

7.11 The Value of the Assets

Council's roading assets were most recently valued as 1 July 2016. The results of this valuation are summarised in the table below. A full valuation report was prepared and is available from Council.

These are considered to be the fair value for the highest and best use.

Asset Group/Sub-group	Gross Replacement Cost	Depreciated Replacement Cost	Annual Depreciation
Land	\$9,882,638	\$9,882,638	\$0
Formation	\$294,083,268	\$294,083,268	\$0
Sealed Pavement Surface	\$24,353,342	\$8,195,223	\$1,369,640
Sealed Pavement Structure	\$62,713,860	\$50,021,781	\$364,272
Unsealed Pavement Structure	\$17,266,182	\$5,139,929	\$1,224,586
Car Parks	\$2,445,233	\$1,772,414	\$45,193
Ward Car Parks	\$1,732,520	\$1,247,681	\$33,422
Cromwell	\$562,231	\$378,073	\$13,258
Alexandra	\$761,700	\$548,893	\$13,563
Earnsclough	\$129,907	\$101,919	\$1,605
Manuherikia	\$13,134	\$11,281	\$99
Maniototo	\$234,182	\$180,702	\$4,475
Roxburgh	\$31,366	\$26,813	\$422
District Car Parks	\$712,713	\$524,733	\$11,771
Drainage	\$19,313,032	\$11,460,326	\$280,579
Footpaths	\$18,005,378	\$10,086,533	\$398,994
Cromwell	\$7,569,696	\$3,620,816	\$197,557
Alexandra	\$5,157,373	\$2,967,675	\$111,517
Earnsclough	\$2,117,478	\$1,483,586	\$30,999
Manuherikia	\$330,228	\$221,394	\$4,548
Maniototo	\$1,155,647	\$676,364	\$28,219
Roxburgh	\$1,674,957	\$1,116,697	\$26,153
SW Channels	\$18,138,916	\$11,417,242	\$186,961
Traffic Facilities	\$2,046,622	\$765,262	\$135,378
Minor Structures	\$934,960	\$341,455	\$14,116
Railings	\$2,079,673	\$1,079,475	\$42,202
Bridges	\$73,208,570	\$33,911,899	\$616,958
Street Lights	\$2,191,138	\$1,142,873	\$58,973
Lights	\$757,418	\$263,190	\$30,302
Poles	\$1,433,720	\$879,683	\$28,671
Total	\$546,662,812	\$439,300,318	\$4,737,852

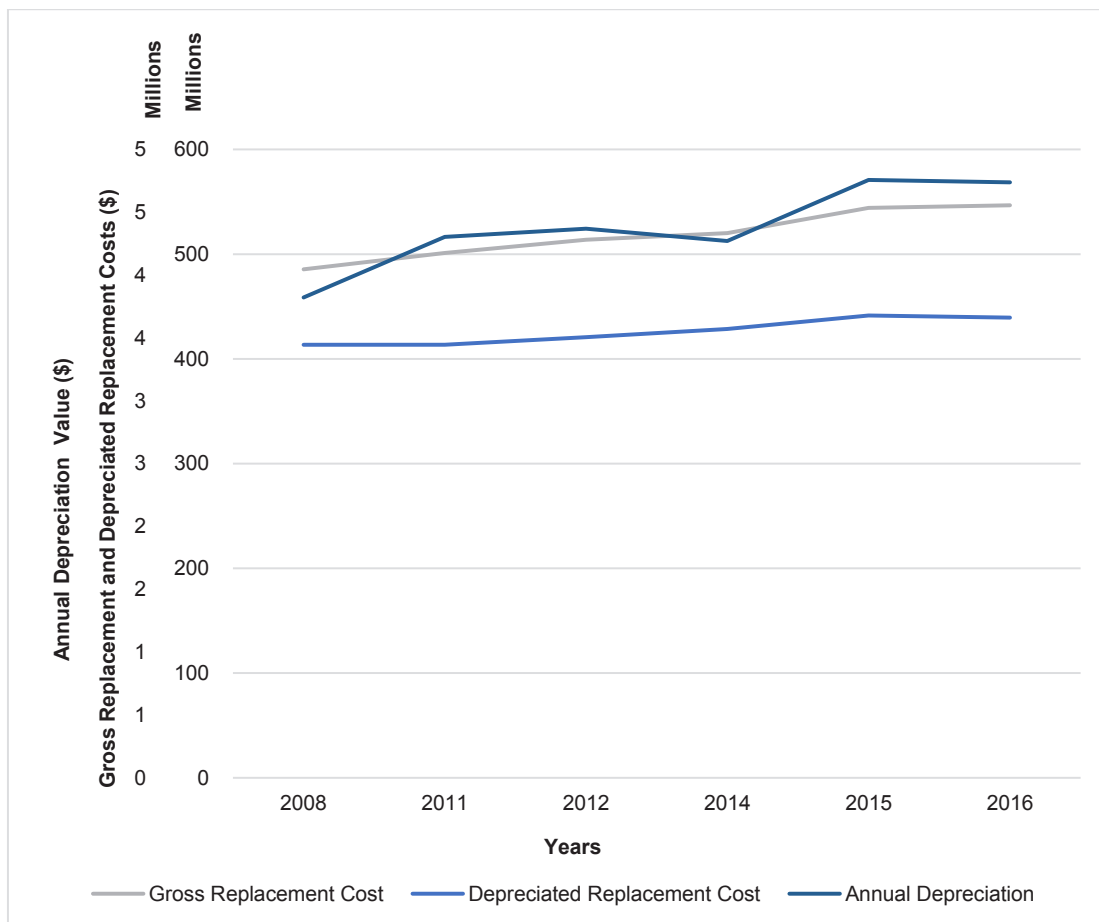
* Alexandra Airport asset valuations excluded from table

Successive valuation results are shown in the tables and graph below.

Asset Description	Gross Replacement Cost	Depreciated Replacement Cost	Annual Depreciation
% Increase on last valuation (2014-2016)	4.8%	2.4%	9.8%
2016 (*)	\$546,662,812	\$439,300,318	\$4,737,852
2015 (*)	\$544,042,000	\$441,435,000	\$4,757,100
2014 (*)	\$520,164,673	\$428,640,939	\$4,272,517
2012	\$513,709,528	\$420,662,739	\$4,368,757
2011	\$501,003,724	\$413,609,199	\$4,303,513
2008	\$485,506,025	\$413,469,374	\$3,822,038

* Alexandra Airport asset valuations (2014-2016) excluded from table

Table 7.6 Difference in Successive Roothing Valuation Amounts



* Alexandra Airport asset valuations excluded

Figure 7.6 Difference in Successive Roothing Valuation Amounts

Source: Central Otago District Council Transportation AMP 2018-2021

Asset Description	Gross Replacement Cost	Depreciated Replacement Cost	Annual Depreciation
% Increase on last valuation (2014-2016)	0.1%	6.7%	-23.8%
2016	\$1,498,386	\$1,087,227	\$15,811
2015	\$1,498,000	\$1,095,000	\$15,900
2014	\$1,497,287	\$1,013,853	\$19,571

Table 7.7 Difference in Successive Transportation Assets Valuation – Alexandra Airport

Although the overall movement in the valuation is only slight, the increases and decreases within individual asset classes are more significant.

Asset additions and data improvements, inflation and unit rates resulted in an increase in value of the assets. Revision of unit rates for some activities and review of the standard lives, to more accurately reflect the costs and lives being achieved, resulted in the change in annual depreciation.

“ You’ve seen how the CODC’s AMP set out asset valuation. Now for another example – take a look at the valuation summary extracted from the WDC’s AMP. ”

9.4.3 Valuation Summary

The valuation report completed for the 2014 revaluation (TRIM document 14/83784) holds the detail in regards to the revaluation outcome. The following is an extract from the key areas of the report.

Excluding the non-depreciable assets (Formation, Subbase), the depreciation rate is approximately 2.7%. This is not out of place with other local authority roading departments.

In summary the Optimised Replacement Cost (ORC) of the roading asset at \$1,066.3M, the Optimised Depreciated Replacement Cost (ODRC) at \$740.1M and the Annual Depreciation (AD) at \$16.4M. The total depreciated value is \$326.1M.

The detailed breakdown of the valuation by asset type is provided in *Table 9-9* below.

Table 9-9: Summary Revaluation Data

Asset Type	Optimised Replacement Costs	Optimised Depreciated Replacement Cost	Annual Depreciation
Bridge	\$132,436,254.86	\$76,747,301.24	\$1,500,773.47
Drainage	\$40,520,237.91	\$26,608,728.02	\$563,956.14
Feature	\$1,085,676.50	\$542,838.24	\$69,860.92
Footpath	\$44,705,538.63	\$17,848,695.00	\$843,614.34
Intelligent Transport Systems	\$31,036.00	\$14,273.15	\$1,480.53
Railing	\$3,416,026.77	\$1,708,013.40	\$182,803.78
Retaining Wall	\$35,665,480.66	\$19,766,300.76	\$625,648.89
Sign	\$2,887,593.41	\$1,410,154.60	\$192,393.92
Street Light	\$9,136,729.59	\$4,308,653.54	\$316,281.00
SW Channel	\$50,922,370.32	\$23,382,151.25	\$848,675.40
Traffic Signal	\$3,016,526.95	\$1,154,669.60	\$232,811.13
Treatment Length	\$742,547,702.25	\$566,688,346.63	\$11,034,903.24
Grand Total	\$1,066,371,173.85	\$740,180,125.45	\$16,413,202.76

The current approved renewal investment for 2018/19 is \$15.2M. The annual depreciation from the 2017 revaluation would indicate that there is a renewals investment shortfall of less than a \$1M. This means that that there is a fairly balanced budget.

“ Although not shown in this example tool, the WDC’s AMP follows up information on asset valuation with confidence ratings assigned to the source data, unit cost rates and other items. Would your organisation benefit from obtaining and including this type of supporting information in its AMP?

The WDC’s AMP provides some good graphical summaries of its:

- forecast optimised asset replacement costs
- forecast optimised depreciated replacement costs
- forecast annual depreciation
- net annual change in asset value.

Have a look at these graphs below.



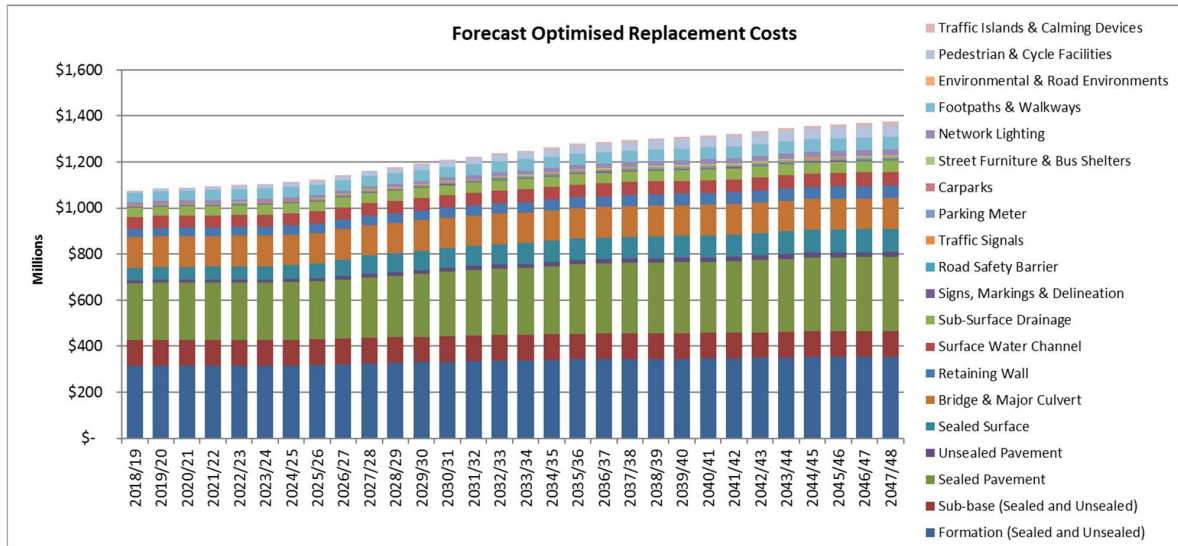


Figure 9-10: Forecast Replacement Costs

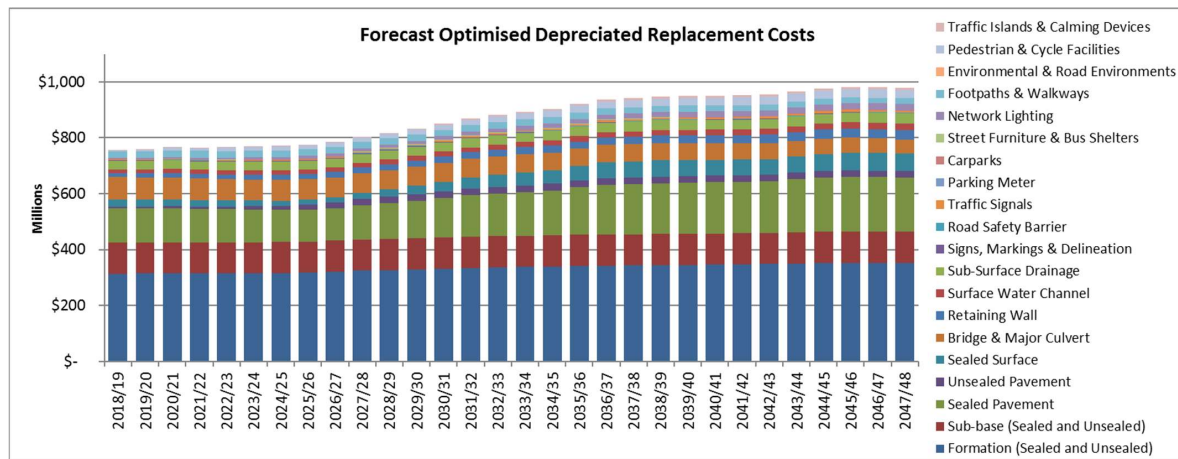


Figure 9-11: Forecast Depreciated Replacement Costs

Source: Whangarei District Council Transportation AMP 2018-2048

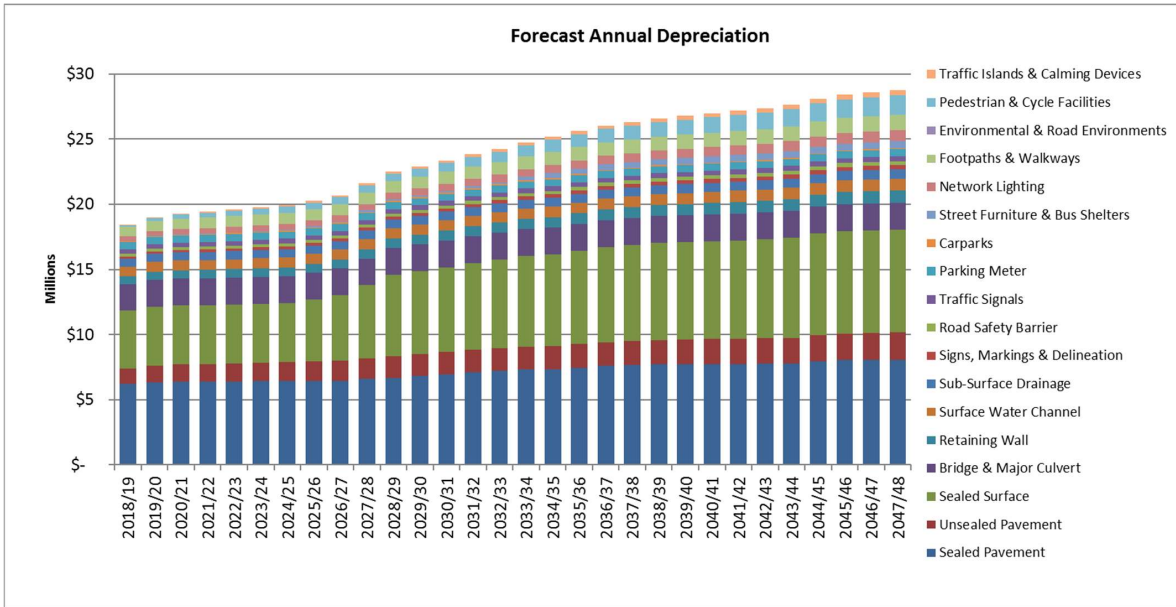


Figure 9-12: Forecast Annual Depreciation

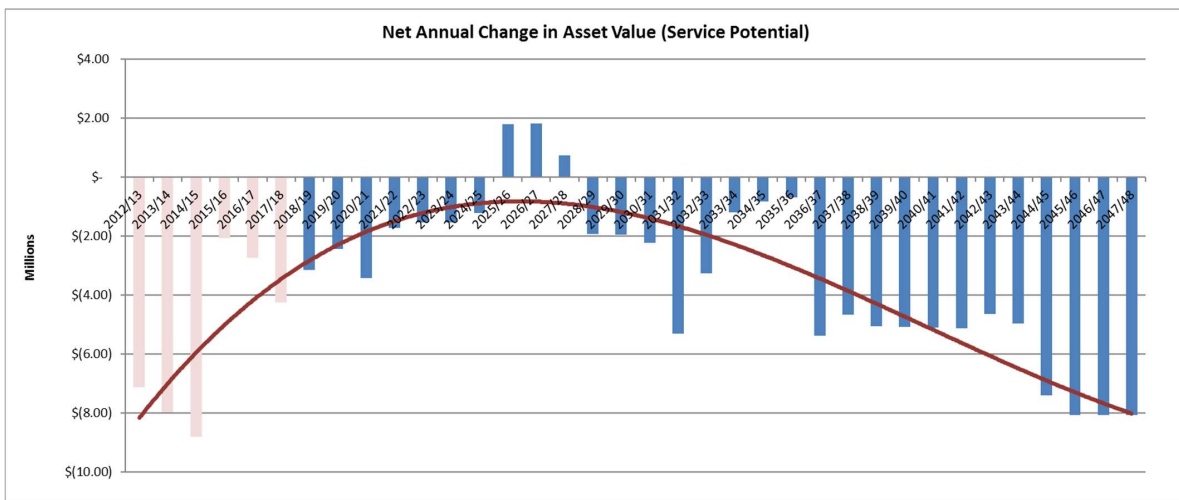


Figure 9-13: Service Potential (Net Annual Change in Asset Value)

Source: Whangarei District Council Transportation AMP 2018-2048