

# Annual Report 2023/2024

**WESTLAND**  
District Council | Te Kahui o Poutini



# Impact of asset revaluations, loss on disposal, and impairment

- Assets, such as three waters reticulation and plant, are revalued each year.
- Assets are disposed of as they are replaced at the revalued amount, for example water pipes.
- The higher the revaluation, the higher the loss will be when the asset is disposed of.
- Assets identified as impaired, such as Jackson River Road, are also at the higher valuation rather than cost.
- Accounting standards dictate how the Council accounts for asset valuations, disposals and impairment.
- The combined cost of loss on disposal and impairment accounts for **\$7m** of the Council's loss before tax.

## Other items causing the deficit

- Loss on Derivative Financial Instruments **\$0.5m**
- Provision for Doubtful Debts **\$0.1m**
- Unrealised Landfill Aftercare costs **\$0.1m**
- These are provisions and valuations allowing for future costs.

## Why the deficit is not a cash loss

- Re-valuations, while accounted for on paper, are not actually cash benefits unless the Council sells the asset.
- Without these “costs”, the results would have been a balanced budget.
- Revenue would be at least equal to expenditure.