Puka 2 | Volume 2

Financial Statements for Council and Group

2023/2024

Te Pūrongo ā-Tau
Annual Report

Absolutely Positively **Wellington** City Council
Me Heke Ki Pōneke

Ihirangi
Contents

Pūrongo Tautukunga me te Haepapa Statement of Compliance and Responsibility

Compliance

The Governing Body and management of Wellington City Council confirm that all the statutory requirements in relation to the Annual Report, as outlined in Schedule 10 of the LGA 2002, including the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP) have been complied with. Reporting obligations in relation to the Local Government (Financial Reporting and Prudence) Regulations 2014 have been met.

The financial statements have been prepared to comply with Public Sector Public Benefit Entity Accounting Standards (PBE Accounting Standards) for a Tier 1 entity and were authorised for issue by the Wellington City Council on 31 October 2024.

Responsibility

The Governing Body and management of Wellington City Council accept responsibility for the preparation of the annual financial statements and judgements used in them. They also accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of Wellington City Council, the Annual Report for the year ended 30 June 2024 fairly reflects the financial position, results of operations and service performance achievements of the Wellington City Council and Wellington City Council Group.

Tory Whanau,
Mayor
31 October 2024

Barbara McKerrow,
Chief Executive
31 October 2024

Andrea Reeves,
Chief Strategy & Finance Officer
31 October 2024

Tūāpapa o ngā Pūrongotanga
Basis of Reporting

Reporting entity

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

The primary purpose of the Council and Group is to provide goods or services for community or social benefits rather than making a financial return. As a defined public entity under the Public Audit Act 2001, the Council is audited by the Office of the Auditor General and is classed as a Public Sector Public Benefit Entity (PBE) for financial reporting purposes.

The reported Council figures include the results and operations of the Council's interests in joint operations as disclosed in *Note 36: Joint operations* (page 112).

The reported Group figures include the Council, the Council's controlled entities as disclosed in *Note 20: Investment in controlled entities* (page 61) and the Council's equity accounted interest in the associates and joint venture as disclosed in *Note 21: Investment in associates and joint venture* (page 62). A diagram of the Council and Group is included on page 4.

This section contains the significant accounting policies of the Council and Group that relate to the financial statements as a whole. They are additional to the significant accounting policies relating to specific account balances which are included in the related note disclosures.

Tūāpapa o ngā Pūrongotanga
Basis of Reporting

- continued

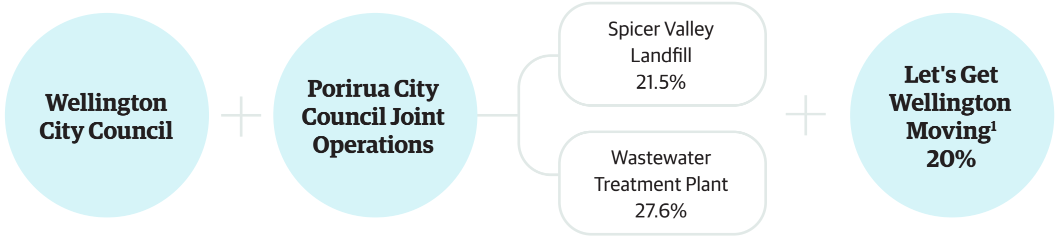
Council and Group structure

These charts represent the Council and Group financial reporting structure.

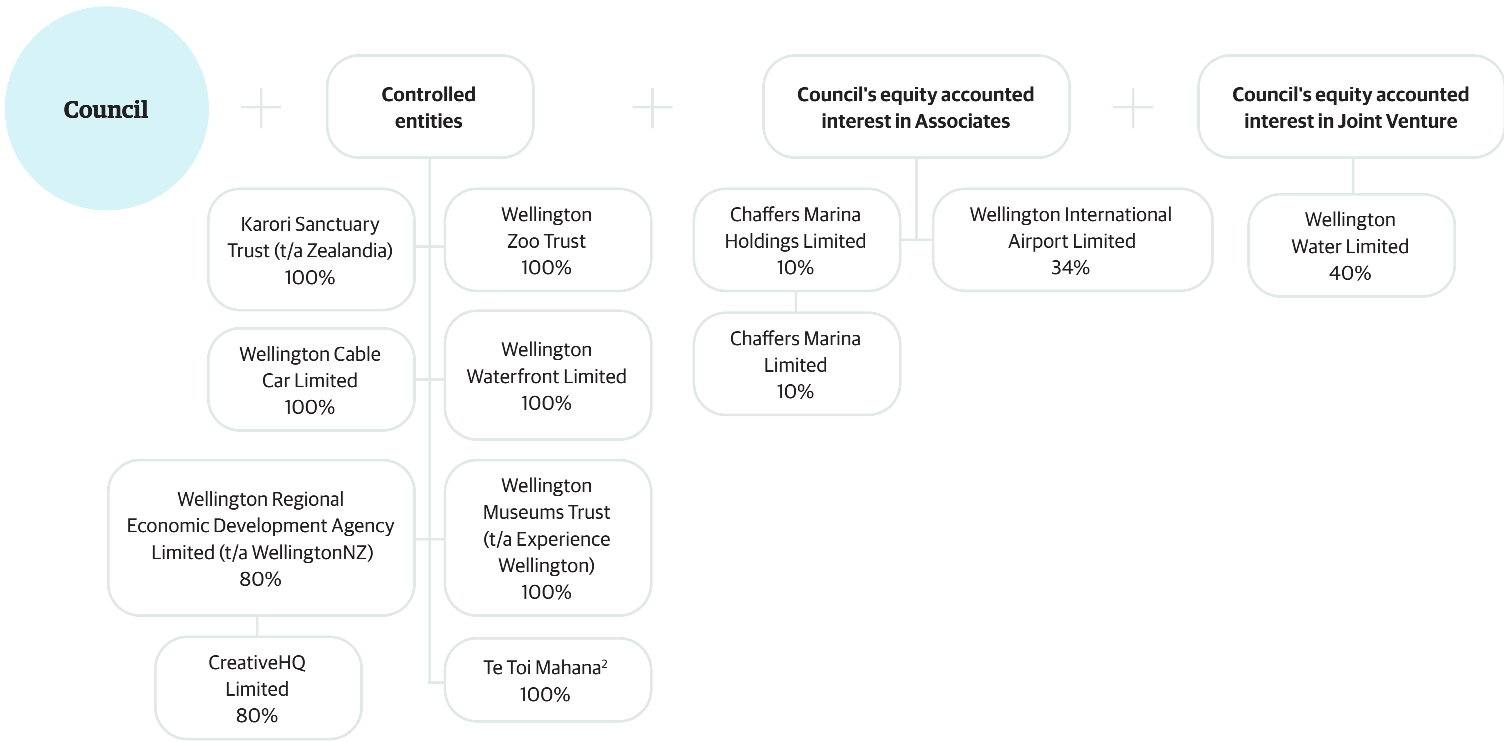
All entities included within the Group are domiciled and operate in the Wellington region, New Zealand.

The percentages quoted represent the Council's interest and/or ownership (for accounting purposes) in each of the entities in the Group. Refer to *Notes 20, 21 and 36* (page 61, 62 and 112) for more information.

Wellington City Council reporting entity (Council)



Wellington City Council Group reporting entity (Group)



1. The interest in Let's Get Wellington Moving (LGWM) represents Council's overall interest in this joint operation until the arrangement ceased on 31 March 2024.
2. Te Toi Mahana was established as a Charitable Trust by the Council in February 2023. It became a registered Community Housing Provider with the Community Housing Regulatory Authority in July 2023. For the purposes of financial reporting, it meets the definition of a controlled entity pursuant to PBE IPSAS 35 Consolidated Financial Statements and therefore requires consolidation into the Group. However, Te Toi Mahana is not a Council-controlled organisation under the LGA 2002.

Figure 1: Reporting entity structures

Tūāpapa o ngā Pūrongotanga Basis of Reporting

- continued

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Council and its Group.

Joint arrangements

Joint arrangements are arrangements where two or more parties have joint control. The accounting treatment can vary according to the structure of the arrangement. There are two types of joint arrangements, either a joint venture or a joint operation.

Joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the agreed sharing of control by way of a binding arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

In the Council's financial statements, the investments in joint ventures are carried at cost. In the Group financial statements, the Council's share of the assets, liabilities, revenues, expenses and cash flows of a joint venture is included on an equity accounting basis as a single line in the relevant primary statement.

Joint operation

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. For a joint operation the Council reflects its share of any surplus or deficit. The Council's proportionate interest in the assets, liabilities, revenues, expenses and cash flows of joint operations is included in the financial statements of the Council and Group on a line-by-line basis

Controlled entities

Controlled entities are entities that are controlled by the Council. Control over an entity is determined when the Council has exposure, or rights, to variable benefits (either financial or non-financial) from its involvement with the entity and has the ability to affect the nature or amount of those benefits through its power over the other entity. The Council considers all relevant facts and circumstances in assessing whether it has power over another entity. Power can exist over an entity if, by virtue of its purpose and design, the relevant activities and the way in which the relevant activities of the entity can be directed has been predetermined by the Council.

In the Council financial statements, the investments in controlled entities are carried at cost. In the Group financial statements, controlled entities are accounted for using the purchase method where assets, liabilities, revenue, expenditure and cash flows are added on a line-by-line basis. Where a non-controlling interest is held by another party in a Council-controlled entity, the controlled entity is consolidated as if it was fully controlled and the share of any surplus or deficit attributable to the non-controlling interest is disclosed within the Statement of Comprehensive Revenue and Expense.

All significant transactions between Group entities, other than rates, are eliminated on consolidation. Rates are charged on an arm's-length basis and are not eliminated to ensure that reported costs and revenues are consistent with the Council's Long-term Plan (LTP) or Annual Plan (AP).

Associates

Associates are entities where the Council has significant influence over their operating and financial policies, but they are not controlled entities or joint ventures. In the Council financial statements, the investments in associates are carried at cost. In the Group financial statements, the Council's share of the assets, liabilities, revenues, expenditures and cash flows of associates is included on an equity accounting basis as a single line in the relevant primary statement.

Other Council and Council-controlled organisations

The Council has established several Council-controlled organisations (CCO) and Council-controlled trading organisations (CCTO) to help it achieve its goals for Wellington. These organisations were set up to independently manage Council facilities or deliver specific services and developments on behalf of Wellington residents. The performance of each CCO is reported on in Volume 1 of the Annual Report in Section 4: Our performance in detail page 37 to 136. The Council has made appointments to other organisations, which make them Council organisations (as defined in the LGA 2002), but they are not Council-controlled or part of the Group for financial reporting purposes (for example, Wellington Regional Stadium Trust).

Tūāpapa o ngā Pūrongotanga Basis of Reporting

- continued

Basis of preparation

Measurement base

The measurement basis applied is historical cost, modified by the revaluation of certain assets and liabilities as identified in the accounting policies. The accrual basis of accounting has been used unless otherwise stated.

For the assets and liabilities recorded at fair value, fair value is defined as the amount for which an item could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's-length transaction. For investment property, non-current assets classified as held for sale and items of property, plant and equipment which are revalued, the fair value is determined by reference to market value. The market value of a property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction.

Amounts expected to be recovered or settled more than one year after the end of the reporting period are recognised at their present value. The present value of the estimated future cash flows is calculated using applicable inflation factors and a discount rate.

The consolidated financial statements are presented in New Zealand dollars (NZD), rounded to the nearest thousand dollars ($000), unless stated otherwise.

Tūāpapa o ngā Pūrongotanga
Basis of Reporting

- continued

Other significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

Exchange and non-exchange transactions

Revenue from exchange transactions

Revenue from exchange transactions arises where the Council provides goods or services to another entity or individual and directly receives approximately equal value in a willing arm's-length transaction (primarily in the form of cash in exchange).

Revenue from non-exchange transactions

Revenue from non-exchange transactions arises from transactions that are not exchange transactions. Revenue from non-exchange transactions arises when the Council receives value from another party without giving approximately equal value directly in exchange for the value received.

An inflow of resources from a non-exchange transaction recognised as an asset, is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the Council satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Approximately equal value

Approximately equal value is considered to reflect a fair or market value, which is normally considered as an arm's-length commercial transaction between a willing buyer and willing seller. Some goods or services that the Council provides (for example, the sale of goods at market rates) are defined as being exchange transactions. Only a few services provided by the Council operate on a full user pays or breakeven basis (for example, parking services) and these are exchange transactions unless they are provided at less than active and open market prices.

Most of the services that the Council provides, for a fee, are subsidised by rates (for example, the cost to swim in a council pool) and therefore do not constitute an approximately equal exchange. Accordingly, most of the Council's revenue is categorised as non-exchange.

Foreign currency balances and transactions

Foreign currency transactions (including those subject to forward foreign exchange contracts) are translated into NZD using the spot exchange rate at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

Change of accounting policies

There have been no changes to accounting policies during the financial year.

Changes to PBE accounting standards

Standards issued but not yet effective, and not early adopted

- Disclosure of Fees for Audit Firms' Services (Amendments to *PBE IPSAS 1 – Presentation of financial reports)*

The amendments require an entity to describe the services provided by its audit or review firm and to disclose the fees incurred by the entity for those services into specific categories. The mandatory adoption date is for accounting periods beginning on or after 1 January 2024. There will be no financial impact on the financial statements as the requirement is only for greater disclosure of incurred expenses.

There are no other standards that have been issued but not yet effective that are expected to have a significant impact on these financial statements.

Tūāpapa o ngā Pūrongotanga Basis of Reporting

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Judgements and estimations

The preparation of financial statements using PBE accounting standards requires the use of judgements, estimates and assumptions. Where material, information on the main assumptions is provided in the relevant accounting policy or in the relevant note.

The estimates and assumptions are based on historical experience as well as other factors that are believed to be reasonable under the circumstances. Subsequent actual results may differ from these estimates. The estimates and assumptions are also reviewed on an ongoing basis and adjustments are made where necessary.

Judgements that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the relevant notes. This includes landfill post-closure costs, asset revaluations, impairments, certain fair value calculations and provisions.

There have been no fundamental changes to our approach for judgements and estimations for the year ended 30 June 2024.

Goods and Services Tax (GST)

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

Budget figures

The 2023/24 AP budget figures included in these financial statements are for the Council as a separate entity. The AP figures do not include budget information relating to controlled entities, associates or joint ventures. These figures are those approved by the Council at the beginning of each financial year following a period of consultation with the public as part of the LTP or AP process. These figures do not include any additional expenditure subsequently approved by the Council outside the LTP or AP process. The AP figures have been prepared in accordance with NZ GAAP and are consistent with the accounting policies adopted by the Council in the preparation of these financial statements.

Comparatives

To ensure consistency with the current year, certain comparative information has been reclassified where appropriate. This has occurred:

- where classifications have changed between periods;
- where the Council has made additional disclosure in the current year, and where a greater degree of disaggregation of prior year amounts and balances is therefore required; or
- where there has been a change of accounting policy.

Pūrongo Moni Puta Matawhānui me te Utu
Statement of Comprehensive Revenue and Expense

Table 1: Statement of Comprehensive Revenue and Expense for the year ended 30 June 2024

	Note	Council Actual 2024 $000	Budget 2024 $000	Actual 2023 $000	Group Actual 2024 $000	Actual 2023 $000
Revenue						
Rates	1	483,252	481,110	424,990	483,252	424,990
Revenue from operating activities						
Development contributions	2	6,713	3,500	4,739	6,713	4,739
Grants, subsidies and reimbursements	2	138,028	184,634	38,463	147,023	47,533
Other operating activities	2	177,639	174,811	168,419	204,638	185,061
Investment revenue	3	24,408	22,427	33,040	12,386	12,640
Vested assets and other revenue	4	36,750	2,063	21,360	36,416	21,372
Fair value movements - gains	5	1,530	13,883	68	1,530	171
Finance revenue	6	17,447	13	8,041	19,254	8,869
Total revenue		**885,767**	**882,441**	**699,120**	**911,212**	**705,375**
Expense						
Fair value movements - losses	5	(20,438)	-	(13,607)	(20,477)	(13,607)
Finance expense	6	(77,970)	(60,972)	(52,085)	(78,018)	(52,097)
Expenditure on operating activities	7	(567,634)	(560,161)	(511,336)	(592,680)	(535,864)
Depreciation and amortisation expense	8	(211,024)	(196,468)	(196,318)	(212,174)	(197,032)
Total expense		**(877,066)**	**(817,601)**	**(773,346)**	**(903,349)**	**(798,600)**
Operating surplus/(deficit)		**8,701**	**64,840**	**(74,226)**	**7,863**	**(93,225)**
Share of equity accounted surplus/(deficit) from associates and joint venture	9	-	-	-	(2,844)	7,627
Net surplus/(deficit) before taxation		**8,701**	**64,840**	**(74,226)**	**5,019**	**(85,598)**
Income tax credit/(expense)	10	-	-	20	(340)	(304)
Net surplus/(deficit) for the year		**8,701**	**64,840**	**(74,206)**	**4,679**	**(85,902)**
Net surplus/(deficit) attributable to:						
Wellington City Council and Group		8,701	64,840	(74,206)	4,714	(85,811)
Non-controlling interest		-	-	-	(35)	(91)
		8,701	**64,840**	**(74,206)**	**4,679**	**(85,902)**

The notes on page 12 to 127 form part of and should be read in conjunction with the financial statements.

Pūrongo Moni Puta Matawhānui me te Utu
Statement of Comprehensive Revenue and Expense

- continued

Table 1: Statement of Comprehensive Revenue and Expense for the year ended 30 June 2024 – continued

	Refer	Council Actual 2024 $000	Council Budget 2024 $000	Council Actual 2023 $000	Group Actual 2024 $000	Group Actual 2023 $000
Net surplus/(deficit) for the year		**8,701**	**64,840**	**(74,206)**	**4,679**	**(85,902)**
Other comprehensive revenue and expense[3]						
Items that will be reclassified to surplus/(deficit)						
Cash flow hedges:						
Fair value movement – net	SCIE[4]	(7,854)	–	15,556	(7,854)	15,556
Share of other comprehensive revenue and expense of associates and joint venture:						
Fair value movement – net	SCIE	–	–	–	46	1,588
Fair value through other comprehensive revenue and expense:						
Fair value movement – net	SCIE	440	–	34	530	(205)
Items that will not be reclassified to surplus/(deficit)						
Revaluations:						
Fair value movement – property, plant and equipment – net	SCIE	713,751	–	(59,615)	713,751	(59,615)
Share of other comprehensive revenue and expense of associates and joint venture:						
Fair value movement – property, plant and equipment – net	SCIE	–	–	–	19,778	33,015
Total other comprehensive revenue and expense		**706,337**	**–**	**(44,025)**	**726,251**	**(9,661)**
Total comprehensive revenue and expense for the year		**715,038**	**64,840**	**(118,231)**	**730,930**	**(95,563)**
Total comprehensive revenue and expense attributable to:						
Wellington City Council and Group		715,038	64,840	(118,231)	730,965	(95,472)
Non-controlling interest		–	–	–	(35)	(91)
		715,038	**64,840**	**(118,231)**	**730,930**	**(95,563)**

3. Other comprehensive revenue and expense is non-cash in nature and only reflects changes in equity.
4. Statement of Changes in Equity – see page 80.

The notes on page 12 to 127 form part of and should be read in conjunction with the financial statements.

Pūrongo Moni Puta Matawhānui me te Utu
Statement of Comprehensive Revenue and Expense

- continued

Major budget variations

Budget figures are for the Council only and not the Group.

Significant variations from budget are as follows:

Revenues were $3.3m higher than budget. The major variances included:

- Grants, subsidies and reimbursements were $46.6m lower than budget. This is primarily due to grant revenue from Sludge Finance LP being $48.0m below budget for the construction of Te Whare Wai Para Nuku, the Sludge Minimisation Facility (SMF) located at Moa Point. Timing of spend on this capital project is behind budget and so the associated grant revenue is too.
- Vested assets and other revenue were $34.7m higher than budget. During the year we recognised vested asset revenue of $33.6m largely in relation to three water assets from new subdivisions and roading assets from the Let's Get Wellington Moving partnership. Vested asset revenue is not budgeted for.
- Fair value movement gains were $12.4m lower than budget. The budget assumed a $13.9m fair value increase in investment properties from the annual revaluation. The actual result was a decrease in fair value of $20.4m.
- Finance revenue was $17.4m higher than budget. This is due to unbudgeted interest revenue of $17.0m. The net interest expense was $0.4m lower than budget. In the budget, only net interest expense is recorded under finance expense.

Expenses were $59.5m higher than budget. The major variances included:

- Fair value movement losses were $20.4m higher than budget. This is due to investment property revaluation decreases of $20.4m. The budget assumed a fair value increase in investment properties.
- Finance expenses were $17.0m higher than budget. Only net interest costs are budgeted under finance expense and actual net interest expense was $0.4m lower than budget.
- Depreciation and amortisation expenses were $14.6m higher than budget. This is primarily due to higher actual depreciation compared to the budget which was based on different assumptions for asset valuations, useful lives and timing of capitalising work in progress.

Other comprehensive revenue and expense was $706.3m higher than budget. The major variances included:

- Fair value movement gains of $713.8m largely due to the revaluation of infrastructure assets. This was not budgeted for since the revaluations were completed in year 2 of the normal 3-yearly cycle (refer *Note 19: Property, plant and equipment* (page 47)).
- Cash flow hedge reserve movements of $7.9m largely comprising fair value losses on cash flow hedges due to movements in floating interest rates. Cash flow hedge movements are not budgeted for.

Note 1:
Rates revenue

Table 2: Rates revenue

	Council		Group	
	2024	2023	2024	2023
	$000	$000	$000	$000
General rates	284,787	267,087	284,787	267,087
Targeted rates	171,414	138,633	171,414	138,633
Metered water supply	23,520	17,441	23,520	17,441
Penalties and adjustments	3,531	1,829	3,531	1,829
Total rates revenue	**483,252**	**424,990**	**483,252**	**424,990**

The total amount of rates charged on Council-owned properties that have not been eliminated from revenue and expenditure is $19.9m (2023: $17.2m). For the Group, rates of $20.3m (2023: $17.3m) have not been eliminated.

The revenue from rates for Wellington City Council was billed on the following rating information held at the end of the year immediately prior to the new rating year.

Table 3: Rates revenue billing basis

	As at 30 June 2023	As at 30 June 2022
Number of rating units	81,656	81,155
Total capital value of rating units	$124,201.0m	$123,408.8m
Total land value of rating units	$78,997.3m	$78,971.0m

The property revaluations that occurred in September 2021 have been applied for the rates billed for the 2023/24 year.

Relevant significant accounting policies

Rates are set annually by resolution from the Council and relate to a particular financial year. All ratepayers are invoiced within the financial year for which the rates have been set. Rates revenue is recognised in full at the date when rate assessment notices are sent to the ratepayers. Rates are a tax as they are payable under the Local Government (Rating) Act 2002 and therefore meet the definition of a non-exchange transaction.

Water rates by meter are regulated in the same way as other rates and are taxes that use a specific charging mechanism to collect the rate. However, as the rates charged are primarily based on a per unit of consumption basis, water rates by meter are considered to be more in the nature of an exchange transaction. Revenue from water rates by meter is recognised on an accrual basis based on usage.

Rates remissions

Revenue from rates is shown net of rates remissions. The Council's Rates Remission and Postponement Policies provide for general rates to be partially remitted for rural open space, land used principally for games or sport and in special circumstances (where the rating policy is deemed to unfairly disadvantage an individual ratepayer). A remission of the Downtown targeted rate may also be granted to provide rates relief for downtown commercial property temporarily not fit for the purpose due to the property undergoing development and therefore not receiving the benefits derived by contributing to the Downtown targeted rate. The Council committed itself at the start of the year to certain remissions, which for the reporting year ended 30 June 2024 totalled $2.9m (2023: $2.2m).

Non-rateable land

Under the Local Government (Rating) Act 2002 certain properties are non-rateable. This includes schools, churches, public gardens and certain land vested in the Crown. This land is non-rateable in respect of general rates but, where applicable, is rateable in respect of sewerage and water. Non-rateable land does not constitute a remission under the Council's Rates Remission and Postponement Policies.

Note 2:
Revenue from operating activities

Table 4: Revenue from operating activities

	Council 2024 $000	2023 $000	Group 2024 $000	2023 $000
Development contributions	**6,713**	**4,739**	**6,713**	**4,739**
Grants, subsidies and reimbursements				
Operating	16,385	9,244	25,847	17,020
Capital	121,643	29,219	121,176	30,513
Total grants, subsidies and reimbursements	**138,028**	**38,463**	**147,023**	**47,533**
Other operating activities				
Fines and penalties	7,342	6,532	7,342	6,532
Rendering of services	161,980	154,505	181,819	165,309
Sale of goods	8,317	7,382	15,477	13,220
Total other operating activities	**177,639**	**168,419**	**204,638**	**185,061**
Total revenue from operating activities	**322,380**	**211,621**	**358,374**	**237,333**

For the Council, the principal grants and reimbursements are from Sludge Finance LP and from NZ Transport Agency Waka Kotahi (NZTA). Grant funding is received from Sludge Finance LP to reimburse eligible project costs in relation to the construction of the SMF at Moa Point. Capital reimbursements recognised from Sludge Finance LP were $77.2m (2023: $nil) and operating reimbursements recognised were $0.3m (2023: $nil). The funding received from NZTA reflects reimbursements for part of the Council's costs for maintaining the local roading and cycling infrastructure. Capital reimbursements recognised from NZTA were $40.9m (2023: $26.3m) and operating reimbursements recognised were $11.8m (2023: $7.0m).

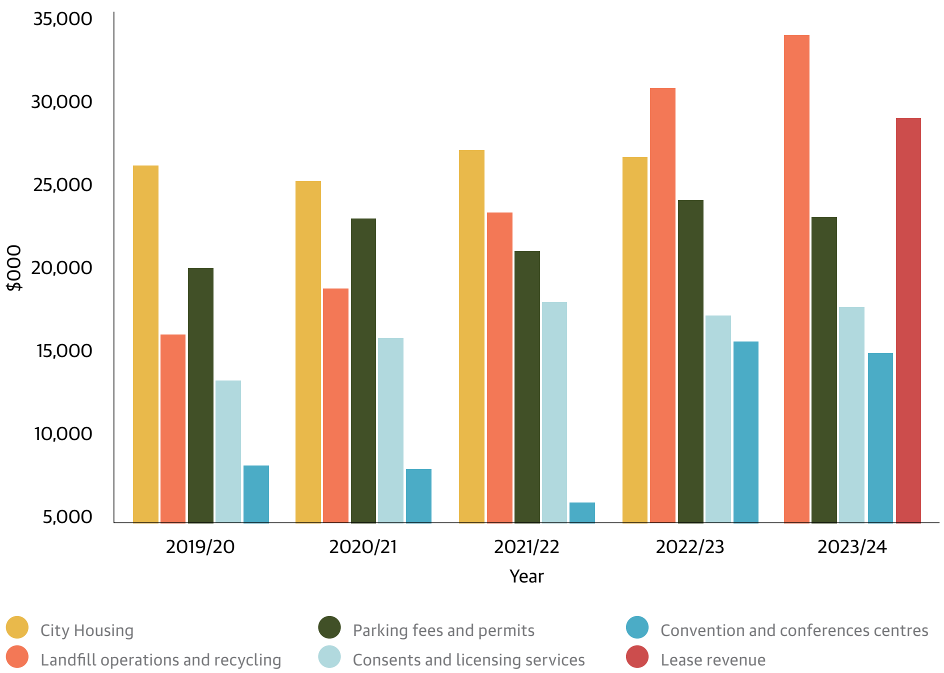
For revenue from other operating activities of the Council, the five major revenue streams for 2023/24 were:

- Landfill operations and recycling – $34.2m (2023: $31.1m) – including unbudgeted revenue from the joint operations with Porirua City Council of $5.9m (2023: $2.6m).
- Lease revenue – $29.4m (2023: $8.3m)
- Parking fees and permits – $23.4m (2023: $24.4m)
- Consents and licensing services – $18.0m (2023: $17.5m)
- Convention and conference centres – $15.2m (2023: $15.9m)

See Figure 2 for a trend analysis of the five major revenue streams for each of the past five years.

Note 2:
Revenue from operating activities
- continued

Figure 2: Five-year trend for major revenue streams ($000)



Five-year trend analysis commentary

Landfill operations and recycling

The revenue from landfill operations and recycling has continued to grow steadily and increased in 2023/24 by $3.1m reflecting an increase in the amount of contaminated soil received at the landfill compared to the prior year.

For further information – refer to Section 4: Our performance in detail – strategy area 2.2 – Waste reduction and energy conservation (Volume 1, page 54).

Parking fees and permits

The revenue for parking fees and permits has been relatively stable over the last 4 years following the impact of COVID-19 restrictions reducing revenue in 2019/20.

For further information – refer to Section 4: Our performance in detail – strategy area 7.2 – Parking (Volume 1, page 127).

Consents and licensing services

The revenue for consents and licensing services has remained consistent with only a small increase in revenue seen in 2023/24. While consent volumes continue to increase, they have typically been for smaller projects.

For further information – refer to Section 4: Our performance in detail – strategy area 6.2 – Building and development control (Volume 1, page 114).

Convention and conference centres

The 2023/24 revenue from convention and conference centres is consistent with that of the prior year but behind budget. The revenue trend has stabilised to levels prior to COVID-19 with events and performances continuing to happen more regularly. The current financial year has however been impacted by the adverse economic conditions.

For further information – refer to Section 4: Our performance in detail – strategy area 3.1 – City promotions and business support (Volume 1, page 79).

City Housing

The revenue trend for City Housing changed significantly in 2023/24 following Te Toi Mahana taking over the operations of the City Housing division in August 2023. The revenue from the lease agreement with Te Toi Mahana for the Council's housing properties is now recorded as lease revenue (refer below).

For further information – refer to Section 4: Our performance in detail – strategy area 5.2 – Community support (Volume 1, page 99).

Lease revenue

The 2023/24 lease revenue has seen a significant increase with recorded revenue of $29.4m up from $8.3m in 2022/23 primarily due to the new leases with Te Toi Mahana (refer above).

Note 2: Revenue from operating activities - continued

Relevant significant accounting policies

Revenue from operating activities is generally measured at the fair value of consideration received or receivable.

The Council undertakes various activities as part of its normal operations which generates revenue, but generally at below-market prices or at fees and user charges subsidised by rates. The following categories (except where noted) are classified as transfers, which are non-exchange transactions other than taxes.

See *Basis of Reporting* (page 7), for an explanation of exchange and non-exchange transactions, transfers and taxes.

Development contributions

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

Grants, subsidies and reimbursements

Grants, subsidies and reimbursements are initially recognised at their fair value where there is reasonable assurance that the monies will be received, and all attaching conditions will be complied with. Grants include the funding from Sludge Finance LP for the SMF. Reimbursements include NZTA roading claim payments.

Fines and penalties

Revenue from fines and penalties (for example, traffic and parking infringements) is recognised when infringement notices are issued or when the fines/penalties are otherwise imposed. The fair value of parking related fines is recorded as the amounts due, less an allowance for expected credit losses (ECL).

Rendering of services

Revenue from the rendering of services (for example, building consent fees) is recognised by reference to the stage of completion of the transaction, based on the actual service provided as a percentage of the total services to be provided. Under this method, revenue is recognised in the accounting periods in which the services are provided. Some services are provided at a market rate or on a full cost recovery basis (for example, parking fees) and these are classified as exchange revenue.

Sale of goods

The sale of goods is classified as exchange revenue. Sale of goods is recognised when products are sold to the customer and all risks and rewards of ownership have transferred to the customer.

Note 3:
Investment revenue

Table 5: Investment revenue

	Council		Group	
	2024	2023	2024	2023
	$000	$000	$000	$000
Dividend from associates	12,022	20,400	-	-
Dividend from equity investments	128	91	128	91
Investment property revenues	12,258	12,549	12,258	12,549
Total investment revenue	**24,408**	**33,040**	**12,386**	**12,640**

Dividends from associates

This relates to dividends from the Council's 34 percent shareholding in Wellington International Airport Limited. The Council continues to review its current level of investment to ensure the overall investment portfolio is managed strategically and in a financially and economically prudent manner.

For further information refer to *Note 21: Investment in associates and joint venture* (page 62).

Investment property revenues

The revenues from investment properties derive from ground leases around the central city, Wellington waterfront investment properties and certain other land and buildings. The Council periodically reviews its continued ownership of investment properties by assessing the benefits against other arrangements that could deliver similar benefits. Any assessment is based on both the strategic benefit of the investment/ ownership and in terms of the most financially viable method of achieving the delivery of Council services.

For further information refer to *Note 18: Investment properties* (page 45).

Relevant significant accounting policies

Dividends

Dividends from associates and equity investments are recognised when the Council's right to receive payment has been established.

Investment property lease rentals

Lease rentals (net of any incentives given) are recognised on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which benefits derived from the leased asset are diminished.

Note 4: Vested assets and other revenue

Table 6: Vested assets and other revenue

	Council		Group	
	2024	2023	2024	2023
	$000	$000	$000	$000
Vested assets	33,591	13,995	33,591	13,995
Other revenue	3,159	7,365	2,825	7,377
Total vested assets and other revenue	**36,750**	**21,360**	**36,416**	**21,372**

Vested assets are principally infrastructural assets such as roading, drainage, water and waste assets that have been constructed by developers. As part of the consents process, ownership of these assets is transferred to the Council, and on completion they become part of the city's network. Although vested assets are non-cash in nature and represent a future obligation to the Council, as the Council will have the ongoing costs associated with maintaining the assets, they are recognised as revenue in accordance with the applicable accounting standard.

Vested assets revenue comprises of:

- Drainage, water and waste – $18.8m (2023: $2.5m) – this revenue relates to vested assets from subdivision developers working with the Council. The increased revenue for the year is mainly attributable to the East Stebbings Subdivision.
- Roading – $12.1m (2023: $9.2m) – includes LGWM vested asset revenue of $11.0m (2023: $7.3m) representing NZTA's contribution to the Council's portion of the capital delivery programme.
- Land – $1.4m (2023: $1.2m).
- Carbon credits – $1.3m (2023: $1.1m).

Other revenue comprises of:

- Gains on disposal of assets – $1.4m (2023: $3.2m).
- Fuel tax – $1.1m (2023: $0.9m).
- Recovered capital expenditure – $0.6m (2023: $3.1m).

Relevant significant accounting policies

Donated, subsidised or vested assets

Where a physical asset is acquired for nil or nominal consideration, with no conditions attached, the fair value of the asset received, as determined by active market prices, is recognised as non-exchange revenue when the control of the asset is transferred to the Council.

Gains on disposal of assets

Gains on disposal of assets include additional earnings (for example, sale proceeds in excess of the book value) on the disposal of property, plant and equipment.

Donated services

The Council benefits from the voluntary service of many Wellingtonians in the delivery of its activities and services (for example, beach cleaning and Ōtari-Wilton's Bush guiding and planting). Due to the difficulty in determining the precise value of these donated services with sufficient reliability, donated services are not recognised in these financial statements. More information on the network of volunteers can be found on page 170 of Volume 1.

Note 5:
Fair value movements

Table 7: Fair value movements

	Council		Group	
	2024	2023	2024	2023
	$000	$000	$000	$000
Amortisation of loans to related parties	7	68	7	68
Fair value adjustment to loan	-	-	-	103
Remeasurement of landfill post-closure costs	1,523	-	1,523	-
Total fair value movements - gains	**1,530**	**68**	**1,530**	**171**
Less				
Investment property revaluation decrease	20,399	13,341	20,399	13,341
Fair value adjustment to loan	-	-	39	-
LGFA - borrower note movement	39	266	39	266
Total fair value movements - losses	**20,438**	**13,607**	**20,477**	**13,607**
Total fair value movements	**(18,908)**	**(13,539)**	**(18,947)**	**(13,436)**

Investment properties, which are revalued annually, are held primarily to earn lease revenue and/or for capital growth. These properties include the Council's ground leases, Wellington waterfront investment properties and certain other land and buildings. For more information refer to *Note 18: Investment properties* (page 45).

Relevant significant accounting policies

Investment properties

Investment properties are measured initially at cost and subsequently measured at fair value, determined annually by an independent registered valuer. Any gain or loss arising is recognised within the surplus or deficit. Investment properties are not depreciated.

Note 6:
Finance revenue and expense

Table 8: Finance revenue, expense and net finance cost

	Council		Group	
	2024	2023	2024	2023
	$000	$000	$000	$000
Interest on borrowings	75,814	51,433	75,862	51,445
Re-discounting of interest on provisions	784	652	784	652
Ineffectiveness on cash flow hedges	1,372	-	1,372	-
Total finance expense	**77,970**	**52,085**	**78,018**	**52,097**
Less				
Interest earned	16,964	8,041	18,771	8,869
Transfer from equity for discontinued cash flow hedges	483	-	483	-
Total finance revenue	**17,447**	**8,041**	**19,254**	**8,869**
Net finance cost	**60,523**	**44,044**	**58,764**	**43,228**

Due to a higher level of borrowings, the interest expense has increased compared to the previous year. The Council's policy is to have a portion of borrowings on fixed interest rates to avoid total exposure to volatility in its interest expense as interest rates change. To achieve this, it uses interest rate swaps (which effectively changes floating rate debt to fixed rate debt) along with fixed rate debt.

Interest earned has increased due to higher levels of term deposits being held to pre-fund the maturity of some borrowings along with the rolling liquidity facility maintained by the Council.

Relevant significant accounting policies

Interest on borrowings

Interest expense is recognised using the effective interest rate method. All interest expense is recognised in the period in which it is incurred.

Re-discounting of interest

Re-discounting of interest on provisions is the Council's funding cost for non-current provisions (where the cash flows will not occur until a future date). For further information refer to *Note 25: Employee benefit liabilities and provisions* (page 74) and *Note 26: Provision for other liabilities* (page 75).

Interest earned

Interest earned is recognised using the effective interest rate method. All interest revenue is recognised in the period in which it is earned.

Note 7: Expenditure on operating activities

Governance and employment

Governance costs relate to the remuneration made to all elected members, comprising the Mayor, Councillors and Community Board members and to directors/trustees appointed to boards of controlled entities.

Employment costs relate to the remuneration paid directly to employees, other employee benefits such as KiwiSaver and other associated costs such as recruitment and training.

During the year $0.3m (2023: $0.6m) of termination benefits were incurred by the Council and $0.3m (2023: $0.6m) for the Group. Termination benefits include all payments relating to the end of employment other than unpaid salary and leave entitlements. Termination benefits include contractual payments (for example, redundancy) and non-contractual payments (for example, severance), but exclude retirement payments already provided for.

For further information refer to *Note 38: Remuneration and staffing* (page 121).

Impairments

Included within bad debts are amounts of $0.1m (2023: $nil) relating to the write-off of rates receivable during the year. This was approved by the Chief Executive, as the debt could not reasonably be recovered.

Table 9: Expenditure on operating activities

	Council		Group	
	2024	2023	2024	2023
	$000	$000	$000	$000
Governance and employment				
Elected member remuneration	1,897	1,916	1,897	1,916
Independent directors/trustees fees for controlled entities	-	-	931	743
Employee benefits expense:				
Remuneration	145,854	132,897	184,404	165,685
Superannuation contributions (including KiwiSaver)	4,330	4,012	5,405	4,819
Other personnel costs	4,374	4,609	5,634	5,977
Impairments				
Bad debts	468	180	468	180
(Decrease)/increase in provision for impairment of receivables and recoverables	(867)	2,616	(867)	2,616
Impairment of property, plant and equipment	7,257	377	7,257	377
Insurance				
Insurance premiums	24,994	21,205	25,857	22,107
Insurance reserve costs – net	892	1,068	892	1,068
General costs				
Administration costs	7,911	8,935	21,551	21,995
Auditor's remuneration	961	592	1,480	946
Contractors	7,163	7,440	8,908	9,221
Contracts, services and materials	218,305	185,439	208,651	182,782
Grants	46,945	47,596	15,540	16,559
Information and communication technology	18,656	18,112	20,857	19,763
Loss on disposal of intangibles	393	25	393	25
Loss on disposal of property, plant and equipment	1,955	352	1,975	944
Operating lease – minimum lease payments	21,063	15,703	22,460	17,031
Professional costs	14,084	18,755	15,803	20,481
Reassessment of weathertight homes provision	(1,668)	1,208	(1,668)	1,208
Reassessment of landfill post-closure costs provision	(848)	(1,638)	(848)	(1,638)
Utility costs	43,515	39,937	45,700	41,059
Total expenditure on operating activities	**567,634**	**511,336**	**592,680**	**535,864**

Note 7: Expenditure on operating activities - continued

General costs

Table 10: Auditor's remuneration

	Council 2024 $000	Council 2023 $000	Group 2024 $000	Group 2023 $000
Audit New Zealand – Financial Statements	554	514	554	514
Audit New Zealand – Long-term Plan	298	–	298	–
Audit New Zealand – Wellington Waterfront Project	49	46	49	46
Audit New Zealand – Other assurances	57	20	57	20
Audit New Zealand – Other services	3	12	3	12
Other Auditors – Financial Statements	–	–	519	354
	961	**592**	**1,480**	**946**

During the year ended 30 June 2024, Audit New Zealand provided assurances and services as included in Table 10 above:

- Other assurances – assurance on the Council's greenhouse gas emissions performance measures, debenture trust deed compliance and the Clifton Terrace Car Park managed by the Council on behalf of NZTA (2023: Council's debenture trust deed compliance and the Clifton Terrace Car Park).
- Other services – procurement assurance for a regional solution for organics in the Wellington region (2023: probity assurance over the tender process for Tākina facilities maintenance).

Contracts, services and materials

Contracts, services and materials reflects the direct costs attributable to providing the Council's services. This includes procurement costs, maintenance, management fees plus all other direct material and services costs.

Grants

Grants include the operating grants paid to the Council's controlled entities (refer to *Note 37: Related party disclosures* (page 118)). Other major grants include funding provided to the Museum of New Zealand Te Papa Tongarewa of $2.3m (2023: $2.3m).

Operating lease – minimum lease payments

Operating lease minimum lease payments reflect costs for non-cancellable agreements for the use of office or other spaces in buildings and certain plant and equipment.

Utility costs

Utility costs are those relating to the use of electricity, gas and water. It also includes the payment of all rates and water meter charges of $23.3m (2023: $19.8m) on Council-owned properties.

Note 7: Expenditure on operating activities

- continued

Relevant significant accounting policies

Grants

Expenditure is classified as a grant (or sponsorship) if it results in a transfer of resources (for example, cash or physical assets) to another entity or individual in return for compliance with certain conditions relating to the operating activities of that entity. It includes any expenditure arising from a funding arrangement with another entity that has been entered into to achieve the objectives of the Council. Grants and sponsorships are distinct from donations, which are discretionary or charitable gifts. Where grants and sponsorships are discretionary until payment, the expense is recognised when the payment is made. Otherwise, the expense is recognised when the specified criteria have been fulfilled.

Cost allocation

The Council has disclosed the applications of operating and capital funding for each significant activity (as reported within the Statements of Service Performance, for further information – refer to Section 4: Our performance in detail (Volume 1, pages 37 to 136).

Direct costs are expensed directly to the activity. Indirect costs relate to the overall costs of running the organisation and include staff time, office space and information technology costs. These indirect costs are allocated as overheads across all activities.

Research and development

Research costs are expensed as incurred. Development expenditure on individual projects is capitalised and recognised as an asset when it meets the definition and criteria for capitalisation as an asset and it is probable that the Council will receive future economic benefits from the asset. Assets which have finite lives are stated at cost less accumulated amortisation and are amortised on a straight-line basis over their useful lives.

Note 8: Depreciation and amortisation

Table 11: Depreciation and amortisation

	Council		Group	
	2024	2023	2024	2023
	$000	$000	$000	$000
Depreciation				
Buildings	35,314	32,558	35,379	32,683
Civic Precinct	1,655	1,429	1,655	1,429
Drainage, water and waste infrastructure	88,994	87,914	88,994	87,914
Landfill post-closure	-	(3)	-	(3)
Library collections	2,010	2,278	2,010	2,278
Plant and equipment	23,207	18,733	24,099	19,307
Restricted buildings	2,439	2,052	2,439	2,052
Roading infrastructure	49,771	44,903	49,771	44,903
Total depreciation	**203,390**	**189,864**	**204,347**	**190,563**
Amortisation				
Computer software	7,634	6,454	7,827	6,469
Total depreciation and amortisation	**211,024**	**196,318**	**212,174**	**197,032**

Depreciation and amortisation expenses are charged each year to reflect the estimated cost of using assets over their lives. Amortisation relates to 'intangible' assets such as software (as distinct from physical assets, which are covered by the term depreciation).

Relevant significant accounting policies

Depreciation

Depreciation is provided on all property, plant and equipment, with certain exceptions. The exceptions are land, restricted assets other than buildings, investment properties and assets under construction (work in progress). Depreciation is calculated on a straight-line basis, to allocate the cost or value of the asset (less any assessed residual value) over its estimated useful life (see Table 12).

The landfill post-closure asset is depreciated over the life of the landfill based on the capacity of the landfill utilised.

Amortisation

Amortisation begins when the asset is available for use and ceases at the date the asset is derecognised. The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its estimated useful life (see Table 13).

Note 8: Depreciation and amortisation

- continued

Table 12: Estimated useful lives of property, plant and equipment assets

Asset category	2024 Estimated useful life (years)
Operational assets	
Land	unlimited
Buildings:	
Structure	2-100
Roof	3-40
Interior	3-45
Services	2-40
Civic Precinct	5-66
Plant and equipment	3-100
Library collection	3-10
Infrastructure assets	
Land (including land under roads)	unlimited
Roading:	
Road pavement	10-46
Retaining/sea walls	5-198
Kerb and channel	5-36
Structures - other sea defences	100-250
Tunnels - structure and services	55-250
Bridges	5-104
Drainage, water and waste:	
Pipes	30-52
Reservoirs	30-140
Pump stations	48-91
Fittings	31-56
Restricted assets (excluding buildings)	unlimited

A small number of assets will have lives that extend past the range indicated above.

The variation in the estimated useful lives for infrastructure assets is due to these assets being managed and depreciated by individual component rather than as a whole asset.

Table 13: Estimated useful lives of intangible assets

Asset category	2024 Estimated useful life (years)
Computer software	2-11

Note 9: Share of associates' and joint venture's surplus/(deficit)

Table 14: Share of associates' and joint venture's surplus/(deficit)

	Group	
	2024	2023
	$000	$000
Associates		
Chaffers Marina Holdings Limited	63	(20)
Wellington International Airport Limited	(4,520)	8,583
Joint venture		
Wellington Water Limited	1,613	(936)
Total share of associates' and joint venture's surplus/(deficit)	**(2,844)**	**7,627**

Further information on the cost and value of the above investments is found in *Note 21: Investments in associates and joint venture* (page 62).

Note 10: Income tax

Table 15: Income tax

	Council 2024 $000	Council 2023 $000	Group 2024 $000	Group 2023 $000
Current tax expense/(credit)				
Current year	–	–	303	32
Prior period adjustment	–	–	–	26
Total current tax expense/(credit)	**-**	**-**	**303**	**58**
Deferred tax expense/(credit)				
Origination and reversal of temporary differences	–	(20)	23	434
Other movements	–	–	(69)	–
Prior period adjustment	–	–	83	(188)
Total deferred tax expense/(credit)	**-**	**(20)**	**37**	**246**
Total income tax expense/(credit)	**-**	**(20)**	**340**	**304**

Table 16: Reconciliation of tax on the surplus/(deficit) and tax expense/(credit)

	Council 2024 $000	Council 2023 $000	Group 2024 $000	Group 2023 $000
Surplus/(deficit) for the period before taxation	8,701	(74,226)	5,019	(85,598)
Prima facie income tax based on domestic tax rate – 28%	2,436	(20,783)	1,405	(23,967)
Effect of non-deductible expenses and tax exempt income	(2,466)	20,757	(1,975)	26,538
Current year's loss for which no deferred tax asset was recognised	30	6	30	–
Prior period adjustment	–	–	83	(163)
Overseas witholding tax – non-reclaimable	–	–	1	32
Share of income tax of equity accounted associates	–	–	796	(2,136)
Total income tax expense/(credit)	**-**	**(20)**	**340**	**304**

Relevant significant accounting policies

The Council, as a local authority is only liable for income tax on the surplus or deficit for the year derived from any Council-controlled trading organisations. Other members of the Group are subject to normal taxation unless they have tax exempt status as charitable trusts. Income tax expense includes components relating to both current tax and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, plus any adjustment to tax payable in respect of previous periods.

Pūrongo Tahua Pūtea Statement of Financial Position

Table 17: Statement of Financial Position as at 30 June 2024

		Council			Group	
		Actual	Budget	Actual	Actual	Actual
		2024	2024	2023	2024	2023
	Note	$000	$000	$000	$000	$000
Assets						
Current assets						
Cash and cash equivalents	11	71,802	40,330	68,529	93,638	87,707
Derivative financial assets	12	724	-	196	724	196
Receivables and recoverables	13	109,959	87,324	77,185	111,674	79,726
Prepayments	14	28,720	22,426	8,011	28,708	8,333
Other financial assets	15	157,890	205,716	42,744	169,957	46,815
Inventories		1,353	944	1,013	2,138	1,813
Non-current assets classified as held for sale	16	9,824	-	696	1,157	696
Total current assets		**380,272**	**356,740**	**198,374**	**407,996**	**225,286**
Non-current assets						
Derivative financial assets	12	63,713	58,191	72,984	63,713	72,984
Other financial assets	15	45,985	29,297	33,834	48,193	37,980
Intangibles	17	42,404	50,832	40,589	42,805	41,129
Investment properties	18	280,203	308,427	300,002	280,203	300,002
Property, plant and equipment	19	11,372,874	11,029,147	10,395,259	11,398,562	10,410,612
Investment in controlled entities	20	5,071	5,998	5,071	-	-
Investment in associates and joint venture	21	19,383	19,474	19,383	284,906	279,947
Total non-current assets		**11,829,633**	**11,501,366**	**10,867,122**	**12,118,382**	**11,142,654**
Total assets		**12,209,905**	**11,858,106**	**11,065,496**	**12,526,378**	**11,367,940**

The notes on page 12 to 127 form part of and should be read in conjunction with the financial statements.

Pūrongo Tahua Pūtea Statement of Financial Position

- continued

Table 17: Statement of Financial Position as at 30 June 2024 - continued

	Note	Council Actual 2024 $000	Budget 2024 $000	Actual 2023 $000	Group Actual 2024 $000	Actual 2023 $000
Liabilities						
Current liabilities						
Derivative financial liabilities	12	-	260	-	-	-
Exchange transactions and transfers payable	22	115,975	112,631	113,309	119,878	117,018
Taxes payable	22	14,003	-	11,707	14,558	12,047
Deferred revenue	23	20,347	20,855	17,048	28,972	28,328
Borrowings	24	162,498	204,816	205,500	162,498	205,500
Employee benefit liabilities and provisions	25	12,936	13,364	8,929	15,378	11,114
Provision for other liabilities	26	1,324	3,755	6,007	1,324	6,007
Total current liabilities		**327,083**	**355,681**	**362,500**	**342,608**	**380,014**
Non-current liabilities						
Derivative financial liabilities	12	-	523	-	-	-
Exchange transactions and transfers payable	22	-	-	231	-	231
Borrowings	24	1,508,794	1,591,343	1,044,986	1,510,331	1,046,483
Employee benefit liabilities and provisions	25	633	1,186	676	660	723
Provision for other liabilities	26	36,612	27,802	35,358	36,612	35,358
Deferred tax	27	-	-	-	944	838
Total non-current liabilities		**1,546,039**	**1,620,854**	**1,081,251**	**1,548,547**	**1,083,633**
Total liabilities		**1,873,122**	**1,976,535**	**1,443,751**	**1,891,155**	**1,463,647**
Equity						
Accumulated funds		1,269,134	1,269,134	1,269,134	1,293,162	1,293,162
Retained earnings		3,839,916	3,890,556	3,828,987	3,832,978	3,826,006
Revaluation reserves	28	5,138,158	4,637,773	4,424,407	5,411,485	4,677,956
Hedging reserve	29	65,326	57,624	73,180	67,508	75,316
Fair value through other comprehensive revenue and expense reserve	30	7,328	6,854	6,888	8,308	7,778
Non-controlling interest		-	-	-	632	718
Restricted funds	31	16,921	19,630	19,149	21,150	23,357
Total equity		**10,336,783**	**9,881,571**	**9,621,745**	**10,635,223**	**9,904,293**
Total equity and liabilities		**12,209,905**	**11,858,106**	**11,065,496**	**12,526,378**	**11,367,940**

The notes on page 12 to 127 form part of and should be read in conjunction with the financial statements.

Pūrongo Tahua Pūtea Statement of Financial Position

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Major budget variations

Budget figures are for the Council only and not the Group.

Significant variations from budget are as follows:

Current assets were $23.5m higher than budget. The major variances included:

- Cash and cash equivalents were $31.5m higher and receivables and recoverables were $22.6m higher than budget due to the timing of working capital movements.
- Other financial assets were $47.8m below budget due to lower amounts of term deposits being held than originally budgeted. This is partially offset by higher than budgeted non-current other financial assets of $16.7m.
- Non-current assets held for sale were $9.8m higher than budget due to the recategorisation of housing assets that were identified for sale to Te Toi Mahana. The sale was completed in September 2024.

Non-current assets were $328.3m higher than budget. The major variances included:

- Property, plant and equipment were $343.7m higher than budget. This is largely due to the impact of the unbudgeted revaluation gain on infrastructure assets, partially offset by the lower capital programme delivery compared to budget.
- Investment properties were $28.2m lower than budget. This is due to a decrease in fair value from the investment properties revaluation. The budget had assumed an increase in fair value on revaluation.

Total liabilities were $103.4m lower than budget. The major variances included:

- Total borrowings were $124.9m lower than budget. This is due to a range of factors including lower capital programme delivery than budget.
- Taxes payable are $14.0m over budget due to the timing of payments, including payments of rates to GWRC, differing to the original budget.
- Total provisions for other liabilities are $6.4m over budget due to higher provisions for landfill post-closure costs and weathertight homes than budgeted.

Note 11: Cash and cash equivalents

Table 18: Cash and cash equivalents

	Council		Group	
	2024	2023	2024	2023
	$000	$000	$000	$000
Cash at bank	39,786	48,514	59,210	66,618
Cash at bank (EUR)	4	–	4	–
Cash on hand	12	15	25	30
Short-term bank deposits of up to 3 months at acquisition	32,000	20,000	34,399	21,059
Total cash and cash equivalents	**71,802**	**68,529**	**93,638**	**87,707**

Bank balances that are interest bearing earn interest based on current Official Cash Rates (OCR).

The Council holds short-term bank deposits as part of its overall liquidity risk management programme. This programme enables the Council to maintain its required liquidity buffer and to pre-fund upcoming debt maturities. The combination of the liquidity support and short-term bank deposits reduces the Council's cost of funds.

Relevant significant accounting policies

Cash and cash equivalents include cash at bank, cash on hand, and short-term bank deposits of up to 3 months at acquisition.

Foreign currency cash and cash equivalents are translated into NZD using the spot rates at the year-end date.

Although cash and cash equivalents at balance date are subject to the expected credit loss requirements of *PBE IPSAS 41 – Financial Instruments*, no loss allowance has been recognised because the estimated allowance is trivial.

Note 12: Derivative financial instruments

Table 19: Derivative financial instruments

	Council		Group	
	2024	2023	2024	2023
	$000	$000	$000	$000
Assets				
Current assets				
Interest rate swaps – cash flow hedges	724	196	724	196
Total current assets	**724**	**196**	**724**	**196**
Non-current assets				
Interest rate swaps – cash flow hedges	63,713	72,984	63,713	72,984
Total non-current assets	**63,713**	**72,984**	**63,713**	**72,984**
Total derivative financial instrument assets	**64,437**	**73,180**	**64,437**	**73,180**

Derivative financial instruments are used by the Group in the normal course of business to hedge exposure to cash flow and fair value interest rate risk. The amounts shown above represent the fair values of these derivative financial instruments. Although these are managed as a portfolio, the Group has no rights to offset assets and liabilities and must present these figures separately. However, as at 30 June 2024 and 2023, all swaps are in an asset position.

Interest rate swaps (cash flow hedges) are used to fix interest rates on floating rate debt (floating rate notes or commercial paper). The swaps are normally held until maturity and have no cash impact or effect on the rates requirements. The timing of the maturities of the active swaps, their nominal values and their weighted average fixed interest rates are shown in Table 20.

Note 12: Derivative financial instruments - continued

Table 20: Nominal value and weighted average fixed rate of live interest rate swaps

	Council				Group			
	2024		2023		2024		2023	
	$000	%	$000	%	$000	%	$000	%
Interest rate swaps - cash flow hedges								
Not later than one year	90,500	4.1%	47,000	4.2%	90,500	4.1%	47,000	4.2%
Later than one year and not later than five years	187,000	3.1%	172,500	3.9%	187,000	3.1%	172,500	3.9%
Later than five years	429,500	2.7%	336,500	2.7%	429,500	2.7%	336,500	2.7%
Total interest rate swaps - cash flow hedges	**707,000**	**3.0%**	**556,000**	**3.2%**	**707,000**	**3.0%**	**556,000**	**3.2%**

The Council and Group also has forward start swaps with a total nominal value of $105.0m (2023: $183.0m) maturing later than five years. The weighted average fixed rate of all interest rate swaps (including forward starts) is 3.1 percent (2023: 3.1 percent).

The Council and Group currently have no fair value hedges.

For further information on the Council's interest rate swaps please refer to *Note 29: Hedging reserve* (page 85) and *Note 33: Financial instruments* (page 93).

Relevant significant accounting policies

Derivative financial instruments are used to manage exposure to foreign exchange risks arising from the Council's operational activities and interest rate risks arising from the Council's financing activities. In accordance with its Liability 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 method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and, if so, the nature of the item being hedged.

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

The full fair value of a hedge accounted derivative is classified as non-current if the remaining maturity of the hedged item is more than 12 months, and as current if the remaining maturity of the hedged item is less than 12 months.

As per the International Swap Dealers' Association (ISDA) master agreements, all swap payments or receipts are settled net.

Note 12: Derivative financial instruments - continued

Relevant significant accounting policies – continued

Cash flow hedges

The portion of the gain or loss on a hedging instrument that is determined to be an effective hedge is recognised in other comprehensive revenue and expense, and the ineffective portion of the gain or loss on the hedging instrument is recognised in the surplus or deficit as part of "finance expense".

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised in other comprehensive revenue and expense are reclassified into the surplus or deficit in the same period or periods during which the asset acquired or liability assumed affects the surplus or deficit. However, if it is expected that all or a portion of a loss recognised in other comprehensive revenue and expense will not be recovered in one or more future periods, the amount that is not expected to be recovered is reclassified to the surplus or deficit.

When a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, or a forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the associated gains and losses that were recognised in other comprehensive revenue and expense will be included in the initial cost or carrying amount of the asset or liability.

If a hedging instrument expires or is sold, terminated, exercised, or revoked, or it no longer meets the criteria for hedge accounting, the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive revenue and expense is separately recognised in equity and amortised to the surplus or deficit over the remaining period of the original hedging instrument.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the interest rate swaps match the terms of the fixed rate loan (ie notional amount, maturity, payment and reset dates). At inception of the hedge relationship the Council and Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The documentation includes its risk management objective and strategy for undertaking its hedged transactions.

Derivatives in hedge relationships are designated based on a hedge ratio up to 1:1. The Council and Group does not hedge 100 percent of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. To test the hedge effectiveness, the Council and Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instrument against the changes in fair value of the hedged item attributable to the hedged risk.

Hedge ineffectitveness

Hedge ineffectiveness in a hedge relationship can arise from:

- differences in the timing of cash flows of the hedged items and hedging instruments; or
- changes to the forecasted amount of cash flows of hedged items and hedging instruments.

Note 13: Receivables and recoverables

Table 21: Receivables and recoverables

	Council 2024 $000	Council 2023 $000	Group 2024 $000	Group 2023 $000
Current				
Trade receivables and recoverables – debtors	22,185	22,580	22,222	23,841
Trade recoverables – fines	10,366	9,998	10,366	9,998
Rates recoverable	38,177	24,259	38,177	24,259
Less provision for impairment	(9,294)	(9,223)	(9,342)	(9,226)
Net receivables	**61,434**	**47,614**	**61,423**	**48,872**
Accrued revenue	24,482	22,627	24,494	22,628
Sundry receivables	9,044	1,157	10,147	2,278
GST recoverable	14,999	5,787	15,610	5,948
Total current	**109,959**	**77,185**	**111,674**	**79,726**
Non-current	**-**	**-**	**-**	**-**
Total receivables and recoverables – net	**109,959**	**77,185**	**111,674**	**79,726**

Current trade, rates and sundry receivables and recoverables are non-interest bearing and receipt is generally on 30-day terms, therefore the carrying value approximates their fair value.

Note 13: Receivables and recoverables - continued

Table 22: Receivables and recoverables from related parties

	Council 2024 $000	Council 2023 $000	Group 2024 $000	Group 2023 $000
Controlled entities	451	2,913	–	–
Associates and joint venture	81	–	81	–
Total receivables and recoverables from related parties	**532**	**2,913**	**81**	**-**

Relevant significant accounting policies

Receivables from exchange transactions

Receivables from exchange transactions arise when the Council is owed value by another entity or individual for goods or services provided directly by the Council and will receive approximately equal value in a willing arm's-length transaction (primarily in the form of cash in exchange). Examples of exchange transactions include parking services and metered water rates.

Recoverables from non-exchange transactions

Recoverables from non-exchange transactions arise when the Council is owed value from another party without giving approximately equal value directly in exchange for the value received. Most of the goods or services the Council provides are subsidised by rates revenue and therefore the exchange is unequal. Examples of non-exchange transactions include social housing rentals, parking fines and recreational centre activities.

Non-exchange transactions are comprised of either taxes or transfers. Transfers also include grants that do not have specific conditions attached which require return of the grant for non-performance.

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow. As the Council satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Expected credit losses

Short-term receivables are recorded at the amount due, less an allowance for expected credit losses (ECL).

The Council and Group apply the simplified ECL model of recognising lifetime ECL for short-term receivables. Lifetime ECL result from all possible default events over the expected life of a receivable. The Council and Group use a provision matrix based on historical credit loss information upon initial recognition of a receivable, using reasonable assumptions and any available customer information.

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.

Rates receivable

The Council does not provide for ECL on rates receivable, except for abandoned properties where the debt is greater than 10 years past due and the likelihood of recovery is assessed to be remote. For all other rates receivables, the Council has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. These powers allow the Council to commence legal proceedings to recover any rates that remain unpaid four months after the due date for payment. If payment has not been made within three months of the Court's judgment, then the Council can apply to the Registrar of the High Court to have the judgment enforced by sale or lease of the rating unit.

Ratepayers can apply for payment plan options in special circumstances.

Other receivables

In measuring ECL, all receivables have been grouped based on shared risk characteristics and the days overdue. The ECL rates for other receivables are based on the payment profile of revenue on credit over the prior three years at year-end date. A provision matrix is then established based on historical, current and forward-looking information specific to each class of debtors and the macroeconomic environment affecting the ability of customers to settle their debt.

Note 13: Receivables and recoverables

- continued

The allowance for ECL on total receivables and recoverables based on the Council and the Group's credit loss matrix is shown in Table 23.

Table 23: Debt aging profile and expected credit loss matrix

	2024				2023			
	Gross	ECL Rate	Lifetime ECL	Net	Gross	ECL Rate	Lifetime ECL	Net
	$000	%	$000	$000	$000	%	$000	$000
Council								
Receivables and recoverables								
Not past due	27,287	0.4%	(98)	27,189	16,419	0.7%	(120)	16,299
Past due 0-3 months	11,099	1.3%	(143)	10,956	10,683	1.3%	(143)	10,540
Past due 3-6 months	18,314	1.5%	(279)	18,035	8,953	3.0%	(271)	8,682
Past due more than 6 months	14,028	62.5%	(8,774)	5,254	20,782	41.8%	(8,689)	12,093
Total receivables and recoverables	**70,728**		**(9,294)**	**61,434**	**56,837**		**(9,223)**	**47,614**
Group								
Receivables and recoverables								
Not past due	26,932	0.4%	(103)	26,829	17,388	0.7%	(123)	17,265
Past due 0-3 months	11,391	1.4%	(155)	11,236	10,886	1.3%	(143)	10,743
Past due 3-6 months	18,385	1.6%	(287)	18,098	8,998	3.0%	(271)	8,727
Past due more than 6 months	14,057	62.6%	(8,797)	5,260	20,826	41.7%	(8,689)	12,137
Total receivables and recoverables	**70,765**		**(9,342)**	**61,423**	**58,098**		**(9,226)**	**48,872**

The net receivables and recoverables past due for more than six months includes fines, which after initial debt recovery attempts, are passed to the Courts to further pursue. Due to their nature, the collection pattern for such fines is longer than for trade debtors.

Note 14:
Prepayments

Table 24: Prepayments

	Council		Group	
	2024	2023	2024	2023
	$000	$000	$000	$000
Insurance	20,895	1,304	20,895	1,303
Information and communications technology	2,836	2,560	2,836	2,560
Waterfront operations	746	949	746	949
Property pre-sale costs	162	929	162	929
Prepaid interest – Commercial Paper	605	663	605	663
Tākina – exhibitions	746	340	746	340
Wellington Museums Trust – 24/25 operating grant	1,000	–	–	–
Other	1,730	1,266	2,718	1,589
Total prepayments	**28,720**	**8,011**	**28,708**	**8,333**

The Council's significant material damage insurance policies normally renew at the end of May each year. The prior year payment for insurance did not occur until July 2023. Hence, the prior year prepayment for insurance is considerably lower compared to the current year.

Note 15:
Other financial assets

Table 25: Other financial assets

	Council		Group	
	2024	2023	2024	2023
	$000	$000	$000	$000
Represented by:				
Current	157,890	42,744	169,957	46,815
Non-current	45,985	33,834	48,193	37,980
Total other financial assets	**203,875**	**76,578**	**218,150**	**84,795**
Comprised of:				
Equity investments				
Civic Financial Services Limited	491	476	491	476
Local Government Funding Agency (LGFA)	9,183	8,756	9,183	8,756
Creative HQ shareholdings – available-for-sale	–	–	1,741	1,696
Endowment fund – Wellington Museums Trust	–	–	324	291
Gifted investment – Karori Sanctuary Trust	–	–	141	131
Debt securities investments				
LGFA – borrower notes	36,038	25,190	36,038	25,190
Deposits and loans				
Bank term deposits – greater than 3 months at acquisition	156,000	40,000	168,067	46,098
Loans to related parties	2,163	2,156	2,163	2,156
Loans to external organisations	–	–	2	1
Total other financial assets	**203,875**	**76,578**	**218,150**	**84,795**

Equity investments

Civic Financial Services Limited is the trading name for the New Zealand Local Government Insurance Corporation Limited. The Council holds a 4.7 percent (2023: 4.7 percent) shareholding in this entity and has no present intention to sell. The fair value of the investment is determined by reference to the net equity amount from their most recent Annual Report.

The LGFA is an alternative debt provider majority owned by and operated for local authorities. The Council holds an 8.3 percent (2023: 8.3 percent) shareholding of the paid-up capital and will benefit as a shareholder from a return on its investment and as a borrower from lower borrowing costs. Refer to *Note 37: Related party disclosures*, for more information (page 113). The fair value of the investment is determined by reference to the estimated net equity amount from their most recent unaudited June quarter report.

Creative HQ, a controlled entity of Wellington Regional Economic Development Agency Limited (WREDA), has small shareholdings in various incubator and accelerator programme companies. These shares are held until the companies mature or cease operations.

Debt securities investments

Borrower notes

As part of the borrowing arrangements through the LGFA, the Council is required to leave 2.5 percent of any debt drawdown with the LGFA, as an investment, in the form of a borrower note. Borrower notes are subordinated convertible debt instruments, which will be repaid with interest to the Council once the related borrowing is repaid or no longer owed to the LGFA. The maturity profile of these notes matches the related debt maturity profile (26 August 2024 to 15 October 2033).

The fair value of borrower notes is determined by reference to the relevant interest rate curve.

Deposits and loans

Bank term deposits

Bank term deposits with maturities greater than 3 months at acquisition are categorised as investments. These longer-term deposits largely relate to pre-funding for future debt repayments and generally mature in less than 12 months.

The carrying amount of term deposits approximates their fair value and no ECL has been recognised due to the continued low credit risk associated with these deposits, being held in NZ registered banks with A or better long-term investment grade credit ratings.

Loans to related parties

The loans to related parties are concessionary in nature since the loans have been granted on interest free terms for all or part of the life of the loan. The movements in the loans are shown in Table 26.

Note 15:
Other financial assets
- continued

Table 26: Loans

	Council 2024 $000	Council 2023 $000	Group 2024 $000	Group 2023 $000
Loans to related parties				
Wellington Regional Stadium Trust (Build and membership underwrite - $15,394,893)				
Opening balance	56	50	56	50
Amortisation of fair value adjustment	7	6	7	6
Closing balance at fair value	**63**	**56**	**63**	**56**
Wellington Regional Stadium Trust (COVID-19 support - $2,100,000)				
Opening balance	2,100	2,038	2,100	2,038
Amortisation of fair value adjustment	–	62	–	62
Closing balance at fair value	**2,100**	**2,100**	**2,100**	**2,100**
Loans to other external organisations				
Opening balance	–	–	1	1
Additions	–	–	1	–
Closing balance at fair value	**-**	**-**	**2**	**1**
Total loans	**2,163**	**2,156**	**2,165**	**2,157**

The fair value movement on loans reflects the timing of their expected repayments and the interest free or other nature of the loan. Over the remaining life of the loans their fair value will be amortised back up to their full nominal value.

Wellington Regional Stadium Trust (WRST)

The Council holds a $15.0m limited recourse loan to WRST, which is unsecured, with no specified maturity and at no interest. The loan is not repayable until all other debts are extinguished.

In addition to the loan, unpaid interest which arose under a membership underwrite agreement was converted to a $0.4m advance repayable after all other advances made by the Council and GWRC are paid. The expected repayment of the loan and the advance back to the Council, as advised by WRST, is in 2070.

The amortisation rate applicable to the WRST loan is 12.7 percent.

The $2.1m loan results from a joint loan facility of $4.2m shared equally between the Council and GWRC. The loan facility was drawn down by WRST to fund operating deficits resulting from the impact of COVID-19 and to provide funding for the capital works required to continue with the strengthening of the Fran Wilde walkway. The Council's share of the unsecured loan is $2.1m with a fixed interest rate of 3.0 percent and was interest free for the first two years commencing from the date of the first drawdown in December 2020. The first six-monthly accrued interest payment was received in June 2023, with the loan due to be fully repaid by the end of the 2030/31 reporting period.

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

Note 15:
Other financial assets
- continued

Relevant significant accounting policies

Initial recognition

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

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

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

The classification of a financial asset depends on its cash flow characteristics and the Council and Group'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 and Group 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). Instruments in this category include term deposits and loans to related parties.

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 and Group designate into this category all equity investments that are not held for trading as they are strategic investments that are intended to be held for the medium to long-term.

Subsequent measurement of financial assets at FVTSD

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

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

Note 15:
Other financial assets
- continued

Relevant significant accounting policies – continued

Expected credit losses (ECL)

The Council and Group recognise an allowance for ECL for all debt instruments not classified as FVTSD. ECL 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 and Group in accordance with the contract and the cash flows it expects to receive. ECL are discounted at the effective interest rate of the financial asset.

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

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

Note 16: Non-current assets classified as held for sale

Table 27: Non-current assets classified as held for sale

	Council		Group	
	2024	2023	2024	2023
	$000	$000	$000	$000
Buildings	4,905	-	218	-
Land	4,919	696	939	696
Total non-current assets classified as held for sale	**9,824**	**696**	**1,157**	**696**

Included in the above Council assets are $8.7m of land and buildings that were subsequently sold to Te Toi Mahana in September 2024.

Relevant significant accounting policies

Non-current assets are classified as held for sale if their carrying value will be recovered principally through a sale transaction, rather than through continuing use.

Non-current assets held for sale are measured at the lower of the carrying amount and fair value less costs to sell. Impairment losses on initial classification are included within the surplus or deficit.

Non-current assets are not depreciated or amortised while they are classified as held for sale.

A non-current asset is classified as held for sale where:

- the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets;
- a plan to sell the asset is in place and an active programme to locate a buyer has been initiated;
- the asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value;
- the sale is expected to occur within one year or beyond one year where a delay has occurred which is caused by events beyond the Group's control and there is sufficient evidence the Group remains committed to sell the asset; and
- actions required to complete the sale indicate it is unlikely that significant changes to the plan will be made or the plan will be withdrawn.

Note 17: Intangibles

Table 28: Intangibles

	Council		Group	
	2024	2023	2024	2023
	$000	$000	$000	$000
Computer software				
Cost - opening balance	80,110	73,015	80,959	73,575
Accumulated amortisation	(61,078)	(55,420)	(61,387)	(55,953)
Carrying amount - opening balance	19,032	17,595	19,572	17,622
Acquired by direct purchase	7,635	7,916	7,689	8,453
Amortisation	(7,634)	(6,454)	(7,827)	(6,478)
Loss on disposal	(393)	(25)	(393)	(25)
Total computer software - closing balance	**18,640**	**19,032**	**19,041**	**19,572**
Cost	86,647	80,110	87,416	80,959
Accumulated amortisation and impairment	(68,007)	(61,078)	(68,375)	(61,387)
Total computer software - closing balance	**18,640**	**19,032**	**19,041**	**19,572**
Work in progress				
Computer software	8,935	8,373	8,935	8,373
Total work in progress	**8,935**	**8,373**	**8,935**	**8,373**
Carbon credits				
Cost - opening balance	13,184	12,971	13,184	12,971
Additions	3,400	1,118	3,400	1,118
Net disposals	(1,755)	(905)	(1,755)	(905)
Total carbon credits - closing balance	**14,829**	**13,184**	**14,829**	**13,184**
Total intangibles	**42,404**	**40,589**	**42,805**	**41,129**

Disposals and transfers are reported net of accumulated amortisation.

Note 17: Intangibles - continued

Carbon credits

As part of the Emissions Trading Scheme (ETS) the Council receives carbon credit units from the Crown in recognition of the carbon absorbed by a portion of the Council's green belt.

The Council may also purchase units to cover the expected liabilities associated with landfill operation as required. The Council surrenders units to extinguish these liabilities.

At 30 June 2024 the total expected liability relating to landfill carbon emissions for the first six months of the 2024 calendar year is $0.6m (2023: $0.6m).

More information on carbon credits can be found in Section 4: Our performance in detail, under activity 2.2: Waste reduction and energy conservation (Volume 1, page 54).

The movement in units held by the Council are shown in Table 29.

Table 29: Carbon credits

	Council		Group	
	2024	2023	2024	2023
	Units	Units	Units	Units
Opening balance	523,431	539,385	523,431	539,385
Additions - allocated from the Crown	21,986	13,171	21,986	13,171
Additions - purchases	30,000	-	30,000	-
Disposals - surrendered to the Crown	(45,993)	(29,125)	(45,993)	(29,125)
Total carbon credits	**529,424**	**523,431**	**529,424**	**523,431**

Carbon emission units

The price of carbon as at 30 June 2024 was $50.50 per New Zealand Unit (unit) (2023: $76.13). One unit is equivalent to one tonne of carbon dioxide equivalent (tCO2-e).

Relevant significant accounting policies

Gains and losses arising from disposal of intangible assets are recognised within the surplus or deficit in the period in which the transaction occurs. Intangible assets are reviewed at least annually to determine if there is any indication of impairment. Where an intangible asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. Losses resulting from impairment are reported within the surplus or deficit.

Computer software

Acquired computer software is measured on initial recognition at the costs to acquire and bring to use and is subsequently measured less any amortisation and impairment losses.

Typically, the estimated useful life of these assets is between 2 to 11 years.

Carbon credits

Carbon credits comprise either allocations of emission allowances granted by the Crown related to forestry assets or units purchased in the market to cover liabilities associated with landfill operations. Carbon credits allocated as a non-exchange transaction are initially recognised at fair value, which then becomes the deemed cost. Carbon credits that are purchased are recognised at cost.

Note 18: Investment properties

Table 30: Investment properties

	Council		Group	
	2024	2023	2024	2023
	$000	$000	$000	$000
Ground leases, other land and buildings				
Opening balance	299,494	299,712	299,494	299,712
Additions by acquisition	9	13,123	9	13,123
Fair value revaluation movements taken to surplus/(deficit)	(20,399)	(13,341)	(20,399)	(13,341)
Total ground leases, other land and buildings	**279,104**	**299,494**	**279,104**	**299,494**
Work in progress				
Other land and buildings	1,099	508	1,099	508
Total work in progress	**1,099**	**508**	**1,099**	**508**
Total investment properties	**280,203**	**300,002**	**280,203**	**300,002**

The Council's investment properties were revalued as at 30 June 2024 by an independent valuer, William Bunt (FNZIV, FPINZ), registered valuer and Director of Valuation and Advisory Services for CBRE Limited.

Note 18: Investment properties

- continued

Table 31: Investment property by type

	Council 2024 $000	Council 2023 $000	Group 2024 $000	Group 2023 $000
Ground leases	223,475	246,357	223,475	246,357
Other land and buildings (including WIP)	56,728	53,645	56,728	53,645
Total investment properties	**280,203**	**300,002**	**280,203**	**300,002**

Investment properties, which are revalued annually, are held primarily to earn lease revenue and/or for capital growth. These properties include the Council's ground leases, Wellington waterfront investment properties and certain other land and buildings.

Ground leases are parcels of land owned by the Council in the central city or on the waterfront that are leased to other parties who own the buildings situated on the land. The leases are generally based on 21-year perpetually renewable terms. As these parcels of land are held for investment purposes the leases are charged on a commercial market basis.

Investment properties exclude those properties held for strategic purposes or to provide a social service. Excluded properties includes those which generate cash inflows where the lease revenue is incidental to the purpose for holding the property. Such properties include the Council's social housing assets, which are held within operational assets in property, plant and equipment.

Relevant significant accounting policies

The basis of valuation varies depending on the nature of the lease. For sites that are subject to a terminating lease the approach is to assess the value of the lease revenue over the remaining term of the lease and add the residual value of the land at lease expiry.

For sites subject to perpetually renewable leases, values have been assessed utilising the discounted cash flow methodology and arriving at a net present value of all future anticipated gross lease payments.

Borrowing costs incurred during the construction of investment property are not capitalised.

Investment properties are measured initially at cost and subsequently measured at fair value, determined annually by an independent registered valuer. Any gain or loss arising is recognised within the surplus or deficit. Investment properties are not depreciated.

Certain ground leases on the waterfront and within the central city have, for accounting purposes, been treated as sold assets due to the very long-term nature of the lease and peppercorn rentals. At a future point in time, prior to the asset being returned to the Council ownership, the Council will begin to incrementally re-recognise the value of the asset. The amortisation of the estimated future value will reflect the prevalent economic situation and will be more relevant in terms of both the estimated value and materiality.

Note 19:
Property, plant and equipment

Table 32: Summary of property, plant and equipment

	Council		Group	
	2024	2023	2024	2023
	$000	$000	$000	$000
Property, plant and equipment – opening balance	10,395,259	10,278,248	10,410,612	10,292,099
Additions	173,628	380,657	175,423	382,671
Reassessment of landfill post-closure costs	1,523	-	1,523	-
Disposals	(2,978)	(1,180)	(3,351)	(1,209)
Depreciation expense	(203,390)	(189,863)	(204,347)	(190,563)
Impairment	(7,257)	(12,775)	(7,257)	(12,775)
Revaluation movement	713,751	(47,215)	713,751	(47,215)
Net transfer (to)/from non-current assets held for sale	(9,128)	12,669	(461)	12,669
Movement of work in progress	311,466	(25,282)	312,669	(25,065)
Total property, plant and equipment	**11,372,874**	**10,395,259**	**11,398,562**	**10,410,612**

Relevant significant accounting policies

Property, plant and equipment consists of operational assets, infrastructure assets and restricted assets.

Operational assets include: land, buildings, landfill post-closure costs, Civic Precinct, plant and equipment, and library collections.

Infrastructure assets include: the roading network, drainage, water and waste reticulation networks including service concession arrangement assets (wastewater treatment plants). Each asset type includes all items that are required for the network to function.

Restricted assets include: art and cultural assets, buildings on restricted land, parks and reserves, and the Town Belt. These assets provide a benefit or service to the community and in most cases cannot be disposed of because of legal or other restrictions (for example, land declared as a reserve under the Reserves Act 1977). The use of the asset may also be restricted such as the donated Basin Reserve land which must be retained for the purposes of providing a cricket and recreation ground with no permitted thoroughfare.

Within the above three categories, assets can also be subcategorised as heritage or vested assets.

Heritage assets are tangible assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture. The Council and Group recognises these assets within these financial statements to the extent their value can be reliably measured.

Vested assets are those assets where ownership and control are transferred to the Council from a third party (for example, infrastructure assets constructed by developers and transferred to the Council on completion of a subdivision). Vested assets are recognised within their respective asset classes.

Recognition

Expenditure is capitalised as property, plant and equipment when it creates a new asset or increases the economic benefits of an existing asset. Costs that do not meet the criteria for capitalisation are expensed.

Note 19: Property, plant and equipment - continued

Relevant significant accounting policies – continued

Measurement

Property, plant and equipment is recognised initially at cost, unless acquired for nil or nominal cost (for example, vested assets), in which case the asset is recognised at fair value at the date of transfer. The initial cost of property, plant and equipment includes the purchase consideration (or the fair value in the case of vested assets), and those costs that are directly attributable to bringing the asset into the location and condition necessary for its intended purpose. Subsequent expenditure that extends or expands the asset's service potential is capitalised.

Borrowing costs incurred during the construction of property, plant and equipment are not capitalised.

After initial recognition, certain classes of property, plant and equipment are revalued to fair value. Where there is no active market for an asset, fair value is determined by using the optimised depreciated replacement cost methodology.

Optimised depreciated replacement cost is a valuation methodology where the value of an asset is based on the cost of replacement with an efficient modern equivalent making allowance for obsolesce or surplus capacity. The remaining life of the asset is estimated, and straight-line depreciation applied to bring the replacement cost to a fair value.

Specific measurement policies for categories of property, plant and equipment are shown below:

Operational assets

Land and buildings

Operational land and buildings are valued at fair value every 3 years, or whenever the carrying amount differs materially to fair value, by independent registered valuers. Where the information is available, land and buildings are valued based on market evidence. Most of the Council's land and buildings are of a 'non-tradeable' or specialist nature and the value is based on the fair value of the land plus the optimised depreciated replacement cost of the buildings.

For earthquake prone buildings that are expected to be strengthened, the estimated cost to strengthen the building has been deducted from the optimised depreciated replacement cost.

Non-specialised properties that comprise the City Housing portfolio have been valued on a market-based approach with the associated land value being established through analysis of sales and market evidence.

Landfill post-closure costs

Amounts capitalised for landfill post-closure costs are based on the present value of future cash flows expected to be incurred, taking into account future events including known changes to legal requirements and known technological improvements. The capitalised landfill asset is then depreciated over the life of the landfill based on the capacity used.

Civic Precinct and plant and equipment

The Civic Precinct and plant and equipment are measured at historical cost and not revalued.

Library collections

Library collections are valued at depreciated replacement cost on a 3-year cycle by the Council's library staff in accordance with guidelines outlined in Valuation Guidance for Cultural and Heritage Assets, published by The Treasury Accounting Team, November 2002.

Infrastructure assets

Infrastructure assets (the roading network, drainage, water and waste reticulation networks including service concession arrangement assets (wastewater treatment plants)) are valued at optimised depreciated replacement cost every 3 years, or whenever the carrying amount differs materially to fair value, by an independent registered valuer. Infrastructure valuations are based on the physical attributes of the assets, their condition and their remaining lives based on the Council's best information reflected in its asset management plans.

Note 19: Property, plant and equipment - continued

Relevant significant accounting policies - continued

The costs are based on current quotes from actual suppliers. As such, they include ancillary costs such as breaking through seal, traffic control and rehabilitation. Between valuations, expenditure on asset improvements is capitalised at cost.

Infrastructure land (excluding land under roads) is valued every 3 years, or whenever the carrying amount differs materially to fair value, by an independent registered valuer.

Land under roads, which represents the corridor of land directly under and adjacent to the Council's roading network, was valued as at 30 June 2005 at the average value of surrounding adjacent land discounted by 50 percent to reflect its restricted nature. The Council elected to use the fair value of land under roads at 30 June 2005 as the deemed cost of the asset. Land under roads is no longer revalued. Subsequent additions have been recorded at cost.

The carrying values of revalued property, plant and equipment are reviewed at the end of each reporting period to ensure that those values are not materially different to fair value.

Restricted assets

Art and cultural assets (artworks, sculptures and statues) are valued at historical cost. All other restricted assets (buildings, parks and reserves and the Town Belt) were valued at fair value as at 30 June 2005 by an independent registered valuer. The Council has elected to use the fair value of other restricted assets at 30 June 2005 as the deemed cost of the assets. These assets are no longer revalued. Subsequent additions have been recorded at cost.

Impairment

The Council's assets are defined as cash generating if the primary purpose of the asset is to provide a commercial return. Non-cash generating assets are assets other than cash generating assets. Property, plant and equipment assets, measured at fair value, are not required to be reviewed and tested for impairment.

The carrying amounts of cash generating property, plant and equipment assets are reviewed at least annually to determine if there is any indication of impairment. Where an asset's, or class of assets', recoverable amount is less than its carrying amount it will be reported at its recoverable amount and an impairment loss will be recognised. The recoverable amount is the higher of an item's fair value less costs to sell and value in use. Losses resulting from impairment are reported within the surplus or deficit unless the asset is carried at a revalued amount in which case any impairment loss is treated as a revaluation decrease and recorded within other comprehensive revenue and expense.

The carrying amounts of non-cash generating property, plant and equipment assets, and intangible assets are reviewed at least annually to determine if there is any indication of impairment. Where an asset's, or class of assets', recoverable service amount is materially less than its carrying amount it will be reported at its recoverable service amount and an impairment loss will be recognised.

The recoverable service amount is the higher of an item's fair value less costs to sell and value in use. A non-cash generating asset's value in use is the present value of the asset's remaining service potential. Losses resulting from impairment are reported within the surplus or deficit unless the asset is carried at a revalued amount in which case any impairment loss is treated as a revaluation decrease and recorded within other comprehensive revenue and expense.

Disposal

Gains and losses on disposals are determined by comparing the proceeds from sale with the carrying amount of the asset. Gains and losses on disposal are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Work in progress

Work in progress represents the cost of capital expenditure projects that are not yet capable for use in the manner intended by management. The cost of projects within work in progress is transferred to the relevant asset class when the project is completed and is then subject to depreciation/amortisation.

Note 19: Property, plant and equipment - continued

The movements according to the individual classes of assets are as follows in Table 33.

Table 33: Property, plant and equipment by category and class of asset

	Council		Group	
	2024	2023	2024	2023
	$000	$000	$000	$000
Operational assets				
Land				
Land - at cost - opening balance	-	3,202	-	3,202
Land - at valuation - opening balance	347,780	362,306	347,780	362,306
Total land - opening balance	347,780	365,508	347,780	365,508
Additions	71	-	71	-
Disposals	(430)	-	(430)	-
Impairment	-	(430)	-	(430)
Revaluation movement	-	(15,819)	-	(15,819)
Transfer between asset classes	-	(7,821)	-	(7,821)
Net transfer (to)/from non-current assets held for sale	(4,012)	6,342	(32)	6,342
Total land - closing balance	**343,409**	**347,780**	**347,389**	**347,780**
Land - at cost - closing balance	71	-	71	-
Land - at valuation - closing balance	343,338	347,780	347,318	347,780
Total land - closing balance	**343,409**	**347,780**	**347,389**	**347,780**
Buildings				
Buildings - at cost - opening balance	-	136,410	-	136,410
Buildings - at valuation - opening balance	1,450,851	1,006,704	1,459,474	1,015,328
Total cost/valuation	1,450,851	1,143,114	1,459,474	1,151,738
Accumulated depreciation and impairment	(475,315)	(363,996)	(480,329)	(368,938)
Total buildings - opening balance	975,536	779,118	979,145	782,800
Additions	9,419	225,154	9,419	225,207
Depreciation expense	(35,314)	(32,557)	(35,379)	(32,683)
Disposals	(115)	-	(155)	-
Impairment	(200)	(715)	(200)	(715)
Revaluation movement	(55)	(16,641)	(55)	(16,641)
Transfer between asset classes	-	15,288	(2,595)	15,288
Net transfer (to)/from non-current assets held for sale	(4,905)	5,889	(218)	5,889
Total buildings - closing balance	**944,366**	**975,536**	**949,962**	**979,145**

Disposals and transfers are reported net of accumulated depreciation.

Note 19: Property, plant and equipment - continued

Table 33: Property, plant and equipment by category and class of asset – continued

	Council 2024 $000	Council 2023 $000	Group 2024 $000	Group 2023 $000
Buildings – at cost – closing balance	9,419	-	9,419	-
Buildings – at valuation – closing balance	1,445,270	1,450,851	1,455,322	1,459,474
Total cost/valuation	1,454,689	1,450,851	1,464,741	1,459,474
Accumulated depreciation and impairment	(510,323)	(475,315)	(514,779)	(480,329)
Total buildings – closing balance	**944,366**	**975,536**	**949,962**	**979,145**
Landfill post-closure costs[5]				
Landfill post-closure costs – at cost – opening balance	2,097	3,851	2,097	3,851
Accumulated depreciation	(3,620)	(3,643)	(3,620)	(3,643)
Total landfill post-closure costs – opening balance	(1,523)	208	(1,523)	208
Depreciation expense	-	3	-	3
Movement in post-closure costs	-	(1,734)	-	(1,734)
Reassessment of landfill post-closure costs	1,523	-	1,523	-
Total landfill post-closure costs – closing balance	**-**	**(1,523)**	**-**	**(1,523)**
Landfill post-closure costs – at cost – closing balance	3,620	2,097	3,620	2,097
Accumulated depreciation	(3,620)	(3,620)	(3,620)	(3,620)
Total landfill post-closure costs – closing balance	**-**	**(1,523)**	**-**	**(1,523)**
Civic Precinct				
Civic Precinct – at cost – opening balance	197,809	183,635	197,809	183,635
Accumulated depreciation and impairment	(146,324)	(133,378)	(146,324)	(133,378)
Total Civic Precinct – opening balance	51,485	50,257	51,485	50,257
Additions	3,000	2,719	3,000	2,719
Depreciation expense	(1,655)	(1,429)	(1,655)	(1,429)
Disposals	-	(62)	-	(62)
Impairment	(6,682)	-	(6,682)	-
Total Civic Precinct – closing balance	**46,148**	**51,485**	**46,148**	**51,485**
Civic Precinct – at cost – closing balance	200,785	197,809	200,785	197,809
Accumulated depreciation and impairment	(154,637)	(146,324)	(154,637)	(146,324)
Total Civic Precinct – closing balance	**46,148**	**51,485**	**46,148**	**51,485**

5. The Council's share of the joint operation with Porirua City Council relating to the Spicer Valley landfill is included in this asset class.

Disposals and transfers are reported net of accumulated depreciation.

Note 19: Property, plant and equipment - continued

Table 33: Property, plant and equipment by category and class of asset - continued

	Council		Group	
	2024	2023	2024	2023
	$000	$000	$000	$000
Plant and equipment				
Plant and equipment - at cost - opening balance	281,942	311,883	298,879	332,129
Accumulated depreciation and impairment	(162,571)	(179,739)	(171,144)	(192,978)
Total plant and equipment - opening balance	119,371	132,144	127,735	139,151
Additions	44,164	20,454	45,959	22,414
Depreciation expense	(23,207)	(18,733)	(24,099)	(19,307)
Disposals	(1,087)	(527)	(1,420)	(556)
Impairment	(338)	-	(338)	-
Transfer between asset classes	(14)	(13,967)	2,581	(13,967)
Total plant and equipment - closing balance	**138,889**	**119,371**	**150,418**	**127,735**
Plant and equipment - at cost - closing balance	306,506	281,942	328,444	298,879
Accumulated depreciation and impairment	(167,617)	(162,571)	(178,026)	(171,144)
Total plant and equipment - closing balance	**138,889**	**119,371**	**150,418**	**127,735**
Library collections				
Library collections - at cost - opening balance	-	1,718	-	1,718
Library collections - at valuation - opening balance	13,945	16,711	13,945	16,711
Total cost/valuation	13,945	18,429	13,945	18,429
Accumulated depreciation	-	(3,919)	-	(3,919)
Total library collections - opening balance	13,945	14,510	13,945	14,510
Additions	2,330	33	2,330	33
Depreciation expense	(2,010)	(2,278)	(2,010)	(2,278)
Revaluation movement	-	1,680	-	1,680
Total library collections - closing balance	**14,265**	**13,945**	**14,265**	**13,945**
Library collections - at cost - closing balance	2,330	-	2,330	-
Library collections - at valuation - closing balance	13,945	13,945	13,945	13,945
Total cost/valuation	16,275	13,945	16,275	13,945
Accumulated depreciation	(2,010)	-	(2,010)	-
Total library collections - closing balance	**14,265**	**13,945**	**14,265**	**13,945**
Total operational assets	**1,487,077**	**1,506,594**	**1,508,182**	**1,518,567**

Disposals and transfers are reported net of accumulated depreciation.

Note 19: Property, plant and equipment - continued

Table 33: Property, plant and equipment by category and class of asset - continued

	Council 2024 $000	Council 2023 $000	Group 2024 $000	Group 2023 $000
Infrastructure assets				
Drainage, water and waste				
Drainage, water and waste - at cost - opening balance	79,564	109,934	79,564	109,934
Drainage, water and waste - at valuation - opening balance	7,634,605	7,531,028	7,634,605	7,531,028
Total cost/valuation	7,714,169	7,640,962	7,714,169	7,640,962
Accumulated depreciation	(4,236,721)	(4,143,089)	(4,236,721)	(4,143,089)
Total drainage, water and waste - opening balance	3,477,448	3,497,873	3,477,448	3,497,873
Additions	28,326	81,180	28,326	81,180
Disposals	(1,189)	-	(1,189)	-
Depreciation expense	(88,994)	(87,914)	(88,994)	(87,914)
Impairment	-	(11,630)	-	(11,630)
Revaluation movement	465,094	-	465,094	-
Transfer between asset classes	-	(2,061)	-	(2,061)
Total drainage, water and waste - closing balance	**3,880,685**	**3,477,448**	**3,880,685**	**3,477,448**
Drainage, water and waste - at cost - closing balance	-	79,564	-	79,564
Drainage, water and waste - at valuation - closing balance	8,238,140	7,634,605	8,238,140	7,634,605
Total cost/valuation	8,238,140	7,714,169	8,238,140	7,714,169
Accumulated depreciation	(4,357,455)	(4,236,721)	(4,357,455)	(4,236,721)
Total drainage, water and waste - closing balance	**3,880,685**	**3,477,448**	**3,880,685**	**3,477,448**
Roading				
Roading - at cost - opening balance	43,424	38,203	43,424	38,203
Roading - at valuation - opening balance	2,474,101	2,470,888	2,474,101	2,470,888
Total cost/valuation	2,517,525	2,509,091	2,517,525	2,509,091
Accumulated depreciation	(933,849)	(908,212)	(933,849)	(908,212)
Total roading - opening balance	1,583,676	1,600,879	1,583,676	1,600,879
Additions	74,326	43,424	74,326	43,424
Depreciation expense	(49,771)	(44,903)	(49,771)	(44,903)
Impairment	(37)	-	(37)	-
Revaluation movement	248,712	(16,435)	248,712	(16,435)
Transfer between asset classes	14	711	14	711
Total roading - closing balance	**1,856,920**	**1,583,676**	**1,856,920**	**1,583,676**

Disposals and transfers are reported net of accumulated depreciation.

Note 19: Property, plant and equipment - continued

Table 33: Property, plant and equipment by category and class of asset - continued

	Council		Group	
	2024	2023	2024	2023
	$000	$000	$000	$000
Roading - at cost - closing balance	-	43,424	-	43,424
Roading - at valuation - closing balance	2,976,662	2,474,101	2,976,662	2,474,101
Total cost/valuation	2,976,662	2,517,525	2,976,662	2,517,525
Accumulated depreciation	(1,119,742)	(933,849)	(1,119,742)	(933,849)
Total roading - closing balance	**1,856,920**	**1,583,676**	**1,856,920**	**1,583,676**
Infrastructure land				
Infrastructure land - at cost - opening balance	4,675	4,635	4,675	4,635
Infrastructure land - at valuation - opening balance	56,607	56,012	56,607	56,012
Total infrastructure land - opening balance	61,282	60,647	61,282	60,647
Additions	50	40	50	40
Net transfer (to)/from non-current assets held for sale	(180)	595	(180)	595
Total infrastructure land - closing balance	**61,152**	**61,282**	**61,152**	**61,282**
Infrastructure land - at cost - closing balance	4,725	4,675	4,725	4,675
Infrastructure land - at valuation - closing balance	56,427	56,607	56,427	56,607
Total infrastructure land - closing balance	**61,152**	**61,282**	**61,152**	**61,282**
Land under roads				
Land under roads - at cost - opening balance	2,957,665	2,958,135	2,957,665	2,958,135
Additions	51	185	51	185
Disposals	(157)	(545)	(157)	(545)
Transfer between asset classes	-	47	-	47
Net transfer (to)/from non-current assets held for sale	(31)	(157)	(31)	(157)
Land under roads - closing balance	**2,957,528**	**2,957,665**	**2,957,528**	**2,957,665**
Total infrastructure assets	**8,756,285**	**8,080,071**	**8,756,285**	**8,080,071**

Disposals and transfers are reported net of accumulated depreciation.

Note 19: Property, plant and equipment

- continued

Table 33: Property, plant and equipment by category and class of asset - continued

	Council 2024 $000	Council 2023 $000	Group 2024 $000	Group 2023 $000
Restricted assets[6]				
Art and cultural assets				
Art and cultural assets - at cost - opening balance	8,901	8,893	11,240	11,232
Additions	-	8	-	8
Art and cultural assets - closing balance	**8,901**	**8,901**	**11,240**	**11,240**
Buildings on restricted land				
Buildings on restricted land - at cost - opening balance	57,857	51,164	57,857	51,164
Accumulated depreciation and impairment	(22,195)	(20,170)	(22,195)	(20,170)
Total buildings on restricted land - opening balance	35,662	30,994	35,662	30,994
Additions	4,844	6,720	4,844	6,720
Depreciation expense	(2,439)	(2,052)	(2,439)	(2,052)
Total buildings on restricted land - closing balance	**38,067**	**35,662**	**38,067**	**35,662**
Buildings on restricted land - at cost - closing balance	62,701	57,857	62,701	57,857
Accumulated depreciation and impairment	(24,634)	(22,195)	(24,634)	(22,195)
Total buildings on restricted land - closing balance	**38,067**	**35,662**	**38,067**	**35,662**
Parks and reserves				
Parks and reserves - at cost - opening balance	219,880	209,648	219,880	209,648
Additions	7,047	2,475	7,047	2,475
Disposals	-	(46)	-	(46)
Transfer between asset classes	-	7,803	-	7,803
Parks and reserves - closing balance	**226,927**	**219,880**	**226,927**	**219,880**
Town Belt				
Town Belt - at cost - opening balance	96,353	96,353	96,353	96,353
Town Belt - closing balance	**96,353**	**96,353**	**96,353**	**96,353**
Total restricted assets	**370,248**	**360,796**	**372,587**	**363,135**

6. For restricted assets, valuation at cost means they are not subject to revaluation. Please refer to the relevant significant accounting policies above for a more detailed explanation.

Disposals and transfers are reported net of accumulated depreciation.

Note 19: Property, plant and equipment

- continued

Table 33: Property, plant and equipment by category and class of asset - continued

	Council		Group	
	2024	2023	2024	2023
	$000	$000	$000	$000
Work in progress				
Land	6,876	4,777	6,876	4,777
Buildings	328,491	194,874	330,688	195,915
Civic Precinct	1,647	2,015	1,647	2,015
Plant and equipment	140,570	113,183	140,617	113,183
Library collection	2,320	2,411	2,320	2,411
Drainage, water and waste	173,588	44,034	173,588	44,034
Roading	104,285	85,928	104,285	85,928
Other	1,487	576	1,487	576
Total work in progress	**759,264**	**447,798**	**761,508**	**448,839**
Total property, plant and equipment	**11,372,874**	**10,395,259**	**11,398,562**	**10,410,612**

Work in progress has increased substantially due to the costs incurred in building the SMF at Moa Point and the Te Ngākau Civic Precinct upgrade.

Revaluation of property, plant and equipment

Assets are valued at regular intervals by an independent registered valuer or whenever the carrying amount differs materially to fair value. In the years which an asset class is not revalued, an assessment is made as to whether there has been any material change in the value of that asset class.

Operational land and buildings

Operational land and building assets were valued as at 30 June 2023 by William Bunt (FNZIV, FPINZI), registered valuer and Director of Valuation Services for CBRE Limited.

Library collections

Library collections were valued as at 30 June 2023 by the Council's library staff. The revaluation was carried out in accordance with guidelines outlined in Valuation Guidance for Cultural and Heritage Assets published by the Treasury Accounting Team, November 2002.

Disposals and transfers are reported net of accumulated depreciation.

Note 19:
Property, plant and equipment
- continued

Infrastructure assets

Drainage, water and waste

The drainage, water and waste infrastructure assets, including the service concession arrangements assets, were valued as at 30 June 2024 by Toby Marsh, Senior Asset Management Consultant at WSP New Zealand Limited (WSP). This revaluation would normally be performed in 2024/25 in line with the 3-year cycle. In late 2023 (during year 2 of the 3-year cycle) an initial assessment was performed and the predicted increase in fair values indicated the need to perform a full revaluation for the 2023/24 year.

The increase in fair value is due to various factors including:

- Increase in indexed construction costs between 2021/22 and 2023/24 which has largely been driven by the increase in construction activity related to the post-storm rebuild and the high construction demand for new healthcare facilities and office buildings.
- Increase in indexed pipe valuation unit rates for stormwater and wastewater.
- Additional cost movements for certain potable water pipe rates where indexed unit rates were deemed not reflective of current market costs. This included:
  - Small potable water pipes (diameter less or equal to 100mm) – 35 percent increase
  - Medium potable water pipes (diameter greater than 100mm and less than 450mm) – 15 percent increase
- Potable non-pipe reticulation asset costs rates (excluding tanks and reservoirs) experienced an increase of 15 percent to reflect market movements.
- The scarcity of disposal sites within the Wellington area has resulted in substantial increases in disposal and transportation costs.
- Inclusion of on-cost adjustments (eg professional fees) for above-ground water assets which were previously not included.
- Increase in the valuation of pump and pump stations aided by improvements to the completeness of the dataset.

The unit rates used in the revaluation are a fair reflection of the optimised depreciated replacement cost of the three water assets based on current contract pricing from actual suppliers.

Sustainability of unit rates

Over the last few years Council's across the Wellington region have requested Wellington Water Ltd (WWL) to significantly step up the capital investment programme to address the backlog in the work needed to upgrade ageing infrastructure, deliver growth related infrastructure as well as improve responsiveness to issues such as water leaks. The economic context during this period has seen a range of cost pressure impacts, with high inflation and high construction and resourcing costs.

The fair value of the Council's three waters assets is estimated with reference to recent contract costs incurred in this economic context. There are risks that contract costs may significantly change for the reasons outlined below. This increases the uncertainty over the estimated fair value of these assets.

WWL is responsible for the procurement aspects of the three waters investment programme and have procurement panels in place to support the delivery. WWL has recently advised that review work is to be undertaken in 2024/25 of the procurement arrangements for their contractor and consultancy panels to determine if they are providing councils and communities with value for money. It is uncertain at this stage what the outcome of this review will be and whether it will result in better value for money in the future, such as lower pricing of works.

There is significant work underway in the Greater Wellington region in response to the Government's "Local Water Done Well" policy to develop a regional approach for a joint Water Services Delivery Plan and delivery model. It is envisaged that a new Water Services Council Controlled Organisation would be established to achieve a range of benefits, such as better compliance and network performance through more investment, together with scale to enable efficiency and continuous improvement. It is uncertain at this stage, but over the medium to long-term there may be better value for money achieved through a new approach to water services delivery in the Wellington region, with differing costs which may potentially bring down asset values in the future.

Note 19: Property, plant and equipment - continued

Roading

The roading networks were last revalued as at 30 June 2022 by John Vessey (MIPENZ), Partner of WSP. In early 2024, the movement in the fair value of infrastructure assets between 30 June 2022 and 30 June 2024 was assessed by independent valuer WSP and the increase in fair value was considered material by management. Accordingly, a fair value indexation uplift, as assessed by WSP, has been applied to the roading network asset values as at 30 June 2024. The increase in fair value is mainly due to increases in the unit rate costs for construction and increases in on-cost adjustments. On-costs are applied to allow for all expenses incidental to the asset acquisition and all costs directly attributable to bringing the asset into working condition and location. These additional costs include professional fees, administration costs and contingencies.

Next year, a full revaluation will be completed as at 30 June 2025, in line with the 3-year cycle.

Infrastructure land

Infrastructure land assets were last revalued as at 30 June 2022 by William Bunt (FNZIV, FPINZI), registered valuer and Director of Valuation Services for CBRE Limited. The next full valuation is due to be completed as at 30 June 2025.

Further information on revaluation reserves and movements is contained in *Note 28: Revaluation reserves* (page 83).

Significant acquisitions and replacements of assets

In accordance with the provisions of Schedule 10 of the LGA 2002, information in respect of significant acquisitions and replacements of assets is reported within the Statements of Service Performance (refer to Section 4: Our performance in detail (Volume 1, page 37 to 136)).

Service concession arrangements

The Council's service concession assets consist of the Moa Point treatment plant, including the sludge dewatering plant at Carey's Gully, and Western (Karori) wastewater treatment plant. These facilities are owned by the Council, and included within infrastructure assets, but operated by Veolia Water under a contract with Wellington Water Limited. The contract also covers the Porirua wastewater treatment plant which is operating under a joint operation with Porirua City Council.

The Council incurs all associated operating expenses through the on-charged costs paid to Wellington Water Limited.

The Council has a contract with Veolia Water, which covers the wastewater treatment plants of Wellington, Porirua and Hutt City councils. The contract expires 30 June 2030 with two rights of renewal for further subsequent terms of three and two years respectively.

The carrying value of these service concession assets for the Council and Group is $183.2m (2023: $146.1m).

Note 19: Property, plant and equipment - continued

Core assets

Included within the infrastructure assets (Table 33) are the Council's core assets as shown in Table 34.

Table 34: Core assets

	2024			
	Closing book value $000	Constructed additions $000	Vested additions $000	Replacement cost $000
Water supply				
Other assets	1,103,118	3,704	6,178	2,307,322
Sewerage				
Treatment plants and facilities	217,146	–	–	349,846
Other assets	1,370,391	783	6,559	3,058,792
Stormwater drainage	1,190,030	661	6,106	2,351,589
Roads and footpaths	1,856,920	73,201	1,126	2,938,019
Total core assets	**5,737,605**	**78,349**	**19,969**	**11,005,568**

	2023			
	Closing book value $000	Constructed additions $000	Vested additions $000	Replacement cost $000
Water supply				
Other assets	914,280	61,658	996	2,005,544
Sewerage				
Treatment plants and facilities	169,710	1,617	–	296,070
Other assets	1,253,818	11,757	1,366	3,062,431
Stormwater drainage	1,139,640	3,645	143	2,321,230
Roads and footpaths	1,583,676	41,560	9,211	2,517,525
Total core assets	**5,061,124**	**120,237**	**11,716**	**10,202,800**

Note 19:
Property, plant and equipment
- continued

Insurance of assets

Table 35: Insurance of assets

	Council 2024 $000	Council 2023 $000
Total value of property, plant and equipment	11,372,874	10,395,259
less assets (primarily land) excluded from insurance contracts	(4,444,633)	(4,130,758)
Value of assets covered by insurance contracts	**6,928,241**	**6,264,501**
Maximum amount to which assets are insured under Council insurance policies	831,690	724,195
Total value of assets that are self-insured	459,770	203,762

For insurance purposes, the Council takes a "sum insured" approach to managing most risks, including for damage from a significant natural disaster. This approach recognises the wide-ranging location and type of assets held.

We have policies in place for our three main asset classes as follows:

- Below ground infrastructure (declared replacement value of $9.0b (2023: $8.9b)
- Above ground infrastructure (declared replacement value of $3.0b (2023: $3.0b)
- Housing declared replacement value of $0.9b (2023: $1.0b)

The declared values are overlaid with the assessed GNS loss estimate for each asset subclasses for a 1–1000-year loss. The assessment is then used to assess the level of insurance required.

The required insurance values are met by cover in place from various sources, including purchased material damage insurance, the internal insurance reserve (described below), balance sheet headroom (approved via the 2024 LTP) and a conservative level of assumed Crown funding (described below).

An insurance reserve of $14.7m (2023: $14.3m) exists to meet the cost of claims that fall below deductible limits under the Council insurance policies. The reserve is funded annually through rates. For the year ended 30 June 2024 an amount of $1.3m (2023: $1.5m) was added to the reserve. The net cost of claims applied to the reserve during the year amounted to $0.9m (2023: $1.1m).

In addition to Council's insurance, in the event of natural disaster, there is a conservative level of assumed allocation of Crown funded rebuild capacity; whereby central government would contribute 60 percent towards the rebuild or repair of essential Council owned below ground infrastructure (drainage, water and waste assets) subject to eligibility considerations. Also, NZTA, will be assumed to contribute approximately 55 percent towards the restoration of qualifying roading assets.

The Council is not covered by any other financial risk sharing arrangements in relation to its assets.

Note 20: Investment in controlled entities

Table 36: Cost of investment in controlled entities

	Council	
	2024	2023
	$000	$000
Wellington Cable Car Limited	3,809	3,809
Wellington Regional Economic Development Agency Limited (WREDA)	1,262	1,262
Total cost of investment in controlled entities	**5,071**	**5,071**

The equity investment represents the cost of the investment to the Council and includes all capital contributions made by the Council to controlled entities. The Council has only made equity investments as shareholders as noted in Table 36. Nominal settlement amounts (e.g. $100) made in respect of Trusts, for which Council is the settlor, have not been recognised as the amount is trivial.

Information on intra-group transactions is included in *Note 37: Related party disclosures* (page 117).

The reporting period end date for all controlled entities is 30 June. Full copies of their financial statements can be obtained directly from their respective offices. Further information on the structure, objectives, the nature and scope of activities, and the performance measures and targets of the entities can be found in the relevant sections of the Statements of Service Performance. For further information – refer to Section 4: Our performance in detail (Volume 1, pages 37 to 136).

Table 37: Controlled entities

	Accounting Interest		Nature of business
	2024	2023	
Karori Sanctuary Trust (Trading as Zealandia)	100%	100%	Owns and manages the activities of the urban eco-sanctuary in Karori.
Wellington Cable Car Limited	100%	100%	Owns and operates the Cable Car.
Wellington Museums Trust (Trading as Experience Wellington)	100%	100%	Administers: Cable Car Museum, Capital E, City Gallery, Nairn Street Cottage, Space Place (Carter Observatory), Wellington Museum and NZ Cricket Museum.
Wellington Regional Economic Development Agency Limited (WREDA) (Trading as WellingtonNZ)	80%	80%	Manages Wellington Venues Project and creates economic and social benefit by marketing the city with the private sector as a tourism destination.
– Creative HQ Limited	80%	80%	Business incubators.
Wellington Waterfront Limited	100%	100%	Acts as bare trustee for the Wellington Waterfront project.
Wellington Zoo Trust	100%	100%	Manages and guides the future direction of the Wellington Zoo.
Te Toi Mahana	100%	100%	Registered Community Housing Provider for the Wellington community.

Note 21: Investment in associates and joint venture

Table 38: Cost of investment in associates and joint venture

	Council 2024 $000	2023 $000
Chaffers Marina Holdings Limited	1,208	1,208
Wellington International Airport Limited	17,775	17,775
Wellington Water Limited	400	400
Total cost of investment in associates and joint venture	**19,383**	**19,383**

The Council has significant influence over the following entities as listed in Table 39. All of these are domiciled and operate in New Zealand.

Table 39: Associates and joint venture

	Accounting Interest 2024	Accounting Interest 2023	Nature of business
Chaffers Marina Holdings Limited	10%	10%	Holding company for Chaffers Marina Limited.
– Chaffers Marina Limited	10%	10%	Owns and manages the Chaffers Marina.
Wellington International Airport Limited	34%	34%	Owns and manages Wellington International Airport facilities and services.
Wellington Water Limited	40%	40%	Manages all water services for Wellington, Hutt, Upper Hutt and Porirua city councils, the South Wairarapa District Council and the Greater Wellington Regional Council.

Full copies of their separately prepared financial statements can be obtained directly from their respective offices.

Note 21: Investment in associates and joint venture
- continued

Associates

Chaffers Marina

Chaffers Marina Holdings Limited and Chaffers Marina Limited have a reporting period end date of 30 June. The shares in Chaffers Marina Holdings Limited are held by Wellington Waterfront Limited in a fiduciary capacity. As at 30 June 2024 the Council held a 10 percent (2023: 10 percent) interest in Chaffers Marina Holdings Limited which has been recognised in the Group financial statements on an equity accounting basis, reflecting the special rights (as set out in Chaffers Marina Limited's Constitution), which attach to the golden share that it holds in Chaffers Marina Limited.

Wellington International Airport Limited

Wellington International Airport Limited has a reporting period end date of 31 March. The ultimate majority owner, Infratil Limited, has determined a different end of reporting period to the Council, which is legislatively required to use 30 June. The Council owns 34 percent of the company, with the remaining 66 percent owned by NZ Airports Limited (which is wholly owned by Infratil Limited).

Note 21: Investment in associates and joint venture - continued

Joint venture

Wellington Water Limited

Wellington Water Limited was jointly created with Hutt City Council on 9 July 2003 to manage the drinking water, wastewater and stormwater assets of the councils. Since its inception it has gradually expanded its operations and now covers six councils in the Wellington region.

The company has a reporting period ended 30 June and has a dual share structure as shown in Table 40.

Table 40: Shareholding Councils

	Class A Shares (voting rights)	Class B Shares (financial entitlements)	Ownership interest
Wellington City	**150**	**200**	**40%**
Hutt City	150	100	20%
Upper Hutt City (from 1/11/2013)	150	40	8%
Porirua City (from 1/11/2013)	150	60	12%
Greater Wellington Regional (from 16/9/2014)	150	75	15%
South Wairarapa District (from 26/9/2019)	150	25	5%
Total shares on issue	**900**	**500**	**100%**

The Council classifies this entity as a joint venture because of the equal sharing of voting rights conferred through the Class A shares and the shareholder's agreement, which constitutes a binding arrangement.

The Class B shares confer the level of contributions and ownership benefits of each council. The Council uses equity accounting to recognise its 40 percent (2023: 40 percent) ownership interest.

Note 21: Investment in associates and joint venture - continued

Value of the investments

The investment in associates and the joint venture in the Group financial statements represents the Council's share of the net assets of the associates and the joint venture. This is reflected in the Group financial statements as shown in Table 41.

The Council's share of the operating surplus or deficit of Chaffers Marina Holdings Limited, Wellington International Airport Limited and Wellington Water Limited is outlined in *Note 9: Share of Associates' and Joint Venture's surplus or deficit* (page 25).

Table 41: Value of investment in associates and joint venture

	Group	
	2024	2023
	$000	$000
Chaffers Marina Holdings Limited		
Opening balance	702	812
Change in equity due to changed shareholding	1	(90)
Equity accounted earnings of associate	63	(20)
Closing balance – investment in Chaffers Marina Holdings Limited	**766**	**702**
Wellington International Airport Limited		
Opening balance	278,035	255,248
Dividends	(12,022)	(20,400)
Equity accounted earnings of associate	(4,520)	8,583
Share of net revaluation of property, plant and equipment – movement	19,778	33,016
Share of hedging reserve – movement	46	1,588
Closing balance – investment in Wellington International Airport Limited	**281,317**	**278,035**
Wellington Water Limited		
Opening balance	1,210	2,146
Equity accounted earnings of joint venture	1,613	(936)
Closing balance – investment in Wellington Water Limited	**2,823**	**1,210**
Total value of investment in associates and joint venture	**284,906**	**279,947**

Note 21: Investment in associates and joint venture

- continued

Summary of financial information of associates

Table 42: Chaffers Marina Holdings Limited

	2024 $000	2023 $000
Council		
Investment in Chaffers Marina Holdings Limited (at cost)	1,208	1,208
Group		
Summarised financial information of associate		
Current assets	1,518	1,037
Non-current assets	5,035	4,929
Current liabilities	(340)	(204)
Non-current liabilities	(2,687)	(2,498)
Net assets	**3,526**	**3,264**
Revenue	**2,324**	**1,833**
Tax expense	**-**	**-**
Surplus/(deficit) after tax	260	(197)
Other comprehensive revenue and expense	-	-
Total comprehensive revenue and expense	**260**	**(197)**
Reconciliation to equity accounted carrying amount		
Net assets	3,526	3,264
Group's share %	10%	10%
Group's share	352	323
Other consolidation adjustments	414	379
Equity accounted carrying amount	**766**	**702**
Risks associated with the Council's investment in the associate		
Share of contingent liabilities	-	-

Note 21: Investment in associates and joint venture

- continued

Table 43: Wellington International Airport Limited

	2024 $000	2023 $000
Council		
Investment in Wellington International Airport Limited (at cost)	17,775	17,775
Group		
Dividends received	12,022	20,400
Summarised financial information of associate		
Current assets	116,452	148,155
Non-current assets	1,759,244	1,652,568
Current liabilities	(118,298)	(105,104)
Non-current liabilities	(894,777)	(818,012)
Net assets	**862,621**	**877,607**
Revenue	**159,158**	**139,828**
Tax expense	**(49,052)**	**(6,293)**
Surplus/(deficit) after tax	(28,844)	25,243
Other comprehensive revenue and expense	58,309	101,771
Total comprehensive revenue and expense	**29,465**	**127,014**
Reconciliation to equity accounted carrying amount		
Net assets	862,621	877,607
Group's share %	34%	34%
Group's share	293,290	298,386
Dividends received not in WIAL annual report	(12,022)	(20,400)
Other consolidation adjustments	49	49
Equity accounted carrying amount	**281,317**	**278,035**
Risks associated with the Council's investment in the associate		
Share of contingent liabilities	-	-

Note 21: Investment in associates and joint venture

- continued

Summary of financial information of joint venture

Table 44: Wellington Water Limited

	2024 $000	2023 $000
Council		
Investment in Wellington Water Limited (at cost)	400	400
Group		
Summarised financial information of joint venture		
Current assets		
Cash and cash equivalents	36,550	31,871
Other current assets	70,450	28,172
Total current assets	**107,000**	**60,043**
Non-current assets	**4,601**	**5,075**
Current liabilities		
Financial liabilities (excluding accounts payable)	-	-
Other current liabilities	(104,518)	(62,069)
Total current liabilities	**(104,518)**	**(62,069)**
Total non-current liabilities	**(25)**	**(25)**
Net assets	**7,058**	**3,024**
Revenue, excluding interest	467,297	382,880
Interest revenue	2,007	1,031
Depreciation and amortisation	(1,557)	(1,619)
Interest expense	-	-
Tax expense	(1,586)	-
Surplus/(deficit) after tax	4,034	(1,894)
Other comprehensive revenue and expense	-	-
Total comprehensive revenue and expense	**4,034**	**(1,894)**
Reconciliation to equity accounted carrying amount		
Net assets	7,058	3,024
Group's share %	40%	40%
Group's share	2,823	1,210
Other consolidation adjustments	-	-
Equity accounted carrying amount	**2,823**	**1,210**
Risks associated with the Council's investment in the joint venture		
Share of contingent liabilities	-	-

Note 22:
Exchange transactions, transfers and taxes payable

Table 45: Exchange transactions, transfers and taxes payable

	Council		Group	
	2024	2023	2024	2023
	$000	$000	$000	$000
Current				
Exchange transactions and transfers payable	115,975	113,309	119,878	117,018
Taxes payable	14,003	11,707	14,558	12,047
Non-current				
Exchange transactions and transfers payable	–	231	–	231
Total exchange transactions, transfers and taxes payable	**129,978**	**125,247**	**134,436**	**129,296**

Comprised of:

Table 46: Exchange transactions and transfers payable

	Council		Group	
	2024	2023	2024	2023
	$000	$000	$000	$000
Trade payables and accruals	91,426	93,891	95,315	97,605
Interest payable	12,717	9,523	12,717	9,523
Sundry payables	11,832	10,126	11,846	10,121
Total exchange transactions and transfers payable	**115,975**	**113,540**	**119,878**	**117,249**

Table 47: Taxes payable

	Council		Group	
	2024	2023	2024	2023
	$000	$000	$000	$000
GWRC rates	10,246	9,069	10,246	9,069
Income tax payable	–	–	223	-
Other	3,757	2,638	4,089	2,978
Total taxes payable	**14,003**	**11,707**	**14,558**	**12,047**
Total exchange transactions, transfers and taxes payable	**129,978**	**125,247**	**134,436**	**129,296**

Note 22:
Exchange transactions, transfers and taxes payable
- continued

Table 48: Exchange transactions, transfers and taxes payable to related parties

	Council 2024 $000	Council 2023 $000	Group 2024 $000	Group 2023 $000
Controlled entities	1,552	3,124	-	-
Associates and joint venture	13,617	10,145	13,617	10,145
Total exchange transactions, transfers and taxes payable to related parties	**15,169**	**13,269**	**13,617**	**10,145**

Payables under exchange transactions, transfers and taxes payable are non-interest bearing and settled on terms varying between 7 days and the 20th of the month following the invoice date. Most of the Council's payables are exchange transactions as they are directly with another party on an arm's-length basis and are of approximately equal value. Non-exchange payables are classified as either transfers payable (for example, Council grants) or taxes (for example, PAYE).

Note 23:
Deferred revenue

Table 49: Deferred revenue

	Council 2024 $000	Council 2023 $000	Group 2024 $000	Group 2023 $000
Exchange transactions				
Lease rentals	1,555	2,060	1,555	2,060
Other	49	44	7,417	10,718
Transfers				
Wellington Venues operations	640	568	640	568
Inspection and licensing fees	5,958	6,172	5,958	6,172
Grant funding for SMF	5,943	-	5,943	-
Other	1,635	2,750	2,012	2,896
Taxes				
Rates	3,477	3,122	3,477	3,122
Liabilities recognised under conditional transfer agreements	1,090	2,332	1,970	2,792
Total deferred revenue	**20,347**	**17,048**	**28,972**	**28,328**

Relevant significant accounting policies

Liabilities recognised under conditional transfer agreements

The Council and the Group have received non-exchange transfer monies for specific purposes, which apply to periods beyond the current year, with conditions that would require the return of the monies if they were not able to fulfil the agreement. The revenue from these agreements will only be recognised as the conditions are fulfilled over time.

These liabilities relate to:

- naming rights agreement that the Council has with third parties for buildings.
- various grants.

Note 24: Borrowings

The Council maintains a prudent borrowings position in relation to our equity and annual revenue. Borrowings are primarily used to fund the purchase of new assets or upgrades to existing assets that are approved through the AP and LTP processes.

Gross borrowings

Table 50: Gross borrowings

	Council		Group	
	2024	2023	2024	2023
	$000	$000	$000	$000
Current				
Bank loans – term	498	–	498	–
Commercial paper	66,000	68,000	66,000	68,000
Debt securities – fixed rate bonds	–	5,000	–	5,000
Debt securities – floating rate notes	96,000	132,500	96,000	132,500
Total current	**162,498**	**205,500**	**162,498**	**205,500**
Non-current				
Bank loans – term	24,794	10,486	26,331	11,983
Debt securities – fixed rate bonds	160,000	100,000	160,000	100,000
Debt securities – floating rate notes	1,324,000	934,500	1,324,000	934,500
Total non-current	**1,508,794**	**1,044,986**	**1,510,331**	**1,046,483**
Total gross borrowings	**1,671,292**	**1,250,486**	**1,672,829**	**1,251,983**

Debt security

Floating rate notes include Green, Social and Sustainability (GSS) loans and climate action loans (CALs). For the Council, the GSS loans are linked to Tākina as a 5-Star green building.

The balance of GSS loans as at 30 June 2024 is $120m non-current (2023: $20m current, $100m non-current). We receive a 5-basis point discount on this lending compared to a vanilla instrument.

The balance of CALs as at 30 June 2024 is $60m (fixed rate) non-current and $234m (floating rate) non-current (2023: nil). We receive a 2-basis point discount on this lending compared to a vanilla instrument.

Note 24: Borrowings - continued

Net borrowings

Table 51: Net borrowings

	Council		Group	
	2024	2023	2024	2023
	$000	$000	$000	$000
Total gross borrowings	1,671,292	1,250,486	1,672,829	1,251,983
Less				
Cash and cash equivalents (see *Note 11*)	(71,802)	(68,529)	(93,638)	(87,707)
Bank term deposits - greater than 3 months at acquisition (see *Note 15*)	(156,000)	(40,000)	(168,067)	(46,098)
Total net borrowings	**1,443,490**	**1,141,957**	**1,411,124**	**1,118,178**

The Council's borrowing strategy is to minimise liquidity risk by avoiding concentration of debt maturity dates and to ensure there is long-term access to funds. Further information on the liquidity and market risks associated with borrowings is contained in *Note 33: Financial instruments* (page 100).

Table 52 shows the utilisation of the borrowing facilities available to the Group at the end of the reporting period. The table also indicates the current applicable maturity and interest rate ranges.

Table 52: Group borrowing facilities

	Available	Utilised	Maturities	Interest Rate Range
	2024	2024		
	$000	$000		%
Bank overdraft - committed	1,900	-		
Bank facilities - long term - committed	160,000	-		
LGFA facilities - long term - committed	80,000	-		
Bank loans - term	26,829	26,829	2025-2059	5.3
Commercial paper	100,000	66,000	9/8/2024-17/9/2024	5.7-5.7
Debt securities - fixed rate bonds	160,000	160,000	15/11/2025-14/4/2033	1.1-5.3
Debt securities - floating rate notes	1,420,000	1,420,000	26/08/2024-15/10/2033	5.9-6.6
Total group borrowing facilities	**1,948,729**	**1,672,829**		

The bank overdraft facilities are $1.5m for the Council and $0.4m for WREDA.

In addition to the above facilities, the Council operates purchase cards to efficiently facilitate the purchase of low value goods and services. The cards are paid in full on a monthly basis. An aggregate credit limit of $2.0m for all cards applies across the Council.

Note 24: Borrowings
- continued

Security

Borrowings are secured by way of a Debenture Trust Deed over the Council's rates revenue.

Internal borrowings

The Council borrows on a consolidated level and as such does not use internal borrowing.

Ring-fenced funds

The Council holds $74.3m (2023: $88.6m) of funds that may only be used for a specified purpose. These funds are not held in cash but are utilised against borrowings until required. The main specified uses for these funds are as follows:

City Housing

As part of the agreement with the Crown for the Housing Upgrade Project an amount of $49.7m (2023: $67.6m), representing the accumulated surpluses and deficits from the City Housing activity, has been ring-fenced for future investment in the Council's social housing assets.

Waste reduction and energy conservation

An amount of $24.6m (2023: $21.0m) related to accumulated surpluses and deficits from the Waste reduction and energy conservation – Activity 2.2, which under the Waste Minimisation Act 2008, must be ring-fenced for future investment in waste activities. The Council is committed to several waste minimisation projects that will utilise these funds.

Relevant significant accounting policies

Borrowings on normal commercial terms are initially recognised at amortised cost. Interest due on the borrowings is subsequently accrued.

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.

Note 25:
Employee benefit liabilities and provisions

Table 53: Employee benefit liabilities and provisions

	Council		Group	
	2024	2023	2024	2023
	$000	$000	$000	$000
Current				
Short-term benefits				
Payroll accruals	786	671	1,250	1,109
Holiday leave	9,310	8,205	11,288	9,952
Other contractural provisions	-	53	-	53
	10,096	**8,929**	**12,538**	**11,114**
Holidays Act remediation	2,840	-	2,840	-
Total current benefits	**12,936**	**8,929**	**15,378**	**11,114**
Non-current				
Long-term benefits				
Long service leave provision	-	-	27	47
Retirement gratuities provision	633	676	633	676
Total non-current benefits	**633**	**676**	**660**	**723**
Total employee benefit liabilities and provisions	**13,569**	**9,605**	**16,038**	**11,837**

Holiday leave

Holiday leave includes annual leave, long service leave, statutory time off in lieu and ordinary time off in lieu. Annual leave is calculated on an actual entitlement basis in accordance with section 21(2) of the Holidays Act 2003.

Holidays Act remediation provision

A number of New Zealand's public and private organisations have identified issues with the calculation of leave entitlements under the Holidays Act 2003. During 2019/20, the Council completed its own review of payroll processes which identified instances of non-compliance with the Holidays Act 2003. This review resulted in the Council engaging a third party to calculate the remediation required to rectify the non-compliance.

This provision covers both current and former employees and covers the period going back six years plus one from August 2020. This provision includes any remediation costs for Council-controlled entities where the Council was responsible for processing their payroll.

Relevant significant accounting policies

A provision for employee benefit liabilities (holiday leave, long service leave and retirement gratuities) is recognised as a liability when benefits are earned but not paid.

Note 26: Provisions for other liabilities

Table 54: Provisions for other liabilities

	Council		Group	
	2024	2023	2024	2023
	$000	$000	$000	$000
Current				
Landfill post-closure costs	707	997	707	997
Weathertight homes	617	5,010	617	5,010
Total current	**1,324**	**6,007**	**1,324**	**6,007**
Non-current				
Landfill post-closure costs	15,830	16,369	15,830	16,369
Weathertight homes	20,782	18,989	20,782	18,989
Total non-current	**36,612**	**35,358**	**36,612**	**35,358**
Total provisions for other liabilities	**37,936**	**41,365**	**37,936**	**41,365**

Movements in material provisions above are analysed in Tables 55 and 56.

Relevant significant accounting policies - general

Provisions are recognised for future liabilities of uncertain timing or amount when there is a present obligation as a result of a past event, it is probable that expenditure will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are measured at the expenditure expected to be required to settle the obligation. Liabilities and provisions to be settled beyond 12 months are recorded at their present value.

Note 26: Provisions for other liabilities - continued

Table 55: Landfill post-closure costs

	Council 2024 $000	Council 2023 $000	Group 2024 $000	Group 2023 $000
Opening balance	17,366	18,571	17,366	18,571
Movement in provision	(848)	(1,638)	(848)	(1,638)
Re-discounting of interest	777	647	777	647
Amount utilised	(758)	(214)	(758)	(214)
Landfill post-closure costs - closing balance	**16,537**	**17,366**	**16,537**	**17,366**

Background to the landfill post-closure costs provision

The Council operates the Southern Landfill (Stage 3) and has a 21.5 percent joint operation interest in the Spicer Valley Landfill. It also manages several closed landfill sites around Wellington. The Council has responsibility for the closure of its landfills and to provide ongoing maintenance and monitoring of the landfills after they are closed.

As part of the closure of landfills, or landfill stages, the Council's responsibilities include:

- final cover application and vegetation
- incremental drainage control features
- completing facilities for post-closure responsibilities.

Post-closure responsibilities include:

- treatment and monitoring of leachate
- ground water and surface monitoring
- gas monitoring and recovery
- implementation of remedial measures such as needed for cover and control systems
- on-going site maintenance for drainage systems, final cover and vegetation.

The Council, as operator of the Southern Landfill, has a legal obligation to apply for resource consents when the landfill or landfill stages reach the end of their operating life and are to be closed. These resource consents will set out the closure requirements and the requirements for ongoing maintenance and monitoring services at the landfill site after closure.

Estimations

The long-term nature of the liability means there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated using known changes to legal requirements and known technological improvements. Future cash flows are discounted using the Treasury risk free rate of 5.2 percent for open landfills and between 4.9 and 5.0 percent for closed landfills depending on how long landfills have been closed. The gross provision (inflation adjusted at 2.1 percent for both open and closed landfills), before discounting, is $20.7m (2023: $22.3m). This represents the Council's projection of the amount required to settle the obligation at the estimated time of the cash outflow.

Relevant significant accounting policies – Landfill post-closure costs specific

A provision for post-closure costs is recognised as a liability when the obligation for post-closure arises, which is when each stage of the landfill is commissioned, and refuse begins to accumulate.

The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including known changes to legal requirements and known technological improvements.

Amounts provided for landfill post-closure costs are capitalised to the landfill asset. The capitalised landfill asset is depreciated over the life of the landfill based on the capacity used.

Stage 3 of the Southern Landfill has an estimated remaining capacity of 407,000m^3 (2023: 240,000m3) and is expected to close in 2026 when its resource consent expires. The increased capacity results from a reassessment of the available space for waste. These estimates have been made by the Council's contracted engineers based on expected future and historical volume information.

The Spicer Valley Landfill has a remaining life out to 2053.

Note 26:
Provisions for other liabilities
- continued

Table 56: Weathertight homes

	Council 2024 $000	2023 $000	Group 2024 $000	2023 $000
Opening balance	23,999	24,606	23,999	24,606
Additional or increased provision made	-	1,208	-	1,208
Release of unused provision	(1,668)	-	(1,668)	-
Amount utilised	(932)	(1,815)	(932)	(1,815)
Weathertight homes - closing balance	**21,399**	**23,999**	**21,399**	**23,999**

Background to the Weathertight homes provision

This provision represents the Council's estimated liability relating to the settlement of claims arising in relation to the Weathertight Homes Resolution Services (WHRS) Act 2006 and civil proceedings for weathertightness.

A provision has been recognised for the potential net settlement of all known claims, including those claims that are being actively managed by the Council as well as claims lodged with WHRS but not yet being actively managed. The provision also includes a net amount of $13.8m (2023: $13.0m) as a provision for unreported claims relating to weathertightness issues, which have not yet been notified to the Council.

Movement in the provision

During the year $0.9m (2023: $1.8m) was paid as either part or full settlement of claims. $1.7m was released from the provision (2023: $1.2m added to the provision) after an actuarial re-assessment of the likely future costs to be incurred as explained below. The current/non-current split in Table 54 reflects the expected timing of payments but is reassessed each year to take account of delays in claim negotiations and any mediation outcomes.

Estimation

The Council has provided for the expected future costs of reported claims. The provision for active claims is based on the best estimate of the Council's expected future costs to settle these claims and is reviewed on a case-by-case basis. The estimate for claims which have been notified and are not yet actively managed and unreported claims is based on actuarial assessments and other information on these claims. The nature of the liability means there are significant inherent uncertainties in estimating the likely costs that will be incurred in the future. This represents the Council's best estimate of the amount required to settle the obligation at the estimated time of the cash outflow.

Future cash flows are inflation adjusted and discounted using the Treasury's risk-free rate. The provision is net of any third-party contributions including insurance, where applicable.

The provision is based on best estimates and actuarial assessments and therefore actual costs incurred may vary significantly from those included in this provision, especially for future claims relating to weathertightness issues not yet identified or not yet reported.

The weathertight homes provision was assessed as at 30 June 2024 by an independent actuary, Craig Lough, (Fellow of the NZ Society of Actuaries) for Melville Jessup Weaver.

The significant assumptions used in the calculation of the weathertight homes provision are as follows:

Amount claimed

Represents the expected amount claimed by the homeowner and is based on the actual amounts for claims already settled.

Settlement amount

Represents the expected amount of awarded settlement and is based on the actual amounts for claims already settled.

Council contribution to settlement

Represents the amount expected to be paid by the Council out of any awarded settlement amount and is based on the actual amounts for claims already settled. This figure has been increasing over the last few years as it is becoming more common for the other parties involved in a claim to be either in liquidation, bankrupt or have limited funds and be unable to contribute to settlement.

Percentage of homeowners who will make a successful claim

Historical data collected on the number of claims lodged has enabled assumptions to be made on the percentage of homes built in the last 10 years which may experience weathertightness issues and therefore the percentage of homeowners who may make a successful claim.

Note 26: Provisions for other liabilities

- continued

Sensitivity

Table 57 illustrates the potential impact on the surplus or deficit of changes in some of the assumptions listed above.

Table 57: Weathertight homes provision sensitivity

	2024 $000		2023 $000	
	+10%	-10%	+10%	-10%
Assumption	Effect on surplus or deficit		Effect on surplus or deficit	
Amount claimed	2,140	(2,140)	2,400	(2,400)
Settlement amount awarded	2,140	(2,140)	2,400	(2,400)
Council contribution to settlement	2,140	(2,140)	2,400	(2,400)
Homeowners who will make a successful claim	1,375	(1,375)	1,301	(1,301)
	+2%	-2%	+2%	-2%
Assumption	Effect on surplus or deficit		Effect on surplus or deficit	
Discount rate	(1,842)	2,144	(1,851)	2,176

Funding of weathertight homes settlements

The Council uses borrowings in the first instance to meet the cost of settlements with the associated borrowings subsequently being repaid through rates funding. To ensure that the funding of weathertight homes is fully transparent the associated settlement costs, borrowings and rates funding is reported annually.

Table 58: Funding for weathertight homes settlements

	Council		Group	
	2024 $000	2023 $000	2024 $000	2023 $000
Opening balance	(39,933)	(41,493)	(39,933)	(41,493)
Rates funding for weathertight homes settlements	-	4,686	-	4,686
Total amounts paid	(932)	(1,815)	(932)	(1,815)
Interest allocation	(1,686)	(1,311)	(1,686)	(1,311)
Closing balance funded through borrowings	**(42,551)**	**(39,933)**	**(42,551)**	**(39,933)**

Note 27:
Deferred tax

Recognised temporary differences and tax losses

Table 59: Deferred tax assets/(liabilities)

	Group	
	2024	2023
	$000	$000
Opening balance		
Property, plant and equipment	(1,163)	(1,060)
Intangible assets	(151)	(4)
Employee benefits	210	191
Other provisions	13	6
Tax losses	253	277
Total opening balance	**(838)**	**(590)**
Charged to surplus or deficit		
Property, plant and equipment	(142)	(103)
Intangible assets	39	(147)
Employee benefits	(15)	19
Other provisions	21	7
Tax losses	(9)	(24)
Total charged to surplus or deficit	**(106)**	**(248)**
Closing balance		
Property, plant and equipment	(1,305)	(1,163)
Intangible assets	(112)	(151)
Employee benefits	195	210
Other provisions	34	13
Tax losses	244	253
Total closing balance	**(944)**	**(838)**

Unrecognised tax losses

Under current income tax legislation, the unrecognised tax losses do not expire.

The Council has tax losses to carry forward of $0.2m (2023: $0.1m) for which no deferred tax asset has been recognised.

Deferred tax assets have not been recognised in respect of these items as it is not probable that future taxable profits will be available against which the benefit of the losses can be utilised.

Relevant significant accounting policies

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the assets and liabilities, and the unused tax losses using tax rates enacted or substantively enacted at the end of the reporting period. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which they can be utilised.

Pūrongo Panonitanga Mana Ōrite
Statement of Changes in Equity

The notes on page 12 to 127 form part of and should be read in conjunction with the financial statements.

Table 60: Statement of Changes in Equity for the year ended 30 June 2024

	Note	Council Actual 2024 $000	Budget 2024 $000	Actual 2023 $000	Group Actual 2024 $000	Actual 2023 $000
Equity – Opening balances						
Accumulated funds		1,269,134	1,269,134	1,269,134	1,293,162	1,293,162
Retained earnings		3,828,987	3,825,720	3,903,366	3,826,006	3,911,964
Effect of new accounting standard adoption – PBE IPSAS 41		–	–	(650)	–	(650)
Revaluation reserves		4,424,407	4,637,773	4,484,022	4,677,956	4,704,556
Hedging reserve		73,180	57,624	57,624	75,316	58,172
Fair value through other comprehensive revenue and expense reserve		6,888	6,854	6,854	7,778	7,983
Non-controlling interest		–	–	–	718	797
Restricted funds		19,149	19,626	19,626	23,357	23,872
Total equity – opening balance		**9,621,745**	**9,816,731**	**9,739,976**	**9,904,293**	**9,999,856**
Changes in Equity						
Retained earnings						
Net surplus/(deficit) for the year		8,701	64,840	(74,206)	4,679	(85,902)
Transfer to restricted funds		(3,354)	(19)	(3,444)	(3,492)	(3,874)
Transfer from restricted funds		5,582	15	3,921	5,700	4,389
Transfer to non-controlling interest		–	–	–	86	79
Revaluation reserves	28					
Fair value movement – property, plant and equipment – net		713,751	–	(59,615)	733,529	(26,600)
Hedging reserve	29					
Cash flow hedge net movement recognised in other comprehensive revenue and expense – effective portion		(8,337)	–	15,556	(8,291)	17,144
Transfer to surplus or deficit for discontinued cash flow hedges		483	–	–	483	–
Fair value through other comprehensive revenue and expense reserve	30					
Movement in fair value – equity investments		440	–	34	483	56
Movement in fair value – available-for-sale equities		–	–	–	47	(261)
Non-controlling interest						
Transfer from retained earnings		–	–	–	(86)	(79)
Restricted funds	31					
Movements in restricted funds		–	–	–	–	3
Transfer to retained earnings		(5,582)	(15)	(3,921)	(5,700)	(4,389)
Transfer from retained earnings		3,354	19	3,444	3,492	3,871
Total comprehensive revenue and expense		**715,038**	**64,840**	**(118,231)**	**730,930**	**(95,563)**

Pūrongo Panonitanga Mana Ōrite Statement of Changes in Equity

- continued

Table 60: Statement of Changes in Equity for the year ended 30 June 2024 - continued

	Note	Council Actual 2024 $000	Budget 2024 $000	Actual 2023 $000	Group Actual 2024 $000	Actual 2023 $000
Equity - Closing balances						
Accumulated funds		1,269,134	1,269,134	1,269,134	1,293,162	1,293,162
Retained earnings		3,839,916	3,890,556	3,828,987	3,832,978	3,826,006
Revaluation reserves		5,138,158	4,637,773	4,424,407	5,411,485	4,677,956
Hedging reserve		65,326	57,624	73,180	67,508	75,316
Fair value through other comprehensive revenue and expense reserve		7,328	6,854	6,888	8,308	7,778
Non-controlling interest		-	-	-	632	718
Restricted funds		16,921	19,630	19,149	21,150	23,357
Total equity - closing balance		**10,336,783**	**9,881,571**	**9,621,745**	**10,635,223**	**9,904,293**
Total comprehensive revenue and expense attributable to:						
Wellington City Council and Group		715,038	64,840	(118,231)	730,965	(95,472)
Non-controlling interest		-	-	-	(35)	(91)
		715,038	**64,840**	**(118,231)**	**730,930**	**(95,563)**

The notes on page 12 to 127 form part of and should be read in conjunction with the financial statements.

Pūrongo Panonitanga Mana Ōrite Statement of Changes in Equity

- continued

Major budget variations

Budget figures are for the Council only and not the Group.

Significant variations from budgeted changes in equity are as follows:

Opening equity is $195.0m below budget. The major variances included:

- Opening revaluation reserves were $213.4m below budget. This was due to previous years' property, plant and equipment revaluations.
- Opening hedging reserves were $15.6m above budget due to fair value movement gains on cash flow hedges in 2022/23. No budget is assumed for fair value movements on cash flow hedges.

Changes in equity were $650.2m above budget. The major variances included:

- An increase in the revaluation reserve of $713.8m driven from the revaluation of infrastructure assets during the year. These revaluations were completed in year 2 of the normal 3-yearly cycle and therefore not budgeted for.
- A decrease in retained earnings of $53.9m mainly due to the lower surplus than budget.
- A decrease in hedging reserves of $7.9m resulting from movements in the fair value of cash flow hedges.

Equity

Equity is the community's interest in the Council and Group and is measured as the difference between total assets and total liabilities. Equity is broken down and classified into several components including:

- accumulated funds and retained earnings
- revaluation reserves
- hedging reserve
- fair value through other comprehensive revenue and expense reserve
- non-controlling interest; and
- restricted funds.

Restricted funds are those reserves that are subject to specific conditions of use, whether under statute or accepted as binding by the Council or Group, and that may not be revised without reference to the Courts or third parties. Transfers from these reserves may be made only for specified purposes or when certain specified conditions are met.

Equity management

The LGA 2002 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. Ratepayer 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 2002 and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets but does not expect them to meet the full cost of long-term assets that will benefit ratepayers in future generations. Additionally, the Council has asset management plans in place for major classes of assets, detailing renewal and programmed maintenance. These plans ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The LGA 2002 requires the Council to make adequate and effective provision in its LTP and in its AP (where applicable) to meet the expenditure needs identified in those plans. The LGA 2002 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 28: Revaluation reserves

Table 61: Revaluation reserves

	Council		Group	
	2024	2023	2024	2023
	$000	$000	$000	$000
Land - opening balance	271,976	288,226	271,976	288,226
Revaluation recognised in other comprehensive revenue and expense	-	(16,250)	-	(16,250)
Land - closing balance	**271,976**	**271,976**	**271,976**	**271,976**
Buildings - opening balance	492,866	509,846	492,866	509,846
Revaluation recognised in other comprehensive revenue and expense	(55)	(16,980)	(55)	(16,980)
Buildings - closing balance	**492,811**	**492,866**	**492,811**	**492,866**
Library collections - opening balance	10,272	8,592	10,272	8,592
Revaluation recognised in other comprehensive revenue and expense	-	1,680	-	1,680
Library collections - closing balance	**10,272**	**10,272**	**10,272**	**10,272**
Drainage, water and waste - opening balance	2,704,584	2,716,214	2,704,584	2,716,214
Revaluation recognised in other comprehensive revenue and expense	465,094	(11,630)	465,094	(11,630)
Drainage, water and waste - closing balance	**3,169,678**	**2,704,584**	**3,169,678**	**2,704,584**
Infrastructure land - opening balance	41,618	41,618	41,618	41,618
Infrastructure land - closing balance	**41,618**	**41,618**	**41,618**	**41,618**
Roading - opening balance	903,091	919,526	903,091	919,526
Revaluation recognised in other comprehensive revenue and expense	248,712	(16,435)	248,712	(16,435)
Roading - closing balance	**1,151,803**	**903,091**	**1,151,803**	**903,091**
Associates' revaluation reserves - opening balance	-	-	253,549	220,534
Revaluation recognised in other comprehensive revenue and expense	-	-	19,778	33,015
Associates' revaluation reserves - closing balance	**-**	**-**	**273,327**	**253,549**
Total revaluation reserves - closing balance	**5,138,158**	**4,424,407**	**5,411,485**	**4,677,956**

Note 28: Revaluation reserves

- continued

These revaluation reserve movements are represented by:

Table 62: Summary of revaluation reserve movements

	Council		Group	
	2024	2023	2024	2023
	$000	$000	$000	$000
Opening balance	4,424,407	4,484,022	4,677,956	4,704,556
Revaluation recognised in other comprehensive revenue and expense	713,751	(59,615)	733,529	(26,600)
Total revaluation reserves	**5,138,158**	**4,424,407**	**5,411,485**	**4,677,956**

The revaluation reserves are used to record accumulated increases and decreases in the fair value of the relevant asset classes.

Revaluation movements are non-cash in nature and represent the restating of the Council's assets, subject to revaluation, into current dollar values after considering the condition and remaining useful lives of the assets.

Relevant significant accounting policies

The result of any revaluation of the Group's property, plant and equipment is recognised within other comprehensive revenue and expense and taken to the asset revaluation reserve. Where this results in a debit balance in the reserve for a class of property, plant and equipment, the balance is included in the surplus or deficit. Any subsequent increase on revaluation that offsets a previous decrease in value recognised within the surplus or deficit will be recognised firstly, within the surplus or deficit up to the amount previously expensed, and with any remaining increase recognised within other comprehensive revenue and expense and in the revaluation reserve for that class of property, plant and equipment.

Any impairment in a revalued class of asset is recognised within other comprehensive revenue and expense and taken to the asset revaluation reserve.

Accumulated depreciation at the revaluation date is eliminated so that the carrying amount after revaluation equals the revalued amount.

While assumptions are used in all revaluations, the most significant of these are in infrastructure. For example, where stormwater, wastewater and water supply pipes are underground, the physical deterioration and condition of the assets is not visible and must therefore be estimated. Any revaluation risk is minimised by performing a combination of physical inspections and condition modelling assessments.

Note 29: Hedging reserve

Table 63: Hedging reserve

	Council		Group	
	2024	2023	2024	2023
	$000	$000	$000	$000
Opening balance	73,180	57,624	75,316	58,172
Cash flow hedge net movement recognised in other comprehensive revenue and expense – effective portion	(8,337)	15,556	(8,291)	17,144
Transfer to surplus or deficit for discontinued cash flow hedges	483	–	483	–
Total hedging reserve	**65,326**	**73,180**	**67,508**	**75,316**
Represented by:				
Continuing cash flow hedges	59,426	73,180	61,608	75,316
Discontinued cash flow hedges	5,900	–	5,900	–
	65,326	**73,180**	**67,508**	**75,316**

Movements in the hedging reserve show accumulated fair value changes for interest rate swaps which satisfy the criteria for hedge accounting and have operated as effective hedges during the period. Any ineffective portion of the gain or loss on the hedging instrument is recognised directly in the surplus or deficit and transfers are made for discontinued hedges. The Council uses interest rate swaps to fix interest rates on floating rate debt (floating rate notes and commercial paper) to give it certainty over interest costs.

The Council uses hedge accounting to recognise any fair value fluctuations in these swaps through this reserve within equity. Using hedge accounting prevents any significant volatility in interest rates significantly affecting the Council's ability to meet its balanced budget requirements.

The Group movement incorporates the hedging related to Wellington International Airport Limited.

Note 30:
Fair value through other comprehensive revenue and expense reserve

Table 64: Fair value through other comprehensive revenue and expense reserve

	Council		Group	
	2024	**2023**	**2024**	**2023**
	$000	**$000**	**$000**	**$000**
Opening balance	6,888	6,854	7,778	7,983
Movements:				
Civic Financial Services Limited	15	(48)	15	(48)
Local Government Funding Agency (LGFA)	425	82	425	82
Creative HQ shareholdings – available-for-sale	-	-	47	(261)
Endowment fund – Wellington Museums Trust	-	-	33	17
Gifted investment – Karori Sanctuary Trust	-	-	10	5
Total fair value through other comprehensive revenue and expense reserve	**7,328**	**6,888**	**8,308**	**7,778**

For the Council, this reserve reflects the accumulated fair value movement in the Council's investment in Civic Financial Services Limited and the LGFA.

In the Group, Creative HQ, a controlled entity of WREDA, has small shareholdings in various incubator and accelerator programme companies. These shareholdings are fair valued annually and any movement is held within this reserve until the disposal of the shares.

Note 31:
Restricted funds

Restricted funds are comprised of special reserves and funds that the Council holds for specific purposes, and trusts and bequests that have been bestowed upon the Council for the benefit of all Wellingtonians.

Table 65: Restricted funds

	Council		Group	
	2024	2023	2024	2023
	$000	$000	$000	$000
Special reserves and funds	16,403	18,635	19,729	21,941
Trusts and bequests	518	514	1,421	1,416
Total restricted funds	**16,921**	**19,149**	**21,150**	**23,357**

Special reserves and funds

Table 66: Special reserves and funds

	Opening Balance 2024 $000	Additional Funds 2024 $000	Utilised Funds 2024 $000	Closing Balance 2024 $000
Council				
City Growth Fund	3,591	2,007	(4,690)	908
Reserve purchase and development fund	782	–	–	782
Insurance reserve	14,262	1,343	(892)	14,713
Total Council – special reserves and funds	**18,635**	**3,350**	**(5,582)**	**16,403**
Controlled entities' reserve funds	3,306	138	(118)	3,326
Total Group – special reserves and funds	**21,941**	**3,488**	**(5,700)**	**19,729**

Nature and purpose

City Growth fund

The City Growth fund is used for economic development growth within Wellington city.

Reserve purchase and development fund

This fund is used to purchase and develop the Taputeranga reserve area around Island Bay.

Insurance reserve

This reserve allows the Council to meet the cost of claims that fall below deductible limits under the Council's insurance policies.

Controlled entities' reserve funds

The restricted funds of the controlled entities relate to the Wellington Museums Trust and the Wellington Zoo Trust:

- The Wellington Museums Trust has six reserves: Capital reserve, Capital E reserve, Nairn Street Cottage collection reserve, Wellington Museums collection reserve, City Gallery reserve and Wellington Museum Plimmer reserve. The two collection reserves are for the purpose of future museum acquisitions.
- The Wellington Zoo Trust has two reserves; Animal Transfer Fund specifically for the transfer of animals and Conservation Fund to specifically support field conservation.

Note 31: Restricted funds - continued

Trusts and bequests

Additional funds and utilisation

Trusts and bequests receiving additional funds during the year were only those where interest totalling $0.02m (2023: $0.02m) has been applied in accordance with the original terms and conditions.

Nature and purpose

The Council's trusts and bequests have been generally provided for library, educational or environmental purposes.

The Wellington Zoo Trust has several trusts, bequests and capital grants made to it for specific purposes, which are held as restricted funds until utilised. Further information on these can be found in the Wellington Zoo Trust annual report published on their website.

Charles Plimmer Bequest

This bequest is held and administered by the Public Trust and is primarily used for major beautification projects. As the sole beneficiary, the Council applies for distribution of available funds for particular projects after consultation with the Plimmer family. The receipt and use of these funds are disclosed separately to record the generous contribution the bequest makes to the benefit of the city.

As at 31 August 2023, the value of the estate held by the Public Trust was $20.2m (31 August 2022: $20.2m), but the distributions to the beneficiary are only available from an agreed percentage of revenue generated. The distributions are only drawn down as required.

During the year:

- Distributions recognised as revenue – $0.1m.
- Funds utilised – $0.1m for the Kilbirnie Park project.

Pūrongo Nekehanga Pūtea
Statement of Cash Flows

Table 67: Statement of Cash Flows for the year ended 30 June 2024

	Council			Group	
	Actual 2024 $000	Budget 2024 $000	Actual 2023 $000	Actual 2024 $000	Actual 2023 $000
Cash flows from operating activities					
Receipts from rates – Council	463,048	480,105	427,236	463,048	427,236
Receipts from rates – GWRC	126,759	101,033	107,469	126,759	107,469
Receipts from activities and other revenue	170,392	171,567	184,431	202,173	204,656
Receipts from grants and subsidies – operating	15,385	19,599	9,243	24,900	17,818
Receipts from grants and subsidies – capital	127,586	43,168	27,793	126,512	31,222
Receipts from investment property lease rentals	11,753	11,527	12,549	11,753	12,549
Cash paid to suppliers and employees	(529,380)	(463,245)	(427,896)	(586,438)	(486,035)
Rates paid to GWRC	(125,582)	(101,033)	(106,463)	(125,582)	(106,463)
Grants paid	(46,945)	(59,321)	(47,596)	(20,134)	(14,057)
Income tax paid	–	–	–	(69)	(276)
Net GST (paid)/received	357	–	759	(36)	126
Net cash flows from operating activities	**213,373**	**203,400**	**187,525**	**222,886**	**194,245**
Cash flows from investing activities					
Dividends received	12,150	10,900	20,491	12,150	20,491
Interest received	14,038	13	8,041	15,819	8,808
Decrease in bank investments	–	–	–	8	4
Proceeds from sale of property, plant and equipment	2,443	9,834	4,197	2,462	4,236
Proceeds from sale of investments	–	–	96	–	96
Proceeds from sale of other financial assets	380,250	–	332,600	386,348	333,402
Purchase of other financial assets	(507,140)	–	(277,744)	(519,205)	(277,944)
Purchase of investment properties	(600)	–	(13,123)	(600)	(13,123)
Purchase of intangibles	(6,830)	(3,062)	(8,856)	(6,925)	(9,392)
Purchase of property, plant and equipment	(452,760)	(454,794)	(343,429)	(455,296)	(345,991)
Net cash flows from investing activities	**(558,449)**	**(437,109)**	**(277,727)**	**(565,239)**	**(279,413)**
Cash flows from financing activities					
New borrowings	560,306	521,570	320,328	560,306	320,328
Repayment of borrowings	(139,500)	(204,816)	(141,000)	(139,500)	(141,000)
Interest paid on borrowings	(72,457)	(60,972)	(47,172)	(72,522)	(47,180)
Net cash flows from financing activities	**348,349**	**255,782**	**132,156**	**348,284**	**132,148**
Net increase/(decrease) in cash and cash equivalents	3,273	22,073	41,954	5,931	46,980
Cash and cash equivalents at the beginning of the year	68,529	18,257	26,575	87,707	40,727
Cash and cash equivalents at the end of the year	**71,802**	**40,330**	**68,529**	**93,638**	**87,707**

The notes on page 12 to 127 form part of and should be read in conjunction with the financial statements.

Pūrongo Nekehanga Pūtea Statement of Cash Flows

- continued

The cash and cash equivalents balance above equates to the cash and cash equivalents balance in the Statement of Financial Position.

The Council acts as a collection agency for GWRC by including additional rates and levies in its own billing process. Once collected, the monies are passed to GWRC. The budget assumes that the inflows and outflows will offset each other and are shown accordingly.

Cash and cash equivalents for the purposes of the Statement of Cash Flows comprises cash at bank, cash on hand and short-term deposits with a maturity of up to 3 months at acquisition. The Statement of Cash Flows has been prepared using the direct approach subject to the netting of certain cash flows. Cash flows in respect of investments and borrowings that have been rolled over under arranged finance facilities have been netted in order to provide more meaningful disclosures.

Operating activities include cash received from all non-financial revenue sources of the Council and Group and record the cash payments made for the supply of goods and services.

Investing activities relate to the acquisition and disposal of assets and investment revenue.

Financing activities relate to activities that change the equity and debt capital structure of the Council and Group and financing costs.

Major budget variations

Cash flow budgeting is performed using various assumptions around the timing of events and any departure from these timings will affect the outcome against budget.

Budget figures are for the Council only and not the Group.

Significant variations from the cash flow budgets are as follows:

Net cash flows from operating activities were $10.0m higher than budget. The major variances included:

- Receipts from rates were $17.1m below budget due to a higher level of debtors for rates recoverable at year end than budgeted.
- Receipts from rates for GWRC were $25.7m higher than budget. This was offset by higher corresponding rates paid to GWRC of $24.5m than budget.
- Receipts from capital grants and subsidies were $84.4m higher than budget. This is due to the grant funding received from Sludge Finance LP for the construction of Te Whare Wai Para Nuku, the Sludge Minimisation Facility (SMF) located at Moa Point.
- Cash paid to suppliers and employees were $66.1m higher than budget. This is mainly due to the payments to suppliers for the construction of the SMF, offset by a small increase in operational expenditure. In the budget, the cash flows from grant funding for the SMF has been offset against the cash flows paid to suppliers for the construction of the SMF.
- Grants paid were $12.4m below budget. The budget assumed a higher level of grants paid than in recent years but that did not materialise.

Net cash flows from investing activities were $121.3m higher than budget. The major variances included:

- Interest received was $14.0m higher than budget. The budget includes only the net interest paid on borrowings.
- The net cash outflows from other financial assets were $126.9m higher than budget. This largely relates to the purchases of term investments to pre-fund upcoming debt maturities on borrowings.

Net cash flows from financing activities were $92.6m higher than budget. The major variances included:

- The net cash inflow from borrowings was $104.1m higher than budget. This is mainly due to the pre-funding of upcoming debt maturities – see corresponding $126.9m variance in the increase of other financial assets above. This is partially offset by a lower level of capital programme spend compared to budget.
- Interest paid on borrowings was $11.5m higher than budget. As noted above in interest received, the budget includes the net interest paid or received. The net interest paid was only $2.5m below budget.

Note 32: Reconciliation of cash flows

Table 68: Reconciliation of net surplus/(deficit) to net cash flows from operating activities

	Council		Group	
	2024	2023	2024	2023
	$000	$000	$000	$000
Net surplus/(deficit) for the period	**8,701**	**(74,206)**	**4,679**	**(85,902)**
Add/(deduct) non-cash items:				
Vested assets and other revenue	(36,804)	(13,995)	(36,804)	(13,995)
Bad debts	468	186	468	186
Depreciation and amortisation	211,024	196,318	212,174	197,032
Impairment of property, plant and equipment	7,257	377	7,257	377
Fair value changes in investment properties	20,399	13,341	20,399	13,341
Other fair value changes	32	198	71	95
Movement in provision for impairments of doubtful debts	71	2,245	38	2,245
Tax expense/(credit)	-	(20)	340	346
Non-cash movement in provisions	1,101	1,163	1,143	1,071
Reassessment of landfill post-closure costs	(1,523)	-	(1,523)	-
Total non-cash items	**202,025**	**199,813**	**203,563**	**200,698**
Add/(deduct) movement in working capital:[7]				
Exchange receivables and non-exchange recoverables	(30,348)	7,483	(27,024)	10,685
Prepayments	(20,767)	10,283	(21,379)	10,487
Inventories	(340)	(69)	(617)	(277)
Exchange transactions, transfers and taxes payable	1,537	24,418	1,221	20,852
Deferred revenue	3,299	378	151	5,159
Employee benefit liabilities	1,124	606	969	901
Provision for other liabilities	(1,690)	(1,264)	(1,690)	(1,082)
Total movement in working capital	**(47,185)**	**41,835**	**(48,369)**	**46,725**
Add/(deduct) investing and financing activities:				
Net (gain)/loss on disposal of property, plant and equipment	1,955	(2,837)	1,975	(2,248)
Net (gain)/loss on disposal of intangibles	393	25	393	25
Net (gain)/loss on disposal of other financial assets	-	(6)	(4)	(15)
Dividends received	(12,150)	(20,491)	(128)	(91)
Interest received	(16,964)	(8,041)	(18,781)	(8,869)
Tax paid and subvention receipts	-	-	51	104
Interest paid on borrowings	76,598	51,433	76,663	51,445
Share of equity accounted (surplus)/deficit in associates	-	-	2,844	(7,627)
Total investing and financing activities	**49,832**	**20,083**	**63,013**	**32,724**
Net cash flows from operating activities	**213,373**	**187,525**	**222,886**	**194,245**

7. Excluding non-cash items.

Note 32: Reconciliation of cash flows - continued

Table 69: Reconciliation of liabilities arising from financing activities

	Council		Group	
	2024	2023	2024	2023
	$000	$000	$000	$000
Opening balance				
Current borrowings	205,500	209,001	205,500	209,001
Non-current borrowings	1,044,986	862,157	1,046,483	863,757
Hedges held against borrowings:				
Interest rate swaps – cash flow hedges	73,180	57,624	75,316	58,172
Total opening balance	**1,323,666**	**1,128,782**	**1,327,299**	**1,130,930**
Cash flow movements – current				
Repayment of borrowings – current	(139,500)	(141,000)	(139,500)	(141,000)
New borrowings	–	–	–	–
Movement from non-current to current borrowings	96,498	137,499	96,498	137,499
Cash flow movements – non-current				
New borrowings	560,306	320,328	560,307	320,328
Movement from non-current to current borrowings	(96,498)	(137,499)	(96,498)	(137,499)
Total cash flow movements	**420,806**	**179,328**	**420,807**	**179,328**
Non-cash flow movements				
Cash flow hedge net movement recognised in other comprehensive revenue and expense – effective portion	(8,337)	15,556	(8,291)	17,144
Transfer to surplus or deficit for discontinued cash flow hedges	483	–	483	–
Fair value adjustment to borrowings	–	–	39	(103)
Total movements	**412,952**	**194,884**	**413,038**	**196,369**
Closing balance				
Current borrowings	162,498	205,500	162,498	205,500
Non-current borrowings	1,508,794	1,044,986	1,510,331	1,046,483
Hedges held against borrowings:				
Interest rate swaps – cash flow hedges	65,326	73,180	67,508	75,316
Total closing balance	**1,736,618**	**1,323,666**	**1,740,337**	**1,327,299**

Ētahi atu whākitanga
Other Disclosures

Note 33:
Financial instruments

For the purpose of measurement, the Council's and Group's financial assets and liabilities are classified into categories according to the purpose for which the financial assets and liabilities were acquired. The classification is determined at initial recognition and re-evaluated at the end of each reporting period.

Relevant significant accounting policies

Financial instruments are initially recognised on trade-date at their fair value plus transaction costs. Subsequent measurement and the treatment of gains or losses depends upon their classification as shown below in Table 70.

Table 70: Classification of financial instruments

Financial asset category	Subsequent measurement	Treatment of gains and losses
Financial assets at amortised cost	Amortised cost using the effective interest rate method	Surplus or deficit
Financial assets at fair value through surplus or deficit	Fair value	Surplus or deficit
Financial assets at fair value through other comprehensive revenue and expense	Fair value	Other comprehensive revenue and expense
Financial liability category	**Subsequent measurement**	**Treatment of gains and losses**
Financial liabilities at amortised cost	Amortised cost using the effective interest rate method	Surplus or deficit
Financial liabilities at fair value through other comprehensive revenue and expense	Fair value	Other comprehensive revenue and expense

Financial Assets

Financial assets comprise the following categories and components:

Financial assets at amortised cost

- Cash and cash equivalents include cash balances and bank deposits with maturity dates of up to 3 months at acquisition.
- Receivables and recoverables which have fixed or determinable payments. They arise when the Group provides money, goods or services directly to a debtor, and has no intention of trading the receivable or recoverable.
- Loans and deposits which include loans to other entities (including controlled entities and associates), and bank deposits with maturity dates of more than 3 months at acquisition.

Initial recognition at fair value is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date for assets of a similar maturity and credit risk. Receivables or recoverables due in less than 12 months are initially recognised at their nominal value as an estimate of fair value.

Financial assets at fair value through surplus or deficit (FVTSD)

- LGFA borrower notes, as the LGFA has the ability to repay the investment before the original maturity date.

Note 33:
Financial instruments
- continued

Relevant significant accounting policies – continued

Financial assets at fair value through other comprehensive revenue and expense (FVTOCRE)

- Derivatives (interest rate swaps) that qualify for hedge accounting.
- Equity investments, held by the Group for long-term strategic purposes and therefore are not intended to be sold. Within the Group, small shareholdings are held in start-up companies, which are available for sale, until the companies mature or cease operations.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial Liabilities

Financial liabilities comprise the following categories and components:

Financial liabilities at amortised cost

- Payables under exchange transactions
- Transfers payable
- Taxes payable
- Borrowings

Financial liabilities with a duration of less than 12 months are initially recognised at their nominal value as an estimate of fair value.

Financial liabilities at fair value through other comprehensive revenue and expense (FVTOCRE).

- Derivatives (interest rate swaps) that qualify for hedge accounting.

Note 33:
Financial instruments
- continued

Table 71 provides an analysis of the Group's financial assets and financial liabilities by reporting category as described in the accounting policies:

Table 71: Financial instruments by category

	Council		Group	
	2024	2023	2024	2023
	$000	$000	$000	$000
Financial assets				
Financial assets at amortised cost				
Cash and cash equivalents	71,802	68,529	93,638	87,707
Receivables and recoverables	109,959	77,185	111,674	79,726
Bank term deposits – greater than 3 months at acquisition	156,000	40,000	168,067	46,098
Loans to related parties and external organisations	2,163	2,156	2,165	2,157
Total financial assets at amortised cost	**339,924**	**187,870**	**375,544**	**215,688**
Financial assets at FVTSD				
LGFA – borrower notes	36,038	25,190	36,038	25,190
Total financial assets at FVTSD	**36,038**	**25,190**	**36,038**	**25,190**
Financial assets at FVTOCRE				
Interest rate swaps – cash flow hedges	64,437	73,180	64,437	73,180
Equity investments	9,674	9,232	11,880	11,350
Total financial assets at FVTOCRE	**74,111**	**82,412**	**76,317**	**84,530**
Total financial assets	**450,073**	**295,472**	**487,899**	**325,408**
Total non-financial assets	11,759,832	10,770,024	12,038,479	11,042,532
Total assets	**12,209,905**	**11,065,496**	**12,526,378**	**11,367,940**
Financial liabilities				
Financial liabilities at amortised cost				
Exchange transactions and transfers payable	115,975	113,540	119,878	117,249
Taxes payable	14,003	11,707	14,558	12,047
Borrowings	1,671,292	1,250,486	1,672,829	1,251,983
Total financial liabilities at amortised cost	**1,801,270**	**1,375,733**	**1,807,265**	**1,381,279**
Total financial liabilities	**1,801,270**	**1,375,733**	**1,807,265**	**1,381,279**
Total non-financial liabilities	71,852	68,018	83,890	82,368
Total liabilities	**1,873,122**	**1,443,751**	**1,891,155**	**1,463,647**

Note 33: Financial instruments
- continued

Fair value

The fair values of all financial instruments equate to or are approximate to the carrying amount recognised in the Statement of Financial Position.

Fair value hierarchy

For those financial instruments recognised at fair value in the Statement of Financial Position, the 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.

Table 72: Group hierarchy

	Fair value recognition	2024 Level 1 $000	2024 Level 2 $000	2024 Level 3 $000	2023 Level 1 $000	2023 Level 2 $000	2023 Level 3 $000
Financial assets							
LGFA – borrower notes	**FVTSD**	–	36,038	–	–	25,190	–
Equity investments	**FVTOCRE**	–	–	11,880	–	–	11,350
Interest rate swaps – Cash flow hedges	**FVTOCRE**	–	64,437	–	–	73,180	–
		-	**100,475**	**11,880**	**-**	**98,370**	**11,350**

Note 33: Financial instruments - continued

Table 73 summarises the reconciliation of movements in Level 3 financial instuments.

Table 73: Reconciliation of fair value movements in Level 3 financial instruments

	Council		Group	
	2024	2023	2024	2023
	$000	$000	$000	$000
Financial assets at FVTOCRE				
Equity investments				
Opening balance – 1 July	9,232	9,198	11,350	11,477
Gains/(losses) recognised in other comprehensive revenue and expense	442	34	530	(127)
Closing balance – 30 June	**9,674**	**9,232**	**11,880**	**11,350**

Refer to *Note 15: Other financial assets* (page 38) for details of what investments make up the above balances.

Note 33: Financial instruments

- continued

Financial risk management

As part of its normal operations, the Group is exposed to several financial risks. The most significant are credit risk, liquidity risk and market risk, which includes interest rate risk. The Group's exposure to these risks and the action that the Group has taken to minimise the impact of these risks is outlined below.

Credit risk

Credit risk is the risk that a third party will default on its obligations to the Group, thereby causing a financial loss. The Group is not exposed to any material concentrations of credit risk other than its exposure within the Wellington region. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Statement of Financial Position and the face value of financial guarantees to related parties (refer *Note 35: Contingencies* (page 110)). There is currently no liability recognised for these guarantees as the Group does not expect to be called upon for payment.

The Group's maximum exposure to credit risk at the end of the reporting period is detailed in Table 74.

Table 74: Financial instruments with credit risk

	Council 2024 $000	Council 2023 $000	Group 2024 $000	Group 2023 $000
Cash and cash equivalents	71,790	68,514	93,613	87,677
Interest rate swaps - Cash flow hedges	64,437	73,180	64,437	73,180
Receivables and recoverables	109,959	77,185	111,674	79,726
Other financial assets				
Bank term deposits - greater than 3 months at acquisition	156,000	40,000	168,067	46,098
LGFA borrower notes	36,038	25,190	36,038	25,190
Loans to related parties and external organisations	2,163	2,156	2,165	2,157
Total financial instruments with credit risk	**440,387**	**286,225**	**475,994**	**314,028**

Receivables and recoverables balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group is exposed to credit risk as a guarantor of the LGFA's borrowings. Further information about this exposure is explained in *Note 35: Contingencies* (page 110).

Note 33: Financial instruments

- continued

Credit quality of financial assets

The credit quality of financial assets that are neither past due or impaired can be assessed by reference to Standard and Poor's credit ratings (or otherwise as stated) as shown in Table 75.

Table 75: Counterparties with credit ratings

	Council		Group	
	2024	2023	2024	2023
	$000	$000	$000	$000
Cash - NZ registered banks				
AA-	39,790	48,514	59,214	66,618
Short-term deposits (3 months at acquisition or less) - NZ registered banks				
AA-	32,000	20,000	34,399	21,509
Interest rate swaps - NZ registered banks				
AA-	64,437	73,180	64,437	73,180
Term deposits (greater than 3 months at acquisition) - NZ registered banks				
AA-	156,000	40,000	168,067	46,098
Borrower notes - LGFA				
AAA	36,038	25,190	36,038	25,190

Note 33:
Financial instruments
- continued

Liquidity risk

Liquidity risk refers to the situation where the Group may encounter difficulty in meeting obligations associated with financial liabilities. The Group maintains sufficient funds to cover all obligations as they fall due. Facilities are maintained in accordance with the Council's Liability Management Policy to ensure the Group can access required funds.

Contractual maturity

The following maturity analysis in Table 76 sets out the contractual cash flows for all financial liabilities excluding derivatives that are settled on a gross cash flow basis. Contractual cash flows for financial liabilities include the nominal amount and interest payable.

Table 76: Contractual cash flows of financial liabilities excluding derivatives

	Council		Group	
	2024	2023	2024	2023
	$000	$000	$000	$000
0-12 months	382,738	399,945	387,244	404,034
1-2 years	265,006	151,840	266,583	151,888
2-5 years	825,091	507,489	825,091	509,034
More than 5 years	716,041	621,068	716,041	621,068
Total contractual cash flows of financial liabilities excluding derivatives	**2,188,876**	**1,680,342**	**2,194,959**	**1,686,024**
Represented by:				
Carrying amount as per the Statement of Financial Position	1,801,270	1,375,733	1,807,265	1,381,279
Future interest payable	387,606	304,609	387,694	304,745
Total contractual cash flows of financial liabilities excluding derivatives	**2,188,876**	**1,680,342**	**2,194,959**	**1,686,024**

Contractual cash flows for derivative financial liabilities are settled on a net cash flow basis and are the future interest payable. However, due to favourable interest rate movements all derivatives (cash flow hedges) were assets at 30 June 2023 and 2024.

In addition to cash to be received in 2024/25 the Group currently has $241.9m (2023: $211.9m) in unutilised committed bank facilities available to settle obligations as well as $205.3m (2023: $167.4m) of cash, cash equivalents and receivables and is expected to have sufficient cash to meet all contractual liabilities as they fall due.

Note 33: Financial instruments - continued

The Group is exposed to liquidity risk as a guarantor of all LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its obligations when they fall due. Information about this exposure is explained in *Note 35: Contingencies* (page 110).

The Group mitigates exposure to liquidity risk by managing the maturity of its borrowings programme within the following maturity limits as shown in Table 77.

Table 77: Liquidity funding risk limits

	Maturing in period $000	Minimum %	Maximum %	Actual %
Period				
0-3 years	507,066	15%	60%	30%
3-5 years	465,243	15%	60%	28%
More than 5 years	698,983	15%	60%	42%
	1,671,292			**100%**

These profiles demonstrate how the Council must spread and smooth repricing to avoid large concentrations of repricing risk in any given annual period.

Note 33: Financial instruments - continued

Market risk

Market risk is the risk that the value of an investment will decrease, or a liability will increase due to changes in market conditions. The Group uses interest rate swaps in the ordinary course of business to manage interest rate risks. A Treasury Committee, headed by senior management personnel and the Council's treasury management advisors (presently PwC), provides oversight for financial risk management and derivative activities, and ensures any activities are in line with the Investment and Liability Management Policies, which are formally approved by the Council as part of the LTP.

Cash flow and fair value 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. The Council and Group's exposure to changes in market interest rates primarily arises from borrowings issued at variable interest rates.

Generally, the Council raises long-term borrowings at floating rates. The Liability Management Policy requires that at least 50 percent of borrowings are at fixed rates of interest. To achieve this, the Council uses interest rate swaps. Interest rate swaps have the economic effect of converting borrowings at floating rates into fixed rates to provide longer term certainty of funding costs than what would be achievable under floating rates. 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.

For material financial liability exposures, the Council has policy settings within the Liability Management Policy that determine how the repricing of interest rate risks must be managed. For the year ended 30 June 2024, the material exposures were Borrowings and Derivative financial instruments (interest rate swaps). Refer to *Note 12: Derivatives*, for further information (page 31).

The proportion of gross borrowing at a fixed interest rate (after taking into effect the interest rate swaps) for the year ended 30 June 2024 is 56 percent (2023: 53 percent).

Table 78 shows the effect of the interest rate swaps at reducing the Council's and Group's exposure to interest rate risk.

Table 78: Interest rate volatility

	Council		Group	
	2024	2023	2024	2023
	$000	$000	$000	$000
Financial instruments subject to interest rate volatility - before effect of interest rate swaps				
Cash and cash equivalents	71,790	68,514	93,613	87,677
Bank term deposits - greater than 3 months at acquisition	156,000	40,000	168,067	46,098
Commercial paper	(66,000)	(68,000)	(66,000)	(68,000)
Debt securities - floating rate notes	(1,420,000)	(1,067,000)	(1,420,000)	(1,067,000)
Total financial instruments subject to interest rate volatility - before effect of interest rate swaps	**(1,258,210)**	**(1,026,486)**	**(1,224,320)**	**(1,001,225)**
Effect of interest rate swaps in reducing interest rate volatility				
Interest rate swaps - cash flow hedges	707,000	556,000	707,000	556,000
Total effect of interest rate swaps in reducing interest rate volatility	**707,000**	**556,000**	**707,000**	**556,000**
Total financial instruments subject to interest rate volatility - after effect of interest rate swaps	**(551,210)**	**(470,486)**	**(517,320)**	**(445,225)**

Note 33: Financial instruments
- continued

These interest rate swaps have a nominal value which represents the value of the debt that they are covering (included previous). This amount is not recorded in the financial statements. Instead, the fair value of these interest rate swaps is recognised. This represents the difference between the forecast current floating interest rate and the fixed swap interest rate discounted back to present value. As at 30 June 2024, the fair value of the interest rate swaps was $64.4m (2023: $73.2m). The asset represents the forecast cost savings the Council is expected to receive from locking in fixed interest rates lower than current market rates over the period of the swap contracts versus floating rates.

Interest rate hedge effectiveness

Table 79: Interest rate hedge effectiveness

	Council		Group	
	2024	2023	2024	2023
	$000	$000	$000	$000
Fair value of hedging instruments to determine hedge effectiveness	64,437	73,180	64,437	73,180
Fair value of hedged item to determine hedge effectiveness	65,809	73,180	65,809	73,180

The fair value of the hedging instruments is no longer the same as the fair value of the hedged items due to a small amount of ineffectiveness introduced during the year. As no designated forecast relationships were no longer expected to occur, there were no reclassifications.

Note 33: Financial instruments - continued

Weighted effective interest rates

Given that the interest rate swaps have settlement dates that coincide with the dates on which interest is payable on the underlying debt (short term bank facilities, commercial paper and debt securities), it is appropriate to include the effect of the interest rate swaps on the borrowings interest rate and present the net effective interest rates for the underlying borrowings as shown in Table 80.

Table 80: Weighted effective interest rates

	Council		Group	
	2024	2023	2024	2023
	%	%	%	%
Investments				
Cash and cash equivalents	5.6	5.4	4.6	4.5
Bank term deposits - greater than 3 months at acquisition	6.1	5.9	5.8	5.7
LGFA - borrower notes	5.8	6.0	5.8	6.0
Loans to related parties	3.0	3.0	3.0	3.0
Borrowings				
Bank loans	5.3	3.0	5.3	3.0
Commercial paper	5.7	5.7	5.7	5.7
Debt securities - fixed rate bonds	3.1	2.0	3.1	2.0
Debt securities - floating rate notes	6.3	6.2	6.3	6.2
Interest rate swaps - cash flows hedges	3.0	3.2	3.0	3.2

The original related party loan to WRST for the Stadium construction and membership underwrite advance are on interest free terms.

The loan to WRST for COVID-19 support and further upgrade of the Fran Wilde walkway is at an interest rate of 3 percent p.a. and is now effective as the initial 2-year interest free period has expired.

Note 33: Financial instruments - continued

Sensitivity analysis

While the Group has significantly reduced the impact of short-term fluctuations on the Group's earnings through interest rate swap arrangements, there is still some exposure to changes in interest rates.

Table 81 illustrates the potential surplus or deficit impact of a 2 percent change in interest rates based on the Group's exposures at the end of the reporting period:

Table 81: Sensitivity to interest rate risk

	Note	Group 2024 $000				Group 2023 $000			
		+2%	-2%	+2%	-2%	+2%	-2%	+2%	-2%
		Effect on surplus or deficit		Effect on other comprehensive revenue and expense		Effect on surplus or deficit		Effect on other comprehensive revenue and expense	
Financial assets									
Cash and cash equivalents	a	1,874	(1,874)	-	-	1,754	(1,754)	-	-
LGFA - borrower notes	b	(1,141)	1,058	-	-	(938)	795	-	-
Bank term deposits - greater than 3 months at acquisition	c	3,361	(3,361)	-	-	922	(922)	-	-
Interest rate swaps - cash flow hedges	d	-	-	66,501	(77,928)	-	-	68,433	(81,844)
Financial liabilities									
Debt securities - floating rate notes	e	(12,500)	12,500	-	-	(11,240)	11,240	-	-
Bank loans	f	(537)	537	-	-	(240)	240	-	-
Commercial paper	g	(340)	340	-	-	(340)	340	-	-
Total sensitivity to interest rate risk		**(9,283)**	**9,200**	**66,501**	**(77,928)**	**(10,082)**	**9,939**	**68,433**	**(81,844)**

Note 33: Financial instruments - continued

a. Cash and cash equivalents

Group funds of $100.1m (2023: $87.7m) are in several different registered bank accounts with interest receivable on the aggregation of all accounts. While most of the funds are held on short-term deposit, they are subject to interest rate movement on any subsequent reinvestment.

b. LGFA borrower notes

The Group holds $36.0m (2023: $25.2m) of borrower notes which are investments held by LGFA as part of their lending policy. They are subject to quarterly interest rate resetting. As these debt investments are now subject to fair value, the effect of discounting has a greater impact than the increase/decrease in interest earned.

c. Bank term deposits – greater than 3 months at acquisition

Bank term deposits with maturities greater than 3 months at acquisition of $161.6m (2023: $46.1m) are subject to interest rate movement on any subsequent reinvestment.

d. Interest rate swaps – cash flow hedges

Interest rate swaps have a fair value totalling $64.4m (2023: $73.2m).

e. Debt securities – floating rate notes

Debt securities at floating rates total $1,420.0m (2023: $1,067.0m). The full exposure to changes in interest rates has been reduced because the Group has $679.0m (2023: $505.0m) of this debt at fixed rates through interest rate swaps.

f. Bank Loans

The Group has a share of the borrowings made by Porirua City Council through the Council's joint operations. These are disclosed as bank term loans and amount to $25.3m (2023: $10.5m). In addition, Karori Sanctuary Trust has a $1.5m (2023: $1.5m) loan.

g. Commercial paper

The Group has a commercial paper programme which is subject to floating rates and totals $100.0m of which only $66.0m (2023: $68.0m) is presently utilised. The full exposure to changes in interest rates has been reduced because the Group has $28.0m (2023: $51.0m) of this debt at fixed rates through interest rate swaps.

Foreign exchange risk

Foreign exchange risk is the risk that costs materially exceed budget due to adverse movements in foreign exchange rates.

The Group is exposed to foreign exchange risk when it purchases equipment and services denominated in a foreign currency or has cash holdings denominated in a foreign currency.

The Group has assessed that a reasonably possible change in foreign exchange rates (a 10 percent variance either way) would have a trivial impact on surplus or equity.

Risk management

The Group seeks to limit foreign exchange risk by holding foreign currency prior to material foreign currency denominated capital and operating expenditure. Foreign exchange exposure is recognised when the expenditure has been approved and a contract is expected to follow.

The Group does not receive foreign currency revenue in its normal course of business.

Note 34: Commitments

Capital commitments

Table 82: Capital commitments

	Council		Group	
	2024	2023	2024	2023
	$000	$000	$000	$000
Approved and contracted				
Property, plant and equipment	529,139	207,800	530,063	209,380
Share of associates	–	–	15,137	1,288
Total capital commitments	**529,139**	**207,800**	**545,200**	**210,668**

The capital commitments in Table 82 represent signed contracts in place at the end of the reporting period. The contracts will often span more than one financial year.

The large increase in capital commitments results from the committed expenditure for the SMF at Moa Point and the Te Ngākau Civic Precinct upgrade.

In 2024 we have provided additional information on capital commitments for the three waters network entered into by Wellington Water Limited on the Council's behalf. For consistency we have also restated the 2023 comparatives. This has resulted in an additional $34.9m capital commitments for 2023 compared to that previously reported.

Note 34: Commitments

- continued

Operating lease commitments

Council and Group as lessee

The Group leases certain items of plant, equipment, land and buildings under various non-cancellable operating lease agreements. The lease terms are between 2 and 25 years and the majority of the lease agreements are generally renewable at the end of the lease period at market rates.

The minimum lease payments incurred during the period for non-cancellable operating leases is recognised as an expense in *Note 7: Expenditure on operating activities* (page 20) and the future expenditure committed by these leases is analysed as shown in Table 83.

Table 83: Non-cancellable operating lease commitments as lessee

	Council		Group	
	2024	**2023**	**2024**	**2023**
	$000	**$000**	**$000**	**$000**
Plant and equipment				
Not later than one year	132	-	177	60
Later than one year and not later than five years	397	-	476	1,156
Land and buildings				
Not later than one year	21,676	17,097	23,509	18,057
Later than one year and not later than five years	94,347	49,289	98,663	54,953
Later than five years	413,551	144,467	413,715	144,652
Total non-cancellable operating lease commitments as lessee	**530,103**	**210,853**	**536,540**	**218,878**

The significant increase in the value of non-cancellable operating lease commitments is driven from new property lease agreements for the Te Kāinga affordable rental programme and the Council head office.

Relevant significant accounting policies

Leases where the lessor retains substantially all the risks and rewards of ownership of the leased items are classified as operating leases. Payments made under operating leases (net of any lease incentives) are recognised on a straight-line basis over the term of the lease.

Note 34: Commitments
- continued

Council and Group as lessor

The Council and Group has entered into commercial property leases of its investment property portfolio and operational land and buildings.

Investment properties

The land and buildings held for investment purposes are properties which are not held for operational purposes and are leased to external parties.

Ground leases (included within investment properties) are parcels of land owned by the Group in the central city or on the Wellington waterfront that are leased to other parties who own the buildings situated on the land. The leases are generally based on 21-year perpetually renewable terms. As these parcels of land are held for investment purposes the leases are charged on a commercial market basis.

Operational land and buildings

The land and buildings not held for investment purposes are either used to accommodate the Group's operational activities or are held for purposes such as road widening, heritage, social housing or are being monitored for compliance reasons. In some cases, parts of these assets are leased to external parties on a commercial basis. The terms of these commercial leases generally range from 1 to 21 years although a new 35-year lease was signed during the year with Te Toi Mahana.

The committed revenues expected from these lease portfolios are analysed as shown in Table 84. Since the Te Toi Mahana lease can be cancelled with 5 years notice, only 5 years of committed revenue is shown.

Table 84: Non-cancellable operating lease commitments as lessor

	Council 2024 $000	Council 2023 $000	Group 2024 $000	Group 2023 $000
Investment properties				
Not later than one year	10,401	11,049	10,401	11,049
Later than one year and not later than five years	35,738	35,547	35,738	35,547
Later than five years	54,178	50,435	54,178	50,435
Operational land and buildings				
Not later than one year	21,925	2,256	6,865	2,256
Later than one year and not later than five years	74,570	2,816	14,328	2,816
Later than five years	8,728	8,175	8,734	8,175
Total non-cancellable operating lease commitments as lessor	**205,540**	**110,278**	**130,244**	**110,278**

Relevant significant accounting policies

Rental revenue (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

Note 35:
Contingencies

Table 85: Contingent liabilities

	Council		Group	
	2024	2023	2024	2023
	$000	$000	$000	$000
Uncalled capital – LGFA	1,866	1,866	1,866	1,866
Other legal proceedings	385	1,625	385	1,625
Total contingent liabilities	**2,251**	**3,491**	**2,251**	**3,491**

Local Government Funding Agency Limited (LGFA)

The Council is one of 31 shareholders of the LGFA. Any non-shareholder council that borrows in aggregate $20.0m or more from LGFA must also be a guarantor. There are 72 guarantors in total. In this regard the Council has uncalled capital of $1.9m. When aggregated with the uncalled capital of other shareholders, $20.0m is available if an imminent default is identified. Also, together with the other shareholders and guarantors, the Council is a guarantor of all LGFA's borrowings. As at 30 June 2024, LGFA had borrowings totalling $23.0b (2023: $17.7b).

Financial reporting standards require the Council to recognise the guaranteed 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 LGFA defaulting on repayment of interest or capital to be very low on the basis:

- that we are not aware of any local authority, which is a member of the LGFA, that has had debt default events in New Zealand; and
- local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

The Council considers that even if it was called upon to contribute, the cost would not be material.

Other legal proceedings

Other legal proceedings are current claims against the Council and Group as a result of past events which are currently being contested. The amounts shown reflect potential liability for financial reporting purposes only and do not represent an admission that any claim is valid. The outcome of these remains uncertain at the end of the reporting period. The maximum exposure to the Group is anticipated to be less than $0.4m (2023: $1.6m).

Relevant significant accounting policies

Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are disclosed at the point at which the contingency is evident. Contingent liabilities are disclosed if the possibility they will crystallise is not remote. Contingent assets are disclosed if it is probable the benefits will be realised.

Note 35: Contingencies - continued

Structural defect claim

A large and novel claim alleging a breach of duty to a tenant of a commercial building was filed in August 2019. The Council does not estimate any further financial exposure for this claim as it is expected to be covered by insurance.

Unquantified contingent liabilities

Riskpool – winding up

Wellington City Council was previously a member of the New Zealand Mutual Liability Riskpool scheme (Riskpool). The Scheme is in wind down; however the Council has an ongoing obligation to contribute to the scheme should a call be made in respect of any historical claims (to the extent those claims are not covered by reinsurance), and to fund the ongoing operation of the scheme.

On 1 August 2023 the Supreme Court dismissed Riskpool's final appeal in Local Government Mutual Funds Trustee Limited v Napier City Council [2023] NZSC 97. This created an immediate liability for Riskpool in relation to that claim, which necessitated a call on members. The amount of the call for the Council was $0.7m and was paid in December 2023.

Riskpool's wind-down remains a very dynamic situation and there are significant challenges that Riskpool are still working through to be able to quantify the extent of Riskpool's potential exposure.

Other claims

There are various other claims that the Council and Group are currently contesting 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 and Group have a responsibility to the claimant. The possibility of any outflow in settlement in these cases is assessed as remote.

Contingent assets

The Council and Group have no contingent assets as at 30 June 2024 (2023: $nil).

Note 36: Joint operations

The Council has significant interests in the following joint operations. These are domiciled and operate in New Zealand. Porirua City Council operates two of the joint operations under an agreement which provides that all assets of the joint operation are owned by the two councils as tenants in common. The remaining joint operations are part of Let's Get Wellington Moving (LGWM) which was a joint initiative between Wellington City Council, GWRC and NZTA.

Table 86: Joint operations

	Interest 2024	Interest 2023	Nature of business
Wastewater treatment plant – Porirua City Council	27.6%	27.6%	Owns and operates a wastewater treatment plant and associated trunk sewers and pumping stations that provide services to Wellington City's northern suburbs. Ownership of the assets is in proportion to the capacity of the plant allocated to the two councils.
Spicer Valley Landfill – Porirua City Council	21.5%	21.5%	Owns and operates a sanitary landfill that provides services to Wellington City's northern suburbs. Ownership of the assets is in proportion to the ratio of the populations of Porirua City and the area of the former Tawa Borough.
LGWM Projects[8]			
State Highway improvement	20%	20%	Joint initiative to develop a transport system that supports future aspirations for the look, feel, and function of Wellington City. These will support Wellington's growth while making it safer and easier to get around.
Mass Rapid Transport	20%	20%	
City Streets	0-49%	20%	
Early Delivery	0-49%	0-49%	
Travel Demand Management	20%	20%	
Integrated Delivery Vehicle	20%	20%	

The end of the reporting period for the joint operations is 30 June.

The Council's and Group's share of the joint operations' capital commitments is $10.6m (2023: $nil) and contingent liabilities is $nil (2023: $nil).

8. The LGWM joint operation ceased on 31 March 2024.

Note 37: Related party disclosures

Key management personnel

In this section, the Council discloses the remuneration and related party transactions of key management personnel. The remuneration payable to key management personnel of the Group's other entities is disclosed separately within their individual respective financial statements and is not included in Table 87.

Table 87: Remuneration paid to key management personnel

	Council	
	2024	2023
	$	$
Council Members		
Remuneration	1,792,645	1,801,124
Chief Executive and Executive Leadership Team		
Remuneration	2,998,317	3,081,348
Total remuneration paid to key management personnel	**4,790,962**	**4,882,472**

As at 30 June 2024 key management personnel comprised of 24 individuals: 16 elected members or 16 fulltime equivalents (2023: 16) and 8 executive leaders or 8 fulltime equivalents (2023: 9).

For consistency we have restated the 2023 comparatives to exclude the non-monetary remuneration (benefit) in relation to a pool of on-site car parking spaces provided as the Council considers it immaterial and not practical to include this information. For further information see *Note 38: Remuneration and staffing* (page 121).

Relevant significant accounting policies

Related parties arise where one entity has the ability to affect the financial and operating policies of another through the presence of control or significant influence. Related parties include all members of the Group (controlled entities, associates and joint venture) and key management personnel.

Key management personnel include the Mayor and Councillors as elected members of the governing body of the Council reporting entity, the Chief Executive, and all members of the Executive Leadership Team, being key advisors to the Council and Chief Executive.

Note 37: Related party disclosures - continued

Material related party transactions

Material related party transactions – key management personnel

During the year, key management personnel, as part of normal local authority relationships, were involved in transactions with the Council such as payment of rates and purchases of rubbish bags or other Council services. These transactions were on normal commercial terms.

A related party of an Executive Leadership Team member provided training services, through a company, to the Council during the year. These services valued at $9k (2023: $24k) were procured as arm's length transactions on normal commercial terms.

A related party of an Executive Leadership Team member paid the Council $50k for sponsorship related activities during the 2022/23 financial year. These services were procured as arm's length transactions on normal commercial terms. There was no similar payment during the current financial year.

Except for these transactions no key management personnel have entered into related party transactions with the Group.

The Mayor and Councillor's disclose their personal interests in a register available on the Council website.

There are no commitments from the Council to key management personnel.

Material related party transactions – structured entities

Local Government Funding Agency Limited (LGFA)

The LGFA was incorporated on 1 December 2011 and was established to facilitate the efficient, and cost effective, raising of debt funding for local government authorities. There are currently 30 regional, district and city councils throughout New Zealand that own 80 percent of the issued capital, with the Crown holding the remaining 20 percent. The Council became an establishment shareholder in this Council Controlled Trading Organisation (CCTO) and currently has an investment of $9.2m (2023: $8.8m) representing 8.3 percent (2023: 8.3 percent) of paid-up capital.

During the year ended 30 June 2024 the Council drew down new borrowings of $545.5m and repaid $132.5m. Interest expense is paid quarterly in arrears on all borrowings and interest revenue of $0.3m (2023: $0.3m) was received on $2.8m (2023: $1.9m) of maturing borrower notes. The Council borrowings from the LGFA are comprised of $160.0m (2023: $100.0m) of fixed rate bonds and $1,420.0m (2023: $1,067.0m) of floating rate notes, including $414.0m (2023: $120.0m) of CALs and GSS loans.

The Council holds a $36.9m nominal amount (carrying value $36.0m) (2023: $26.0m nominal amount (carrying value $25.2m)) of investment borrower notes. During the year the Council received a shareholder dividend of $0.1m (2023: $0.1m)

Note 37:
Related party disclosures
- continued

Material related party transactions – unstructured entities

Financial information relating to the Council's interests in unstructured entities is provided in Tables 88 and 89.

Table 88: Basin Reserve Trust

	Council 2024 $000	2023 $000
Summarised financial information of unstructured entity		
Total assets	773	851
Total liabilities	(346)	(561)
Net assets	**427**	**290**
Revenue	1,320	1,148
Expenses	(1,454)	(1,177)
Surplus/(deficit)	**(134)**	**(29)**

Basin Reserve Trust (BRT)

The BRT was established on 24 February 2005 to manage, operate and maintain the Basin Reserve. The Trust was jointly created with Cricket Wellington Incorporated (CWI). The Council and CWI each appoint two of the four trustees. The Council does not have an equity investment in the Trust but has influence over the Trust through the appointment of trustees and receives benefits from the complementary activities of the Trust in alignment with the Council's objectives.

During the year ended 30 June 2024 the Council contributed $0.1m (2023: $0.7m) to fund the core operations of the Trust.

Note 37: Related party disclosures

- continued

Table 89: Wellington Regional Stadium Trust

	Council 2024 $000	2023 $000
Summarised financial information of unstructured entity		
Total assets	102,145	99,722
Total liabilities	(49,099)	(9,952)
Net assets	**53,046**	**89,770**
Revenue	21,294	21,296
Expenses	(17,623)	(17,399)
Surplus/(deficit)	**3,671**	**3,897**

Wellington Regional Stadium Trust (WRST)

WRST was jointly created by the Council and GWRC. The Council does not have an equity investment in the Trust but has influence over the Trust through the appointment of trustees and receives benefits from the complementary activities of the Trust in alignment with the Council's objectives.

Refer to *Note 15: Other financial assets* (page 39), for more information on loans due from WRST.

Note 37: Related party disclosures

- continued

Intra group transactions and balances

Intra group transactions and balances – Joint operations

During the year the Council has entered into transactions with its joint operations partners Porirua City Council and Let's Get Wellington Moving. These transactions disclosed are within the normal course of business. The nature of these intra-group transactions and the outstanding balances at the reporting date are as shown in Table 90.

Table 90: Intra group transactions and balances – Joint operations

	Council	
	2024	2023
	$000	$000
Funding contribution paid by the Council to:		
Porirua City Council – wastewater treatment plant	3,621	3,349
Share of jointly incurred expenditure paid by the Council to:		
Let's Get Wellington Moving	16,130	13,369
Current receivables and recoverables owing to the Council from:		
Let's Get Wellington Moving	–	7,337

Note 37: Related party disclosures

- continued

Intra group transactions and balances – Controlled entities

During the year the Council has entered into transactions with its controlled entities. These transactions disclosed are within the normal course of business. Intra-group transactions between Group entities, other than rates, are eliminated in the consolidated financial statements. The nature of these intra-group transactions and the outstanding balances at the reporting date are as shown in Table 91.

Table 91: Intra group transactions and balances – Controlled entities

	Council	
	2024	**2023**
	$000	**$000**
Revenue received by the Council for services provided to:		
Karori Sanctuary Trust	12	46
Wellington Cable Car Limited	71	80
Wellington Museums Trust	1,554	1,458
Wellington Regional Economic Development Agency Limited	1,114	161
Te Toi Mahana	14,798	-
Wellington Zoo Trust	379	45
	17,928	**1,790**
Grant funding paid by the Council for the operations and management of:		
Karori Sanctuary Trust	1,607	1,127
Wellington Cable Car Limited	614	1,642
Wellington Museums Trust	11,031	10,624
Wellington Regional Economic Development Agency Limited	17,896	16,924
Te Toi Mahana	6,973	1,500
Wellington Zoo Trust	6,814	3,752
	44,935	**35,569**
Expenditure payments made by the Council for services provided by:		
Karori Sanctuary Trust	10	15
Wellington Cable Car Limited	-	2
Wellington Museums Trust	201	205
Wellington Regional Economic Development Agency Limited	4,201	5,100
Te Toi Mahana	-	-
Wellington Zoo Trust	6	23
	4,418	**5,345**

Note 37: Related party disclosures - continued

Table 91: Intra group transactions and balances - Controlled entities - continued

	Council 2024 $000	2023 $000
Current receivables and recoverables owing to the Council from:		
Karori Sanctuary Trust	2	-
Wellington Museums Trust	19	145
Wellington Regional Economic Development Agency Limited	225	68
Te Toi Mahana	191	-
Wellington Zoo Trust	14	2,700
	451	**2,913**
Current payables owed by the Council to:		
Wellington Museums Trust	328	-
Wellington Regional Economic Development Agency Limited	614	2,705
Te Toi Mahana	-	195
Wellington Zoo Trust	610	224
	1,552	**3,124**

Current receivables, recoverables and payables

The receivable, recoverable and payable balances are non-interest bearing and are to be settled with the relevant entities on normal trading terms and conditions.

Note 37: Related party disclosures - continued

Intra group transactions and balances – Associates and joint venture

During the year the Council has entered into several transactions with its associates and joint venture. These transactions disclosed are within the normal course of business. The nature of these intra-group transactions and the outstanding balances at the year-end are as shown in Table 92.

Table 92: Intra group transactions and balances – Associates and joint venture

	Council 2024 $000	2023 $000
Revenue received by the Council for services provided to:		
Wellington International Airport Limited	1,588	1,446
Wellington Water Limited	720	293
	2,308	**1,739**
Payments made by the Council for services and/or assets provided by:		
Wellington International Airport Limited	5,927	1,167
Wellington Water Limited	121,733	110,681
	127,660	**111,848**
Current receivables and recoverables owing to the Council from:		
Wellington International Airport Limited	1	-
Wellington Water Limited	80	-
	81	**-**
Current payables owed by the Council to:		
Wellington Water Limited	**13,617**	**10,145**

Current receivables, recoverables and payables

The receivable, recoverable and payable balances are non-interest bearing and are to be settled with the relevant entities on normal trading terms and conditions.

Note 38: Remuneration and staffing

Mayoral and Councillor remuneration

Remuneration

The following people held office as elected members of the Council's governing body, during the reporting period. The total remuneration was $1.8m (2023: $1.8m) and is broken down and classified as shown in Table 93.

Table 93: Elected Council member remuneration

	Monetary		Total
	Salary	Allowances	2024
	$	$	$
Current members			
Whanau, Tory (Mayor)	183,027	538	183,565
Foon, Laurie (Deputy Mayor)	126,650	-	126,650
Abdurahman, Nureddin	105,283	-	105,283
Apanowicz, John	105,283	-	105,283
Brown, Tim	112,335	-	112,335
Calvert, Diane	105,283	-	105,283
Chung, Ray	105,283	-	105,283
Free, Sarah	111,070	-	111,070
Matthews, Rebecca	116,361	-	116,361
McNulty, Ben	105,283	-	105,283
O'Neill, Teri	116,361	-	116,361
Pannett, Iona	105,283	-	105,283
Paul, Tamatha (until 9 Nov 2023)	41,648	-	41,648
Randle, Tony	105,283	-	105,283
Rogers, Geordie (from 22 Feb 2024)	37,108	-	37,108
Wi Neera, Nikau	105,283	-	105,283
Young, Nicola	105,283	-	105,283
Total remuneration paid to elected council members	**1,792,107**	**538**	**1,792,645**

Relevant significant accounting policies

Remuneration of elected members comprises any money, consideration or non-monetary benefit received or receivable or otherwise made available, directly or indirectly, during the reporting period but does not include reimbursement of authorised work expenses or the provision of work-related equipment such as cell phones and laptops.

Salary

The Remuneration Authority is responsible for setting the remuneration levels for elected members (Clause 6, Schedule 7 of the LGA 2002). The Council's monetary remuneration (salary) detailed above was determined by the Remuneration Authority. As permitted under the Authority's guidelines the Council has chosen for its elected members to receive an annual salary for the 2023/24 financial year rather than the alternative option of a combination of meeting fee payments and annual salary.

Mayoral car

The Remuneration Authority permits the Council to provide the Mayor with a vehicle for full private use, which is a taxable benefit. Mayor Whanau has chosen not to take up this option.

Non-monetary

In addition, the Mayor and Councillors receive non-monetary remuneration (benefit) in relation to a pool of on-site car parking spaces provided, regardless of whether they elect to use these or not. Some Councillors do not have vehicles and/or do not choose to use these car park spaces. This benefit is excluded from Table 93 as the Council considers it immaterial and not practical to include this information.

The Councillors have shared office and working space available for use, and access to phones and computers. Professional indemnity and trustee liability insurance is also provided to Councillors against any potential legal litigation which may occur while undertaking Council business.

Note 38: Remuneration and staffing

- continued

Community Boards

The Council has two community boards – the Tawa Community Board and the Mākara/Ōhāriu Community Board.

The total remuneration paid to the elected members of these boards was $0.1m (2023: $0.1m) as shown in Table 94.

Table 94: Community Board Member remuneration

	Monetary		Total
	Salary	Allowances	2024
	$	$	$
Tawa community board			
Day, Jill (Chair)	20,134	-	20,134
Moore, Miriam (Deputy Chair)	10,067	-	10,067
Davin, Tim	10,067	-	10,067
Allan, Rachel	10,067	-	10,067
Lacy, Jackson	10,067	-	10,067
Langham, Liz (from 18 September 2023)	7,867	-	7,867
McNulty, Ben (Councillor – see remuneration previous)	-	-	-
Randle, Tony (Councillor – see remuneration previous)	-	-	-
Mākara/Ōhāriu community board			
Reed, Mark (Chair)	10,093	538	10,631
Hoskins, Darren (Deputy Chair)	5,046	-	5,046
Grace, Christine	5,046	-	5,046
Renner, Chris	5,046	-	5,046
Rudd, Wayne	5,046	-	5,046
Todd, Hamish	5,046	-	5,046
Total remuneration to community board members	**103,592**	**538**	**104,130**

A technology allowance of $45 per month is available to the Chair of both the Tawa and Mākara/Ōhāriu Community Boards. This allowance can be taken as either an allowance or as an actual expense reimbursement.

Note 38: Remuneration and staffing

- continued

Chief Executive's remuneration

The Chief Executive of the Council was appointed in accordance with section 42 of the LGA 2002.

Table 95 shows the total remuneration of the Chief Executive paid or payable for the year ended 30 June 2024.

Under the terms of the agreement, the Chief Executive of the Council chooses how they wish to take their remuneration package (salary only or a combination of salary and benefits).

Table 95: Remuneration of the Chief Executive

	Council	
	2024	2023
	$	$
Barbara McKerrow		
Salary	537,239	499,000
KiwiSaver	16,117	14,970
Total remuneration of the Chief Executive	**553,356**	**513,970**

Note 38: Remuneration and staffing - continued

Severances

In accordance with Schedule 10 (section 33) of the LGA 2002, the Council is required to disclose the number of employees who received severance payments during the year and the amount of each severance payment made.

Severance payments include any consideration (monetary and non-monetary) provided to any employee in respect of the employee's agreement to the termination of their employment with the Council. Severance payments exclude any final payment of salary, holiday pay and superannuation contributions or other contractual entitlement.

For the year ended 30 June 2024 the Council made severance payments to 7 employees totalling $0.2m (2023: 10 employees, $0.3m).

The individual values of each of these Council severance payments were: $153k, $17k, $16k, $12k, $8k, $7k and $7k.

Employee numbers and remuneration bands

Table 96 identifies the number of full-time employees as at the end of the reporting period and the full-time equivalent number of all other part-time, fixed term and casual employees.

Table 96: Employee numbers

	Council	
	2024	2023
Full-time employees (based on a 40 hour week)	1,331	1,312
Full-time equivalents for all other non full-time employees	171	172

Table 97 further identifies the breakdown of remuneration levels of those employees into various bands.

Note 38: Remuneration and staffing
- continued

Table 97: Remuneration bands

	Council 2024
The number of employees receiving total annual remuneration of less than $60,000	778
Of the 778 employees in this band, 519 are part-time or casual	
The number of employees receiving total annual remuneration of more than $60,000 in bands of $20,000	
$60,000-$79,999.99	373
$80,000-$99,999.99	254
$100,000-$119,999.99	189
$120,000-$139,999.99	148
$140,000-$159,999.99	92
$160,000-$179,999.99	42
$180,000-$199,999.99	24
$200,000-$219,999.99	15
$220,000-$239,999.99	9
$240,000-$319,999.99[9]	9
$320,000-$559,999.99[9]	6
Total employees	**1,939**

	Council 2023
The number of employees receiving total annual remuneration of less than $60,000	864
Of the 864 employees in this band, 655 are part-time or casual	
The number of employees receiving total annual remuneration of more than $60,000 in bands of $20,000	
$60,000-$79,999.99	368
$80,000-$99,999.99	295
$100,000-$119,999.99	195
$120,000-$139,999.99	165
$140,000-$159,999.99	76
$160,000-$179,999.99	35
$180,000-$199,999.99	23
$200,000-$219,999.99	19
$220,000-$239,999.99	6
$240,000-$279,999.99[9]	7
$300,000-$519,999.99[9]	8
Total employees	**2,061**

Of the 1,939 (2023: 2,061) individual employees, 601 (2023: 731) are part-time or casual.

Total annual remuneration has been calculated to include any non-financial benefits and other payments in excess of normal remuneration such as the employer KiwiSaver contribution.

The Council has resolved that in addition to legislative requirements to disclose the above bandings it has also included the two lowest remuneration grades as shown in Table 98.

9. If the number of employees for any band was five or less then we are legally required by the LGA 2002 to combine it with the next highest band. This means that some rows span different bands across the two years shown.

Note 38: Remuneration and staffing - continued

Table 98: Lowest remuneration grades

	2024		2023	
	Salary Range ($)	Employees	Salary Range ($)	Employees
Q (Living Wage)	54,299	49	49,327	54
9	54,299-67,206	347	49,327-61,766	457

The current Living Wage rate for the Council is $26.00 (2023: $23.65) per hour. Each year the living wage rate for the Council is reviewed in accordance with the latest Living Wage rate announced/published by Living Wage Aotearoa.

Note 39: Events after the end of the reporting period

There are no events after the end of the reporting period that require adjustment to the financial statements or notes to the financial statements.

The following update has been included due to the significant impact the programme is likely to have on the Council including on all water related infrastructure assets.

Local Water Done Well

In December 2023, the New Zealand Government announced a new direction for water services (drinking water, wastewater and stormwater services) policy and legislation which it has called Local Water Done Well. This is being implemented in 3 stages namely:

- stage 1 – repealing the previous affordable water reforms (completed in February 2024);
- stage 2 – enacting the Local Government (Water Services Preliminary Arrangements) Act 2024 (the Act) which received Royal Assent on 2 September 2024; and
- stage 3 – implementing further legislative change (expected to be introduced in December 2024 to be passed by mid-2025).

The Act requires the Council to submit a Water Services Delivery Plan (WSDP) to the Secretary of Local Government, by September 2025. In broad terms, a WSDP must identify the current state of the Council's water services and show how the Council will deliver those services in a way that:

- meets relevant regulatory quality standards for stormwater, wastewater and water supply networks;
- is financially sustainable;
- ensures compliance with drinking water quality standards; and
- supports the council's housing growth and urban development objectives.

The Council is currently working with other councils in the Greater Wellington region along with the Horowhenua District on a WSDP to reform the region's water services. The 10 councils, representing more than half a million people, are committed to the process and working at pace to ensure an enduring approach to water management ahead of the local government elections in 2025. The Council is also required to formally consult the community on aspects of the proposed model and arrangements for delivering water services.

The reforms to date have had no effect on the financial statements or performance information for the year ended 30 June 2024.

Ngārahu ā-Pūtea
Financial Prudence

The Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations) has a series of measures and benchmarks, disclosed in the following pages.

Readers are urged to read the commentary and explanations provided to give context to the information, as it is not always possible to compare Wellington City Council's results with other councils due to their size, location and provision of services.

Annual report disclosure statement for year ended 30 June 2024

What is the purpose of this statement?

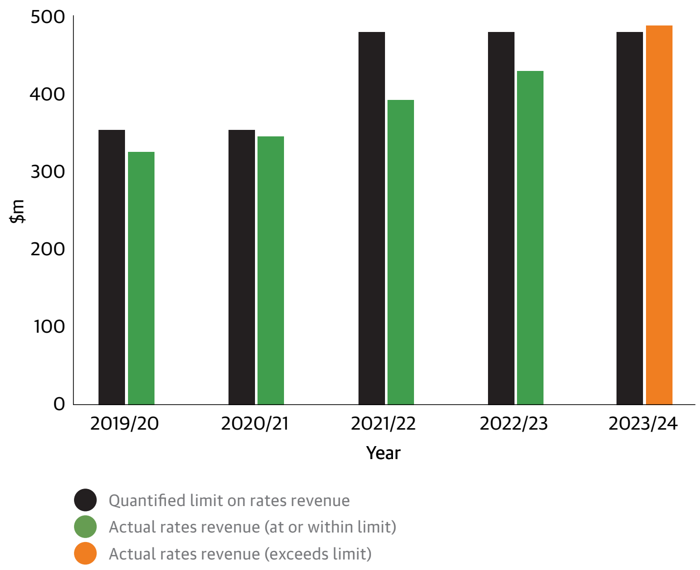
The purpose of this statement is to disclose the Council's financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

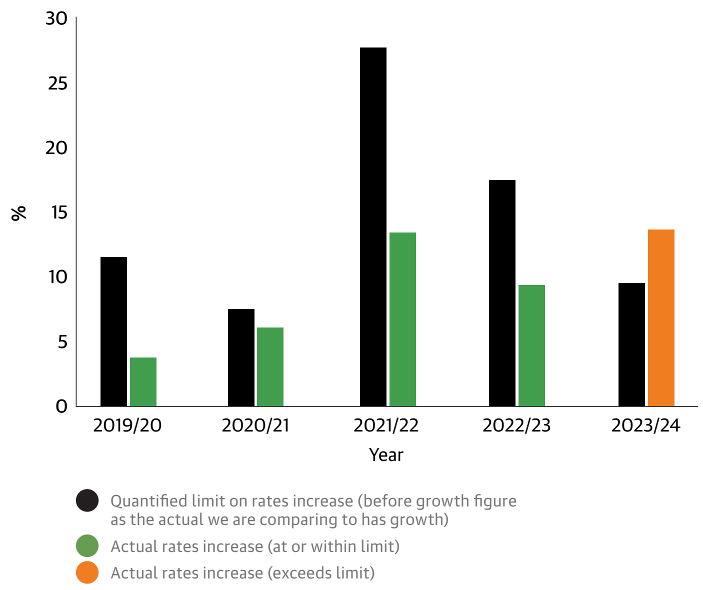
The Council is required to include this statement in its annual report in accordance with the regulations. Refer to the regulations for more information, including definitions of some of the terms used in this statement.

Unless prescribed by the regulations the quantified limit for each current year benchmark is calculated using the financial information from the Council's 2021 LTP.

Ngārahu ā-Pūtea Financial Prudence

- continued





Rates affordability benchmark

The Council meets the rates affordability benchmark if:

- its actual rates revenue equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

Rates (revenue) affordability

The above graph compares the Council's actual rates revenue with a quantified dollar limit on rates revenue included in the financial strategy in the Council's LTP.

The quantified limit for the first three years of the 2021 LTP, which encompassed the financial years 2021/22; 2022/23 and 2023/24 was $475m. This means rates revenue remained below this quantified limit for the first two years but exceeded it for 2023/24 as signalled in the 2023/24 AP.

Rates (increases) affordability

The above graph compares the Council's actual rates increases with a quantified limit on rates increases included in the financial strategy in the Council's LTP.

The quantified limit for 2023/24 was 9.6 percent although the actual rates increase set for the 2023/24 year exceeded this limit. The rates increase proposed in the 2021 LTP was equivalent to an average rates increase of 10.5 percent over the first three years, which encompassed the financial years 2021/22; 2022/23 and 2023/24. This benchmark was signalled to not be met in the 2023/24 AP.

Ngārahu ā-Pūtea Financial Prudence

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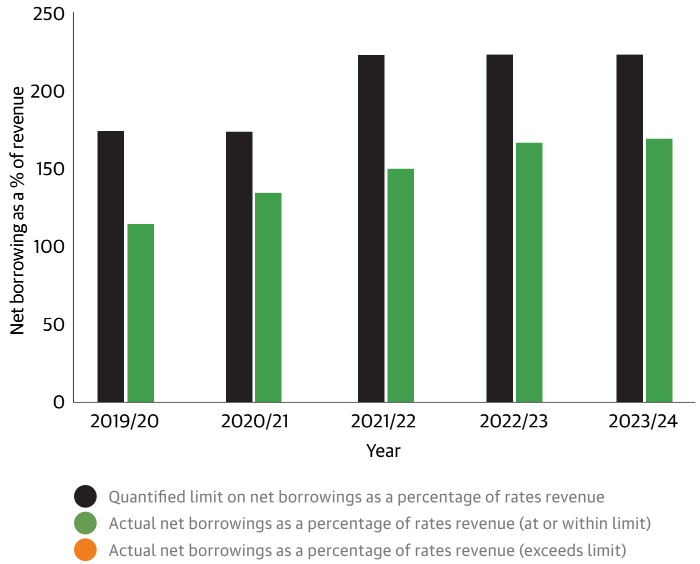
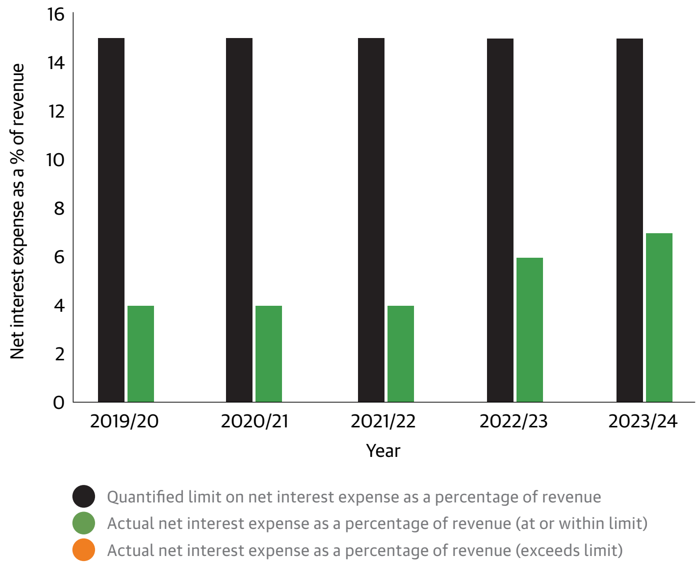




Debt affordability benchmark

The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. The Council has several measures for debt affordability and these are set out below. The suitability of these measures has been assessed by Council's professional advisers, PwC Wellington.

Net borrowing as a percentage of revenue

The above graph compares the Council's actual net borrowings as a proportion of revenue with a quantified limit on borrowing stated in the financial strategy included in the Council's LTP.

The quantified limit is net borrowings, comprised of borrowings less cash and cash equivalents, being less than or equal to 225 percent of revenue. For this measure, revenue is defined as total revenue less vested assets and development contribution revenue.

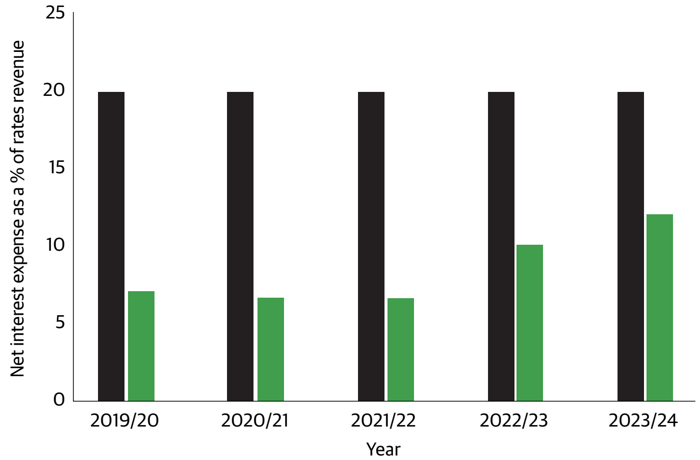
Net interest as a percentage of revenue

The above graph compares the Council's actual net interest expense as a proportion of revenue with a quantified limit on net interest stated in the financial strategy included in the Council's LTP.

The quantified limit is net interest, defined as interest expense less interest revenue, being less than or equal to 15 percent of revenue. For this measure revenue is defined as total revenue less vested assets and development contribution revenue.

Ngārahu ā-Pūtea
Financial Prudence

- continued

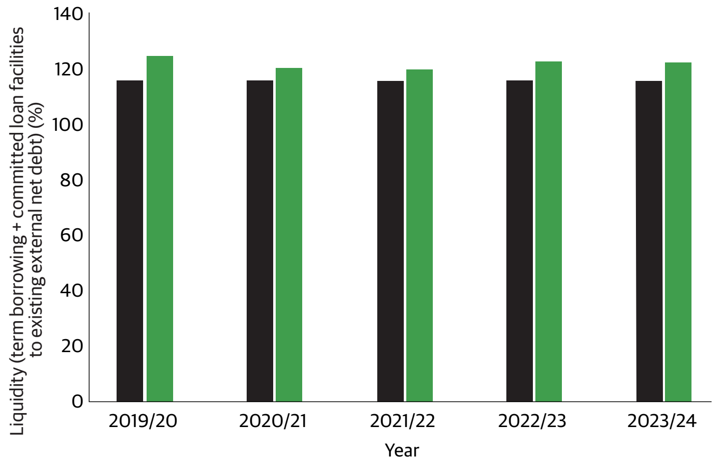


Quantified limit on net interest expense as a percentage of revenue
Actual net interest expense as a percentage of rates revenue (at or within limit)
Actual net interest expense as a percentage of rates revenue (exceeds limit)

Net interest as a percentage of annual rates revenue

The above graph compares the Council's actual net interest expense as a proportion of annual rates revenue with a quantified limit on net interest stated in the financial strategy included in the Council's LTP.

The quantified limit is net interest, defined as interest expense less interest revenue, being less than or equal to 20 percent of annual rates revenue.



Quantified limit on liquidity (term borrowing + committed loan facilities to existing external net debt)
Actual liquidity (term borrowing + committed loan facilities to existing external net debt) (at or exceeds limit)
Actual liquidity (term borrowing + committed loan facilities to existing external net debt) (below limit)

Liquidity (term borrowing + committed loan facilities to existing external net debt)

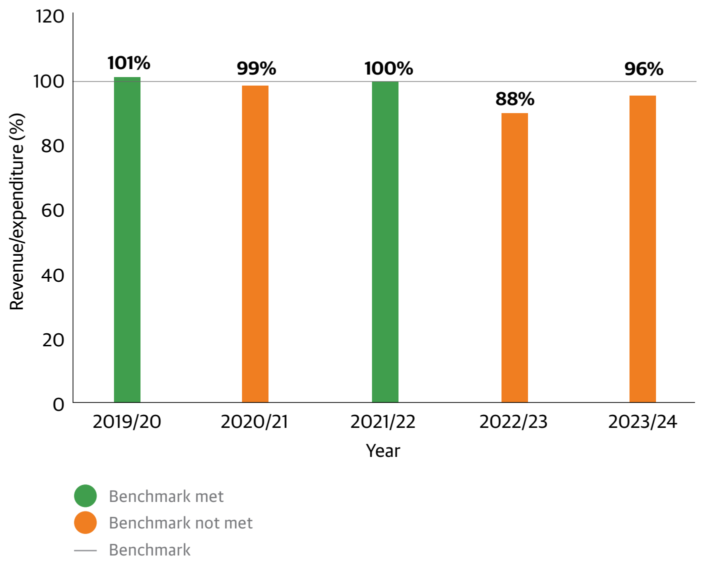
The above graph compares the Council's actual liquidity with a quantified limit on liquidity stated in the financial strategy included in the Council's LTP.

The Council minimises its liquidity risk by avoiding concentration of debt maturity dates and by maintaining sufficient liquid assets.

The quantified limit is liquidity being greater than or equal to 115 percent. For debt affordability, liquidity is defined as term borrowing plus committed loan facilities as a percentage of existing net debt. Existing net debt is defined as borrowings less cash and cash equivalents.

Ngārahu ā-Pūtea
Financial Prudence

- continued

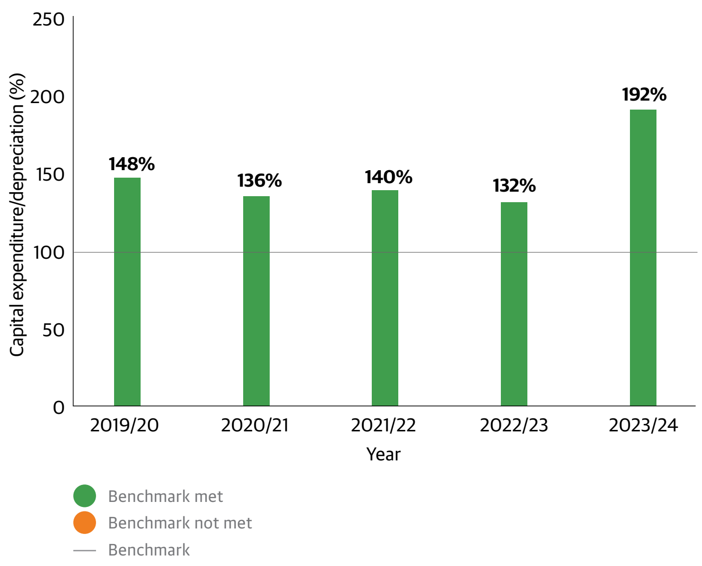


Balanced budget benchmark

The above 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.

For 2022/23 and 2023/24, the deficit is largely due to the change in approach of funding "three waters" depreciation from rates to debt funding of this operational expenditure to an amount equal to the difference between depreciation and capital expenditure renewals. This change in approach arose from the revaluation of water assets which increased significantly in value resulting in increased depreciation expense. This change was included in and approved as part of the 2022/23 and 2023/24 AP.



Essential services benchmark

The above 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.

Ngārahu ā-Pūtea Financial Prudence

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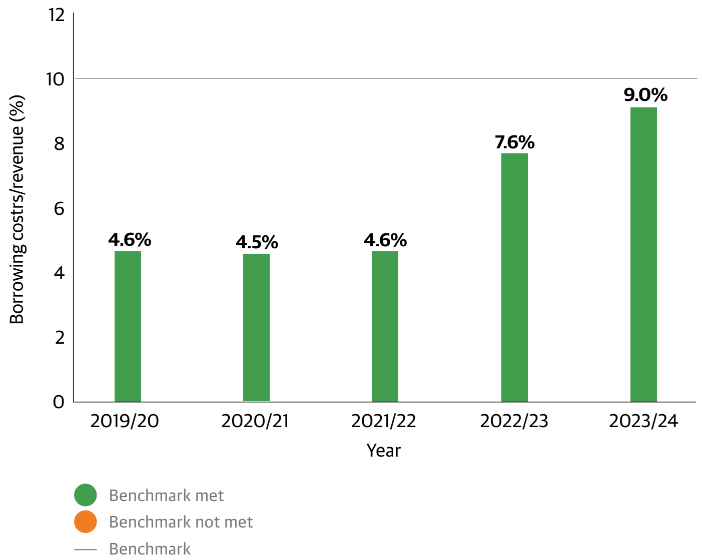
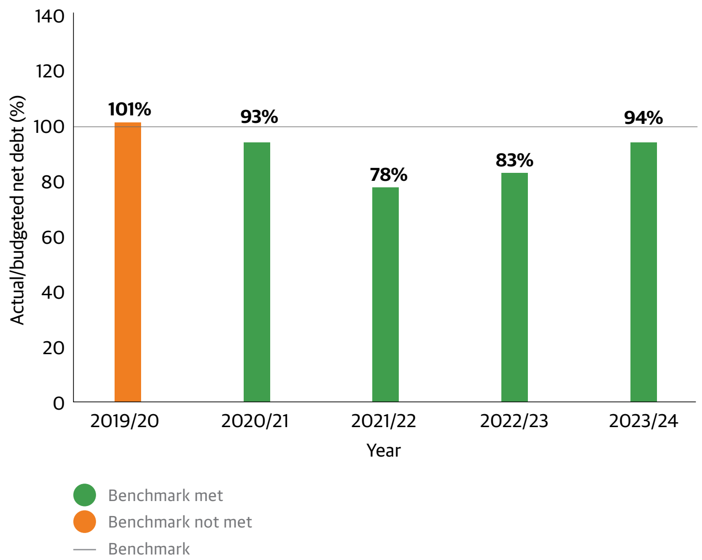


Debt servicing benchmark

The above 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 as fast as the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10 percent of its revenue.



Debt control benchmark

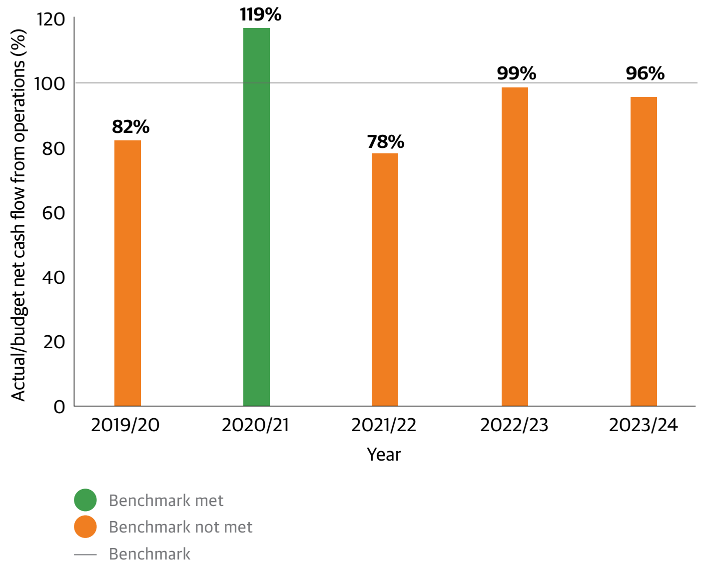
The above graph displays the Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

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

The calculation of net debt in this benchmark includes derivative (non-cash) financial instruments, predominantly cash flow hedges. The 2019/20 net debt was impacted by the valuation of the Council's cash flow hedge liabilities being higher than planned because of interest rate volatility during that financial year.

Ngārahu ā-Pūtea Financial Prudence

- continued



Operations control benchmark

The above 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.

Several assumptions are made around the timing of events. Any departure from these assumptions can affect the outcome of this measure. The Council is satisfied that it is prudently managing operational cash flow, with variances in the 2019/20, 2021/22, 2022/23 and 2023/24 years explained by the timing difference in the receipt of revenues compared to budget that led to the "not met" outcome for this measure. In 2019/20 and 2021/22 there were also significant revenue losses due to the COVID-19 restrictions which would have impacted this measure.

Directory

The Customer Contact Centre and website are your first points of contact for all Council services, including building and resource consents, complaints and queries, liquor licensing, animal control, food safety, parks and recreation facilities, Council meetings and consultation, cemeteries, landfills, transport issues, rubbish and recycling collection, parking, rates, events, archives and community services.

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Absolutely Positively
Wellington City Council

Me Heke Ki Pōneke

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