

10.7 Plant and Equipment Replacement

Policy Owner	Works Committee
Person Responsible	Chief Executive Officer
Date of Adoption	16 August 2016 - Resolution 080812
Date of Last Review	16 August 2016 - Resolution 080812
Date Next Due for Review	3 years / or earlier if required

OBJECTIVE

To provide for the optimum and timely replacement of Councils major road and parks & gardens (works) Plant and Equipment (P&E) in order to;

- Minimising the overall impact on Councils General Purposes Income to finance it through efficient asset management, maintenance and fleet changeovers practices
- Even out annual net cash requirements (minimize the cyclical peaks and troughs) and to;
- Obviate the need for loan borrowings.

POLICY

That Council adopt and thereafter annually review long term (minimum 5 years) asset replacement programs known as the following;

- 5 Year Major Plant & Equipment Replacement Program and;
- 5 Year Minor Plant & Equipment Replacement program.

That with respect to Councils Plant & Equipment Replacement Program, Council;

- Establish and maintain a “Cash Backed Reserve” for the purpose of financing major and minor plant and equipment purchases (net of trades);
- Meet its annual net cash for P&E purchases from this reserve by annually transferring the net difference between minor and major plant & equipment purchases;
- Annually budget to transfer to reserve the calculated depreciation of that P&E.

REVIEW

Reviews of this policy are to be undertaken every three years or earlier if required.

RESPONSIBILITY FOR IMPLEMENTATION

The Chief Executive Officer is responsible for implementing this policy.