



# Asset revaluations explained

BY LESLEY McCOY  
*Assets Administrator*

**COUNCIL** is preparing to begin asset revaluations, which form the basis for our long-term financial forecasts.

We undertake asset revaluations every three years, however we've brought the programme forward one year to better allocate staff resources in relation to other Council planning, such as the Long-term Plan process.

Councils throughout the country face financial challenges in relation to their assets – whether they be buildings, roads, or network assets like pipes and other infrastructure.

This is because of the high number of assets we own, a high level of depreciation, and the life of each asset being long-lasting – often 100 years or more.

Invercargill City Council is no different. Our infrastructure and finance teams are working together to ensure efficient lifecycle costs for our assets, inter-generational equity, and to reduce financial 'shocks' to ratepayers.

Inter-generational equity is one of our biggest challenges. This is where we calculate costs so each generation of ratepayers are paying for what they use, ensuring current or future rates are fair for each generation wherever possible.

As part of this, we allocate depreciation to each asset – this is to ensure that we are financially applying the right level of annual use to each asset.

Assets need to be accurately valued for many reasons.

We must comply with International Financial Reporting Standards, which require assets to be valued at 'fair value'.

Also, asset managers and financial managers need to understand how the assets will depreciate over their useful life in order to fairly allocate costs, set income streams and plan for renewals.

To prepare for a reliable revaluation, we need to have reasonable knowledge of an asset's age, its remaining useful life and its replacement costs.

Replacement costs are based on recent construction contracts where possible.

Standard replacement costs are adjusted for assets which are less common, or where specialist work may be involved- these might be very deep

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pipework assets, or heritage building features, for example.

The remaining life of an asset can be estimated by:

- Applying standard 'useful life' to assets based on industry guidelines and staff knowledge.
- Physical inspections of the asset's condition and assessment of its performance to calculate expected remaining life.
- Where physical inspections aren't practical or affordable (typically underground assets) another approach is to group assets in sub-sets of similar characteristics (operating environment, construction methods, etc.). Using experienced staff knowledge, factors can be applied to industry standards to increase or decrease the life expectancy for those sub-sets.
- Predictive models of assets with known condition and performance data can be used to extrapolate predicted 'end of useful life' to other similar assets.

The revaluation information underpins decision making for asset managers when planning for renewals, which is the largest area of Council's annual capital expenditure. The revaluation process is independently peer reviewed to test assumptions used and evaluate the confidence in the accuracy of the revaluations. This reduces the risk of financial 'shocks'.



**ABOVE:** Southland Museum and Art Gallery Collection Technician Chontelle Syme has been selected to represent Southland for the National Digital Forum.

## Introducing Southland's new National Digital Forum ambassador

**BY KIMBERLEY STEPHENSON**

***Southland Museum and Art Gallery Collections Manager***

Southland's newest representative on the nationwide stage is Council employee Chontelle Syme who was recently selected to represent the region as part of the National Digital Forum (NDF).

The NDF is an organisation that works closely with museums, archives, art galleries, libraries, and government to enhance New Zealand's digital interaction with culture and heritage.

Chontelle is well-placed to be the ambassador as she works for the Southland Museum and Art Gallery Niho o te Taniwha and has grown up in the digital age.

Chontelle has just taken over the position from the first Southland ambassador, Bonnie Mager.

Bonnie was the pioneer for NDF in Southland, running the first local meeting and setting up a GLAM Professional Development team.

Chontelle will continue Bonnie's work, connecting Southland with digital initiatives in this exciting time of regeneration.

If you're in the GLAM or creative sector, keep an eye out for the NDF conference in the middle of this year.

If you have any ideas or want to get involved in the digital events going on in Southland, flick an email to Chontelle at [chontelle.syme@southlandmuseum.co.nz](mailto:chontelle.syme@southlandmuseum.co.nz) or check out the NDF website <http://www.ndf.org.nz/>

## After Hours Family History

Thursday 4 April, 7.00 - 9.00pm

Join us for after-hours at the Invercargill Public Library for access to our genealogy and local history resources. This evening is perfect for experienced researchers who have already started working on their family tree. Library computers will be available but you are welcome to bring your own laptop. Tea and coffee provided.

Places are limited so register now at [www.ilibrary.co.nz/afterhours](http://www.ilibrary.co.nz/afterhours)



**Above:** Invercargill City Council Information Services Manager Mark Radcliffe, Councillors Graham Lewis and Darren Ludlow, and Health and Safety Advisor Amber Geerlings-Parker are registered and ready for the 2019 ICC Surf to City!

PHOTO: Kelly Braithwaite/Invercargill City Council



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