

# Property, Plant and Equipment Notes

## 12. PROPERTY, PLANT & EQUIPMENT – COUNCIL

2013

	COST / REVALUATION 1-JUL-12	ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES 1-JUL-12	CARRYING AMOUNT 1-JUL-12	CURRENT YEAR ADDITIONS	CURRENT YEAR DISPOSALS	CURRENT YEAR IMPAIRMENT CHARGES	CURRENT YEAR DEPRECIATION ADJUSTMENTS	REVALUATION SURPLUS	COST/ REVALUATION 30 JUNE-13	ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES 30 JUNE-13	CARRYING AMOUNT 30 JUNE-13
Land	393,636	0	393,636	849	(20)	0	(1,526)	(34,082)	358,857	(1)	358,856
Vehicles & plant	5,180	(1,272)	3,907	469	(192)	0	(322)	0	5,112	(1,248)	3,864
Leasehold improvements	3,595	(1,376)	2,219	94	0	0	(1,123)	339	2,587	(1,443)	1,144
Wharves, ramps, moorings	4,805	0	4,805	341	(9)	0	(442)	377	5,073	0	5,073
F&F and office equipment	5,230	(1,453)	3,776	270	(20)	0	(457)	2,044	6,440	(751)	5,689
Information systems	3,019	(2,390)	629	190	0	0	(228)	0	2,946	(2,355)	591
*Work in progress	437	0	437	668	(979)	0	0	0	125	0	125
<b>Total operational assets</b>	<b>415,902</b>	<b>(6,491)</b>	<b>409,409</b>	<b>2,881</b>	<b>(1,220)</b>	<b>0</b>	<b>(1,836)</b>	<b>(31,322)</b>	<b>381,139</b>	<b>(5,797)</b>	<b>375,342</b>
Roading	904,219	(205)	904,014	13,704	(139)	0	(14,989)	13,540	916,748	(635)	916,113
Water	59,590	(11)	59,578	1,998	(169)	0	(2,238)	0	61,444	(2,233)	59,210
Sewerage	95,665	0	95,665	2,809	(313)	0	(3,413)	0	98,181	(3,394)	94,787
Refuse	4,676	(479)	4,198	224	(14)	0	(549)	272	4,130	0	4,130
Stormwater	49,095	(1,248)	47,847	888	(54)	0	(659)	515	38,495	0	48,495
Community facilities	53,841	(3,965)	49,877	1,974	(349)	0	(3,433)	7,101	58,250	(531)	57,719
Work in progress	12,963	0	12,963	29,386	(23,479)	0	0	0	18,306	0	18,306
<b>Total infrastructural assets</b>	<b>1,180,049</b>	<b>(5,908)</b>	<b>1,174,142</b>	<b>50,983</b>	<b>(24,517)</b>	<b>0</b>	<b>(25,282)</b>	<b>21,427</b>	<b>1,205,553</b>	<b>(6,794)</b>	<b>1,198,761</b>
<b>Council restricted assets</b>											
Land	44,775	0	44,775	0	0	0	0	(18,771)	26,004	0	26,004
<b>Total restricted assets</b>	<b>44,775</b>	<b>0</b>	<b>44,775</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(18,771)</b>	<b>26,004</b>	<b>0</b>	<b>26,004</b>
<b>Total property, plant &amp; equipment</b>	<b>1,640,726</b>	<b>(12,399)</b>	<b>1,628,325</b>	<b>53,864</b>	<b>(25,736)</b>	<b>0</b>	<b>(27,118)</b>	<b>(28,666)</b>	<b>1,612,699</b>	<b>(12,590)</b>	<b>1,600,106</b>

## 1.2. PROPERTY, PLANT &amp; EQUIPMENT – COUNCIL

	COST / REVALUATION 1-JUL-11		ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES 1-JUL-11		CARRYING AMOUNT 1-JUL-11		CURRENT YEAR ADDITIONS		CURRENT YEAR DISPOSALS		CURRENT YEAR IMPAIRMENT CHARGES		CURRENT YEAR DEPRECIATION		CURRENT YEAR ADJUSTMENTS		REVALUATION SURPLUS		COST / REVALUATION 30 JUNE-12		ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES 30 JUNE-12		CARRYING AMOUNT 30 JUNE-12		
Land	394,293	0	394,293	402	(698)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	393,636	0	0	393,636	0	393,636
Vehicles & plant	3,829	(1,454)	2,375	551	(83)	0	(163)	0	(163)	0	(15)	0	0	0	0	0	0	0	0	5,180	(1,273)	0	3,907	3,907	
Leasehold improvements	3,564	(1,034)	2,530	63	(9)	0	(365)	0	(365)	0	0	0	0	0	0	0	0	0	0	3,595	(1,376)	0	2,219	2,219	
Wharves, ramps, moorings	3,575	0	3,575	11	0	0	(351)	0	(351)	0	151	0	0	0	0	0	0	0	0	4,805	0	0	4,805	4,805	
F&F and office equipment	5,114	(975)	4,139	154	(16)	0	(500)	0	(500)	0	0	0	0	0	0	0	0	0	0	5,230	(1,454)	0	3,776	3,776	
Information systems	2,628	(2,168)	460	382	0	0	(222)	0	(222)	0	9	0	0	0	0	0	0	0	0	3,019	(2,390)	0	629	629	
*Work in progress	7,728	0	7,728	2,774	(10,059)	0	0	0	0	0	(6)	0	0	0	0	0	0	0	0	437	0	0	437	437	
<b>Total operational assets</b>	<b>420,731</b>	<b>(5,631)</b>	<b>415,101</b>	<b>4,337</b>	<b>(10,865)</b>	<b>0</b>	<b>(1,601)</b>	<b>0</b>	<b>(1,601)</b>	<b>0</b>	<b>(222)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>415,902</b>	<b>(6,493)</b>	<b>0</b>	<b>409,409</b>	<b>409,409</b>	
Roading	858,532	(13,122)	845,410	28,078	(5,515)	0	(14,408)	0	(14,408)	0	264	0	0	0	0	0	0	0	0	904,219	(205)	0	904,014	904,014	
Water	58,695	(2,074)	56,621	1,341	(139)	0	(2,082)	0	(2,082)	0	0	0	0	0	0	0	0	0	0	59,590	(11)	0	59,578	59,578	
Sewerage	94,297	(2,984)	91,313	2,488	(95)	0	(3,171)	0	(3,171)	0	0	0	0	0	0	0	0	0	0	95,665	0	0	95,665	95,665	
Refuse	4,662	0	4,662	107	(5)	0	(526)	0	(526)	0	0	0	0	0	0	0	0	0	0	4,676	(478)	0	4,198	4,198	
Stormwater	46,207	(622)	45,585	2,927	(38)	0	(627)	0	(627)	0	0	0	0	0	0	0	0	0	0	49,095	(1,248)	0	47,847	47,847	
Community facilities	49,035	(606)	48,429	4,874	(164)	0	(3,477)	0	(3,477)	0	214	0	0	0	0	0	0	0	0	53,841	(3,964)	0	49,877	49,877	
Work in progress	31,104	0	31,104	22,902	(40,439)	0	0	0	0	0	(604)	0	0	0	0	0	0	0	0	12,963	0	0	12,963	12,963	
<b>Total infrastructural assets</b>	<b>1,142,532</b>	<b>(19,408)</b>	<b>1,123,124</b>	<b>62,718</b>	<b>(46,395)</b>	<b>0</b>	<b>(24,291)</b>	<b>0</b>	<b>(24,291)</b>	<b>0</b>	<b>(126)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,180,049</b>	<b>(5,907)</b>	<b>0</b>	<b>1,174,142</b>	<b>1,174,142</b>	
<b>Council restricted assets</b>																									
Land	44,775	0	44,775	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	44,775	0	0	44,775	44,775	
<b>Total restricted assets</b>	<b>44,775</b>	<b>0</b>	<b>44,775</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>44,775</b>	<b>0</b>	<b>0</b>	<b>44,775</b>	<b>44,775</b>	
<b>Total property, plant &amp; equipment</b>	<b>1,608,038</b>	<b>(25,039)</b>	<b>1,582,999</b>	<b>67,055</b>	<b>(57,260)</b>	<b>0</b>	<b>(25,892)</b>	<b>0</b>	<b>(25,892)</b>	<b>0</b>	<b>(348)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,640,726</b>	<b>(12,400)</b>	<b>0</b>	<b>1,628,325</b>	<b>1,628,325</b>	



1.2. PROPERTY, PLANT & EQUIPMENT – CONSOLIDATED

2012

	COST / REVALUATION 1-JUL-11	ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES 1-JUL-11	CARRYING AMOUNT 1-JUL-11	CURRENT YEAR ADDITIONS	CURRENT YEAR DISPOSALS	CURRENT YEAR IMPAIRMENT CHARGES	CURRENT YEAR DEPRECIATION	CURRENT YEAR ADJUSTMENTS	REVALUATION SURPLUS	REVALUATION 30 JUNE-12	COST/ REVALUATION 30 JUNE-12	ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES 30 JUNE-12	CARRYING AMOUNT 30 JUNE-12
Land	400,775	(3,705)	397,070	402	(698)	0	0	(361)	0	396,413	(1,803)	393,251	
Buildings	7,291	697	7,988	12,406	0	0	(207)	0	156	20,466	(123)	20,343	
Vehicles & plant	4,674	(2,067)	2,609	573	(83)	(16)	(232)	(15)	1,243	4,674	(1,954)	4,079	
Leasehold improvements	3,618	(1,058)	2,560	63	(9)	0	(366)	0	0	3,649	(1,401)	2,248	
Wharves, ramps, moorings	4,470	0	4,470	11	0	0	(392)	151	1,406	5,646	0	5,646	
F&F and office equipment	5,485	(1,474)	4,011	1,872	(16)	0	(571)	0	0	5,828	(533)	5,295	
Information systems	2,628	(2,168)	460	382	0	0	(222)	9	0	3,019	(2,390)	629	
Runways	2,368	0	2,368	0	0	0	(99)	0	193	2,462	0	2,462	
Boat transporters	467	(57)	410	0	0	(6)	(25)	0	0	467	(88)	379	
Moorings	107	(14)	93	31	0	(3)	(4)	0	0	135	(18)	117	
Work in progress	7,728	0	7,728	2,774	(13,221)	0	0	(6)	0	437	0	437	
<b>Total operational assets</b>	<b>439,611</b>	<b>(9,846)</b>	<b>429,767</b>	<b>18,514</b>	<b>(14,027)</b>	<b>(25)</b>	<b>(2,118)</b>	<b>(222)</b>	<b>2,999</b>	<b>443,196</b>	<b>(8,310)</b>	<b>434,886</b>	
Roading	858,532	(13,122)	845,601	28,078	(5,515)	0	(14,408)	264	50,185	904,219	(14)	904,205	
Water	58,695	(2,074)	56,621	1,341	(139)	0	(2,082)	0	3,836	58,695	882	59,577	
Sewerage	94,297	(2,984)	91,313	2,488	(95)	0	(3,171)	0	5,130	94,297	1,368	95,665	
Refuse	4,662	0	4,662	107	(5)	0	(526)	0	(41)	4,662	(464)	4,198	
Stormwater	46,207	(622)	45,585	2,927	(38)	0	(627)	0	0	46,207	1,640	47,847	
Community facilities	49,035	(606)	48,429	4,874	(164)	0	(3,477)	214	0	49,035	842	49,877	
Work in progress	33,028	0	33,028	22,902	(40,439)	0	0	(604)	0	14,879	0	14,879	
<b>Total infrastructural assets</b>	<b>1,144,456</b>	<b>(19,408)</b>	<b>1,125,239</b>	<b>62,717</b>	<b>(46,395)</b>	<b>0</b>	<b>(24,291)</b>	<b>(126)</b>	<b>59,109</b>	<b>1,171,994</b>	<b>4,254</b>	<b>1,176,248</b>	
<b>Council restricted assets</b>													
Land	44,775	0	44,775	0	0	0	0	0	0	44,775	0	44,775	
<b>Total restricted assets</b>	<b>44,775</b>	<b>0</b>	<b>44,775</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>44,775</b>	<b>0</b>	<b>44,775</b>	
<b>Total property, plant &amp; equipment</b>	<b>1,628,842</b>	<b>(29,254)</b>	<b>1,599,777</b>	<b>81,231</b>	<b>(60,422)</b>	<b>(25)</b>	<b>(26,409)</b>	<b>(348)</b>	<b>62,108</b>	<b>1,659,965</b>	<b>(4,056)</b>	<b>1,655,909</b>	

# VALUATION

\* Note to table 12, page 47 – Includes work in progress (WIP) for intangible assets \$0.367m (\$3.663m 2011/12)

## Land (operational, restricted and infrastructural)

The most recent valuation of land and buildings was performed by an independent registered valuer at Quotable Value New Zealand (Darroch Ltd). This valuation was effective as at 30 June 2013. Plant Assets such as pool plant and the sewerage treatment assets at the Houhora camping ground were valued by AECOM as these were considered to be specialised in nature.

Land is valued at fair value using market-based evidence and the highest and best use scenario. Due consideration has been made for restrictions due to easements, covenants and any restrictions such as the Reserves Act.

An assumption has been made that all land valued is held by the Far North District Council in freehold ownership.

## Buildings (operational and restricted)

All buildings have been valued on either a fair market or depreciated replacement cost basis depending on the type and use of the building.

Depreciated replacement cost is determined using a number of assumptions including:

- Replacement cost rates derived from construction contracts of like assets.
- It was considered that most current buildings in the property portfolio are fully utilised and optimisation is not necessary under a market-derived assessment.
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the assets.
- Economic lives have been adopted taking into consideration the Far North District Councils replacement / maintenance plans

The Councils residential buildings (Pensioner Housing) has been valued on a depreciated replacement cost method. This is due to the fact that there was a paucity of relevant recent sales evidence to derive an appropriate market value.

## Infrastructural asset classes: sewerage, water, refuse, stormwater and roading:

Sewerage, water, stormwater and roading are valued at depreciated replacement cost by Fraser Campbell of Campbell Consulting and SPM Consultants. The sewerage and water valuations, as well as some of the smaller roading asset classes, have an effective date as at 30 June 2012. The stormwater and more significant roading asset class valuations have an effective date as at 30 June 2013. Refuse is valued at depreciated replacement cost by Fraser Campbell of Campbell Consulting and SPM Consultants. Refuse valuations have an effective date as at 30 June 2013.

Depreciated replacement cost is determined using a number of assumptions including:

- Assets are assumed to be replaced with the least cost alternative modern equivalent asset providing the same service potential.
- Residual values were assessed as zero for all assets.
- Depreciation was applied to depreciable assets on a straight-line basis over the assessed total economic life of the asset.
- Optimisation Issues due to functional and design obsolescence and surplus capacity have been considered but not allowed for as this was not considered necessary.

## Library Collections:

Library Collections are valued at depreciated replacement cost and valuations are performed by the in-house systems librarian and the fixed asset accountant. These valuations have been peer reviewed by SPM Consultants. The last valuation was effective as at 31 December 2012.

## Maritime assets:

Maritime assets were valued at depreciated replacement cost by Telfer Young (Northland) Ltd. The last valuation was effective as at 30 June 2013. The following assumptions were used in determining the depreciated replacement cost:

- Replacement costs are derived from recent contract information, indexed cost increases, historical cost data and in-house advice from engineers.
- Remaining lives have been applied as per advice from Far North Holdings engineers as a result of a full data collection exercise carried out in February 2012. In addition work has been carried out by asset managers within FNDC and this advice has also been incorporated into the valuation.

## Heritage assets:

Heritage assets were valued at depreciated replacement cost in accordance with the 2002 treasury valuation guidance for cultural and heritage assets. Heritage valuations are performed by Opus International Consultants Ltd with the last valuation having an effective date of 31 March 2013.

## Operational Assets:

Ferry assets were valued at depreciated replacement cost by Auckland Shipbrokers Ltd, Marine Valuers, effective as at 30 June 2012

Rural Fire Appliances were valued by Turners Auctions as at 30 June 2011

## Disposals

The majority of disposals were carried out during the year as part of the Council on-going renewal programmes. Other disposals include:

- The log cabin in Kaikohe as this was demolished in June 2013
- Part of the Russell wharf as a result of the significant upgrade carried out by Far North Holdings Limited
- Work carried out on the buildings vacated by the move to the Te Ahu centre in Kaitia

## Work In Progress

The total amount of property, plant and equipment in the course of construction is \$18,391,000 (2012 \$13,399,000)

TOTAL VALUE OF PROPERTY, PLANT & EQUIPMENT - VALUED BY EACH VALUER	COUNCIL	
	2013 \$000s	2012 \$000s
Campbell Consulting Ltd	968,859	1,048,534
SPM Consulting (peer review)	2,675	0
Opus International Consultants Ltd	2,356	0
Telfer Young (Northland) Ltd	5,270	5,035
Auckland Shipbrokers	0	2,623
Quotable Value	419,813	0
TOTAL VALUE OF PROPERTY, PLANT & EQUIPMENT - VALUED BY EACH VALUER	GROUP	
	2013 \$000s	2012 \$000s
Campbell Consulting Ltd	968,859	1,048,534
SPM Consulting (peer review)	2,675	0
Opus International Consultants Ltd	2,356	0
Telfer Young (Northland) Ltd	56,372	38,286
Auckland Shipbrokers	0	2,623
Quotable Value	419,813	0