



Asset Valuation and Revaluation Policy

Version No.	V2.0 01 June 2017
Endorsement	General Manager Corporate Services 1 June 2017 Policy Review Panel 26 June 2017
Authorisation	Council 24 July 2017
Review date	30 June 2018
Responsible officer	Finance Manager
Policy owner	Coordinator Accounting Services

1. Purpose

To satisfy Council's obligations regarding financial valuations of non-current assets, in accordance with relevant Australian Accounting Standards and other State Government requirements.

The Policy is to provide direction for the development of Guidelines for the financial valuation of assets, under the control of Council, including the initial recognition, valuation and subsequent revaluation together with the frequency of revaluation of those assets.

The Policy's associated guidelines are to assist Council's commitment to sustainable long-term financial planning.

2. Scope

The policy covers financial valuation of non-current assets subsequent to initial recognition, including:

- Frequency and method of valuation
- Roles and responsibilities

This Policy excludes:

- Insurance valuations
- Held for Sale valuations

3. Definitions

Word/Term	Definition
Assets	Are resources controlled by the entity as a result of past events and from which future economic benefits or service potential are expected to flow to the entity. An essential characteristic of an asset is that the entity must have control over the future economic benefits or service such that it is able to enjoy those benefits or services and deny or regulate the access of others to the benefits.
Asset Class	A group of assets having a similar nature of function in the operations of an entity, and which, for the purposes of disclosure, are shown as a single item without supplementary disclosure. The Asset Class is the material level at which Council will prepare the annual balance sheet for reporting in the Annual Report; for example, the Roads Asset Class might include Asset Categories such as sealed roads, unsealed roads, sealed car parks, unsealed car parks, aerodrome runways and traffic control.

Word/Term	Definition
Cost	The amount of cash paid or the fair value of the other consideration given to acquire an asset at the time of its original acquisition or construction. Where an asset is acquired at no cost, or for a nominal cost (as the case with developer and other contributed assets), the cost is its fair value as at the date of acquisition.
Depreciation Expense	The systematic allocation of the depreciable amount of an asset over its useful life. A systematic charge against revenue made for the purpose of allocating the depreciable amount of a depreciable asset over its useful life. Also known as Annual Depreciation or Depreciation Charge.
Fair Value	The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. (AASB13)
Impairment	The amount by which the carrying amount of an asset exceeds its recoverable amount.
Non-Current Asset	A resource controlled by an entity as a result of past events and from which future economic benefits are expected to flow to the entity. Any asset which is not expected to be fully consumed, realised, sold or otherwise disposed of within one financial year.
Revaluation	The act of recognising a reassessment of values of non-current assets at a particular date.
Valuation	The process of determining the worth of an asset or liability. Different valuation methods may be appropriate in different circumstances.
Fair Value Acronym Definitions	DRC means Depreciated Replacement Cost RC means Replacement Cost (i.e. Recognised but not depreciated) HC means Historical Cost MV means Market Value

4. Policy

This policy directs those Council officers who are charged with accounting for and/or reporting on, Council's Assets and related purposes.

4.1 Frequency and Method of Valuation

- 4.1.1 Review financial valuation of Council owned or controlled non-current asset classes as at 30 June each year, including assessment of impairment and maintain supporting documentation for audit purposes.
- 4.1.2 Conduct revaluations in accordance with Appendix A.
- 4.1.3 Apply the adopted valuation method and frequency for each Asset Class, as per Appendix A (Condition and Valuation Schedule).
- 4.1.4 Ensure that condition assessments for each Asset Class are conducted in accordance with Appendix A (Condition and Valuation Schedule).
- 4.1.5 Ensure that corporate systems record current asset values for reporting in audited financial statements within the Annual Report.
- 4.1.6 Fair values are to be monitored via a desktop assessment each year. If > 5%, then a revaluation is necessary and reflected in accounting records.
- 4.1.7 Council is to be briefed via Audit Committee on valuation process, particularly on significant movements in fair value.
- 4.1.8 The Fair Value of assets is usually determined from market-based evidence by appraisal, which is mostly undertaken externally by professionally qualified valuers.

4.1.9 Infrastructure activities for inclusion as per Appendix B

5. Responsibility/Accountability

5.1. Council

- Responsible for policy approval

5.2. General Manager Corporate Services

- Responsible for coordination of corporate financial valuation process

5.3. Manager Finance

- Responsible for managing corporate Finance system is up to date.
- Responsible for reporting Fair Value in the financial statements, including impairment.
- Responsible for valuation of building and land assets.

5.4. Asset Management and GIS Coordinator

- Responsible for maintaining the Asset Management System
- Asset Management Team will regularly determine the operational condition of assets to review their service delivery performance.
- Responsible for valuation of all council assets except for building and land assets
- Responsible for assessment of asset impairment

5.5. Coordinator Accounting Services

- Responsible for the day to day management of the policy

6. References and links to legislation and other documents

Name	Location
Local Government Act 1989	http://www.legislation.vic.gov.au
Australian Accounting Standards Board (AASB) <ul style="list-style-type: none">- AASB 116 Property, Plant and Equipment- AASB13 Fair Value Measurement- AASB 136 Impairment of Assets- AASB 1051 Land Under Roads- AASB 1049 Whole of Government and General Government Sector Financial Reporting	http://www.aasb.gov.au
Australian Infrastructure Financial Management Guidelines (2015)	
Victorian Auditor-General's Office	
Department of Treasury and Finance	

7. APPENDIX A – CONDITION AND REVALUATION SCHEDULE

EXAMPLE CENTRAL AM REGION

Asset Group ¹	Asset Category ²	Asset Component ³	Asset Class ⁴	Recognised (Y/N) ⁵	Valuation Method			Condition Assessment		Revaluation Schedule		Adopted Asset Life	Depreciation Method
					Fair Value Method ⁶	If DRC Age based or Cond Based	Valuation Source (internal/external)	Condition Assessment Frequency (Years)	What % Condition Inspection	Last Revaluation	Revaluation Frequency (Years)		
TRANSPORT	Sealed Roads	Wearing Course	Roads	Y	DRC	Condition	External		33		1 or 3		
		Pavement	Roads	Y	DRC	Condition	External		33		1 or 3		
		Earthworks & Formation	Roads	Y	RC			External		N/A		1 or 3	
	Unsealed Roads	Wearing Course	Roads	Y	DRC	Condition	External		33		1 or 3		
		Earthworks & Formation	Roads	Y	RC			External		N/A		1 or 3	
	Pathways	Sealed Pathways	Pathways	Y	DRC	Condition	Internal		100		3		
		Miscellaneous Paved Areas	Pathways	Y	DRC	Condition	Internal		100		3		
		Unsealed Pathways	Pathways	Y	DRC	Condition	Internal		100		3		
	Sealed Car Parks	Wearing Course	Roads	Y	DRC	Condition	Internal		33		1 or 3		
		Pavement	Roads	Y	DRC	Condition	Internal		33		1 or 3		
		Earthworks & Formation	Roads	Y	RC			Internal		N/A		1 or 3	
	Unsealed Car Parks	Wearing Course	Roads	Y	DRC	Condition	Internal		33		1 or 3		
		Earthworks & Formation	Roads	Y	RC			Internal		N/A		1 or 3	
	Kerb and Channel		Kerb and Channel	Y	DRC	Condition	External		100		3		
	Traffic Control	Traffic Calming Devices	Roads	Y	DRC	Condition	External		100		1 or 3		
		Traffic Lights	Roads	Y	DRC	Age	Internal		N/A		1 or 3		
		Guardrails	Roads	Y	DRC	Age	Internal		N/A		1 or 3		
		Traffic Islands / Roundabouts	Roads	Y	DRC	Condition	External		100		1 or 3		
	Boat Ramps and Jetties		Boat Ramps and Jetties	Y	DRC	Condition	Internal		100		3		

Asset Group ¹	Asset Category ²	Asset Component ³	Asset Class ⁴	Recognised (Y/N) ⁵	Valuation Method			Condition Assessment		Revaluation Schedule		Adopted Asset Life	Depreciation Method
					Fair Value Method ⁶	If DRC Age based or Cond Based	Valuation Source (internal/external)	Condition Assessment Frequency (Years)	What % Condition Inspection	Last Revaluation	Revaluation Frequency (Years)		
	Bridges	<i>Deck (Superstructure)</i>	<i>Bridges</i>	Y	DRC	Condition	External		100		3		
		<i>Sub-Structure</i>	<i>Bridges</i>	Y	DRC	Condition	External		100		3		
		<i>Abutments</i>	<i>Bridges</i>	Y	DRC	Condition	External		100		3		
		<i>Foundations</i>	<i>Bridges</i>	Y	DRC	Condition	External		100		3		
	Major Culverts		<i>Bridges</i>	Y	DRC	Condition	External		100		3		
WATER	Stormwater Drainage	<i>Pipes</i>	<i>Drainage</i>	Y	DRC	Age	External		N/A		1		
		<i>Pits and Endwalls</i>	<i>Drainage</i>	Y	DRC	Age	External		N/A		1		
		<i>Minor Culverts</i>	<i>Drainage</i>	Y	DRC	Age	External		N/A		1		
		<i>Surface Drainage</i>	<i>Drainage</i>	Y	DRC	Age	External		N/A		1		
		<i>Water Quality Devices</i>	<i>Drainage</i>	Y	DRC	Age	External		N/A		1		
	Flood Control	<i>Retention Systems</i>	<i>Drainage</i>	Y	DRC	Age	Internal		N/A		1		
	Water Supply	<i>Stand Pipes</i>	<i>Water Infrastructure</i>	Y	DRC	Age	External		N/A		1		
		<i>Bores</i>	<i>Water Infrastructure</i>	Y	DRC	Age	External		N/A		1		
		<i>Pipelines & Irrigation</i>	<i>Water Infrastructure</i>	Y	DRC	Age	External		N/A		1		
		<i>Hydrants</i>	<i>Water Infrastructure</i>	Y	DRC	Age	External		N/A		1		
	Water Storage	<i>Large Capacity Tanks</i>	<i>Water Infrastructure</i>	Y	DRC	Age	Internal		N/A		1		
		<i>Reservoirs</i>	<i>Water Infrastructure</i>	Y	DRC	Age	Internal		N/A		1		
	Waste Water	<i>Pump Wells</i>	<i>Water Infrastructure</i>	Y	DRC	Age	External		N/A		1		
		<i>Water Treatment Equipment</i>	<i>Water Infrastructure</i>	Y	DRC	Age	External		N/A		1		
LAND	Land	<i>Land - Freehold</i>	<i>Land</i>	Y	MV		External		N/A		2		
		<i>Land - Controlled</i>	<i>Land</i>	Y	MV		External		N/A		2		
	Land Under Roads	<i>Roads pre 1/7/2009</i>	<i>Land</i>	N	N/A		External						

Asset Group ¹	Asset Category ²	Asset Component ³	Asset Class ⁴	Recognised (Y/N) ⁵	Valuation Method			Condition Assessment		Revaluation Schedule		Adopted Asset Life	Depreciation Method
					Fair Value Method ⁶	If DRC Age based or Cond Based	Valuation Source (internal/external)	Condition Assessment Frequency (Years)	What % Condition Inspection	Last Revaluation	Revaluation Frequency (Years)		
	Easements	Roads post 1/7/2009	Land	Y	MV		External		N/A		2		
			Land	N	N/A		External						
BUILDINGS & STRUCTURES	Buildings	Structure	Buildings	Y	DRC	Condition	External		25		2		
		Roof	Buildings	Y	DRC	Condition	External		25		2		
		Building Services	Buildings	Y	DRC	Condition	External		25		2		
		Fit Out	Buildings	Y	DRC	Condition	External		25		2		
	Swimming Pools	Pool Shells	Buildings	Y	DRC	Condition	External		25		2		
OPEN SPACE	Sports Fields and Courts	Playing surface (grassed)	Open Space	Y	DRC	Condition	Internal		100		3		
		Playing surface (synthetic)	Open Space	Y	DRC	Condition	Internal		100		3		
		Playing surface (sealed)	Open Space	Y	DRC	Condition	Internal		100		3		
	Play Space	Play Ground	Open Space	Y	DRC	Condition	External		100		3		
		Skate Park	Open Space	Y	DRC	Condition	External		100		3		
		BMX Track	Open Space	Y	DRC	Condition	External		100		3		
	Landscaping	Landscaping*	Open Space	N	N/A		Internal						
		Retaining Walls	Open Space	Y	DRC	Condition	Internal		100		3		
	Open Space Amenities	Signs	Open Space	Y	DRC		Internal		100		3		
		Bins & Surrounds	Open Space	Y	DRC		Internal		100		3		
		Outdoor Furniture	Open Space	Y	DRC		Internal		100		3		
		Barbeques	Open Space	Y	DRC	Condition	Internal		100		3		
		Bus Shelters	Open Space	Y	DRC	Condition	Internal		100		3		
	Public Lighting	Non Standard Street Lighting	Open Space	Y	DRC	Age	External					3	
		Public Lighting	Open Space	Y	DRC	Age	External					3	
Fencing and Gates		Open Space	Y	DRC	Condition	Internal		100		1 or 3			
Plant and Equipment	Plant and Equipment	Plant	Plant and Equipment	Y	HC		Internal				1		

Asset Group ¹	Asset Category ²	Asset Component ³	Asset Class ⁴	Recognised (Y/N) ⁵	Valuation Method			Condition Assessment		Revaluation Schedule		Adopted Asset Life	Depreciation Method
					Fair Value Method ⁶	If DRC Age based or Cond Based	Valuation Source (internal/external)	Condition Assessment Frequency (Years)	What % Condition Inspection	Last Revaluation	Revaluation Frequency (Years)		
		Light Vehicles	Plant and Equipment	Y	HC		Internal				1		
		Other Equipment	Plant and Equipment	Y	HC		Internal				1		
	Furniture and Office Equipment	Furniture & Office Equipment	Furniture and Office Equipment	Y	HC		Internal				1		
		Software (licensed)	Furniture and Office Equipment	Y	HC		Internal				1		
CULTURAL	Monuments, Statues and Fountains		Monuments, Statues and Fountains	Y	MV		External		100		5		
	Artworks		Artworks	Y	MV		External		100		3		

Notes:

1. Asset Management Plans are typically developed at the Asset Group level.
2. Assets will be recognised at the Asset Category level if there is no further Asset Component breakdown in the Asset Hierarchy. A lifecycle management plan is typically developed for each Asset Category, within the relevant Asset Management Plan.
3. Assets will be recognised at the Asset Component level. Renewal modeling will typically be considered at the Asset Component level.
4. Asset Class is a term defined in Australian Accounting Standards and is used in financial valuation and capitalisation processes. Asset Class defines the level at which council's Balance Sheet will be reported. This is also defined in the Asset Group sections of the Asset Capitalisation Policy.
5. Recognition of an individual asset may be at either the Asset Category or the Asset Component level. This is further defined in the Asset Capitalisation Policy.

EXAMPLE NORTH-WEST & SOUTH-WEST AM REGION ASSET STRUCTURE

Asset Group ¹	Asset Category ²	Asset Component ³	Asset Class ⁴	Recognised (Y/N) ⁵	Valuation Method			Condition Assessment		Revaluation Schedule		Adopted Asset Life	Depreciation Method
					Fair Value Method ⁶	If DRC Age based or Cond Based	Valuation Source (internal/external)	Condition Assessment Frequency (Years)	What % Condition Inspection	Last Revaluation	Revaluation Frequency (Years)		
ROADS	Urban Sealed Roads	Earthworks & Formation	Roads	Y	RC		External		N/A		1 or 3		
		Sealed surface	Roads	Y	DRC	Condition	External		33		1 or 3		
		Pavement	Roads	Y	DRC	Condition	External		33		1 or 3		
		Kerb & Channel	Kerb and Channel	Y	DRC	Condition	External		100		3		
	Rural Sealed Roads	Earthworks & Formation	Roads	Y	RC		External		N/A		1 or 3		
		Sealed surface	Roads	Y	DRC	Condition	External		33		1 or 3		
		Shoulders	Roads				External						
		Pavement	Roads	Y	DRC	Condition	External		33		1 or 3		
	Unsealed Roads	Earthworks & Formation	Roads	Y	RC		External		N/A		1 or 3		
		Wearing Course	Roads	Y	DRC	Condition	Internal		33		1 or 3		
	Sealed Car Parks	Wearing Course	Roads	Y	DRC	Condition	Internal		33		1 or 3		
		Pavement	Roads	Y	DRC	Condition	Internal		33		1 or 3		
		Earthworks & Formation	Roads	Y	RC		Internal		N/A		1 or 3		
	Unsealed Car Parks	Wearing Course	Roads	Y	DRC	Condition	Internal		33		1 or 3		
		Earthworks & Formation	Roads	Y	RC		Internal		N/A		1 or 3		
	Traffic Control/Road related Infrastructure	Traffic Calming Devices	Roads	Y	DRC	Condition	External		100		1 or 3		
		Traffic Lights	Roads	Y	DRC	Age	Internal		N/A		1 or 3		
		Guardrails	Roads	Y	DRC	Age	Internal		N/A		1 or 3		
		Traffic Islands / Roundabouts	Roads	Y	DRC	Condition	External		100		1 or 3		
	Public Lighting	Non Standard Street Lighting	Open Space	Y	DRC	Age	External				3		
Public Lighting		Open Space	Y	DRC	Age	External				3			

Asset Group ¹	Asset Category ²	Asset Component ³	Asset Class ⁴	Recognised (Y/N) ⁵	Valuation Method			Condition Assessment		Revaluation Schedule		Adopted Asset Life	Depreciation Method
					Fair Value Method ⁶	If DRC Age based or Cond Based	Valuation Source (internal/external)	Condition Assessment Frequency (Years)	What % Condition Inspection	Last Revaluation	Revaluation Frequency (Years)		
BRIDGES & MAJOR CULVERTS	Bridges	Deck (Superstructure)	Bridges	Y	DRC	Condition	External		100		3		
		Sub-Structure	Bridges	Y	DRC	Condition	External		100		3		
		Abutments	Bridges	Y	DRC	Condition	External		100		3		
		Foundations	Bridges	Y	DRC	Condition	External		100		3		
	Major Culverts		Bridges	Y	DRC	Condition	External		100		3		
FOOTPATHS	Pathways & Trails	Sealed Pathways	Pathways	Y	DRC	Condition	External		100		3		
		Miscellaneous Paved Areas	Pathways	Y	DRC	Condition	External		100		3		
		Unsealed Pathways	Pathways	Y	DRC	Condition	External		100		3		
BUILDINGS AND STRUCTURES	Buildings	Structure	Buildings	Y	DRC	Condition	External		25		2		
		Roof	Buildings	Y	DRC	Condition	External		25		2		
		Building Services	Buildings	Y	DRC	Condition	External		25		2		
		Fit Out	Buildings	Y	DRC	Condition	External		25		2		
	Structures		Monuments, Statues and Fountains	Y	MV		External		100		5		
DRAINAGE	Stormwater Drainage	Pipes	Drainage	Y	DRC	Age	External		N/A		1		
		Pits and Endwalls	Drainage	Y	DRC	Age	External		N/A		1		
		Minor Culverts	Drainage	N	DRC	Age	External		N/A		1		
		Surface Drainage	Drainage	Y	DRC	Age	External		N/A		1		
		Water Quality Devices	Drainage	Y	DRC	Age	External		N/A		1		
RECREATION	Sports Fields and Courts	Playing surface (grassed)	Open Space	Y	DRC	Condition	Internal		100		3		
		Playing surface (synthetic)	Open Space	Y	DRC	Condition	Internal		100		3		
		Playing surface (sealed)	Open Space	Y	DRC	Condition	Internal		100		3		
	Play Grounds	Play Ground	Open Space	Y	DRC	Condition	External		100		3		
		Skate Park	Open Space	Y	DRC	Condition	External		100		3		
		BMX Track	Open Space	Y	DRC	Condition	External		100		3		

Asset Group ¹	Asset Category ²	Asset Component ³	Asset Class ⁴	Recognised (Y/N) ⁵	Valuation Method			Condition Assessment		Revaluation Schedule		Adopted Asset Life	Depreciation Method
					Fair Value Method ⁶	If DRC Age based or Cond Based	Valuation Source (internal/external)	Condition Assessment Frequency (Years)	What % Condition Inspection	Last Revaluation	Revaluation Frequency (Years)		
	Swimming Pools	Pool Shells	Buildings	Y	DRC	Condition	External		25		2		
OPEN SPACE	Landscaping	Landscaping*	Open Space	N	N/A		N/A						
	Parks Fixtures	Retaining Walls	Open Space	Y	DRC	Condition	External		100		3		
		Signs	Open Space	Y	DRC		Internal		100		3		
		Bins & Surrounds	Open Space	Y	DRC		Internal		100		3		
		Outdoor Furniture	Open Space	Y	DRC		Internal		100		3		
		Barbeques	Open Space	Y	DRC	Condition	Internal		100		3		
		Boat Ramps and Jetties	Boat Ramps and Jetties	Y	DRC	Condition	External		100		3		
Fencing and Gates Bus Shelters	Open Space	Y	DRC	Condition	Internal		100		3				
WATER	Flood Control	Retention Systems	Drainage	Y	DRC	Age	External		N/A		1		
	Water Supply	Stand Pipes	Water Infrastructure	Y	DRC	Age	External		N/A		1		
		Bores	Water Infrastructure	Y	DRC	Age	External		N/A		1		
		Pipelines & Irrigation	Water Infrastructure	Y	DRC	Age	External		N/A		1		
		Hydrants	Water Infrastructure	Y	DRC	Age	External		N/A		1		
	Water Storage	Large Capacity Tanks	Water Infrastructure	Y	DRC	Age	Internal		N/A		1		
		Reservoirs	Water Infrastructure	Y	DRC	Age	Internal		N/A		1		
	Waste Water	Pump Wells	Water Infrastructure	Y	DRC	Age	External		N/A		1		
		Water Treatment Equipment	Water Infrastructure	Y	DRC	Age	External		N/A		1		
LAND	Land	Land - Freehold	Land	Y	MV		External		N/A		2		
		Land - Controlled	Land	Y	MV		External		N/A		2		
	Land Under Roads	Roads pre 1/7/2009	Land	N	N/A		External						

Asset Group ¹	Asset Category ²	Asset Component ³	Asset Class ⁴	Recognised (Y/N) ⁵	Valuation Method			Condition Assessment		Revaluation Schedule		Adopted Asset Life	Depreciation Method
					Fair Value Method ⁶	If DRC Age based or Cond Based	Valuation Source (internal/external)	Condition Assessment Frequency (Years)	What % Condition Inspection	Last Revaluation	Revaluation Frequency (Years)		
		Roads post 1/7/2009	Land	Y	MV		External		N/A		2		
	Easements		Land	N	N/A		External						
PLANT AND EQUIPMENT	Plant and Equipment	Plant	Plant and Equipment	Y	HC		Internal				1		
		Light Vehicles	Plant and Equipment	Y	HC		Internal				1		
		Other Equipment	Plant and Equipment	Y	HC		Internal				1		
	Furniture and Office Equipment	Furniture & Office Equipment	Furniture and Office Equipment	Y	HC		Internal				1		
		Software (licensed)	Furniture and Office Equipment	Y	HC		Internal				1		
CULTURAL	Artworks		Artworks	Y	MV		External		100		3		

APPENDIX B – GREENFIELD AND BROWNFIELD VALUATION - Activities for inclusion

Preliminary Construction/Design Activity	Greenfield Valuation Consideration	Brownfield Valuation
Site Establishment	X	X
Site Preparation	X	X
Bulk Earthworks	X	X
Traffic Management Control		X
Removal of Trees	X	X
Disposal of Landfill & Green Waste	X	X
Asset Material Disposal		X
Project Management		X
Design Fees		X
Consultant Fees		X
Survey		X
Construction Supervision		X
Site Testing		X
Costs associated with managing other existing assets		x

** Data source include Australian Infrastructure Financial Management Guidelines 2009, Subdivision and Capital Works Schedules of Quantities and Rates.