

Attachment E - Asset Recycling



Asset recycling re-cap

What is it?

- Asset Recycling is essentially the sale of assets to enable the investment into other assets.
- Asset Recycling aims to release cash “tied up” in assets where:
 - The asset is not aligned to council strategies
 - The asset is performing poorly
 - The council has over-invested
- Asset recycling aligns with councils shift to value service delivery rather than the assets themselves. It opens up opportunities for council to deliver services in new ways e.g. delivering a service through a leased building rather than council building a new one.
- Asset recycling is not a sustainable long term funding source. There is a limited supply of significant assets available for recycling.



Approach to assessing council assets

1. High Level classification

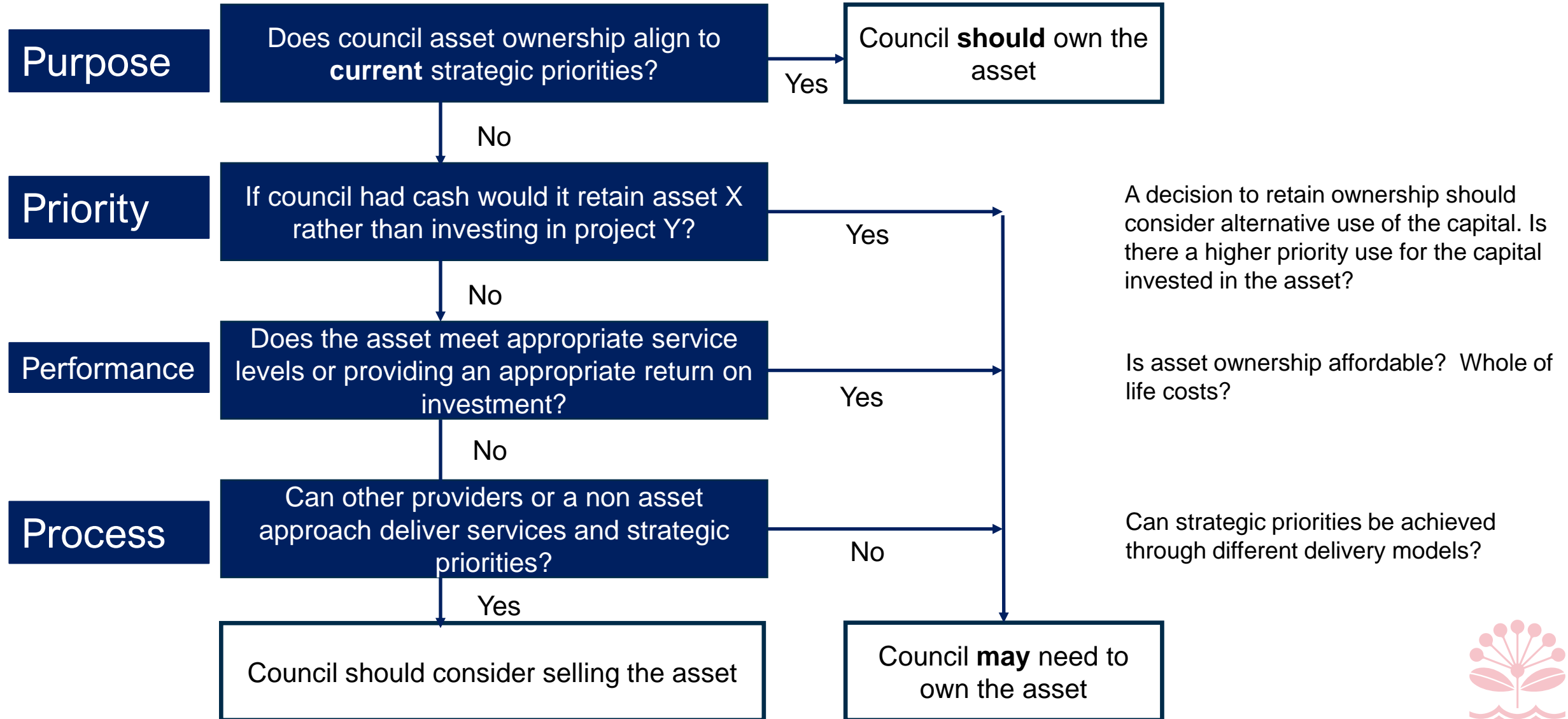
		Characteristics	Recycling?	Levers
Council assets	Infrastructure	Pipes and roads Large scale network Long life Significant investment	No alternative use	
	Community	Parks and facilities Community based services Not run "as a business" Large number of assets	Potential higher value or alternative use	Scope of role Level of investment Ownership type
	Commercial	Commercial businesses Generate revenue / return Shareholdings	Activity can be provided without council involvement	Full or partial exit Minimum ROI



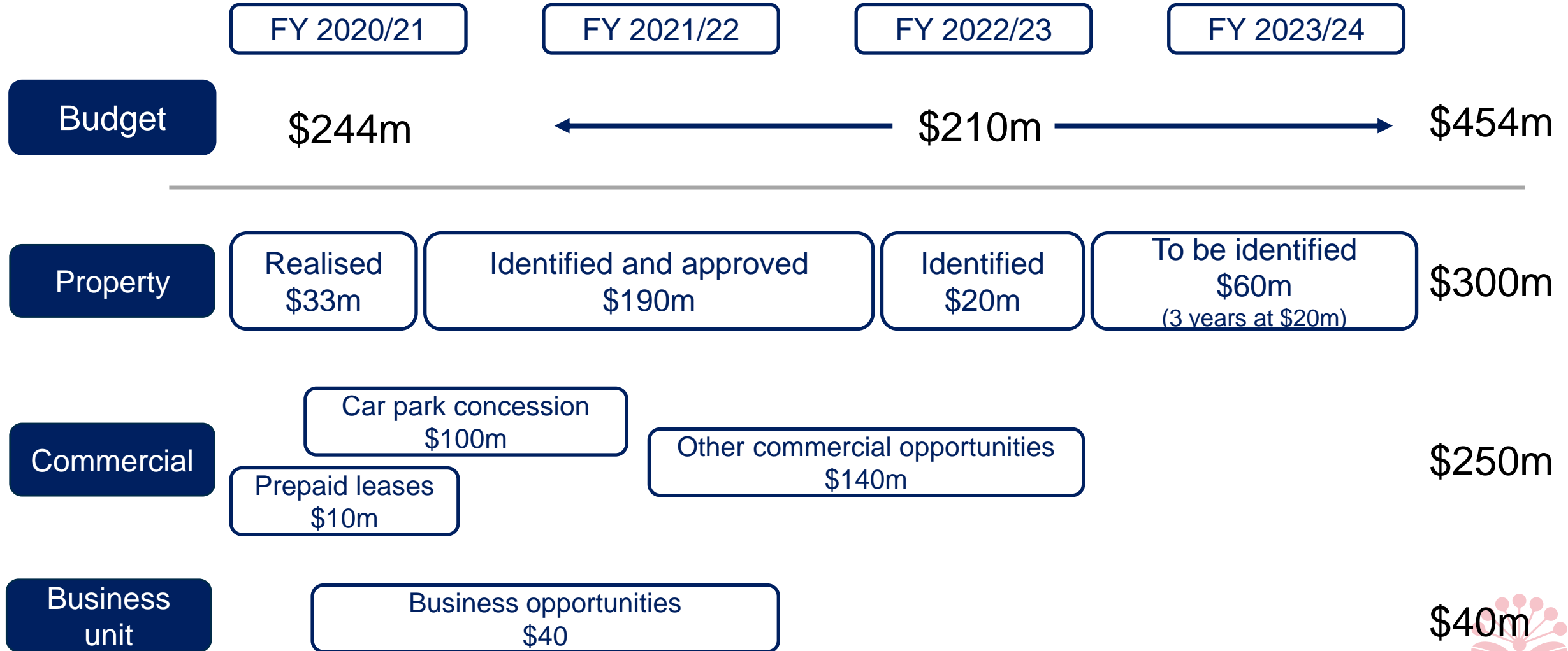
Approach to assessing council assets

2. proposed decision process

Council's core business is to deliver services and outcomes
Assets are not held for financial returns



Pipeline over next 4 years



Noting we continue to investigate further opportunities



A bit more about property

- Property rationalisation is continuous
 - Large budgets unsustainable without change in policy settings (E.g. do less)
 - Base of \$20m per annum – capital works completed, ongoing review
 - Improve alignment between project completion and disposal
- Small number of large opportunities remaining
 - Town centre car parks
- Optimisation of current portfolio to re-invest in services (and assets)
 - Incentives for local boards to optimise service assets



Sale and lease back arrangements

- Accounting treatment – on balance sheet – recognise as debt
- Does not help debt to revenue
- Other reasons for sale and leaseback
 - Provides new sources of funds
 - Certainty over future costs

