



AGENDA

Council Workshop An Appreciation of Depreciation

Thursday, 21 August 2025

I hereby give notice that a Council Workshop will be held on:

Date: Thursday, 21 August 2025

Time: 11 AM - An Appreciation of Depreciation

**Location: Tauranga City Council Chambers
L1 - 90 Devonport Road
Tauranga**

Please note that this meeting will be livestreamed and the recording will be publicly available on Tauranga City Council's website: www.tauranga.govt.nz.

**Marty Grenfell
Chief Executive**

Order of Business

1 Business..... 4

1.1 Council Open Workshop - An appreciation of depreciation..... 4

1 BUSINESS

1.1 Council Open Workshop - An appreciation of depreciation

File Number: A18690658

Author: Caroline Irvin, Governance Advisor

Authoriser: Caroline Irvin, Governance Advisor

Presenter(s): Kathryn Sharplin, Head of Finance
Tracey Hughes, Manager: Organisational Financial Performance and Corporate

Workshop information

Purpose of workshop

1. The purpose of the workshop is to provide Councillors with an overview of depreciation.

Attachments

1. An appreciation of depreciation - A18690549 [↓](#) 



An appreciation of depreciation (revised)

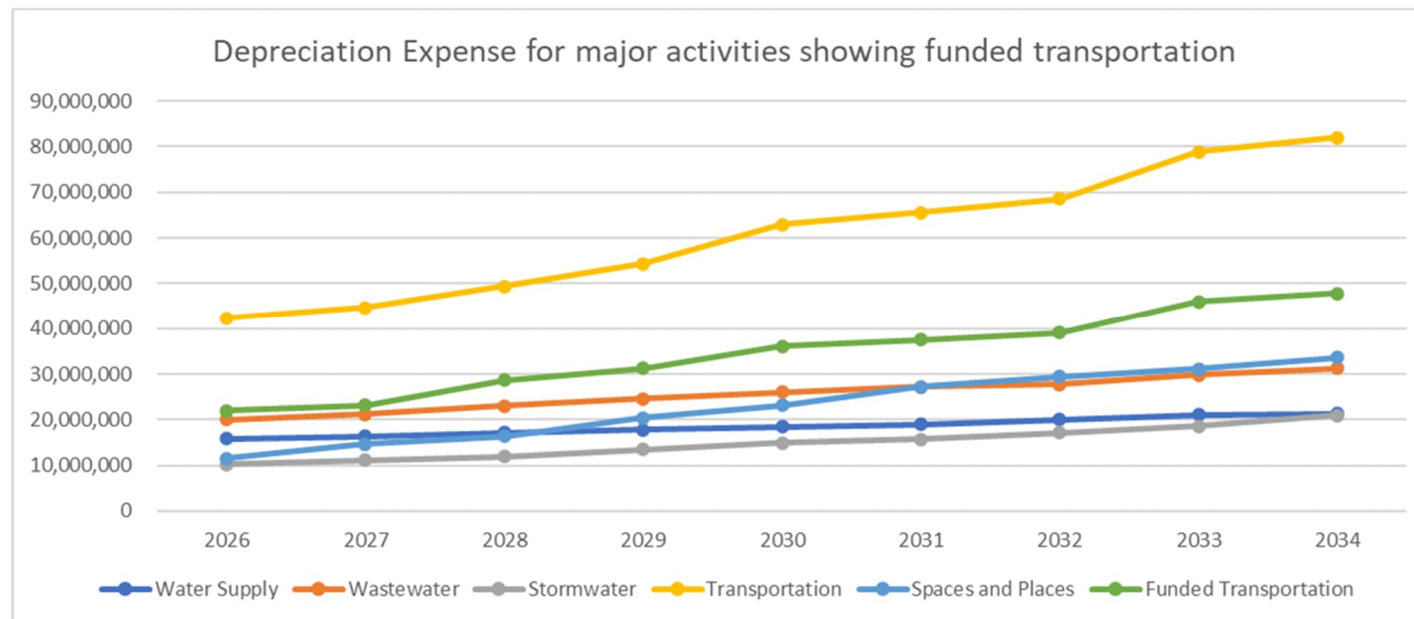
21 August 2025 - Open workshop



Depreciation

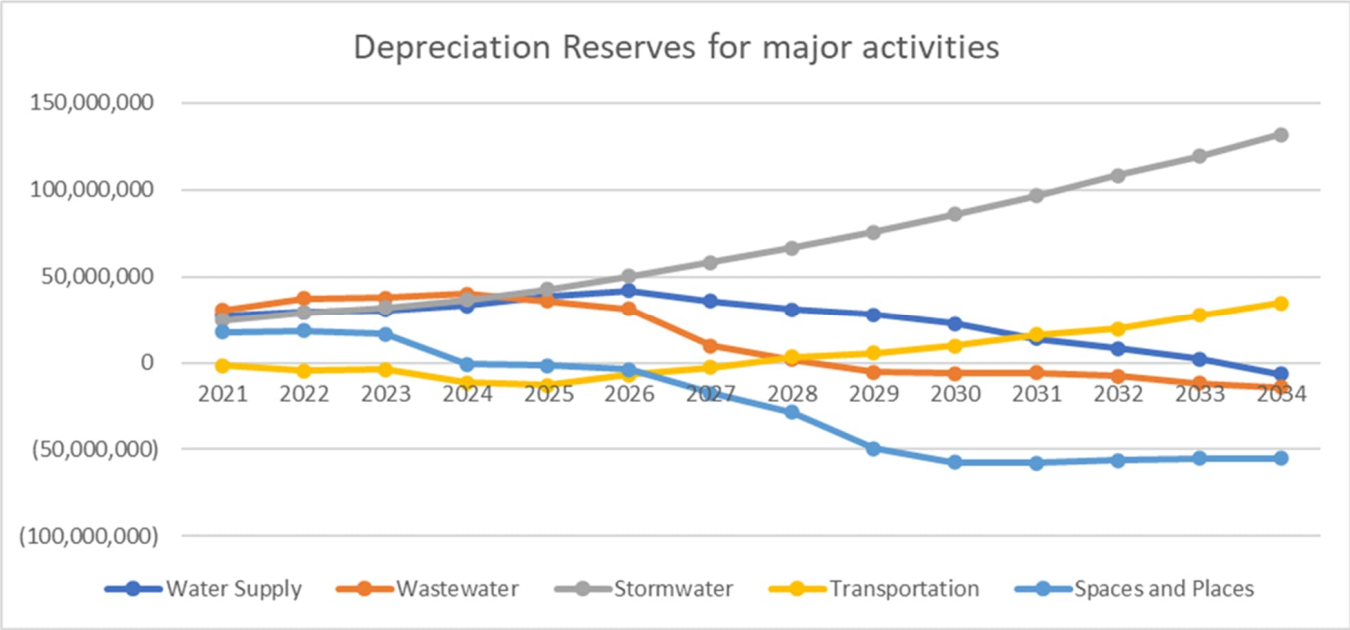
- Expense – Amortisation of fixed assets
- Required to collect revenue to cover expense
 - Current population paying for their share of asset
- Non funded depreciation
- TCC maintain depreciation reserves
- Fund debt retirement from depreciation reserves

Depreciation Expense



- Driven by size and mix of assets, capital program and revaluations

Depreciation Reserves

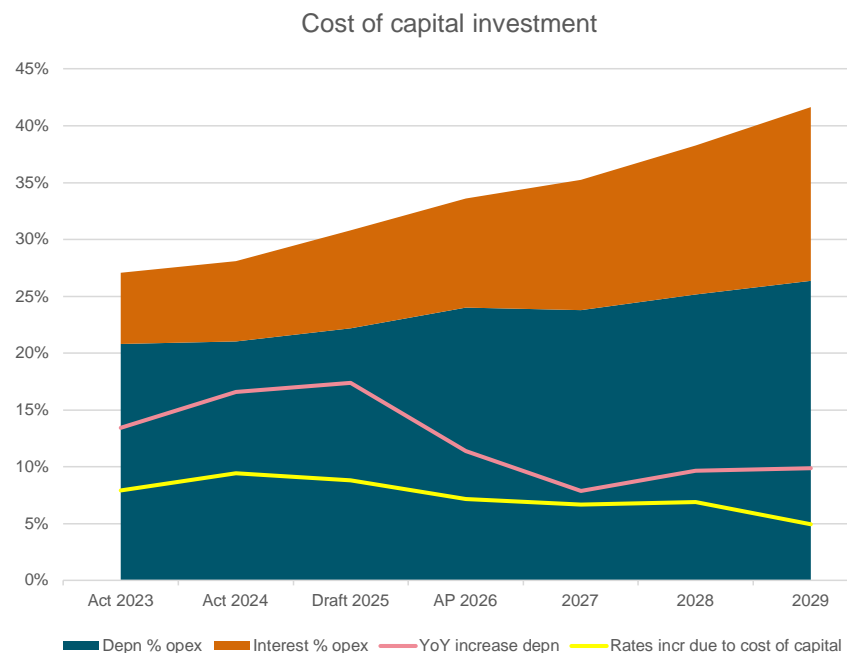


- Several major activities struggling to maintain level of reserves



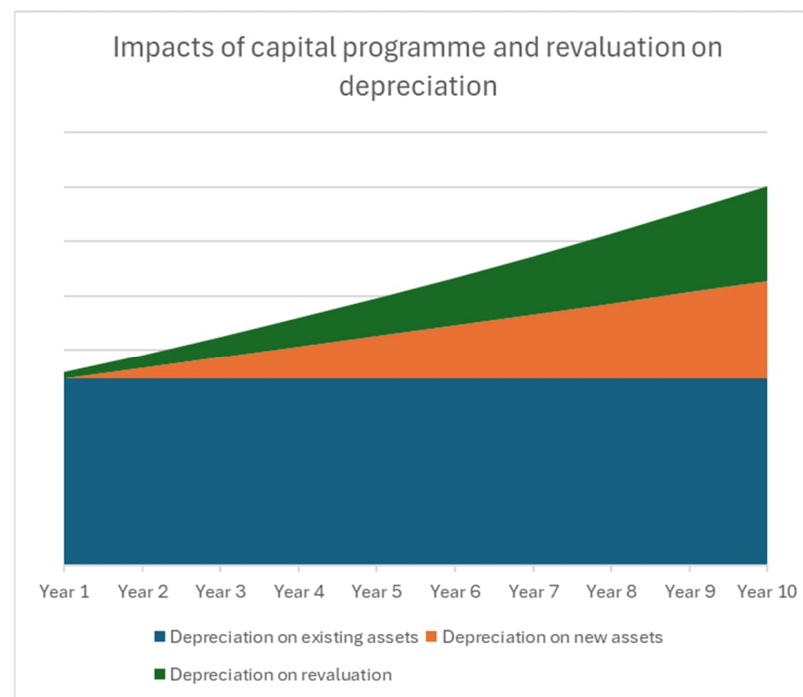
Cost of capital investment

- Capital investment drives depreciation, revaluation and interest costs
- Growth councils particularly impacted due to scale of investment
- Almost all capital investment costs are a direct increase to rates in the short term

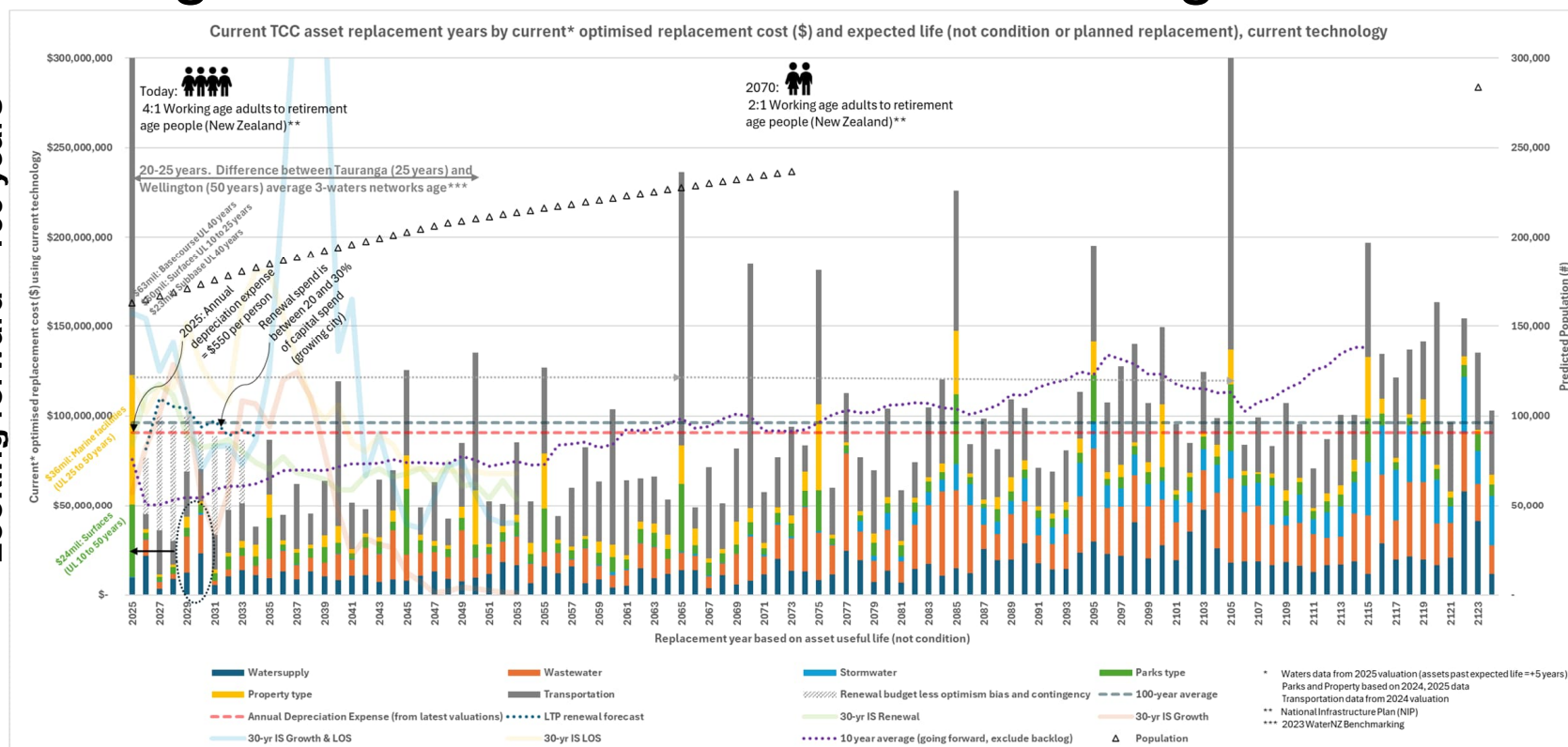


Revaluation Impact on Depreciation Costs

- Revaluation seeks to reflect increasing replacement cost over time
- Revaluation cumulatively increases asset cost and associated depreciation
- Collecting revenue to cover depreciation expense repays debt/provides cash for renewals



Looking forward – 100 years



Looking backwards – 100 years

