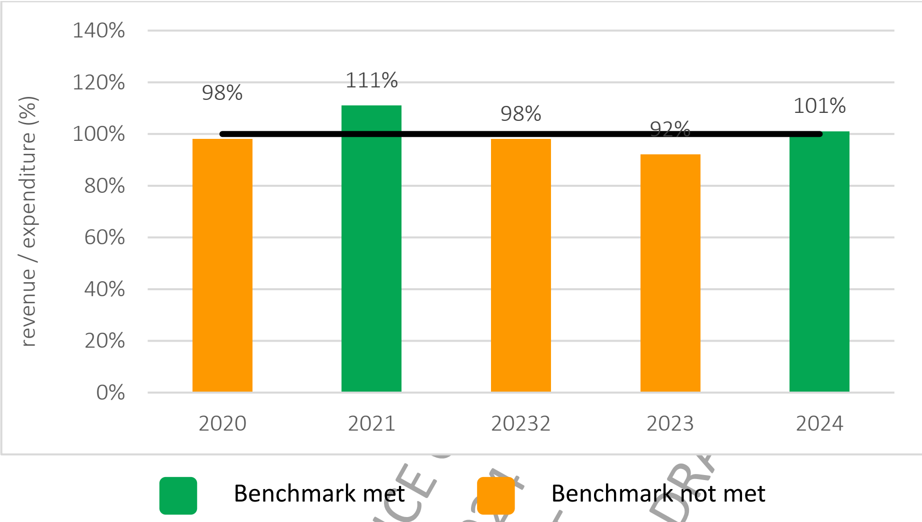
The following graph compares the Council's actual net cost of borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's long-term plan and within its treasury management policy. The quantified limit on the amount of borrowing costs with effect from the 2021-31 Long Term Plan is for net borrowing costs to be equal to or less than 12% of actual rates.



Balanced budget benchmark

Local Government (Financial Reporting and Prudence) Regulations 2014 S.19

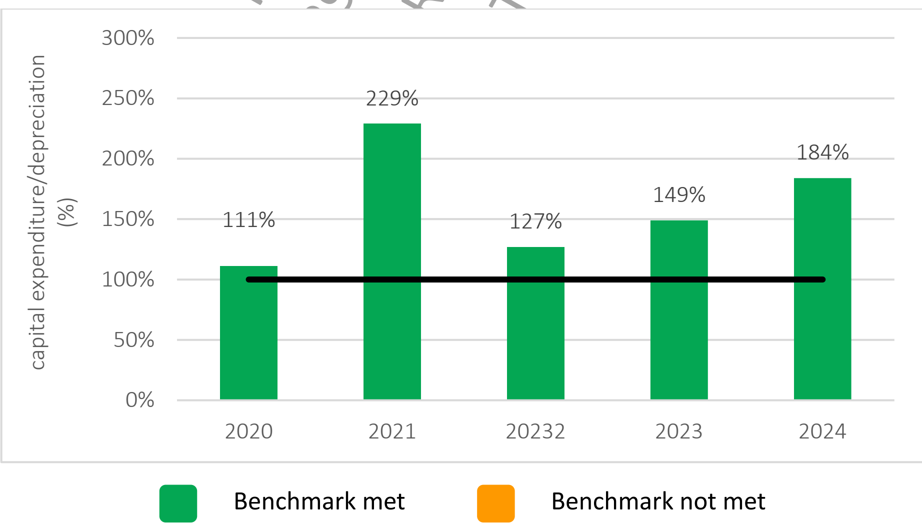
The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment). The Council meets this benchmark if its revenue equals or is greater than its operating expenses.



Essential services benchmark

Local Government (Financial Reporting and Prudence) Regulations 2014 S.20

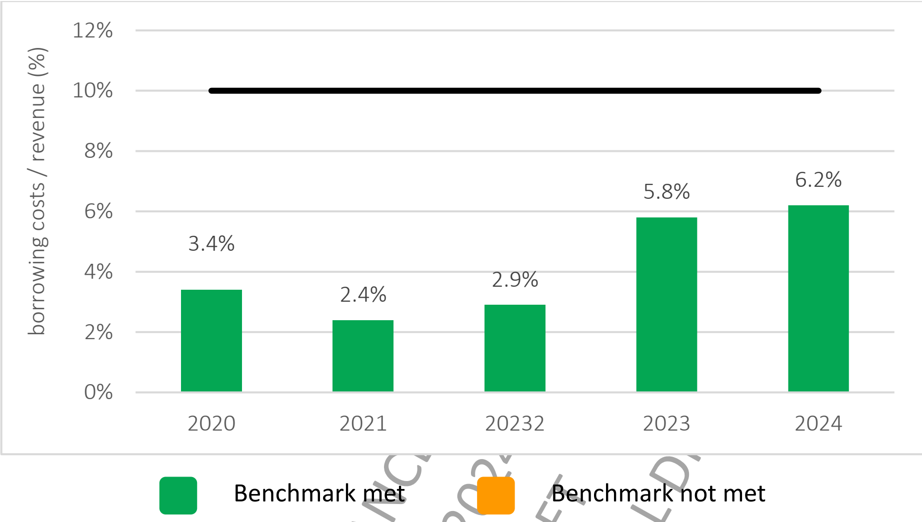
The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



Debt servicing benchmark

Local Government (Financial Reporting and Prudence) Regulations 2014 S.21

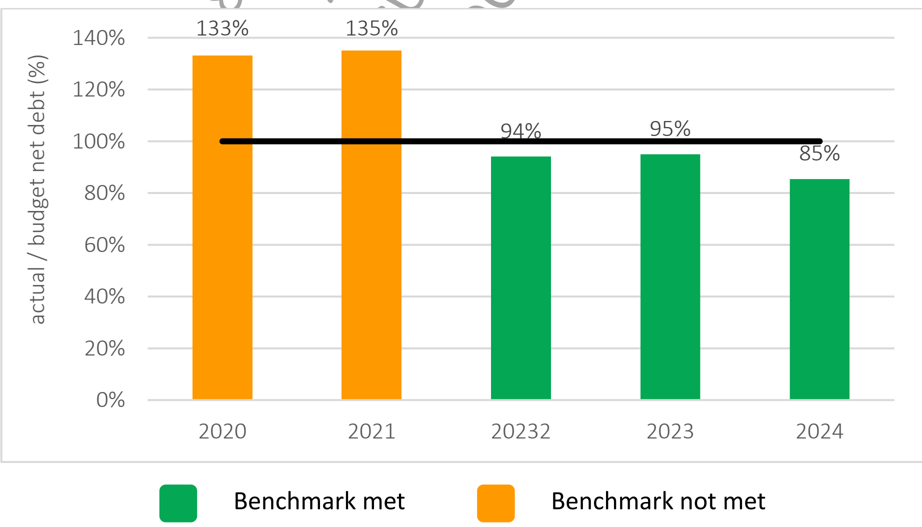
The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment). Because Statistics New Zealand projects the Council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



Debt control benchmark

Local Government (Financial Reporting and Prudence) Regulations 2014 S.22

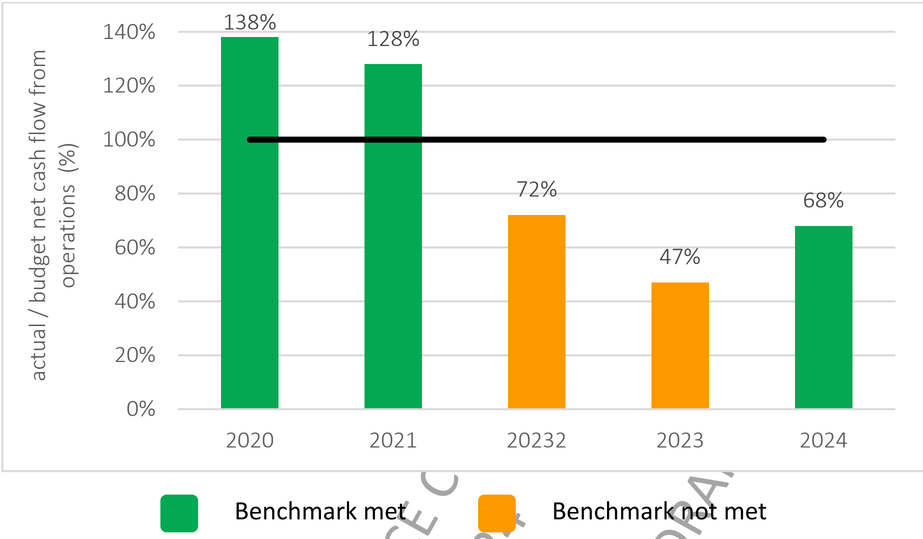
The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables). The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



Operations control benchmark

Local Government (Financial Reporting and Prudence) Regulations 2014 S.23

This graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations. The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



Funding impact statement – Whole of Council

WHAKATĀNE DISTRICT COUNCIL
FUNDING IMPACT STATEMENT FOR THE WHOLE OF COUNCIL
FOR THE YEAR ENDED 30 JUNE 2024

	2023 Annual plan $000	2023 Actual $000	2024 Annual plan $000	2024 Actual $000
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	27,232	26,737	30,435	30,574
Targeted rates	28,364	28,480	29,824	29,720
Subsidies and grants for operating purposes	6,974	8,842	6,772	9,509
Fees and charges	10,351	8,001	9,290	8,973
Interest and dividends from investments	46	531	108	1,159
Local authorities fuel tax, fines, infringement fees, and other receipts	2,253	3,600	4,005	4,103
Total operating funding (A)	**75,220**	**76,190**	**80,435**	**84,037**
Applications of operating funding				
Payments to staff and suppliers	57,151	63,888	66,879	68,456
Finance costs	2,606	4,943	8,282	6,381
Other operating funding applications	1,533	907	950	663
Total applications of operating funding (B)	**61,290**	**69,738**	**76,111**	**75,500**
Surplus (deficit) of operating funding (A – B)	**13,930**	**6,453**	**4,324**	**8,537**
Sources of capital funding				
Subsidies and grants for capital expenditure	15,823	8,880	26,841	18,534
Development and financial contributions	394	131	426	198
Increase (decrease) in debt	26,263	29,800	53,500	26,516
Gross proceeds from sale of assets	2,225	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	**44,705**	**38,811**	**80,767**	**45,248**
Application of capital funding				
Capital expenditure				
- to meet additional demand	12,811	8,168	8,654	769
- to improve the level of service	28,009	19,114	42,001	22,873
- to replace existing assets	15,748	15,916	27,240	21,834
Increase (decrease) in reserves	5,488	(3,423)	3,096	8,310
Increase (decrease) of investments	(3,421)	5,488	4,100	-
Total applications of capital funding (D)	**58,635**	**45,263**	**85,091**	**53,785**
Surplus (deficit) of capital funding (C – D)	**(13,930)**	**(6,453)**	**(4,324)**	**(8,537)**
Funding balance ((A – B) + (C – D))	**-**	**-**	**-**	**-**

WHAKATĀNE DISTRICT COUNCIL
RECONCILIATION FROM SURPLUS OF OPERATING FUNDING TO OPERATING SURPLUS FOR THE YEAR ENDED 30 JUNE 2024

The following reconciliation bridges the difference between the funding impact statement and the statement of comprehensive revenue and expenditure.

	Actual 2024 $000	Budget 2023 $000	Actual 2023 $000
Surplus of operating funding as per the funding impact statement	8,537	4,324	6,453
Operating surplus items not included in operating funding:			
- Vested assets	-	-	1,475
- Development contributions	198	426	131
- Subsidies and grants and other capital expenditure contributions	18,534	26,841	8,880
- Other gains	6,404	5,544	3,287
- Depreciation and amortisation expense	(26,335)	(27,896)	(23,085)
- Other losses	(6,742)	(888)	(4,487)
- Increase / (decrease) in provisions	(139)	(581)	70
- Other revenue and expense items	(0)	(0)	(0)
Operating surplus as per the statement of comprehensive revenue and expenditure	**455**	**7,770**	**(7,278)**

* Comparative balances have been restated to reflect a correction of a prior period error. Refer to Basis of Reporting Section in note 1.

Financial statements

WHAKATĀNE DISTRICT COUNCIL
STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE
FOR THE YEAR ENDED 30 JUNE 2024

	Note	Actual 2024 $000	Budget 2023 $000	Actual 2023 * $000
Operating revenue				
Rates	**3 (i)**	60,294	60,260	55,217
Subsidies and grants for operating purposes	**3 (ii)**	9,509	6,772	8,842
Fees and charges	**3 (iii)**	8,973	9,290	8,001
Finance revenue	**3 (iv)**	1,159	108	531
Other operating revenue	**3 (v)**	4,103	4,005	3,600
Total operating revenue		**84,037**	**80,435**	**76,190**
Asset development revenue and other gains				
Assets vested to Whakatāne District Council		-	-	1,475
Development and financial contributions		198	426	131
Subsidies and grants for capital expenditure		18,534	26,841	8,880
Other gains	**7**	6,404	5,544	3,287
Total asset development revenue and other gains	**3 (vi)**	**25,136**	**32,811**	**13,772**
Total revenue		**109,173**	**113,246**	**89,963**
Operating expenditure				
Personnel costs	**4**	26,926	26,207	25,213
Depreciation and amortisation expense	**16-20**	26,335	27,896	23,085
Finance costs	**5**	6,381	8,282	4,943
Other operating expenses	**6**	42,193	41,622	39,582
Total operating expenditure		**101,836**	**104,008**	**92,823**
Other expenses				
Other losses	**7**	6,742	888	4,487
Increase / (decrease) in provisions	**24**	139	581	(70)
Total other expenses		**6,882**	**1,469**	**4,417**
Total expenditure		**108,717**	**105,477**	**97,241**
Operating surplus/(deficit) before tax and share of equity accounted investments		**455**	**7,770**	**(7,278)**
Share of joint venture / associate's surplus/(deficit)	**15**	-	(450)	(381)
Surplus/(deficit) before tax		**455**	**7,320**	**(7,659)**
Income tax (expense)/benefit	**8**	-	-	(865)
Surplus/(deficit) after tax		**455**	**7,320**	**(8,524)**
Other comprehensive revenue and expenses				
Other comprehensive revenue and expense of joint venture / associates	**15**	-	-	(227)
Fair value movement of listed and unlisted shares		-	-	-
Revaluation of property, plant, and equipment gains /(losses)	**26**	-	59,862	58,979
Tax on other comprehensive revenue	**8**	-	-	865
Total other comprehensive revenue and expense		**-**	**59,862**	**59,617**
Total comprehensive revenue and expense		**455**	**67,182**	**51,093**

The summary of accounting policies and the accompanying notes form part of these financial statements. Explanations of major variances against budget are provided in Note 30.

WHAKATĀNE DISTRICT COUNCIL
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

	Note	Actual 2024 $000	Budget 2024 $000	Actual 2023 $000
Assets				
Current assets				
Cash and cash equivalents	**9**	17,623	4,812	3,815
Receivables	**10**	21,610	16,216	17,445
Inventory	**11**	427	296	313
Non-current assets held for sale	**12**	-	-	-
Derivative financial instruments	**13**	(476)	-	134
Other financial assets	**14**	-	-	-
Total current assets		**39,183**	**21,324**	**21,708**
Non-current assets				
Non-current assets held for sale	**12**	10,051	16,696	10,051
Derivative financial instruments	**13**	2,164	1,652	2,164
Other financial assets	**14**	350	-	350
Investment in CCOs and other similar entities	**15**	15,847	21,469	14,907
Property, plant, and equipment	**16**	1,276,815	1,405,177	1,245,678
Intangible assets	**17**	858	2,549	602
Forestry assets	**18**	286	333	280
Investment property	**19**	44,043	49,583	44,043
Total non-current assets		**1,350,415**	**1,497,459**	**1,318,075**
Total assets		**1,389,598**	**1,518,783**	**1,339,782**
Liabilities				
Current liabilities				
Payables and deferred revenue	**21**	17,779	18,903	20,467
Derivative financial instruments	**12**	1	-	1
Borrowings and other financial liabilities	**22**	22,000	18,300	12,300
Employee entitlements	**23**	3,755	1,031	3,374
Provisions	**24**	-	-	-
Total current liabilities		**43,534**	**38,234**	**36,142**
Non-current liabilities				
Derivative financial instruments	**12**	-	-	-
Borrowings and other financial liabilities	**22**	132,500	162,500	104,500
Employee entitlements	**23**	570	527	502
Provisions	**24**	4,426	1,780	4,439
Deferred tax liability	**8**	-	-	-
Total non-current liabilities		**137,496**	**164,807**	**109,441**
Total liabilities		**181,940**	**203,746**	**146,340**
Net assets (assets minus liabilities)		**1,207,658**	**1,315,037**	**1,193,443**
Equity				
Accumulated funds	**26**	452,399	489,178	449,822
Restricted reserves	**26**	14,419	10,099	15,074
Asset revaluation reserve	**26**	740,840	815,760	728,547

Total equity		**1,207,658**	**1,315,037**	**1,193,443**

The summary of accounting policies and the accompanying notes form part of these financial statements. Explanations of major variances against budget are provided in Note 30.

WHAKATĀNE DISTRICT COUNCIL
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024

	Note	Actual 2024 $000	Budget 2024 $000	Actual 2023 $000
Balance at 1 July		1,193,443	1,247,855	1,142,351
Total comprehensive revenue and expense for the year		455	67,182	51,093
Balance at 30 June	**26**	**1,193,899**	**1,315,037**	**1,193,443**

The summary of accounting policies and the accompanying notes form part of these financial statements. Explanations of major variances against budget are provided in Note 30.

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WHAKATĀNE DISTRICT COUNCIL
STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30 JUNE 2024

	Note	Actual 2024 $000	Budget 2024 $000	Actual 2023 $000
Cash flows from operating activities				
Receipts from rates revenue		58,566	60,260	54,061
Subsidies and grants received		24,988	35,630	16,456
Development and financial contributions received		198	426	131
Fees and charges received		12,674	8,400	10,917
Interest and dividends received		1,127	48	499
Receipts from other revenue		-	-	-
Total operating cash provided		97,553	104,764	82,064
Payments to suppliers and employees		66,387	63,351	59,912
Paid to agencies		132	-	2,279
Interest paid		7,798	8,281	4,917
GST (net)		580	-	602
Total operating cash applied		74,897	71,632	67,710
Net cash flow from operating activities		**22,656**	**33,132**	**14,354**
Cash flows from investing activities				
Receipts from sale of property, plant, and equipment		1,016	500	1,041
Receipts from sale of intangible assets		-	-	-
Receipts from sale of investments		-	-	-
Total investing cash provided		1,016	500	1,041
Purchase of property, plant, and equipment		46,621	81,505	43,383
Purchase of intangible assets		-	-	-
Purchase of investment property		-	-	-
Acquisition of investments		943	5,815	(115)
Total investing cash applied		47,564	87,320	43,268
Net cash flow from investing activities		**(46,548)**	**(86,820)**	**(42,227)**
Cash flows from financing activities				
Proceeds from borrowings		50,000	63,500	38,800
Repayment of borrowings		(12,300)	(10,000)	(9,000)
Net cash flow from financing activities		**37,700**	**53,500**	**29,800**
Net (decrease)/increase in cash, cash equivalents, and bank overdrafts		**13,808**	**(188)**	**1,927**
Cash, cash equivalents, and bank overdrafts at the beginning of the year		3,815	5,000	1,888
Cash, cash equivalents, and bank overdrafts at the end of the year	**9**	**17,623**	**4,812**	**3,815**

The summary of accounting policies and the accompanying notes form part of these financial statements. Explanations of major variances against budget are provided in Note 30.

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes. Property plant and equipment totalling $nil (2023: $nil) was acquired by means of finance leases during the year.

Notes to the financial statements

Note 1 : General accounting policies

Reporting entity

Whakatāne District Council (the Council) is a territorial local authority established under the Local Government Act 2002 (LGA) and is domiciled in New Zealand and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002.

The financial statements have been prepared for the Council and no longer include the Whakatāne Airport, which is a 50/50 joint equity venture between the Council and the Ministry of Transport.

The Council provides local infrastructure, local public services, and performs regulatory functions to the community. The Council does not operate to make a financial return. The Council has designated itself as a public benefit entity (PBE) for financial reporting purposes.

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

S98 of the Local Government Act 2002 requires that Council adopts the annual report within 4 months after the end of the financial year.

Basis of entity

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

Statement of compliance

The financial statements of the Council have been prepared in accordance with the requirements of the LGA, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP). The financial statements have been prepared in accordance with Tier 1 PBE accounting standards. These financial statements comply with PBE standards.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($000). Some rounding variances may occur in the financial statements due to the use of decimal places in the underlying financial data.

Standards newly effective which have been adopted

Standards and amendments which are newly effective and which are relevant to Council are:

PBE FRS 48 – Service Performance Reporting

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 Presentation of Financial Statements and is effective for the year ending 30 June 2024, with early application permitted.

IPAS 41 – Financial Instruments

PBE IPSAS 41 Financial Instruments replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement and PBE IFR 9 Finance Instrument and is effective for financial years beginning on or after 1 January 2022, with early adoption permitted. The main changes compared with PBE IPSAS 29 that are relevant to Council are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected losses, which may result in earlier recognition of impairment losses.

Accounting policies have been updated to comply with PBE IPSAS 41. There have been no material effects in doing so.

Basis of consolidation

The financial statements are no longer consolidated line by line with the Council investment in Whakatāne Airport.

Joint venture

A joint venture is a binding arrangement whereby two or more parties are committed to undertake an activity that is subject to joint control. Joint control is the agreed sharing of control over an activity.

For jointly controlled operations, the Council recognises its investment in Whakatāne Airport as an investment but no longer consolidates 50% of the income and expenses of the venture.

Goods and services tax (GST)

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

Budget figures

The budget figures are those approved by the Council in its Annual Plan 2022/23. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

Critical accounting estimates and assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the financial performance or the carrying amounts of assets and liabilities as disclosed within the specific notes to the accounts.

Note 2 : Summary of revenue and expenditure for group of activities

Accounting policy

The cost of service for each significant activity of the Council has been derived using the cost allocation system outlined as follows. Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific significant activity. Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers, and other underlaying activity drivers. There have been no changes to the cost allocation methodology during the year.

Breakdown of summary revenue and expenditure for group of activities

	Actual 2024 $000	Budget 2024 $000	Actual 2023 $000
Revenue			
Leadership and Community	5,138	6,128	5,233
Strategy and Futures	10,123	9,542	9,135
Transport Connections	33,750	35,950	24,443
Water Supply	6,717	9,087	6,018
Sewage Treatment and Disposal	8,219	8,067	8,602
Stormwater Drainage	8,454	8,093	7,371
Waste Management and Minimisation	7,768	8,895	7,141
Community Experience	8,637	8,616	8,160
Community Safety	18,222	19,163	17,379
Corporate Services	19,216	18,522	16,873
Total activity group revenue	**126,243**	**132,063**	**110,355**
District and Other	11,052	7,941	5,922
Less internal revenue and other	-	-	-
Total revenue	**137,295**	**140,005**	**116,277**
Expenses			
Leadership and Community	5,751	6,913	5,457
Strategy and Futures	9,463	9,187	7,739
Transport Connections	25,503	24,854	22,932
Water Supply	7,313	6,933	6,594
Sewage Treatment and Disposal	8,969	9,301	9,066
Stormwater Drainage	8,944	8,937	8,860
Waste Management and Minimisation	8,909	8,366	8,149
Community Experience	11,961	11,929	10,666
Community Safety	22,336	23,301	22,997
Corporate Services	20,279	19,530	18,026
Total activity expenses	**129,429**	**129,252**	**120,486**
District and Other	7,411	2,983	3,070
Less internal expenses and other eliminations	-	-	-
Total expenditure	**136,839**	**132,235**	**123,556**

Each significant activity is stated gross of internal costs and revenues and includes targeted rates attributable to activities together with general rates as apportioned to activities in the annual plan (see Note 3). To fairly reflect the total external operations for the Council in the statement of comprehensive revenue and expense, these transactions are eliminated as shown above.

Note 3 : Revenue

Accounting policy

Revenue is measured at fair value. The specific accounting policies for significant revenue items are explained below:

Rates revenue

The following policies for rates have been applied:

- 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. The Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivable and subsequent recognition of interest revenue.
- Rates arising from late payment penalties are recognised as revenue when rates become overdue.
- Revenue from water-by-meter rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year-end, is accrued on an average usage basis.
- Rates remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its Rates Remission Policy. The Council's rates remission policy allows remission of rates on condition of a ratepayer's extreme financial hardship, land used for sport, land protected for historical or cultural purposes, water leakage, unpaid rates, unit affected by natural hazard, outstanding rates and penalties on undeveloped sections, educational institutions sewage charges and on uniform annual general charge and targeted rates for contiguous properties.
- Non-rateable land results under the Local Government (Rating) Act 2002 as certain properties cannot be rated for general rates. These properties include schools, places of religious worship, public gardens, and reserves. These non-rateable properties may be subject to targeted rates in respect of sewerage, water, refuse and sanitation. Non-rateable land does not constitute a remission under the Council's rates remission policy.
- Rates collected on behalf of Bay of Plenty Regional Council (BOPRC) are not recognised in the financial statements, as the Council is acting as an agent for BOPRC.

Development and financial contributions

Development and financial contributions are recognised as revenue when the Council provides, or is able to provide, the service for which the contribution was charged. Otherwise, development and financial contributions are recognised as liabilities until such time as the Council provides, or is able to provide, the service.

NZ Transport Agency Waka Kotahi roading subsidies

The Council receives funding assistance from NZ Transport Agency Waka Kotahi, which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

Other grants received

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.

Building and resource consent revenue

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.

Entrance fees

Entrance fees are fees charged to users of the Council's local facilities, such as pools, museum, and gallery. Revenue from entrance fees is recognised upon entry to such facilities.

Note 3 : Revenue (continued)

Landfill fees

Fees for disposal of waste are recognised upon waste being disposed by users.

Provision of commercially based services

Revenue derived through the provision of services to third parties in a commercial manner is recognised in proportion to the stage of completion at balance date. Generally, this is determined by the proportion of costs incurred to date bearing to the estimated total costs of providing the service. In cases where contributions are collected in advance to fund a service that is not currently provided in an area, the contribution is initially recognised as revenue in advance. For example, where no water supply is available in an area and a new water supply scheme in planned that will be funded in part from the development contributions.

Rendering of services

Revenue derived through rendering of services is recognised when the service is provided to the customer.

Sales of goods

Revenue from the sale of goods is recognised when a product is sold to the customer.

Infringement fees and fines

Infringement fees and fines mostly relate to traffic and parking infringements and are recognised when the infringement notice is issued. The revenue recognised is determined based on the probability of collecting fines, which is estimated by considering the collection history of fines over the preceding 2-year period.

Vested or donated physical assets

For assets received for no or nominal consideration, the asset is recognised at its fair value when the Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset. 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 by the property developer. For long-lived assets that must be used for a specific use (for example, land must be used as a recreation reserve), the Council immediately recognises the fair value of the asset as revenue. A liability is recognised only if the Council expects that it will need to return or pass the asset to another party.

Donated and bequeathed financial assets

Donated and bequeathed financial assets are recognised as revenue unless there are substantive use or return conditions. A liability is recorded if there are substantive use or return conditions and the liability is released to revenue as the conditions are met (for example, as the funds are spent for the nominated purpose).

Interest and dividends

Interest revenue is recognised using the effective interest method. Interest revenue on an impaired financial asset is recognised using the original effective interest rate.

Dividends are recognised when the right to receive payment has been established. When dividends are declared from pre-acquisition surpluses, the dividend is deducted from the cost of the investment. Dividends are recognised in surplus or deficit unless the dividend clearly represents a recovery of part of the cost of the investment.

Note 3 : Revenue (continued)

Critical judgements in applying accounting policies

Accounting for donated or vested land and buildings with use or return conditions

The Council has received land and buildings from non-exchange transactions that contain use or return conditions. If revenue is not recognised immediately for such assets when received, there is the possibility that a liability would be recognised in perpetuity and no revenue would ever be recognised for the asset received. The Council considers that an acceptable and more appropriate accounting treatment under PBE IPSAS 23 is to recognise revenue immediately for such transfers and a liability is not recognised until such time as it is expected that the condition will be breached.

(i) Breakdown of rates and further information

	2024 $000	2023 $000
General rates	29,973	26,288
Targeted rates attributable to activities:		
- District Growth	1,042	987
- Solid Waste	3,725	3,614
- Stormwater Drainage	4,151	4,081
- Sewage Treatment and Disposal	5,403	5,192
- Water Supply	4,045	3,818
- Roads and Footpaths	6,656	6,323
- Leadership and Community	380	387
- Volumetric charges for water	4,318	4,078
Rates penalties	1,179	962
Rates remissions	(579)	(515)
Total rates	**60,294**	**55,215**

Rating base information disclosure

The following rating base information is disclosed based on the rating base information at the end of the preceding financial year:

	2024 $000	2023 $000
The number of rating units within the District	17,166	17,081
The total capital value of rating units within the District	16,813,952,000	16,737,673,905
The total land value of rating units within the District	9,116,113,750	9,116,066,150

Note 3 : Revenue (continued)

LGFA annual rates income disclosure

The Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates income. The Multi-Issuer Deed defines annual rates income as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received by the Council from other local authorities for services provided by the Council for which those other local authorities rate. The annual rates income of the Council for the year ended 30 June 2024 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

	2024 $000	2023 $000
Rates	60,294	55,215
Lump sum contributions (Note 3(v))	-	-
Total rates per LGFA disclosure	**60,294**	**55,215**

(ii) Breakdown of subsidies and grants for operating purposes

	2024 $000	2023 $000
NZ Transport Agency Waka Kotahi (roading)	6,927	6,959
Department of Internal Affairs (drinking water)	-	646
Department of Internal Affairs (Better-off Funding)	887	-
Other Government subsidies and grants	1,290	1,117
Other third-party subsidies and grants	155	120
Total subsidies and grants	**9,259**	**8,842**

(iii) Breakdown of fees and charges

	2024 $000	2023 $000
Aquatic centre fees	1,005	953
User pays fees and charges - waste	2,356	1,947
User pays fees and charges - community safety	1,495	1,516
User pays fees and charges - recreation	1,074	1,140
User pays fees and charges - environmental	503	383
Expense recoveries - recreation	115	8
Expense recoveries - environmental	398	275
Expense recoveries - other	236	151
BCA development levy	295	354
Licenses	216	205
Parking fees	45	49
Berthage	109	113
Other fees and charges	1,126	908
Total fees and charges	**8,973**	**8,001**

Note 3 : Revenue (continued)

(iv) Breakdown of finance revenue

	2024 $000	2023 $000
Interest earned from financial assets measured at amortised cost		
- Term deposits and cash equivalents	1,127	499
- Related party loans	25	25
Interest earned from financial assets measured at FVTOCRE		
- Listed bonds	-	-
Total interest revenue	**1,152**	**524**
Dividends received	-	7
Total finance revenue	**1,152**	**531**

(v) Breakdown of other revenue

	2024 $000	2023 $000
Other Operating Revenue		
Infringements and fines	245	261
Insurance recoveries	97	4
Petrol Tax	281	301
Rental Revenue from Investment Properties	2,654	2,394
Rental Revenue Other	252	254
Other Services	573	385
Total other operating revenue	**4,103**	**3,600**

(vi) Breakdown of asset development revenue and other gains

	2024 $000	2023 $000
Assets vested to Whakatāne District Council	-	1,475
Development and financial contributions	198	131
Subsidies and grants for capital expenditure		
- - NZ Transport Agency Waka Kotahi (roading)	17,343	8,522
- - Department of Internal Affairs (Better-off Funding)	1,286	-
- - Other third-party subsidies and grants	213	358
Other gains (Note 7 : Other gains and losses)	6,396	3,287
Total asset development revenue and other gains	**25,435**	**13,772**

Operating leases as a lessor

Investment property is leased as lessor under operating leases. Amounts for the future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	2024 $000	2023 $000
Not later than one year		
Later than one year and not later than five years		
Later than five years		
Total non-cancellable operating leases as lessor		

No contingent rents have been recognised during the year, 2023 ($nil).

Note 4 : Personnel costs

Accounting policy

Salaries and wages

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

Superannuation schemes

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

Breakdown of personnel costs and further information

	2024 $000	2023 $000
Salaries and wages	25,749	24,510
Defined contribution plan employer contributions	729	679
Increase/(decrease) in employee entitlements	449	(12)
Total personnel costs	**26,926**	**25,177**

Employer contributions to defined contribution plans include contributions to Kiwisaver

Chief Executive remuneration

The total remuneration (including any non-financial benefits) paid or payable for the year to the Chief Executive appointed under section 42(1) of the Local Government Act 2002 was $ 337,242.44 (2023: $329,651.21).

Elected representatives' remuneration

Elected representatives received the following remuneration:

	2024				2023			
	Salaries	Hearings	Allow and Exp Reimb.	Vehicle	Salaries	Hearings	Allow and Exp Reimb.	Vehicle
MAYOR AND COUNCILLORS								
Current								
Luca, Victor (Mayor)	137,360	-	2,718	2,021	110,933	-	2,870	2,021
Boynton, Toni	44,000	-	1,750	-	31,344	-	1,247	-
Dennis, Gavin	55,300	-	8,455	-	48,393	-	5,869	-
Iles, Andrew	46,125	-	11,539	-	52,142	-	8,731	-
Immink, Lesley (Deputy Mayor)	71,953	-	2,607	-	58,527	-	3,493	-
James, Wilson	55,300	-	6,866	-	48,393	-	1,750	-
Jukes, Julie	55,300	-	1,750	-	53,850	-	1,750	-
O'Brien, Thomas	44,000	-	1,750	-	31,344	-	1,247	-
Pullar, John	55,300	-	1,750	-	49,485	-	1,750	-
Rangiaho, Bella	44,000	-	9,895	-	31,344	-	1,955	-
Tánczos, Nándor	55,300	5,627	1,750	-	53,850	-	1,750	-
Former								
Turner Judy (ex Mayor)	-	-	-	-	38,360	-	2,055	-
Silcock, Alison	-	-	-	-	10,913	-	3,104	-
Van Beek, Gerard	-	-	-	-	16,370	-	503	-

Note 4 : Personnel costs (continued)

Elected representatives' remuneration (continued)

	2024				2023			
	Salaries	Hearings	Allow and Exp Reimb.	Vehicle	Salaries	Hearings	Allow and Exp Reimb.	Vehicle
COMMUNITY BOARD MEMBERS								
Murupara								
Bannan, Kenneth	2,896	-	1,013	-	4,110	-	1,307	-
Barnett, Tina	207	-	39	-	2,928	-	570	-
Edmonds, Memory	3,408	-	718	-	-	-	-	-
Goldsmith, James	713	-	133	-	2,928	-	570	-
Hynes, Ormond	-	-	-	-	1,182	-	230	-
Jenner, Memorie	-	-	-	-	1,182	-	230	-
Jones, Sheena	3,408	-	807	-	-	-	-	-
Mclean, Mere ©	-	-	-	-	5,360	-	570	-
O'Brien, April	-	-	-	-	1,182	-	230	-
Prentice, Irma	4,275	-	800	-	2,928	-	570	-
Rangiaho, Bella (Ngapera)	-	-	-	-	1,182	-	230	-
Silcock, Alison	4,275	-	1,406	-	1,517	-	295	-
Te Amo, Jackie	135	-	-	-	2,229	-	230	-
Rangitāiki								
Bourk, Graeme	-	-	-	-	1,533	-	275	-
Brown, Heemi	5,545	-	800	-	3,798	-	570	-
Byrne, Kris	-	-	-	-	3,067	-	275	-
Clark, Alison	-	-	-	-	1,533	-	230	-
Falwasser, Peter	5,545	-	800	-	3,798	-	570	-
Flowerday, Peter	5,545	-	977	-	3,798	-	646	-
Gardiner, Ross	5,545	-	972	-	3,798	-	728	-
Harvey, Evan	-	-	-	-	1,533	-	275	-
McIndoe, Clive	5,545	-	800	-	3,798	-	570	-
Ngaropo, Pouroto	-	-	-	-	1,533	-	230	-
Waaka, Leeann (C)	11,089	-	800	-	8,456	-	845	-
Tāneatua								
Boynton Toni	-	-	-	-	1,182	-	230	-
Bryant, Talei	4,275	-	800	-	2,928	-	570	-
Faulkner, Mary	8,549	-	800	-	1,182	-	230	-
George, Natasha	4,275	-	910	-	2,309	-	449	-
Knowles, Les	-	-	-	-	1,182	-	230	-
Le Sueur Yvonne	-	-	-	-	1,182	-	230	-
Ruiterman, Luke	4,275	-	800	-	4,110	-	800	-
Stensness, Moana	4,275	-	800	-	2,154	-	472	-
Thrupp, Honey	4,275	-	800	-	2,928	-	570	-
Yalden, Diane (C)	-	-	-	-	6,674	-	800	-

Note 4 : Personnel costs (continued)

Elected representatives' remuneration (continued)

	2024				2023			
	Salaries	Hearings	Allow and Exp Reimb.	Vehicle	Salaries	Hearings	Allow and Exp Reimb.	Vehicle
COMMUNITY BOARD MEMBERS (continued)								
Whakatāne / Ōhope								
Bonne, Linda	9,270	-	800	-	8,913	-	800	-
Hall, Tony	-	-	-	-	2,564	-	230	-
Hamill, Carolyn (C)	18,540	6,417	1,378	-	14,171	279	800	-
Hanna, Moira	-	-	-	-	5,128	-	230	-
Howard, Christopher	9,270	-	800	-	8,913	-	800	-
Inman, Mark	9,270	-	800	-	8,913	-	800	-
Iseri, Ozgur	9,270	-	800	-	6,349	-	570	-
Lee, Cindy	-	-	-	-	2,564	-	230	-
Manning, Jennifer	-	-	-	-	2,564	-	230	-
McLean, Douglas	9,270	-	800	-	6,349	-	570	-
Total elected representatives' remuneration	**818,907**	**12,044**	**71,182**	**2,021**	**792,903**	**279**	**58,160**	**2,021**

The Local Government Members Determination is made by the Remuneration Authority under the Remuneration Act 1977. This governs the maximum payments that Councillors and Community Board members may receive. One community board member was overpaid by $184.78 being $154.67 remuneration and $30.11 allowance in 2022/23, which was recovered in the 2023/24 financial year.

Council employee remuneration by band

	2024 Number	2023 Number
Total annual remuneration by band for employees at 30 June:		
$0 - $59,999	113	122
$60,000 - $79,999	73	69
$80,000 - $99,999	70	63
$100,000 - $119,999	36	30
$120,000 - $139,999	21	21
$140,000 - $159,999	16	10
$160,000 - $239,999	6	6
$240,000 - $340,000	4	4
Total employees	**339**	**325**

Total remuneration includes any non-financial benefits provided to employees. At balance date, the Council employed 225 (2023: 210) full time employees, with the balance of staff representing 67.4 (2023: 67.6) full time equivalent employees. A full-time employee is determined on the basis of a 40-hour working week.

Severance payments

For the year ended 30 June 2024 the Council made severance payments to one employee totalling $4,077 (2023: one payment, $5,309)

Note 5 : Finance costs

Accounting policy

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

Breakdown of finance costs

	2024 $000	2023 $000
Interest expense		
- interest on borrowings (at amortised cost)	7,673	4,943
Total finance costs	**7,673**	**4,943**

Note 6 : Other expenses

Accounting policy

Grant expenses

The Council's grants awarded have no substantive conditions attached. Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as an expense when an application that meets the specified criteria for the grant has been received. Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as an expense when approved by the Council and the approval has been communicated to the applicant.

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives received, if any, are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

Breakdown of other expenses

	2024 $000	2023 $000
Fees to auditors:		
- fees to Audit NZ for audit of the financial statements and performance information	461	274
- fees to Audit NZ for audit of the Long-term plan for 2024-34	-	-
- fees to Audit NZ for limited assurance in respect of Councils' debenture trust deed	-	-
- fees to Audit NZ for other services	-	-
- Audit fees – other	22	23
Consultants	4,763	4,610
Contractors	18,330	17,687
Grants	513	591
Insurance premiums	1,866	1,410
Investment property expenses	223	33
Operating leases	160	139
Other expenses	**15,514**	**14,816**

Note 6 : Other expenses (continued)

Operating leases as lessee

The Council leases buildings, and plant and equipment in the normal course of its business. Most of these leases have a non-cancellable term of 36 months. There are no restrictions placed on the the Council by any of the leasing arrangements. The future aggregate minimum lease payments payable under non-cancellable operating leases as lessee are as follows:

	2024 $000	2023 $000
Not later than one year		
Later than one year and not later than five years		
Later than five years		
Total non-cancellable operating leases as lessee		

Note 7 : Other gains and losses

Accounting policy

Foreign currency transactions

Foreign currency transactions are translated into New Zealand Dollars (NZD) using the spot exchange rate at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the surplus or deficit.

Breakdown of other gains and losses

	2024 $000	2023 $000
Financial instruments		
Gain / (loss) on interest rate swaps	(611)	1,201
Non-financial instruments		
Gain / (loss) on carbon credits	-	-
Gain on Growth of forestry asset	-	-
Gain / (loss) on revaluation of forestry assets	6	-
Property, plant and equipment		
Gain / (loss) on disposal of property, plant and equipment	259	240
Gain / (loss) on disposal of other assets	-	-
Loss on assets written off	-	-
Investments		
Revaluation gain on investment property	-	(2,678)
Other		
Revaluation gain / (loss) on assets held for sale	-	1,804
Future gain / (loss) on assets held for sale	-	(1,804)
Sundry gain / (loss) on other activities	-	36
Total net other gains and losses	**(346)**	**(1,201)**
Total other gains	6,396	3,287
Total other losses	6,742	4,487

Note 8 : Tax

Accounting policy

Income tax expense includes components relating to 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 tax rates (and tax laws) that have been enacted or substantively enacted at 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 is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

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 not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

Breakdown of income tax expense / (benefit)

	2024	2023
	$000	$000
Components of income tax expense/(benefit)		
Current tax	-	-
Adjustments to current tax in prior years	-	-
Deferred tax	-	865
Total Income tax (expense)/benefit	**-**	**865**
Relationship between tax expense and accounting surplus		
Surplus/(deficit) before tax	455	(7,659)
Tax at 28%	128	(2,145)
Plus/(less) tax effect of:		
Non-deductible expenditure	(128)	1,404
Non-taxable revenue	-	-
Tax loss not recognised	-	1,847
Deferred tax adjustment	-	-
Prior year adjustment	-	(241)
Total Income tax (expense)/benefit	**-**	**865**

Note 8 : Tax (continued)

Breakdown of deferred tax asset / (liability)

	2024	2023
	$000	$000
Relationship between tax expense and accounting surplus:		
Balance at 1 July 2022	-	-
Charged to surplus or deficit	-	(865)
Charged to other comprehensive revenue and expense	-	865
Balance at 30 June 2023	**-**	**-**
Charged to surplus or deficit	-	865
Charged to other comprehensive revenue and expense	-	(865)
Balance at 30 June 2024	-	-

A deferred tax asset has not been recognized in relation to unused tax losses of $10,246,131 (2023:$ 10,246,131).

Note 9 : Cash and cash equivalents

Accounting policy

Cash and cash equivalents include cash on 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 within borrowings in current liabilities in the statement of financial position.

Breakdown of cash and cash equivalents and further information

	2024 $000	2023 $000
Cash at bank and on hand	1,446	695
Term deposits with maturities of less than three months at acquisition	16,177	3,120
Charged to other comprehensive revenue and expense	-	-
Per statement of financial position	**17,623**	**3,815**
Bank overdrafts (Note 22 : Borrowings and other financial liabilities)	-	-
Per statement of cashflows	**17,623**	**3,815**

Although cash and cash equivalents at 30 June 2024 are subject to the expected credit loss requirements of PBE IPSAS 41, no loss allowance has been recognised because the estimated allowance is trivial. The carrying value of cash at bank and term deposits with maturities less than three months approximate their fair value.

The weighted average effective interest rate on Cash and Cash Equivalents during the year was 2.28% (2023: 2.28%).

Assets recognised in a non-exchange transaction that are subject to restrictions

The Council holds unspent funds, included in cash at bank and investments, of $x.xx million (2023: $X.XX million) that are subject to restrictions. These unspent funds relate to trusts and bequests received (see Note 27), waste minimisation reserve (see Note 27), lump sum contributions, and other funds received with restrictions where the spending of the funds is separately monitored. The restrictions generally specify how the funds are required to be spent.

Note 10 : Receivables

Accounting policy

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

PBE IPSAS 30.42F(c) 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. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation or the receivable being more than one year overdue.

Breakdown of receivables and further information

	2024	2023
	$000	$000
Receivables from non-exchange transactions		
Rates receivable	13,825	12,097
Receivables from subsidiaries and associates	1,888	-
Other receivables from non-exchange transactions	1,222	643
Total receivables from non-exchange transactions	**16,935**	**12,740**
Receivables from exchange transactions		
Construction contract receivables	-	-
Other receivables from exchange transactions	9,748	9,787
Total receivables from exchange transactions	**9,748**	**9,787**
Less:		
- provision for impairment of rates receivables	(5,070)	(5,070)
- estimated credit loss on other receivables	(12)	(12)
Total receivables	**21,601**	**17,445**
Net rates receivable	8,755	7,027
Net other receivables	12,846	10,418

Rates receivable

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

Note 10 : Receivables (continued)

In addition to LG(R)A 2002, there are a number of other acts, and the Council Rates Remission and Postponement policies provided for within these Acts which impact on the Councils ability to collect rates including:

- The Local Government Act 2002
- Local Government (Rating of Whenua Māori) Amendment Act 2021
- Māori Land Act 1993
- Te Ture Whenua Māori Act 1993
- Limitation Act 2010

The Council has provided for an impairment of rates receivable grouped into general land rates, Māori land rates and metered water rates. Impairment has been provided for each group based on the payment profile of revenue on credit over the prior six years and the corresponding historical rates write-offs experienced for that period.

Ratepayers can apply for payment plan options in special circumstances. Where such repayment plans are in place, debts are discounted to their present value of future payments if the effect of discounting is material.

Rates receivable includes rates receivable on behalf of Bay of Plenty Regional Council (BOPRC) for rating to properties within the Whakatāne District territorial authority boundaries for BOPRC related rates through 30 June 2022. BOPRC took over responsibility for invoicing directly for BOPRC rates from 1 July 2022.

The Chief Executive approved the write-off of rates receivable (exclusive of GST) during the year under the LG(R)A 2002 as follows:

- Section 90A: $898,748 (2023: $898,748)
- Section 90B: $Nil (2023: $Nil)

The aging profile of rates receivables is as follows:

	2024	2023
	$000	$000
General land rates receivables days past due		
Not Past Due		-
Past due 30 days		-
Past due 60 days		519
Past due 90 days – 1 Year		994
Past due 1 – 3 years		1,379
Past due over 3 years		1,107
Balance at 30 June	**-**	**3,999**
Māori land rates receivables days past due		
Not Past Due		-
Past due 30 days		-
Past due 60 days		125
Past due 90 days – 1 Year		594
Past due 1 – 3 years		1,339
Past due over 3 years		1,517
Balance at 30 June	**-**	**3,575**
Metered water rates receivables days past due		
Not Past Due		3,209
Past due 30 days		1
Past due 60 days		73
Past due 90 days – 1 Year		453
Past due 1 – 3 years		497
Past due over 3 years		290
Balance at 30 June	**-**	**4,523**

Note 10 : Receivables (continued)

Movement in the provision for impairment of rates receivable are as follows:

	2024	2023
	$000	$000
Balance at 1 July	5,080	6,360
Additional provisions made during the year	-	(392)
Receivables written off during the year	-	(888)
Balance at 30 June	**5,080**	**5,080**

Other receivables

The expected credit loss rates for other receivables at are based on the payment profile of revenue on credit over the prior two years at the measurement date and the corresponding historical credit losses experienced for that period. The historical loss rates are adjusted for current and forward-looking macroeconomic factors that might affect the expected recoverability of receivables. Given the short period of credit risk exposure, the effects of macroeconomic factors are not considered significant. There have been no changes since 1 July 2022 in the estimation techniques or significant assumptions in measuring the loss allowance. The Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

The aging profile of other receivables and associated allowance for credit losses based on the Council's credit loss matrix is as follows:

	2024	2023
	$000	$000
Gross receivable amount		
Not Past Due		3,237
Past due 30 days		100
Past due 60 days		48
Past due 90+ days		896
Balance at 30 June	**-**	**4,281**
Lifetime expected credit loss		
Not Past Due		-
Past due 30 days		-
Past due 60 days		-
Past due 90+ days		12
Balance at 30 June	**-**	**12**
	%	%
Expected credit loss rate	0%	0%
Not Past Due	0%	0%
Past due 30 days	0%	0%
Past due 60 days	0%	1%
Past due 90+ days	0%	0%

Movements in estimated credit losses on other receivables are as follows:

	2024	2023
	$000	$000
Balance at 1 July	12	12
Additional provisions made during the year		106
Provisions reversed during the year		(97)
Receivables written off during the year		(9)
Balance at 30 June	**12**	**12**

Note 11 : Inventories

Accounting policy

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at cost (using the FIFO method), adjusted, when applicable, for any loss of service potential.

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition. Inventories held for use in the provision of goods and services on a commercial basis are valued at the lower of cost (using the FIFO method) and net realisable value. The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down.

When land held for development and future resale is transferred from investment property/property, plant, and equipment to inventory, the fair value of the land at the date of the transfer is its deemed cost. Costs directly attributable to the developed land are capitalised to inventory, with the exception of infrastructural asset costs, which are capitalised to property, plant, and equipment.

Breakdown of inventory and further information

	2024	2023
	$000	$000
Inventories held for distribution:		
Water and sewerage spare parts	412	291
Road safety vouchers	15	22
Other	-	-
Total inventory	**427**	**313**

No inventories are pledged as security for liabilities (2023: $Nil). However, some inventories are subject to retention of title clauses.

The carrying amount of inventories held for distribution that are measured at a current replacement cost as at 30 June 2024 amounted to $Nil (2023: $Nil). The loss in service potential of inventories held for distribution is determined on the basis of obsolescence.

Note 12 : Non-current assets held for sale

Accounting policy

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment losses for write-downs are recognised in 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 are not depreciated or amortised while they are classified as held for sale (including those that are part of a disposal group).

Breakdown of non-current assets held for sale and further information

	2024	2023
	$000	$000
Non-current assets held for sale are:		
- buildings	-	-
- land	10,051	10,051
- other	-	-
Total non-currents asset held for sale	**10,051**	**10,051**

Add qualitative information around specific of the assets held for sale.

Note 13 : Derivative financial instruments

Accounting policy

Derivative financial instruments are used to manage exposure to interest rate risks arising from the Council's financing activities. In accordance with its Treasury Management Policy, the Council does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance date. The associated gains or losses on derivatives that are not hedge accounted are recognised in surplus or deficit.

Breakdown of derivative financial instruments and further information

	2024	2023
	$000	$000
Current asset portion		
Interest rate swaps	226	134
Total current asset portion of derivative financial instruments	**226**	**134**
Non-current asset portion		
Interest rate swaps	1,462	2,164
Total non-current asset portion of derivative financial instruments	**1,462**	**2,164**
Current liability portion		
Interest rate swaps	1	1
Total current liability portion of derivative financial instruments	**1**	**1**
Non-current liability portion		
Interest rate swaps – cash flow hedges	-	-
Total non-current liability portion of derivative financial instruments	**-**	**-**

Timing of nominal principal amounts and average fixed rates of interest rate swaps

	Less than 1 year	1-2 years	3-5 years	Total
Interest rate swaps – not hedge accounted				
Nominal amount (in $000)				
Average fixed rate (%)				
Fair Value				

The Council currently have no fair value hedges.

No interest rate swaps were due to mature at 30 June 2024. At 30 June 2024 the fixed interest rates of cash flow hedge interest rate swaps varied from 1.51% to 5.9% (2022 1.51% to 5.9%). The Council currently have no fair value hedges.

Fair Value

The fair values of interest rate swaps have been determined using a discounted cash flows technique based on quoted market prices. The valuation was performed using Hedgebook software and then checked to independent ANZ and BNZ confirmations. Most market parameters are implied from instrument prices.

Note 14 : Other financial assets

Accounting policy

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); and
- fair value through surplus and deficit (FVTSD).

Transaction costs are included in the value of the financial asset at initial recognition unless the 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 flow, 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 the 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 (ECL). 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 equity instruments designated as FVTOCRE are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense. There is no assessment for impairment when fair value falls below the cost of the investment. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to accumulated funds within equity. The Council designate into this category all equity investments that are not held for trading as they are strategic investments that are intended to be held for the medium to long-term.

Note 14 : Other financial assets (continued)

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.

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term and such an asset is classified as a current asset. Council's derivatives are categorised as held for trading unless they are designated into a hedge accounting relationship for which hedge accounting is applied. The current/non-current classification of derivatives is explained in the derivatives accounting policy in note 22. After initial recognition, financial assets in this category are measured at their fair values with gains or losses on re-measurement recognised in the surplus or deficit.

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

Expected credit loss allowance (ECL)

The Council 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 the Council in accordance with the contract and the cash flows it expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Council 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 historical experience and informed credit assessment and including forward-looking information.

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

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

Impairment of financial assets

Financial assets are assessed for evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

Breakdown of other financial assets and further information

	2024	2023
	$000	$000
Current portion		
Term deposits	-	-
Term loan - Air Chathams Ltd	-	-
Total current portion	**-**	**-**
Non-current portion		
Term loan - Air Chathams Ltd	350	350
Total non-current portion	**350**	**350**
Total other financial assets	**350**	**350**

Note 14 : Other financial assets (continued)

Fair value disclosures

Term deposits

The carrying amount of term deposits approximates their fair value.

Term loan - Air Chathams Ltd

Need to include a summary of the nature of the loan facility based on paper approving it at council and the facility itself.

Credit risk, including ECLs

Term deposits

PBE IPSAS 30.42F(a) The Council and group consider there has not been a significant increase in credit risk for investments in term deposits because the banks continue to have low credit risk at balance date. Term deposits are held with banks that have a long-term AA- investment grade credit rating, which indicates the bank has a very strong capacity to meet its financial commitments.

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

Term Loan – Air Chathams Ltd

We will need to complete an impairment test of the Air Chathams Ltd loan.

Note 15 : Investment in CCOs and other similar entities

Council-controlled organisations

A council-controlled is as defined in section 6 of the Local Government Act 2002 as summarised below:

- A council organisation is the broadest category. It is an entity in which a local authority has any ownership interest whatsoever.
- A council-controlled organisation is an entity in which one or more local authorities control 50% or more of the voting rights or appoint 50% or more of the members of the governing body. A CCO can be a company, trust, partnership, incorporated society, joint venture, or other similar profit-sharing arrangement.
- A council-controlled organisation that operates a trading undertaking for the purpose of making a profit is referred to as a council-controlled trading organisation. Not-for-profit entities are CCOs.
- The definition of CCO excludes port companies, energy companies, electricity lines businesses and their parent trusts, and several other named entities.

Joint ventures

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

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

Associates

An associate is an entity over which the Council has significant influence and that is neither a subsidiary nor an interest in a joint arrangement.

Where the Council transacts with an associate, surpluses or deficits are eliminated to the extent of the Council's interest in the associate.

Accounting policy

Unlisted shares in council -controlled organisations

Unlisted shares in council-controlled organisations are measured at fair value.

Borrower notes

The carrying amount of borrower notes are measured at fair value.

Investment in joint ventures and associates

Investments in associates and joint ventures are accounted for in the financial statements using the equity method of accounting. The Council has designated all of its equity investments in joint ventures and associates at FVTOCRE. This measurement basis is considered more appropriate than through surplus or deficit because the investments have been made for long-term strategic purposes rather than to generate a financial return through trading.

Under the equity method of accounting, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the groups share of the change in net assets of the entity after the date of acquisition. The council's share of the surplus / deficit is recognised in the council surplus or deficit. Distributions received from the investee reduce the carrying amount of the investment in the council statements.

If the share of deficits in the entity equals or exceeds the interest in the entity, the council discontinues recognising its share of further deficits. After council's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that the council has incurred legal or constructive obligations or made payments on behalf of the entity. If the entity subsequently reports surpluses, the council will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

Note 15 : Investment in CCOs and other similar entities (continued)

Critical judgements in applying accounting policies

Due to the immaterial size and nature of unlisted shares in Civic Financial Services Ltd and Bay of Plenty Local Authority Shared Services Ltd (BoP LASS Ltd) the Council has estimated the fair value of these investments using the net asset backing method.

Impairment

There were no impairment provisions for other financial assets. None of the financial assets are either past due or impaired.

Breakdown of investment in council-controlled organisation and other similar entities and further information

	2024	2023
	$000	$000
Unlisted shares in council-controlled organisations		
Civic Financial Services Ltd	50	50
Bay of Plenty Local Authority Shared Services Limited	9	9
NZ Local Government Funding Agency	100	100
Investments in joint ventures		
Whakatāne Airport	6,641	6,641
Investments in associates		
Te Rāhui Herenga Waka 2021 Whakatāne	5,675	5,675
Other		
NZ LGFA – borrower notes	3,373	2,433
Total investment in CCO's and other similar entities	**15,847**	**14,907**

Breakdown of share of joint venture / associate's surplus/(deficit)

	2024	2023
	$000	$000
Share of joint venture surplus / (deficit)		
Whakatāne Airport	-	(356)
Share of associate's surplus / (deficit)		
Te Rāhui Herenga Waka 2021 Whakatāne	-	(25)
Total share of joint venture / associate's surplus/(deficit)	**-**	**(381)**

Note 15 : Investment in CCOs and other similar entities (continued)

Whakatāne Airport

The Council has a 50% interest in a joint venture, the Whakatāne Airport, which facilitates air services to Whakatāne and the surrounding district. The Ministry of Transport hold the other 50% interest in this venture.

Summarised financial information relating to the Council's Whakatāne Airport is provided below:

	2024 $000	2023 $000
Investment		
Current assets		1,469
Non-current assets at revaluation		12,034
Work in progress		78
WDC loan account		(178)
Current liabilities		(122)
Non-current liabilities		-
Net assets	**-**	**13,281**
Reconciliation to equity accounted carrying amount		
Joint venture's net assets		13,281
Council's share	50%	50%
Council's share of equity accounted in joint venture	**-**	**6,641**
Revenue and expenditure		
Revenue (excluding interest)		224
Interest Revenue		-
Total Revenue		**224**
Operating Expenses		788
Personnel Costs		35
Income Tax expense		113
Surplus / (Deficit)	**-**	**(712)**
Other comprehensive revenue and expense		(454)
Total comprehensive revenue and expense	**-**	**(1,166)**
Reconciliation to joint venture surplus / (deficit)		
Joint venture's surplus / (deficit)		(712)
Council's share	50%	50%
Council's share of joint venture surplus / (deficit)	**-**	**(356)**

Note 15 : Investment in CCOs and other similar entities (continued)

Te Rāhui Herenga Waka 2021 Whakatāne

The Council has an interest in a limited partnership, Te Rāhui Herenga Waka 2021 Whakatāne, which was formed to facilitate the construction of the new boat harbour. The other two equal partners are Te Rāhui Lands Trust and Ngāti Awa in this venture. The Council, in accordance with the limited partnership agreement, has committed capital of $9,800,000 of the total committed capital of $24,000,000 reflecting an intended closing equity of 33.3% in the limited partnership.

In accordance with the limited partnership agreement clause 10.2, the entitlement to income and capital arising and losses accruing shall be allocated to the limited partners on a pro rata basis on the aggregate amount of paid up capital. At 30 June 2024 the Council's paid up capital in the limited partnership was $5,700,000 (2023: $5,700,000) of the Total Paid Up Capital of $12,400,000. Therefore, Councils share to be applied to the equity accounting method at 30 June 2024 is 46% (2023: 46%).

Summarised financial information relating to Te Rāhui Herenga Waka 2021 Whakatāne is provided below:

	2024 $000	2023 $000
Investment		
Current assets		14,905
Work in progress		3,486
Current liabilities		(241)
Non-current liabilities		(5,805)
Net assets	**-**	**12,345**
Reconciliation to equity accounted carrying amount		
Associate's net assets		12,345
Council's share		46%
Council's share of equity accounted in associate	**-**	**5,674**
Revenue and expenditure		
Revenue (excluding interest)		115
Interest Revenue		359
Total Revenue		**474**
Operating Expenses		213
Personnel Costs		100
Income Tax expense		-
Surplus / (Deficit)	**-**	**161**
Other comprehensive revenue and expense		-
Total comprehensive revenue and expense	**-**	**161**
Reconciliation to surplus / (deficit)		
Associate's surplus / (deficit)		161
Council's share		46%
Council's share of associate's surplus / (deficit)	**-**	**74**

Note 16 : Property, plant, and equipment

Accounting policy

Property, plant, and equipment consist of:

- Operational assets – These include land, buildings, library and museum collections, plant and equipment, furniture and fittings, and motor vehicles.
- Infrastructure assets – Infrastructure assets are the fixed utility systems owned by the Council. Each asset class includes all items that are required for the network to function. For example, sewer reticulation includes reticulation piping and sewer pump stations.
- Restricted assets – Restricted assets are mainly parks and reserves owned by the Council that provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Land (operational and restricted) is measured at fair value, and buildings (operational and restricted), library collections, and infrastructural assets (except land under roads) are measured at fair value, less accumulated depreciation and impairment losses. All other asset classes are measured at cost, less accumulated depreciation and impairment losses.

Revaluation

Land and buildings (operational and restricted), library collections, and infrastructural assets (except land under roads) are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years. The Council assesses the carrying values of its revalued assets annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are re-valued.

Revaluation movements in property, plant, and equipment are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense 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 expense but is recognised in surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in surplus or deficit will be recognised first in surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

Roading assets within property, plant, and equipment is valued on a regular basis and each asset is assigned a base life (estimate of total useful life), which is converted to a preliminary estimate of physical life by adjusting for age. An initial assessment of remaining life is then calculated as the difference between expected life and age of asset. Where information is available further adjustments are then made to the useful life estimate to take into account condition and use of the asset.

The Three Water assets within property, plant, and equipment are regularly valued with the economic life of an asset being the period of time it is economically worthwhile to replace rather than to continue to repair or maintain. The economic life varies for each asset. Assets lives are modified if local knowledge and experience suggests this is appropriate.

Additions

The cost of an item of property, plant, and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the the 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.

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 the Council and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised in surplus or deficit as they are incurred.

Note 16 : Property, plant, and equipment (continued)

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 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.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant, and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

The useful lives and associated depreciation rates of major classes of assets have been estimated, based on the approximate average over all assets in that category, as follows:

	Years
Roading	
Land – road reserve	Not depreciated
Road formation	Not depreciated
Sealed pavement	67
Sealed pavement surface	16
Unsealed pavement	Not depreciated
Unsealed wearing course	4
Bridge railings	10
Signs	16
Drainage (incl headwalls)	49
Large culverts	50
Retaining walls	74
Surface water channel	54
Railings	22
Traffic islands	50
Street lighting	26
Footpaths	47
Bridges	92
Car parks	50
Water	
Treatment plant / headworks	13
Pump stations	11
Reservoirs	38
Trunk main	41
Main	49
Service line	33

	Years
Harbour assets	
Harbour assets	15-30
Stormwater	
Gravity main	45
Rising main	46
Pump station	20
Sewer	
Service line	25
Gravity main	40
Rising main	57
Pump station	12
Treatment plant	47
Outfall	28
Parks	
Land	Not depreciated
Park assets	17.5
Operation assets	
Museum assets	Not depreciated
Land	Not depreciated
Buildings	8-55
Vehicles	5-8
Plant and equipment	4-33
Furniture and fittings	5-10
Library collections	3-4
Office equipment	5-10

Impairment of property, plant, and equipment

Property, plant, and equipment subsequently measured at cost 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 surplus or deficit.

Note 16 : Property, plant, and equipment (continued)

Impairment of property, plant, and equipment (continued)

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

The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in surplus or deficit, a reversal of the impairment loss is also recognised in surplus or deficit.

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

Critical accounting estimates and assumptions

Land (operational, restricted, and infrastructural)

The most recent valuation was performed by an independent Certified Practicing Valuer, P Erceg of Aon Risk Solutions. The valuation was effective as at 30 June 2023.

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Where there is a designation against the land or the use of the land is restricted because of reserve or endowment status, the valuation approach reflects the restriction in use. 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. Such land is valued based on rural land value plus a location adjustment to reflect different zoning, which are based on the valuer's judgement. Restrictions on the Council's ability to sell land would not normally impair the value of the land because the Council has operational use of the land for the foreseeable future and will substantially receive the full benefits of outright ownership.

Buildings (operational and restricted)

The most recent valuation was performed by an independent Certified Practicing Valuer, P Erceg of Aon Risk Solutions. The valuation was effective as at 30 June 2023.

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 used in the valuation include:

- The replacement asset is based on the replacement with modern, equivalent 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.
- 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.

Note 16 : Property, plant, and equipment (continued)

Infrastructural asset classes: sewerage, water, drainage, and roads

Sewerage, water, drainage and roading infrastructure assets are valued using the depreciated replacement cost method. There are a number of estimates and assumptions exercised when valuing infrastructural assets using the depreciated replacement cost method. These include:

- Estimating any obsolescence or surplus capacity of the asset.
- Estimating the replacement cost of the asset. The replacement cost is derived from recent construction contracts in the region for similar assets.
- Estimates of the remaining useful life over which the asset will be depreciated. These estimates can be affected by the local conditions. For example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over-or under- estimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expense. To minimise the risk, infrastructural asset useful lives have been determined with reference to the New Zealand Infrastructural Asset valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration, and condition-modelling are also carried out regularly as part of asset management planning activities, which provides further assurance over useful life estimates.

Critical judgements in applying accounting policies

Methods and significant assumptions applied in estimating the assets fair values

Optimised replacement costs have been calculated using modern equivalent materials. No design optimisation has been identified. Unit rates have been applied to components of the network based on size, material, depth and location.

Valuations of water and roading assets

The most recent valuation of Water, Wastewater and Stormwater assets was performed by Roger Khoo and Peter Erceg of Aon Valuation Services, and the valuation was effective as at 30 June 2021. A further fair value assessment was carried out at 30 June 2023.

The most recent valuation for Road assets was performed by Shahaanan Arulgnanapragasam, WSP Limited, and the valuation was effective as at 30 June 2022. A further fair value assessment was carried out at 30 June 2023.

Valuations of other property, plant and equipment assets

	2024	2023
	$000	$000
Closing net book value of capitalised assets		
Operational land	31,917	30,397
Operational buildings	60,539	60,984
Library collections	804	810
Museum collections	9,597	9,597
Park assets	11,111	11,326
Recreational reserves	58,024	56,609
Harbour assets	9,591	9,663
Restricted Assets (harbour land not leased)	4,591	4,479

Note 16 : Property, plant, and equipment (continued)

Breakdown of property, plant and equipment and other information

	2024 $000	2023 $000
Closing net book value of capitalised assets		
Operational assets		
Land and buildings	92,456	91,382
Museum and library collections	10,401	10,406
Other operational assets (equipment / furniture / vehicles)	12,770	11,044
Infrastructural assets		
Parks and reserves	11,111	11,326
Harbour	9,591	9,663
Refuse	-	-
Wastewater system	85,563	87,440
Water supply system	140,705	144,669
Stormwater network	87,669	90,871
Roading network	654,429	626,510
Land under roads	91,363	91,363
Restricted Assets		
Harbour Land (Not Leased)	4,591	4,479
Recreational Reserves	58,024	56,609
Net Book value at 30 June	**1,258,674**	**1,235,760**
Work in progress	7,189	10,519
Total property, plant and equipment	**1,265,863**	**1,246,279**

Work in progress

Property, plant and equipment in the course of construction by class of asset is detailed below:

	2024 $000	2023 $000
Operational assets		
Buildings		406
Other operational assets (equipment / furniture / vehicles)		218
Infrastructural assets		
Parks and reserves		34
Harbour		585
Refuse		-
Wastewater system		3,110
Water supply system		1,623
Stormwater network		2,028
Roading network		2,219
Restricted Assets		
Harbour Land (Not Leased)		-
Recreational Reserves		-
Total work in progress	**-**	**10,223**

Note 16 : Property, plant, and equipment (continued)

	Cost/ valuation 1.7.23	Accumulated depreciation and impairment 1.7.23	Carrying amount 1.7.23	Additions	Disposals	Impairment	Depreciation	Revaluation surplus	Cost/ valuation 30.6.24	Accumulated depreciation and impairment 30.6.24	Carrying amount 30.6.24
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
2024											
Operational assets											
Land											
Buildings											
Library collections											
Museum collections											
Plant and equipment											
Furniture and fittings											
Motor vehicles											
Infrastructural assets											
Land											
Parks and reserves											
Harbour											
Refuse											
Wastewater system											
Water supply system											
Stormwater network											
Roading network											
Land under roads											
Restricted Assets											
Harbour Land (Not Leased)											
Recreational Reserves											
Total											

Note 16 : Property, plant, and equipment (continued)

	Cost/ valuation 1.7.23	Accumulated depreciation and impairment 1.7.23	Carrying amount 1.7.23	Additions	Disposals	Impairment	Depreciation	Revaluation surplus	Cost/ valuation 30.6.24	Accumulated depreciation and impairment 30.6.24	Carrying amount 30.6.24
	$000	$000									
2023											
Operational assets											
Land											
Buildings											
Library collections											
Museum collections											
Plant and equipment											
Furniture and fittings											
Motor vehicles											
Infrastructural assets											
Land											
Parks and reserves											
Harbour											
Refuse											
Wastewater system											
Water supply system											
Stormwater network											
Roading network											
Land under roads											
Restricted Assets											
Harbour Land (Not Leased)											
Recreational Reserves											
Total											

Note 16 : Property, plant, and equipment (continued)

No property, plant and equipment is pledged as security.

Council has easements giving right to access to private property where infrastructure assets are located. It has not been feasible to value at this stage and when valued are not expected to be material.

Core infrastructure asset disclosure

Included within the Council infrastructure assets above are the following core Council assets:

	Closing book value	Additions: constructed by Council	Additions: transferred to Council	Most recent replacement cost estimate for revalued assets
	$000	$000	$000	$000
2024				
Water supply:				
- treatment plants and facilities				
- other assets (such as reticulation systems)				
Sewerage:				
- treatment plants and facilities				
- other assets (such as reticulation systems)				
Stormwater drainage				
Flood protection and control works				
Roads and footpaths				
2023				
Water supply:				
- treatment plants and facilities				
- other assets (such as reticulation systems)				
Sewerage:				
- treatment plants and facilities				
- other assets (such as reticulation systems)				
Stormwater drainage				
Flood protection and control works				
Roads and footpaths				

Land under roads

The road reserve land for formed roads only has been valued as at 1 July 2006. Road reserves have been valued on the average land valued by urban rating areas and rural ward, reduced by a factor of 30% to account for the restricted use of the land. On transition to New Zealand equivalents to International Financial Reporting Standards on 1 July 2006, the Council elected to use the fair value of land under roads as at 1 July 2006. Land under roads is no longer revalued.

Vested infrastructural assets

Vested infrastructural assets are valued based on the actual quantities of infrastructural components vested and the current in-ground cost of providing identical services. Assets vested to Whakatāne District Council are recognised in the Statement of Comprehensive Revenue and Expense as revenue and in the Statement of Financial Position as property, plant, and equipment.

Note 16 : Property, plant, and equipment (continued)

Library collections

Library collections are valued at depreciated replacement cost in accordance with the International Valuation Standards 2017 and the relevant Accounting Standards and Policy. The most recent valuation of the library collection was performed by J Munroe, Certified Practicing Valuer of AON, and the valuation was effective as at 30 June 2023.

Museum collection

Museum collections are valued at fair value determined on a variety of valuation methods including market values, book value, replacement value, comparative value and values used by other institutions. The most recent valuation was performed by Dunbar Sloane and the valuation was effective as at 30 June 2023.

Harbour assets

The most recent valuation of Harbour assets was performed by an independent Certified Practicing Valuer, P Erceg of Aon Risk Solutions. The valuation was effective as at 30 June 2023.

Restricted assets

Land and buildings in the "Restricted Asset" category are subject to restrictions on either use or disposal, or both. This includes restrictions from legislation (such as land declared as a reserve under the Reserves Act 1977), or other restrictions (such as land or buildings acquired under a bequest or donation that restricts the purpose for which the assets can be used).

Capital commitments

The amount of contractual commitments for acquisition of property, plant, and equipment is:

	2024	2023
	$000	$000
Operational assets		
Buildings		
Plant and equipment		
Infrastructural assets		
Parks and reserves		
Harbour		
Refuse		
Wastewater system		
Water supply system		
Stormwater network		
Roading network		
Restricted Assets		
Harbour Land (Not Leased)		
Recreational Reserves		
Total capital commitments		

Note 16 : Property, plant, and equipment (continued)

Insurance of assets disclosure

Information relating to the insurance of the Council assets at 30 June 2024 is as follows.

	2024	2023
	$000	$000
The total net book value of all Council assets covered by insurance contracts		
The maximum amount to which insured assets are insured		
The total net book value of all council assets covered by financial risk sharing arrangements*		
Maximum amount available to the Council under financial risk sharing arrangements*		
The value of assets that are self-insured		
The value of funds maintained for self-insurance **		

* covered under insurance contracts in 2023/24

** Funds withdrawn to support costs incurred following 2017 floods. The payments continued for the next two years and funds are just beginning to be built up again.

In the event of natural disaster, central government may contribute up to 60% towards the restoration of water, drainage and sewerage assets, and provide a subsidy towards the restoration of roads.

All infrastructural assets are constructed on behalf of Whakatāne District Council by contractors.

Note 17 : Intangible assets

Accounting policy

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly attributable to the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised in the surplus or deficit when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with development and maintenance of the Council's website are recognised as an expense when incurred.

There has been no other change to accounting requirements in relation to software development other than those addressed in the 2019 and 2021 IFRIC agenda decisions in respect of SaaS.

Software as a service (SaaS)

Two IFRIC (IFRS Interpretations Committee) agenda decisions were released in 2019 and 2021. The 2019 agenda decision dealt with whether fees paid in exchange for access to the suppliers application software in a SaaS arrangement gives rise to an intangible asset or is a service contract.

The 2021 agenda decision dealt with the accounting treatment of the costs an entity incurs in customising or configuring the supplier's application software in a SaaS arrangement.

While the decisions of the committee do not directly impact PBE standards, which are mainly based on IPSAS1, given that NZIAS 38 Intangible Assets and PBE IPSAS 31 are similar, IFRIC's conclusions are authoritative support and may be considered under GAAP. As a result, the agenda decisions will be applied in Council's accounting policy and will be effective 'commencing from the reporting year reporting year ended 30 June 2022.

As at 30 June 2023, no intangible assets held by Council were impacted by this change in accounting policy.

Easements

Easements are recognised at cost, being the costs directly attributable to bringing the asset to its intended use. Easements have an indefinite useful life and are not amortised, but are instead tested for impairment annually.

Carbon credits

Purchased carbon credits are recognised at cost on acquisition. Free carbon credits received from the Crown are recognised at fair value on receipt. They are not amortised, but are instead tested for impairment annually. They are derecognised when they are used to satisfy carbon emission obligations.

Goodwill

Goodwill on acquisition of businesses and subsidiaries is included in "intangible assets". Goodwill on acquisition of an associate is included in the "investment in associate" carrying value in Note 15, with impairment considered as part of the overall investment balance.

Goodwill is allocated to cash-generating units for the purposes of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

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 financial year is recognised in surplus or deficit.

Note 17 : Intangible assets (continued)

Amortisation (continued)

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

- Computer software 4 - 5 years 20% - 25%

Impairment of intangible assets

Intangible assets subsequently measured at cost that have an indefinite useful life, or are not yet available for use, and goodwill, are not subject to amortisation and are tested annually for impairment. For further details, refer to the policy for impairment of property, plant, and equipment in Note 16. The same approach applies to the impairment of intangible assets.

Breakdown of intangible assets and further information

Movements in the carrying value for the computer software class of intangible assets are as follows:

	2024	2023
	$000	$000
Cost		
Balance at 1 July	5,806	5,494
Additions		312
Disposals	485	-
Balance at 30 June	6,291	5,806
Accumulated amortisation and impairment		
Balance at 1 July	5,203	4,964
Amortisation charge	228	239
Disposals	-	-
Balance at 30 June	5,431	5,203
Total intangible assets at 30 June	**860**	**603**

There are no intangible assets in any other classes.

Restrictions

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

Capital Commitments

There are no capital commitments for intangible assets at 30 June 2024 (2023: $nil).

Easements

Easements are not cash-generating in nature, as they give the Council the right to access private property where infrastructural assets are located. As such, impairment of an easement is determined by considering the future service potential of the easement. No impairment losses have been recognised for easements, as they all have ongoing service potential. Easements have been assessed as having an indefinite useful life because they provide the Council with access to infrastructural assets for an indefinite time.

Carbon credits

The Council considers that there is no impairment of carbon credits held, as they are expected to be fully utilised in satisfying carbon obligations from its landfill 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 for as long as the Emissions Trading Scheme is in place.

Note 18 : Forestry assets

Accounting policy

Standing forestry assets are independently revalued annually at fair value less estimated costs to sell for one growth cycle.

Gains or losses arising on initial recognition of forestry assets at fair value less costs to sell and from a change in fair value less costs to sell are recognised in surplus or deficit.

Forestry maintenance costs are recognised in surplus or deficit when incurred.

Critical accounting estimates and assumptions

Fair value of forestry assets

Independent registered valuers, PF Olsen and Co, have valued forestry assets as at 30 June 2024. The valuation was based on arm's length market transaction of current market evidence as at 30 June 2024. Or This valuation is based on existing sustainable felling plans and assessments regarding growth, timber prices, felling costs, and silvicultural costs. It takes into consideration environmental, operational, and market restrictions.

Fair value is determined based on the present value of expected future cash flows discounted at a current market determined rate. The following significant valuation assumptions have been adopted in determining the fair value of forestry assets:

- a discount rate of 9.2% (2023: 9.2%) has been used in discounting the present value of expected future cash flows;
- notional land rental costs have been included for freehold land;
- the forest has been valued on a going concern basis and includes only the value of the existing crops on a single rotation basis;
- costs are current average costs. No allowance has been made for cost improvements in future operations; and
- log prices are based on a three-year historical rolling average.

Breakdown of forestry assets and further information

	2024	2023
	$000	$000
Balance at 1 July	280	280
Increases due to purchases	-	-
Gains/(losses) arising from changes attributable to physical changes	-	-
Gains/(losses) arising from changes attributable to price changes	-	-
Gains/(losses) arising from revalutation of forestry assets	6	-
Decreases due to sales	-	-
Decreases due to harvest	-	-
Total forestry assets	**286**	**280**

Council owns 26.61 hectares of land predominantly held for soil conservation and river control reserve (2023: 26.61), of which 7.2 hectares is stocked with Pinus Radiata (2023: 7.2). There are no restrictions over the title of forestry assets. No forestry assets are pledged as security for liabilities.

Financial risk management strategies

The Council is exposed to financial risks arising from changes in timber prices. The Council is a long-term forestry investor and does not expect timber prices to decline significantly in the foreseeable future. Therefore, no measures have been taken to manage the risks of a decline in timber prices. The Council reviews its outlook for timber prices regularly in considering the need for active financial risk management.

Note 19 : Investment property

Accounting policy

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

Critical judgements in applying accounting policies

Fair value of investment property

Classification of unoccupied land

[Review best practice guide note]

Breakdown of investment property and further information

	2024	2023
	$000	$000
Balance at 1 July	44,043	43,536
Additions	-	-
Sales and disposals	-	-
Transfer (to) from non-current assets held for sale	-	-
Transfer (to) from restricted assets	-	1,200
Transfer (to) from operational land	-	1,985
Transfer (to) from operational buildings	-	-
Fair value gains/(losses) on valuation	-	(2,678)
Total investment property	**44,043**	**44,043**

Fair value of investment property

The valuation of investment property was performed by Grant Utteridge, an independent valuer of Telfer Young (Rotorua) Ltd. Telfer Young (Rotorua) Ltd are experienced valuers with extensive market knowledge in the types and location of investment properties owned by the Council.

The fair value of investment property has been determined using the capitalisation of net revenue and discounted cash flow methods. These methods are based upon assumptions including future rental revenue, anticipated maintenance costs, and appropriate discount rates. or Ours - as the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm’s length transaction] Valuations for Freehold Investment properties relate to the market value in comparison to comparable sales evidence for similar properties in the surrounding area. Restricted land within the investment category: $nil (2023: $nil).

The valuation includes Lessors’ Interests in freehold land holdings held by the Council. The majority of these leases are perpetually renewable of 14-year terms with rents mostly set at 5% of market value of the land. The valuation for Lessors’ Interests within the portfolio was based on recent sales from centres throughout New Zealand.

Net revenue, which takes into account future rental revenue and anticipated maintenance costs, ranges from $390 to $460 per square metre (2023: $360 to $460).

Capitalisation and discount rates range from 6.7% to 7.7% (2023: 7.4% to 8.2%).

Note 19 : Investment property (continued)

Valuation uncertainty

Volatility in economic conditions such as rapid shifts in interest rates and higher than average inflation has had a major impact on the New Zealand economy. Due to the severe market disruption and lack of transactional data, a greater degree of uncertainty is attached to our valuation.

Information about the revenue and expenses in relation to investment property is detailed below:

	2024	2023
	$000	$000
Rental revenue		
Direct operating expenses from investment property:		
- generating revenue		
- not generating revenue		
Contractual obligations for:		
- capital expenditure		
- operating expenditure		
Fair value gains/(losses) on valuation		

Note 20 : Depreciation and amortisation expense by group of activities

	2024	2023
	$000	$000
Directly attributable depreciation and amortisation expense by group of activity		
Leadership and Community	10	17
Strategy and Futures	153	144
Transport Connections	11,389	9,454
Water Supply	4,593	4,057
Sewage Treatment and Disposal	2,810	2,375
Stormwater Drainage	1,880	1,564
Waste Management and Minimisation	58	55
Community Experience	3,266	3,830
Community Safety	9	10
Corporate Services	1,970	1,574
Total directly attributable depreciation and amortisation by group of activity	**26,139**	**23,079**
Depreciation and amortisation not directly related to group of activities	17	7
Total depreciation and amortisation expense	**26,156**	**23,085**

Note 21 : Payables and deferred revenue

Accounting policy

Short-term creditors and other payables are measured at the amount payable or / at their face value].

Breakdown of payables and deferred revenue and further information

	2024	2023
	$000	$000
Payables and deferred revenue under exchange transactions:		
Trade payables and accrued expenses	12,820	14,287
Income in advance	4,611	4,386
Deposits held	420	515
Amounts due to customers for contract work (Note 25)	715	674
Amounts due to Bay of Plenty Regional Council for rates collected on their behalf	473	605
Payables and deferred revenue under exchange transactions:		
Other taxes payable (e.g. GST and FBT)	-	-
Other grants and bequests received subject to substantive conditions not yet met	-	-
Total payables and deferred revenue	**19,039**	**20,467**

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

Note 22 : Borrowings and other financial liabilities

Accounting policy

Borrowings on normal commercial terms are initially recognised at fair value plus costs or the amount borrowed plus transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method. Interest due on the borrowings is subsequently accrued and added to the borrowings balance. Borrowings are classified as current liabilities unless the Council or group has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Finance leases

A finance lease transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the start of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item and the present value of the minimum lease payments.

The finance charge is charged to surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. The amount recognised as an asset is depreciated over its useful life.

If there is no reasonable certainty as to whether the Council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Financial guarantee contracts

A financial guarantee contract requires the Council or group to make specified payments to reimburse the holder of the contract for a loss it incurs because a specified debtor fails to make payment when due. Financial guarantee contracts are initially recognised at fair value.

If a financial guarantee contract was issued in a stand-alone arm's-length transaction to an unrelated party, its fair value at inception is equal to the consideration received.

When no consideration is received, the fair value of the liability is initially measured using a valuation technique, such as considering the credit enhancement arising from the guarantee or the probability that the Council will be required to reimburse a holder for a loss incurred discounted to present value.

If the fair value of a guarantee cannot be reliably determined at initial recognition, a liability is recognised at the amount of the loss allowance determined in accordance with the expected credit loss (ECL) model described in Note 13. Financial guarantees are subsequently measured at the higher of:

- the amount determined in accordance with the ECL model described in Note 13; and
- the amount initially recognised less, when appropriate, cumulative amortisation as revenue.

Breakdown of borrowings and other financial liabilities and further information

	2024	2023
	$000	$000
Current portion		
Secured loans	22,000	12,300
Deposits	-	-
Total current portion	**22,000**	**12,300**
Non-current portion		
Secured loans	131,500	103,500
Other financial liabilities	1,008	1,000
Total non-current portion	**132,508**	**104,500**
Total borrowings and other financial liabilities	**154,508**	**116,800**

Note 22 : Borrowings and other financial liabilities (continued)

Interest terms for secured loans

The Council's secured loans are mostly issued at floating rates of interest. For floating rate debt, the interest rate is reset quarterly based on the 90-day bank bill rate plus a margin for credit risk. External interest rates at 30 June 2024 range from 1.06% to 6.89% (2023: 1.06% to 6.89%) with a weighted average rate of 5.78% (2023: 5.78%). Interest expense for 2023 was $4.918 million (2023: $4.918 million).

Other secured loan facilities

The Council has an interchangeable loan facility with ANZ of $15 million. As at 30 June 2024, $2.3 million (2023: $2.3 million) of this facility was being utilised.

Security

The Council's secured loans are secured over future rating revenue either separate or general rates of the Council.

The debentures are secured by a floating charge over the land (carrying value of $800,000) and buildings (carrying value of $1.76 million) of the subsidiary companies that issued the debentures. The companies are free to acquire and dispose of assets provided that the net assets of the companies do not fall below $2.50 million.

Internal borrowings.

Information about internal borrowings is provided on pages 22 to 46 of the Council's annual report. Internal borrowings are eliminated on consolidation of activities in the Council's financial statements.

Fair values

Due to interest rates on debt resetting to a market rate every three months, the carrying amounts of secured loans approximates their fair value.

Information about the maturity profile of borrowings and other financial liabilities is detailed below:

	2024	2023
	$000	$000
Maturing in under one year		12,300
Maturing in 1-2 years		17,000
Maturing in 2-3 years		22,000
Maturing in 3-4 years		32,500
Maturing in 4-5 years		17,000
Maturing in 5 years+		16,000

Note 23 : Employee entitlements

Accounting policy

Short-term employee entitlements

Employee benefits that are expected to be settled wholly within twelve months after the end of the year in which the employee provides the related service are measured 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, and sick leave.

A liability for sick leave is recognised 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 it will be used by staff to cover those future absences.

A liability and an expense are recognised for bonuses where the Council has a contractual obligation or where there is a past practice that has created a constructive obligation and a reliable estimate of the obligation can be made.

Long-term employee entitlements

Employee benefits that are not expected to be settled wholly before twelve months after the end of the reporting period in which the employee provides the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to employees, based on years of service, years to entitlement, the likelihood that employees will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

Presentation of employee entitlements

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

Defined contribution superannuation schemes

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

Critical accounting estimates and assumptions

Estimating retirement and long service leave obligations

The present value of retirement, long service leave and sick leave obligations depend on a number of factors that are determined on an actuarial basis by Aon Retirement and Investment in accordance with PBE IPSAS 39. Three key assumptions used in calculating this liability include the discount rate, salary escalation rates and resignation rates. Any changes in these assumptions will affect the carrying amount of the liability.

Projected cashflows are discounted back to the valuation date at the valuation discount rates. The discount rates have been chosen in accordance with PBE IPSAS 25 and have been and the valuation method is a refinement of that set out by Treasury in its paper entitled “Guidance on accounting for sick leave under NZ IAS 19 employee benefits”. 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. . For sick leave the average discount rate used in the valuation was 4.7% (2023: 4.7%). The Long Service Leave valuation also assumes annual salary growth of 3.0% p.a. (2023: 3.0%) but uses a rising discount rate ranging from 4.19% to 5.43% over a 10-year period.

Note 23 : Employee entitlements (continued)

Breakdown of employee entitlements

	2024	2023
	$000	$000
Current portion		
Accrued pay	1,157	1,014
Annual and long service leave	2,598	2,360
Long service leave	-	
Sick leave	-	
Total current portion	**3,755**	**3,374**
Non-current portion		
Long service leave	570	502
Sick Leave	-	-
Total non-current portion	**570**	**502**
Total Employee Entitlements	**4,325**	**3,876**

Note 24 : Provisions

Accounting policy

A provision is recognised for future expenditure of uncertain amount or timing when:

- there is a present obligation (either legal or constructive) as a result of a past event;
- it is probable that an outflow of future economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation and discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. market yields on government bonds at balance date with terms to maturity that match, as closely as possible, the estimated future cash flows. The increase in the provision due to the passage of time is recognised as an interest expense and is included in “finance costs” (see Note 5).

ACC Accredited Employers Programme

The Council belongs to the ACC Accredited Employers Programme (the “Full Self Cover Plan”) whereby the Council accepts the management and financial responsibility for employee work-related illnesses and accidents. Under the programme, the Council is liable for all its claims costs for a period of two years after the end of their cover period in which the injury occurred. At the end of the two-year period, the Council pays a premium to ACC for the value of residual claims, and from that point the liability for ongoing claims passes to ACC.

The liability for the ACC Accredited Employers Programme is measured using actuarial techniques at the present value of expected future payments to be made in respect of the employee injuries and claims up to balance date. Consideration is given to anticipated future wage and salary levels and experience of employee claims and injuries. Expected future payments are discounted using market yields on government bonds at balance date with terms to maturity that match, as closely to possible, the estimated future cash outflows.

Critical accounting estimates and assumptions

Estimating the landfill aftercare costs

The Council has engaged an independent engineer, Engineering Associates Limited (EAL), to value the Council’s landfill aftercare provision. EAL has significant experience in performing such valuations.

The cash outflows for landfill post-closure costs are expected to occur in 5 to 25 years’ time (that is, between 2026 and 2046). The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The future cash outflows have been estimated taking into account existing technology and known changes to legal requirements. The gross provision before discounting is $3.56 million (2020: $3.45 million).

The following significant assumptions have been made in estimating the provision:

- The remaining capacity of the current site is 0.5 million cubic metres (refuse, clean fill, and cover).
- The estimated remaining life is 8 years, based on current projected waste volumes. Projected waste volumes have been estimated by using historical waste trend information.
- An annual inflation factor of 2.0% has been applied in estimating the future cash outflows.
- Discount rates ranging from 2.4% to 4.75% (2020: 2.87% to 4.75%) have been used to discount the estimated future cash outflows. These rates have been determined using New Zealand Government bond yield information and extrapolated beyond the available market data.

The management of the landfill will influence the timing of recognition of some liabilities. For example, the current landfill will operate in two stages. A liability relating to stage two will be created only when this stage is commissioned and when refuse begins to accumulate in this stage.

Note 24 : Provisions (continued)

Breakdown of provisions and further information

	2024	2023
	$000	$000
Current portion		
Landfill aftercare provision	757	757
Weathertightness and other claims provision	75	75
Future loss on sale of investment property provision	1,721	1,721
Total current portion	**2,553**	**2,553**
Non-current portion		
Landfill aftercare provision	2,643	2,643
Weathertightness and other claims provision	5,196	5,196
Future loss on sale of investment property provision	-	-
Total non-current portion	**7,839**	**7,839**
Total provisions	**10,393**	**10,393**

Landfill aftercare costs

The Council's responsibilities include closure costs, incremental drainage control features, facilities for leachate collection and monitoring, facilities for water quality monitoring. Post closure costs include treatment and monitoring of leachate and groundwater surface monitoring.

Weathertightness and other building related claims provision

The Weathertight Homes Resolution Service (WHRS), a central government service established under the Weathertight Homes Resolution Services Act 2006, no longer accepts claims. Council has no historical claims outstanding with this service. Council has continued to provide for potential liability in the 2023 financial statements of $75,000 based on the expected outcome of known weathertight and other building related claims. [Is this note from the GPG relevant?]

Future loss on sale of investment property provision

A provision has been made to take account of the difference between the current fair value of Property Intended for Sale and the sale price as stated in the Sale and Purchase Agreement in September 2017. See also Note 19 : Investment Property.

Other claims

There are no other claims known at 30 June 2024 other than those provided for. Further details on potential liabilities are explained in Note 25 : Contingencies.

Note 24 : Provisions (continued)

Movements for each class of provision are as follows:

	Landfill aftercare provision	Weathertightness and other claims provision	Future loss on sale of investment property provision	Total
	$000	$000	$000	$000
Balance at 1 July 2022	2,184	75	3,525	5,784
Additional provisions	1,216	-	(1,804)	(588)
Amounts used	-	-	-	-
Unused amounts reversed	-	-	-	-
Discount unwind (Note 5 : Finance costs)	-	-	-	-
Balance at 30 June 2023	**3,400**	**75**	**1,721**	**5,196**
2023 Movement in provisions	**1,216**	**-**	**(1,804)**	**(588)**
Balance at 1 July 2023	3,400	75	1,721	5,196
Additional provisions	98	41	-	139
Amounts used	-			-
Unused amounts reversed	-			-
Discount unwind (Note 5 : Finance costs)	-			-
Balance at 30 June 2024	**3,498**	**116**	**1,721**	**5,335**
2024 Movement in provisions	**98**	**41**	**-**	**139**

Note 25 : Contingencies

Contingent liabilities

The Council has contingent liabilities for indemnity claims, but the only claims that might be estimated are related to weathertightness (see below and note 24) and a provision has been made in the financial statements to anticipate this liability.

With regard to the quantified contingent liabilities, there is one potential liability faced by the Council.

Building Act claims including Weathertightness claims

The Building Act 2004 imposes certain obligations and liabilities on local authorities relating to the issue of building consents and inspection of work done. At the date of these financial statements, xx matters other than specified below under that Act indicating potential liabilities had been brought to the Council's attention. The Council's initial legal advice considers it not probable that these claims will be successful.

The amount of any potential future claims cannot be reliably estimated and is therefore unquantifiable.

The Council has included a provision in the accounts for a potential liability in relation to weathertightness and other building related claims (Note 24 : Provisions). The calculation is based on a forecast percentage estimate of the total claim.

Local Government Funding Agency

The Council is a guarantor of the New Zealand Local Government Funding Agency Limited (LGFA).

The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. LGFA has a current credit rating from Standard and Poor's of AAA for local currency and a foreign currency rating of AA+ as at 22 February 2021.68

As at 30 June 2024, the Council is one of 30 local authority shareholders and 68 local authority guarantors of the LGFA. The New Zealand Government also has a 20% shareholding in the LGFA. When aggregated with the uncalled capital of other shareholders, $20.0 million is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, the Council is a guarantor of all of the LGFA's borrowings.

At 30 June 2024, the LGFA had borrowings totalling $16.310 billion (2023: $16.310 billion).

Financial reporting standards require Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability.

The Council considers the risk of the LGFA defaulting on repayment of interest or capital to be very low on the basis that:

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

Engineering report on subdivision

Representatives of the owners of properties within this subdivision have approached the Council because of issues arising around slips and stormwater management in and around the accessway of the subdivision. In an attempt to find a resolution, the Council commissioned a geotechnical engineer to assess the accessway and to determine its state. While no formal legal proceedings have been issued against the Council, it has been notified. Staff are discussing the report conclusions with the representatives of the owners and working with the insurers on the issue.

Note 25 : Contingencies (continued)

Contingent liabilities (continued)

Resource consent on water bottling plant

The Supreme Court has granted leave to the appellants to challenge the Court of Appeal decision that led to the granting of resource consents for an expanded water bottling plant in Otakiri. The Court of Appeal decision was released in late 2022, effectively dismissing the appeals. The Court did not agree that the consent was appropriately considered as a "change of conditions" of an existing consent, and instead considered that a new resource consent should have been applied for. It did however decide that the full matters that would have been considered as a new consent were in fact considered during the processing of the s127 application and therefore the earlier Court decision stands. The Councils legal costs are $282,145 and this is unlikely to be covered by insurance. The Council may be asked to consider an application for a costs award should Council be successful in the Court of Appeal.

Edgecumbe Stop bank Breach 2017

In August 2023 a class action claim (Jill Payne and IAG New Zealand Ltd) was raised against the Council, together with the Bay of Plenty Regional Council, related to alleged duty of care in relation to monitoring and maintaining a flood wall located at 54-64 College Road, Edgecumbe. Council is contesting the claims which have not been quantified due to the nature of the issues, the uncertainty of the outcome and / or the extent to which the Council have a responsibility to the claimant.

New Zealand Mutual Liability Riskpool Scheme

The Council was previously a member of the New Zealand Mutual Liability Riskpool Scheme ('RiskPool'). The scheme was wound down, having provided public liability and professional indemnity insurance for its members until June 2017.

The Council has an ongoing obligation to contribute to the scheme should a call be made by the Riskpool Board in respect of any historical claims (to the extent those claims are not covered by reinsurance) based on the councils members in a related fund year, and to fund the ongoing operation of the scheme. The likelihood of any call, in respect of historical claims diminishes with each year as limitation periods expire.

However, as a result of the Supreme Court decision on 1 August 2023 in Napier City Council v Local Government Mutual Funds Trustee Limited, Riskpool notified its members on 2 August 2023 that it has a liability in relation to non-weathertight defects (in a mixed claim involving both weathertight and non weathertight defects). Riskpool has advised that it is working through the implications of the Supreme Court decision. At this point any potential liability regarding this claim, or any other future claims, is unable to be quantified.

Employment disputes

There was one employment dispute at 30 June 2024. This cannot yet be quantified but may result in a payment of approximately $10,000 (2023: nil).

Contingent assets

The Council operates a scheme whereby sports clubs are able to construct facilities (for example, club rooms) on reserve land. The clubs control the use of these facilities and the Council will gain control of the asset only if the club vacates the facility. Until this event occurs, the assets are not recognised as assets in the statement of financial position. As at 30 June 2021, there are 25 facilities such having an approximate value of $17.0 million (2020: 24 facilities – $16.0 million). This estimate has been based on rating valuations for the district that were performed effective 30 June 2020. [is this note from the GPG appropriate for us].

There are no known contingent assets at balance date.

Note 26 : Equity

Accounting policy

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components.

- accumulated funds;
- restricted reserves;
- asset revaluation reserve.

Restricted reserves

Restricted 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 the Council.

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

Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Also included in restricted reserves are reserves restricted by the Council decision. The 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.

Asset revaluation reserve

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

Breakdown of equity and further information

	2024	2023
	$000	$000
Accumulated funds		
Balance at 1 July	456,233	448,049
Surplus / (deficit) for the year		8,525
Transfers to restricted reserves		(3,203)
Transfers from restricted reserves		2,862
Transfer from asset revaluation reserves on disposal		-
Total accumulated funds	**456,233**	**456,233**
Restricted reserves		
Balance at 1 July	15,254	14,913
Transfers to accumulated funds		3,203
Transfers from accumulated funds		(2,862)
Balance at 30 June	**15,254**	**15,254**
Asset revaluation reserve		
Balance at 1 July	728,547	688,702
Net revaluation gains		38,979
Deferred tax on revaluation		865
Transfers to accumulated funds on disposal of assets		-
Balance at 30 June	**728,547**	**728,546**
Total reserves	**743,801**	**743,800**

Note 26 : Equity (continued)

Operating reserves

Information about operating reserves funds provided for within accumulated funds held for a general or specific purpose is provided below:

Description	Activity group	Balance at 1.7.22	Transfers into funds	Transfer out of funds	Balance at 30.6.23 / 1.7.23	Transfers into funds	Transfer out of funds	Balance at 30.6.24
		$000	$000	$000	$000	$000	$000	$000
General operating reserves								
General Rates and Revenues	General Council							
Fixed Assets	General Council							
Roading Rate	Transport Connections							
Parking Enforcement	Transport Connections							
Water Supply – Equalised schemes	Water Supply							
Water Supply - Murupara	Water Supply							
Water Supply - Plains	Water Supply							
Wastewater – Equalised schemes	Sewage Treatment and Disposal							
Wastewater - Matatā	Sewage Treatment and Disposal							
Wastewater - Murupara	Sewage Treatment and Disposal							
Stormwater - Whakatāne	Stormwater							
Stormwater – Ohope	Stormwater							
Stormwater - Edgecumbe	Stormwater							
Stormwater - Matatā	Stormwater							
Stormwater - Murupara	Stormwater							
Stormwater - Taneatua	Stormwater							
Stormwater - Te Teko	Stormwater							
Stormwater - Te Mahoe	Stormwater							
Refuse Collection Rate	Waste Management and Minimisation							
Dog Control	Community Safety							
Parks and Reserves	Community Experience							
Pensioner Housing	Community Experience							
Total general operating reserves								

Note 26 : Equity (continued)

Operating reserves (continued)

Information about operating reserves funds provided for within accumulated funds held for a general or specific purpose is provided below:

Description	Activity group	Balance at 1.7.22	Transfers into funds	Transfer out of funds	Balance at 30.6.23 / 1.7.23	Transfers into funds	Transfer out of funds	Balance at 30.6.24
		$000	$000	$000	$000	$000	$000	$000
Renewal / depreciation operating reserves								
Strategic and Investment Properties	Strategy and Futures							
Roading	Transportation Connections							
Water Supply – Equalised schemes	Water Supply							
Water Supply - Murupara	Water Supply							
Water Supply - Plains	Water Supply							
Wastewater – Equalised schemes	Sewage Treatment and Disposal							
Wastewater - Matata	Sewage Treatment and Disposal							
Wastewater - Murupara	Sewage Treatment and Disposal							
Stormwater - Edgecumbe	Stormwater							
Stormwater - Matata	Stormwater							
Stormwater - Murupara	Stormwater							
Stormwater - Ohope	Stormwater							
Stormwater - Taneatua	Stormwater							
Stormwater - Te Mahoe	Stormwater							
Stormwater - Te Teko	Stormwater							
Stormwater - Whakatane	Stormwater							
Refuse Disposal	Waste Management and Minimisation							
Parks Reserves and Gardens	Community Experience							
Recreation	Community Experience							
Cemeteries	Community Experience							
Aquatic Centres	Community Experience							
Libraries and Galleries	Community Experience							

Note 26 : Equity (continued)

Operating reserves (continued)

Information about operating reserves funds provided for within accumulated funds held for a general or specific purpose is provided below:

Description	Activity group	Balance at 1.7.22	Transfers into funds	Transfer out of funds	Balance at 30.6.23 / 1.7.23	Transfers into funds	Transfer out of funds	Balance at 30.6.24
		$000	$000	$000	$000	$000	$000	$000
Renewal / depreciation operating reserves (continued)								
Museums and Archives	Community Experience							
Halls	Community Experience							
Public Conveniences	Community Experience							
Ports and Harbours	Community Experience							
Pensioner Housing	Community Experience							
Holiday Park	Community Experience							
Dog Control	Community Safety							
Corporate Property	Corporate Services							
Information Management	Corporate Services							
Vehicle and Plant Reserve	Corporate Services							
Airport Whakatāne	General Council							
Total renewal operating reserves								
Other operating reserves								
Community Board - Whakatāne-Ōhope	Leadership and Community							
Community Board - Rangitaiki	Leadership and Community							
Community Board - Taneatua	Leadership and Community							
Community Board - Murupara	Leadership and Community							
Iwi Liaison Community Projects	Leadership and Community							
District Growth	District Growth							
Roading Storm Damage Reserve	Transport Connections							
Te Mahoe Water - special	Water Supply							
Disaster Mitigation	Stormwater							
Car Parks Development	Community Experience							

Note 26 : Equity (continued)

Operating reserves (continued)

Information about operating reserves funds provided for within accumulated funds held for a general or specific purpose is provided below:

Description	Activity group	Balance at 1.7.22	Transfers into funds	Transfer out of funds	Balance at 30.6.23 / 1.7.23	Transfers into funds	Transfer out of funds	Balance at 30.6.24
		$000	$000	$000	$000	$000	$000	$000
Other operating reserves (continued)								
Museum Collections	Community Experience							
Galatea Reserve Development	Community Experience							
Disabled Facilities	Community Experience							
Whakatane Holiday Park	Community Experience							
Leaky Homes Reserve	Community Safety							
Whakaari 2019 Eruption	Community Safety							
General Disaster Reserve	General Council							
Asset Divestment	General Council							
Sale of Bennett Block	General Council							
Airport Whakatāne	General Council							
Total other operating reserves								

Purpose of each operating reserve fund

General operating reserves - These are set aside by the Council to fund short-term operational matters, such as some loan repayments, or to hold short-term surpluses arising from operations.

Renewal / depreciation operating reserves - These are set aside by the Council to fund short to medium term timing variations in the future capital expenditure associated renewal of assets from Council activities, such as water, wastewater, stormwater, roads and footpath, facilities, property plant and equipment.

Other operating reserves - These are set aside by the Council to fund specific future or potential operating activities of the Council associated with the nature of the reserve.

If not required the Council can elect to transfers these to other operating reserves or transferred to unreserved accumulated funds.

Note 26 : Equity (continued)

Restricted reserves

Information about restricted reserves is provided below:

Description	Activity group	Balance at 1.7.22	Transfers into funds	Transfer out of funds	Balance at 30.6.23 / 1.7.23	Transfers into funds	Transfer out of funds	Balance at 30.6.24
		$000	$000	$000	$000	$000	$000	$000
Development contributions								
Roading	Transportation Connections							
Non Financial Assisted Roading	Transportation Connections							
Water Supply - Edgecumbe	Water Supply							
Water Supply - Matata	Water Supply							
Water Supply - Ohope	Water Supply							
Water Supply - Plains	Water Supply							
Water Supply - Whakatāne	Water Supply							
Wastewater - Coastlands	Sewage Treatment and Disposal							
Wastewater - Edgecumbe	Sewage Treatment and Disposal							
Wastewater - Ohope	Sewage Treatment and Disposal							
Wastewater - Whakatāne	Sewage Treatment and Disposal							
Stormwater - Matata	Stormwater							
Stormwater - Ohope	Stormwater							
Stormwater - Whakatāne	Stormwater							
Solid Waste	Waste Management and Minimisation							
Parks, Gardens and Reserves	Community Experience							
Rural Reserves	Community Experience							
Whakatane Carparks	Community Safety							
Community Infrastructure	General Council							
Total development contribution restricted reserves								

Note 26 : Equity (continued)

Restricted reserves (continued)

Description	Activity group	Balance at 1.7.22	Transfers into funds	Transfer out of funds	Balance at 30.6.23 / 1.7.23	Transfers into funds	Transfer out of funds	Balance at 30.6.24
		$000	$000	$000	$000	$000	$000	$000
Other restricted reserves								
Harbour Land Sales Fund	Community Experience							
Harbour Capital Fund	Community Experience							
Total other restricted reserves								
Total restricted reserves								

Restricted reserves

Development contribution reserves - These include development and financial contributions levied by Whakatāne District Council for capital works and are intended to contribute to the growth related capital expenditure in the infrastructural asset activities of Roads, Water Supply, Wastewater Management, Stormwater Drainage, Waste Management and Disposal, Parks and Reserves, Facilities, Carparks and Subdivisions within communities.

Other restricted reserves - These are funds subject to specific conditions accepted as binding by Whakatāne District Council, such as bequests or operations in trust under specific Acts, and which may not be revised by the Council without reference to the Courts or third party. Harbour reserves within this group are recorded to give effect to caluse 21 of the 1976 Order in Council for the Union of Whakatāne County and Whakatāne Borough and dissolution of Whakatāne Harbour Board.

Capital management

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

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

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

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

Note 27 : Related party transactions

Related parties include subsidiaries, associates, joint ventures, key management personnel, elected representatives of the council, their close family members, and entities controlled by them. Close family members include spouses or domestic partners, children, and dependents.

Apart from the disclosures provided below, no disclosures have been made with related parties for transaction that are:

- within a normal supplier or client/recipient relationship; and
- on terms and conditions no more or less favourable than those that it is reasonable to expect the Council would have adopted in dealing with the party at arm's length in the same circumstances.

Further, no disclosure has been made for transactions with entities within the Council group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such group transactions.

No provision has been required, nor any expense recognised, for impairment of receivables, for any loans or other receivables to related parties (2024: nil).

Related party transactions required to be disclosed

Bay of Plenty Local Authority Shared Services Limited

The Council has a 1/9th share in BOPLASS Limited. BOPLASS Limited has been established to foster collaboration between councils in the delivery of services particularly back office or support services. Whakatāne District Council's Chief Executive, Stephanie O'Sullivan was appointed as a director and Shareholder Representative of BOPLASS Limited during the 2019 financial year. During the year the Council contracted BOPLASS Limited for services costing $139,907.70 (2023: $139,907.70).

Whakatāne Airport

Council has a 50:50 joint equity venture with the Ministry of Transport (Air Transport Division) in the Whakatāne Airport and both entities are considered to be related parties. Administrative and maintenance transactions totalling $56,584 (2023: 56,584) were carried out with the Joint Venture. Funds held by Council on behalf of the Airport total $ 2,397,759 deficit (2023: $2,397,759 deficit).

Key management personnel compensation

	2024	2023
	$000	$000
Councillors, including the Mayor		
Number of elected officials		
Remuneration		
Senior management team, including the Chief Executive		
Full-time equivalent members		
Remuneration		
Total full-time equivalent personnel		
Total key management personnel remuneraton		

Due to the difficulty in determining the full-time equivalent for Councillors, the full-time equivalent figure is taken as the number of Councillors. Total remuneration includes the value of any non-financial benefits. An analysis of Councillor remuneration and further information on Chief Executive remuneration is provided in Note 4.

28: Events after balance date

The previous New Zealand Government commenced implementation of a water services reform programme intended to ensure all New Zealanders have safe, clean and affordable water services. It intended to achieve this establishing new public entities to take on the delivery of drinking water, wastewater and stormwater services across New Zealand. The reform was enacted by three pieces of legislation:

The Water Services Entities Act 2022, which (as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023) establishes ten publicly owned water services entities and sets out their ownership, governance and accountability arrangements.

A water services entity is established (for transitional purposes) on the date on which the appointment of the entity's establishment board takes and its establishment date (operational date) will be a date between 1 July 2024 and 1 July 2026.

The Water Services Legislation Act 2023, which amended the Water Services Entities Act 2022 on

31 August 2023 to provide for the transfer of water services assets and liabilities to the water services entities.

The Water Services Economic Efficiency and Consumer Protection Act 2023, which provides the economic regulation and consumer protection framework for water services. The consumer protection framework will come into force on 1 July 2024 and the rest of the Act came into force on 31 August 2023.

There is uncertainty around the water services reform legislation. Recognising with the Coalition Agreement for the 54th Parliament being agreed for the current New Zealand Government, it may be repealed or substantially amended. (2022: Water Services Reform, Cyclone Gabrielle).

Note 29A : Financial Instruments

The Council adopted PBE IPSAS 41 from 1 July 2022.

PBE IPSAS 41 requires debt instruments to be subsequently measured at fair value through other comprehensive revenue and expense (FVTSD), amortised cost, or fair value through surplus or deficit (FVTOCRE). This classification is based on the business model for managing the debt instruments, and whether the payments are for solely payments of principal or interest on the principal amount outstanding.

The Council assessed the business model for its classes of financial assets at the date of initial application.

Debt instruments are held mainly to collect.

The Council's debt instruments are solely comprised of contractual cash flows solely for payments of principal and interest, in line with basic lending arrangements. This assessment was based on the facts and circumstances as at the initial recognition of the assets.

PBE IPSAS 41 requires equity instruments to be classified at FVTSD. However, it permits entities to make an irrevocable election on transition to PBE IPSAS 41 to subsequently measure at FVTOCRE if the shares are not held for trading. The Council has elected to subsequently measure all of its shares at FVTOCRE.

Note 29B : Financial instrument categories

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

	2024	2023
	$000	$000
Financial assets		
Fair value through surplus or deficit		
Financial instruments		
Derivative financial assets		
Loans and receivables		
Cash and cash equivalents		
Receivables		
Total at FVTSD		
Fair value through other comprehensive revenue and expense		
Other financial assets		
Unlisted shares		
Investment in joint ventures and associates		
Term loan - Air Chathams Ltd		
Total at FVTOCRE		
FINANCIAL LIABILITIES		
Fair value through surplus or deficit		
Financial Instruments		
Derivative financial liabilities		
Total at FVTSD		
Amortised cost		
Other financial liabilities		
Payables		
Borrowings - secured loans		
Total at amortised cost		

Note 29C : Fair value hierarchy

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

- Level 1 – Quoted market price – Financial instruments with quoted prices for identical instruments in active markets.
- Level 2 – Valuation technique using observable inputs – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Level 3 – Valuation techniques with significant non-observable inputs – Financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position:

	Level	2024 $000	2023 $000
Financial assets			
Derivative financial assets	2		
Local authority stock	2		
Unlisted shares	2		
Borrower notes	2		
Investment in joint ventures and associates	2		
Term loan - Air Chathams Ltd	2		
Financial liabilities			
Derivative financial liabilities	2		

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

Note 29D : Financial instrument risks

The Council's activities expose it to a variety of financial instrument risks, including market risk, credit risk, and liquidity risk. The Council has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from its treasury activities. The Council has established the Council-approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

Market risk

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Equity securities price risk arises on listed share investments, which are classified as financial assets held at fair value through other comprehensive revenue and expense. This price risk arises due to market movements in listed shares. The price risk is managed by diversification of the Council's investment portfolio in accordance with the limits set out in the Council's Treasury Management Policy.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Council is exposed to currency risk on imported capital expenditure, operational expensed items and services transactions denominated in foreign currencies. As a result of these activities, exposure to currency risk arises.

It is the Council's policy to manage foreign currency risks arising from contractual commitments and liabilities that are above $100,000 by entering into forward foreign exchange contracts in accordance with the limits set out in the Council's Treasury Management Policy to manage the foreign currency risk exposure. [Check our exposure and policy as per the GPG]

Note 29D : Financial instrument risks (continued)

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings and investments issued at fixed rates of interest expose the Council to fair value interest rate risk. The Council's Treasury Management policy is to maintain approximately 50-90% of its borrowings in fixed rate instruments. Fixed to floating interest rate swaps are entered into to hedge the fair value interest rate risk arising where the Council has borrowed at fixed rates in excess of the target above.

Cash flow interest rate risk

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

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

Credit risk

Credit risk is the risk that a third party will default on its obligation to the Council, causing it to incur a loss. Due to the timing of its cash inflows and outflows, surplus cash is invested into term deposits and listed bonds, which gives rise to credit risk. The Council also provides financial guarantees, which gives rise to credit risk.

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

The Council's Treasury Management policy limits the amount of credit exposure to any one financial institution or organisation. Investments in other Local Authorities are secured by charges over rates. Other than other local authorities, the Council invests funds only with entities that have a Standard and Poor's credit rating of A- or above for long-term investments.

The Council holds no collateral or credit enhancements for financial instruments that give rise to credit risk.

Note 29D : Financial instrument risks (continued)

Maximum exposure to credit risk

The Council's maximum credit risk exposure for each class of financial instrument is as follows:

		2024	2023
		$000	$000
Cash at bank and term deposits			
Local authority stock			
Trade and other receivables			
Local authority and government stock			
Investment in joint ventures and associates			
Term loan - Air Chathams Ltd			
Derivatives			
Total credit risk			

The Council is exposed to credit risk as a guarantor of all the LGFA's borrowing. Information about this exposure is explained in Note 25 : Contingencies.

Credit risk exposure by credit risk rating grades, excluding receivables

The gross carrying amount of financial assets, excluding receivables, by reference to Standard and Poor's credit ratings are provided below. / or

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

		2024	2023
	Rating	$000	$000
COUNTERPARTIES WITH CREDIT RATINGS			
Cash at bank and term deposits	**AA-**		
NZ Local Government Funding Agency	**AA+**		
COUNTERPARTIES WITHOUT CREDIT RATINGS			
Civic Financial Services Ltd			
Bay of Plenty Local Authority Shared Services Limited			
Investment in joint ventures and associates			
Whakatāne Airport joint venture			
Boat Harbour Te Rāhui Herenga Waka special partnership			
Air Chathams Ltd			

Liquidity risk

Management of liquidity risk

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

The Council manages its borrowings in accordance with its funding and financial policies, which include a Treasury Management policy.

Note 29D : Financial instrument risks (continued)

Contractual maturity analysis of financial liabilities

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

	Liability carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
	$000	$000	$000	$000	$000	$000
2024						
Trade and other payables						
Secured loans						
Derivative liabilities						
Total						
2023						
Trade and other payables						
Secured loans						
Derivative liabilities						
Total						

The Council is exposed to liquidity risk as a guarantor of all of the LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in Note 25 : Contingencies.

Contractual maturity analysis of financial assets

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

	Liability carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
	$000	$000	$000	$000	$000	$000
2024						
Cash and cash equivalents						
Receivables						
Other financial assets:						
Local authority and government stock						
Loan to Air Chathams Ltd						
Derivative assets						
Total						
2023						
Cash and cash equivalents						
Receivables						
Other financial assets:						
Local authority and government stock						
Loan to Air Chathams Ltd						
Derivative assets						
Total						

Note 29D : Financial instrument risks (continued)

Sensitivity analysis

The tables below illustrate the potential effect on the surplus or deficit and equity (excluding accumulated funds) for reasonably possible market movements, with all other variables held constant, based on the Council financial instrument market risk exposures at balance date.

	-100BPS Surplus	-100BPS Other equity	+100BPS Surplus	+100BPS Other equity
	$000	$000	$000	$000
2024				
Financial assets:				
Cash and cash equivalents				
Derivative assets – interest rate swaps				
Other financial assets:				
Local authority and government stock				
Financial liabilities:				
Derivative liabilities – interest rate swaps				
Borrowings:				
Bank overdraft				
Debt				
Total				
2023				
Financial assets:				
Cash and cash equivalents				
Derivative assets – interest rate swaps				
Other financial assets:				
Local authority and government stock				
Financial liabilities:				
Derivative liabilities – interest rate swaps				
Borrowings:				
Bank overdraft				
Debt				
Total				

Explanation of interest rate risk sensitivity

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease in 100 bps is equivalent to a decrease in interest rates of 1.0%.

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

Note 29D : Financial instrument risks (continued)

Sensitivity analysis (continued)

Explanation of derivatives sensitivity

The sensitivity for derivatives (interest rate swaps) has been calculated using a derivative valuation model based on a parallel shift in interest rates of-100bps/+100bps (2023:-100bps/+100bps). Derivative financial liabilities not hedge-accounted include interest rate swaps with a fair value totalling $2,297,000 (2023: $2,297,000).

A movement in interest rates of plus or minus 1.0% has an effect on the swap value of $3,570,000 (2023: $3,570,000) and $7,112,000 (2023: $7,112,000).

Explanation of local authority and government stock sensitivity

A total of $59,000 (2023: $59,000) of investments in local authority stock are classified at fair value through equity. A movement in interest rates of plus or minus 1.0% has an effect of $590 (2023: $590) on the fair value through equity reserve.

Explanation of floating secured loans sensitivity

The Council has floating rate debt with a principal amount totalling $69 million (2023: $69 million). A movement in interest rates of plus or minus 1.0% has an effect on interest expense of $690,000 (2023: $690,000). A movement in market interest rates on fixed rate debt does not have any impact because secured loans are accounted for at amortised cost using the effective interest method.

Explanation of creditors and other payables sensitivity

Trade payables do not include any foreign currency denominated payables in relation to plant and equipment purchases. Therefore there is no currency price risk and no movement under sensitivity analysis.

Note 30 : Explanations of major variances against budget

Explanations for major variations from the Council’s budget figures in its 2023/24 annual plan are as follows:

Statement of comprehensive revenue and expense

Revenue was … due to:

- … …..; and
- ….

Expenses were $18.7 million higher than budgeted by $18.7 million due to:

- … …..; and
- ….

Other comprehensive revenue and expense was ……

Statement of financial position

Equity

….

Assets

Total assets were $xxx million more/ less than budget due to:

- … …..; and
- ….

Liabilities

Total liabilities were $xxx million more/ less than budget due to:

- … …..; and
- ….

Statement of cashflows

Cash held at year end was $xx million more than budget

…

Note 31 : Statement of cashflow reconciliation to surplus / (deficit) after tax

			Actual 2024 $000	Actual 2023 $000
Surplus/(deficit) after tax				
Add/(less) non-cash items				
Share of associate's surplus				
Depreciation and amortisation expense				
Property, plant, and equipment impairment				
Vested assets revenue				
(Gains)/losses in fair value of forestry assets				
(Gains)/losses in fair value of investment property				
(Gains)/losses on derivative financial instruments				
Net foreign exchange (gains)/losses				
Total non-cash items				
Add/(less) items classified as investing or financing activities				
(Gains)/losses on disposal of property, plant, and equipment				
(Gains)/losses on disposal of investments classified as fair value through other comprehensive revenue and expense				
Total items classified as investing or financing activities				
Add/(less) movements in working capital items				
(Increase)/decrease in receivables				
(Increase)/decrease in inventory				
Increase/(decrease) in payables				
Increase/(decrease) in income tax payables				
Increase/(decrease) in provisions				
Increase/(decrease) in employee entitlements				
Net movement in working capital items				
Net cash inflow/(outflow) from operating activities				

Note 32 : Prior year error correction

The Council has adjusted its comparative year financial statements for the year ended 30 June 2024 for the correction of a prior period error.

…

	Before adjustments	Correction of error	After adjustments
	$000	$000	$000
Revenue			
Development and financial contributions			
Current liabilities			
Payables and deferred revenue			
Equity			
Accumulated funds			