

COUNCIL POLICY



CAPITALISED ASSETS (ACCOUNTING POLICY)

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APPENDICES
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CAPITALISED ASSETS (ACCOUNTING POLICY)

1. ACCOUNTING POLICY

Upon review of neighbouring councils and the methods and systems that have been adopted in the Local Government sector (refer to **Table 1 – Annexure**), this document provides a comprehensive understanding and guide towards developing best practice principles in the recording and valuing of fixed assets, while maintaining compliance with AASB 116 – Property, Plant & Equipment (relating to tangible assets) and AASB 138 – Intangible Assets, and other relevant accounting standards.

1.1 ASSET CLASSES DEFINED

An asset class is determined by the nature in use of the asset components. Assets within a class display a similar consumption pattern and / or provide services of a similar nature.

Asset classes adopt capitalisation thresholds that help manage like assets where the value of each asset is small in comparison to the value of the total asset class. Individual assets, whose value is or becomes significant in comparison to the total asset class, should be disclosed and depreciated separately.

Reviews of capitalisation thresholds maybe done on an annual basis, with attention given to thresholds that are too low or too high:

1.1.1 **HIGH** threshold; if the threshold is too high, enhancements to assets within a class maybe expensed, only to be capitalised at a later date on revaluation of the asset class. This will give rise to an over-stated Asset Revaluation Reserve (ARR) and an under-stated operating result.

1.1.2 **LOW** threshold; if the threshold is too low, more items will be captured as part of the asset class and maybe further expensed on revaluation at a later date. This may give rise to an under-stated Asset Revaluation Reserve (ARR) and an over-stated operating result.

Components of an item that are individually is significant in cost in relation to the total cost of the item as a whole must be depreciated separately to that item¹. These components may be similar in characteristics to other significant components, such as their useful life over which they provide economic value, and thus similar methods of depreciation. Such assets maybe grouped and depreciated together².

The remaining components of an item that are insignificant in cost in relation to the total cost of the item as a whole, and where the components have varying expectations in consumption patterns, approximations to assess the useful life and depreciation methods maybe necessary to accurately represent their useful life³.

¹ AASB 116.43

² AASB 116.45

³ AASB 116.46

1.1.3 ASSET CLASS STRUCTURE

<u>No.</u>	<u>ASSET GROUP</u>	<u>No.</u>	<u>ASSET CLASS</u>	<u>No.</u>	<u>ASSET TYPE</u>
1	Transport	1	Roads	1	Sealed
				2	Unsealed
				3	Pavement
				4	Formation
				5	Fire Track
				6	Line Marking
				7	Signage
		2	Bridges	1	Bridge
				2	Culvert
				3	Footbridge
				4	Traffic Signs
		3	Footpaths	1	Footpath
				2	Cycle Track
		4	Retaining Walls	1	Retaining Wall
				2	Embankment
				3	Cutting
		5	Guardrails	1	Guardrails
		6	Kerb & Gutter	1	Kerb & Gutter
		7	Traffic Controls	1	Traffic Signals
				2	Pedestrian Structure
				3	Parking Structure
				4	Speed Humps
				5	Roundabouts
				6	Guideposts
		8	Street Furniture	1	Seats & Benches
				2	Rubbish Bins
				3	Dog Bag Dispenser
				4	Bus Stops
				5	Fencing & Railings
				6	Lighting
				7	Ornaments
				8	Drainage
				9	Signage
2	Community Facilities	9	Land	1	Conservation Resrv
				2	Passive Recreation
				3	Community Use
				4	Recreation & Sport
				5	Civic Purpose
				6	CFS
				7	Commercial
		10	Buildings	1	Office & Libraries
				2	Depots
				3	Halls & Community
				4	Retirement Villages
				5	Public Toilets
				6	Commercial
				7	Air-conditioning
				8	Security Systems
				9	Car Park
		11	Parks & Reserves	1	Picnic facilities
				2	Furniture
				3	Rubbish Bins
				4	Ornaments
				5	Drainage
				6	Car Park

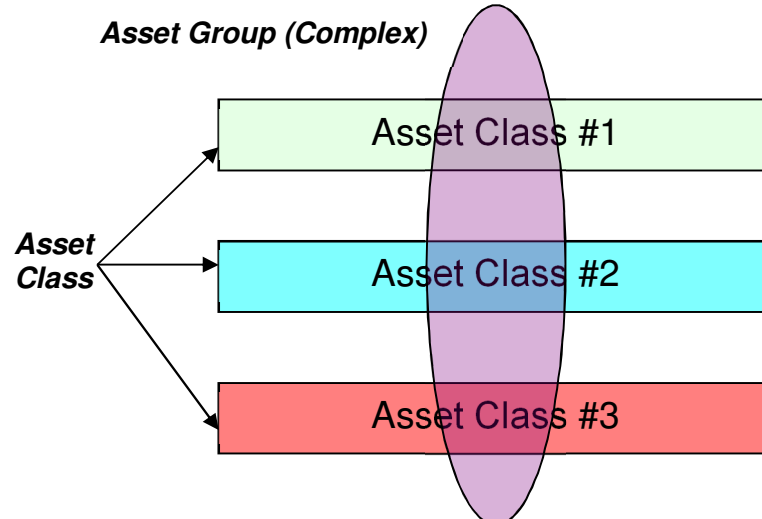
<u>No.</u>	<u>ASSET GROUP</u>	<u>No.</u>	<u>ASSET CLASS</u>	<u>No.</u>	<u>ASSET TYPE</u>
	Community Facilities	12	Sports & Recreation	1	Sports Ovals
				2	Swimming Centre
				3	Courts
				4	BMX Tracks
				5	Skate Parks
				6	Bowling Greens
				7	Golf Course
				8	Cricket Nets
				9	Grass/Quality Soil
				10	Drainage
				11	Car Park
		13	Playgrounds	1	Equipment
				2	Shelter
				3	Furniture
				4	Rubbish Bins
				5	Drainage
				6	Car Park
		14	Cemeteries	1	Structures
				2	Furniture
				3	Plinths
				4	Roads / Paths
5	Drainage				
6	Car Park				
15	TV Transmitter	1	Footings / Tower		
		2	Aerials / Dishes		
		3	Signal Station		
		4	Fences		
3	Infrastructure	16	Stormwater	1	Pipes / Pits
				2	Trash Racks
				3	Detention Basins
		17	Water Supply	1	Bores
				2	Reticulation Pipes
		18	CWMS	1	Reticulation
				2	Nodes
				3	Pumping Stations
				4	Treatment System
				5	Reuse System
4	Plant & Equipment	19	Library Resources	1	Audio Visual
				2	Books
				3	Talking Books/CD's
				4	Videos / DVD's
		20	Plant & Equipment	1	IT Hardware
				2	Light Vehicles
				3	Heavy Vehicles
				4	Office Equipment
		21	Furniture & Fittings	1	Workstations
				2	Storage
				3	Furniture
				4	Floor Coverings
				5	Kitchen
				6	Lighting
5	Intangible	22	Software & Licences	1	Software Licences
				2	Patents / TM
				3	Intellectual Property
				4	Database

A Class of Assets, being a group of like assets that are similar in nature and characteristics, are revalued simultaneously to avoid ambiguity in the reporting of values in the financial statements⁴.

To identify a meaningful asset class structure, although beneficial from a reporting point of view, maybe cumbersome and draining on field and administrative staff from a works and budgeting perspective. This is because in the case of establishing too few asset classes, these classes may be home for a large number of accumulated assets to be identified under that class, and may result in a heavier than usual burden to revalue all assets within the class in the period of time available. On the other hand, too many asset classes may disjoint assets within a network, thus making the process of revaluation repetitive (e.g., a building complex may have many asset classes, each having a few asset components. Revaluing all asset classes at the same time may not be possible, therefore a selection may mean revaluing the complex many times to account for all the asset classes). This in mind, asset classes may benefit from a further level to the hierarchy – an asset group identity that takes into account the practicalities of asset description, location, and function.

This hierarchical structure is represented in the following diagram:

Diagram 1:



⁴ AASB 116.37, 38

1.2 ASSET DESCRIPTION

An item that meets the DEFINITION of an Asset shall be measured at cost in accordance with AASB 116⁵:

The cost of an asset will include:

- Purchase price less deductions (rebates, discounts etc.)
- Costs directly attributable to bringing the asset to a location where it can be used as intended. This would include:
 - Employee compensation
 - This includes costs of employee benefits arising directly from the construction or acquisition of the asset: eg outside wages, inside project management costs, and “on costs” such as superannuation, workers compensation and personal income protection as incurred by Council.
 - Site preparation and/or restoration
 - Assembly costs
 - Professional fees
- Purchase Costs excluded from in the cost of an asset include:
 - Marketing and advertising costs incurred when opening a new facility.
 - Costs incurred after the date an asset is deemed in use (upgrades, maintenance, etc.).
 - Avoidable costs.

These accumulated costs represent the value of the asset at cost as at the date in which the asset is deemed to be complete and available for use.

Not-for-profit entities may acquire assets at zero or at a nominal value, the asset is deemed to be valued at its fair value at date of acquisition⁶. This initial valuation does not constitute a revaluation, a revaluation will only occur when it is the expressed decision of management to revalue a class of assets due to a change in the future economic benefits of that class (refer to “*Asset Revaluations*”).

A resource may gain RECOGNITION as an Asset when it is expected that the future economic benefits will flow from their utilisation by the entity that exhibits control over them, and that expectation results from a past event.

An asset is recognised only when the following conditions are met⁷:

- It is probable the future economic benefits associated with the item will flow to the entity;
- These benefits can be reliably measured.

The council takes the view that an item or resource that meets the above recognition criteria, as defined by both AASB 116 (Property, Plant & Equipment) and AASB 138 (Intangible Assets), are available to be consumed by the council over the asset’s useful life.

At any time when an asset no-longer meets the requirements set out above, the resource is deemed to no-longer be of a capital nature and is expensed in the reporting period in which the change occurred (refer to “*Impairment*”).

⁵ Refer to AASB 116.15

⁶ Refer to Aus 15.1

⁷ Refer to AASB 116.7

The definition and recognition of each asset class is outlined as follows:

- 1.2.1 Roads** – a road is defined as an area of land (often public) used for the primary purpose of accommodating motor vehicle traffic for transportation from one point to another. Often defined by a name, but is broad enough to include fire tracks.

Roads are recognised as; a pavement (which includes the road base, sub-base, and sub-grade) and a surface type (either sealed or unsealed), measured with reference to a road running distance (RRD) or length, a width, line markings (stop bars, road boundary markings, road centre lines, kerb edging, road and rail-crossing lettering), traffic signage, cost of equipment, professional fees, labour costs and the date in which the assets are available for use.

- 1.2.2 Bridges (Vehicular & Pedestrian)** – a bridge is defined as a structure designed to link a distance over an obstacle, such as rivers, drains, roads or railway lines.

A bridge is recognised as having; a deck, beams, piers, abutments, barriers, floor, wing, apron, bearings, a seal, traffic signage, cost of equipment, professional fees, labour costs, and the date in which the assets are available for use (design types include: concrete bridge, box culvert, pipe culvert, or composite bridge design).

Bridges and Major Culverts are directly linked to roads and footpaths, however the Council recognises over 70 bridge and culvert designs within the district, and as such Bridges (including major culverts) are recognised as a separate asset class.

- 1.2.3 Footpaths** – a footpath is defined as a trodden track for people to walk along, often found but not restricted too, the side of a road. The definition also includes tracks for the specific purpose of riding bicycles, and may be constructed to accommodate both pedestrian and bicycle traffic.

A footpath is recognised as; a segment length, a width, a design type (rubble, hot mix, spray sealed, concrete, concrete block paved, and clay brick paved), cost of equipment, professional fees, labour costs, and the date in which the assets are available for use.

- 1.2.4 Retaining Walls** – a retaining wall is defined as a wall that is built to resist sideways pressure caused by the unstable properties of a mass of earth. The definition also includes earth embankments and cuttings.

A retaining wall is recognised as; a wall length, a height, a design type (timber, concrete filled block, geo fibre mass concrete block, soil re-enforced concrete block, precast concrete crib, a gabion basket wall, and a reinforced earth wall), an agricultural drainage line, concrete footings (if required), cost of equipment, labour costs, and the date in which the asset is available for use.

Retaining walls are used in the construction of roads, bulk earthworks, footpaths, garden beds, and various park lands.

- 1.2.5 **Guardrails** – a guardrail is defined as a structure placed alongside an area of infrastructure (often associated but not restricted to roads) due to safety reasons to protect users from dangerous areas, such as cliff edges and embankments.

Guardrails are recognised as; a length, a design type (post and rail with either a fish tail or drum end type), cost of equipment, professional fees, labour costs, and the date in which the asset is available for use.

In most cases guardrails are recognised as components of roads and bridges, the council however chooses to recognise guardrails as a separate asset class due to its use in other areas (e.g., walking tracks, car parks, and sporting grounds).

- 1.2.6 **Kerbs & Gutters (K&G)** – a kerb is defined as an edging found between a footpath and a road, often incorporating a gutter by which rainwater is channelled into stormwater drains.

A kerb is recognised as; a design (median, rollover, island, barrier, and layback) embodying materials for each type, cost of equipment, professional fees, labour costs, and the date in which the assets are available for use.

Kerb & Gutters in most cases is linked to a road segment, but the council chooses to recognise Kerb & Gutters separately due to the nature of the Adelaide Hills geological environment and the need for Kerb & Guttering assets in areas other than a component of a road.

- 1.2.7 **Traffic Controls** – is defined as the traffic control devices used to control the flow of vehicular and pedestrian traffic, and are found on road assets.

Traffic controls are recognised as; traffic chicanes, speed humps, pedestrian crossings, traffic signals, pedestrian refuges, roundabouts, parking protuberance, roadside steel reflective guideposts, professional contractors, labour costs, and the date in which the assets are available for use.

- 1.2.8 **Street Furniture** – is defined as park bench seats secured to a concrete footing, information signage (graph, picture or words), bins, dog bag dispensers, bike racks and fencing and railings (not attached to any other asset class infrastructure).

Park bench seats are made from a combination of materials including cast iron, timber and steel. Signs are recognised as; warning signs, directional signs, regulatory signs, guide (eg street) signs, tourist signs, service signs, and advisory signs. All components of Street Furniture consist of; cost of equipment, labour costs, and the date in which the assets are available for use.

- 1.2.9** **Land** – land is defined as being the territory over which control can be legally exercised, and differs from other assets in that it can neither be created nor destroyed, relating specifically to the land area to which a dwelling resides.

Land is recognised as; areas used in conjunction with a dwelling, areas that may include a dwelling but primarily are used for recreational purposes, areas that may include a dwelling but primarily are used for sporting activities, areas that may include a dwelling but primarily are used as a playground, areas that may include a dwelling but primarily used as a nature reserve, areas that may include a dwelling but primarily are used as a park, and areas used as a cemetery.

Parcels of crown land where the council exhibits limited control (maintains the land) but cannot sell the land nor use the land willingly without government resolution (specific community purpose) is deemed to have no value as it cannot be reliably measured.

Land Under Roads - The Local Government Authority of South Australia (LGA) has offered their recommendation that land under roads should not be recognised as an asset. This decision relates to the period after 1 July 2008, the decision being based on the Council's inability to reliably measure the value of such land accurately. As the term "Reliably Measured" is a major component of asset recognition principals, recognising Land under Roads fails to meet the asset recognition test. Adelaide Hills Council (AHC) has elected to adopt this recommendation and has will not recognise "Land under Roads" acquired before or after 1 July 2008⁸.

- 1.2.10** **Buildings** – buildings are defined as a permanent structure comprising walls and a roof.

Buildings are recognised as; dwellings for which the Council assumes responsibility over, to maintain for the use and / or benefit of the community. Buildings are closely linked to land assets, however the council chooses to separate Land and Buildings for the purpose of better assessment of asset class revaluations (refer to "Asset Revaluations"). Buildings are comprised of; a structure (timber frame and walls, brick walls, cement coverings, glass walls and windows), a foundation (support piers, structural columns, concrete slab), a roof structure (tiles, timber support structure, colour bond steel), cost of equipment, professional fees, labour costs, and the date in which the asset is available for use.

⁸ AASB 1051 – 1 July 2008

- 1.2.11 Parks & Reserves** – Parks and reserves are defined as the use of land to which control can be legally exercised, for the specific purpose of accommodating passive recreational facilities as well as the housing of monuments intended to symbolise community spirit and memorials. These parcels of land differ from “*Land*” as a separate asset class as they are not for the specific purpose of occupying a dwelling.

Parks & reserves are recognised as; parks catering for BBQ and picnic areas, main street nature areas, and parks declared as nature reserves for the protection of wildlife habitats and native vegetation. Parks & Reserves may comprise; shelters, paths, BBQ facilities, furniture, cenotaphs, plaques, statues, water fountains, historical engravings, irrigation systems, and any professional fees and labour costs associated with bringing the asset to the time of being available for use.

- 1.2.12 Sports & Recreation** – Sport & recreation assets are defined as parks specifically designed to cater for sporting activities, and may include sporting infrastructure differentiating them from Parks & Reserves.

Sports & Recreation assets are recognised as; sporting ovals, swimming centres, tennis courts, sporting facilities (e.g., netball courts, skate parks, BMX tracks, bowling greens), golf course, cricket nets, trails (used for walking, running, and cycling), professional fees, labour costs and the date in which the asset is available for use.

- 1.2.13 Playgrounds** – playgrounds are defined as areas of land zoned for the specific purpose of accommodating recreational facilities for children. These parcels of land differ from “Sports & Recreation” as a separate asset class as they are not for the specific purpose of providing sporting activities.

Playgrounds are recognised as; outdoor areas designed for children’s’ play time activities, and include the cost of various types of playground infrastructure, costs of equipment, professional fees, labour costs, and the date of being available for use.

- 1.2.14 Cemeteries** – cemeteries are defined as the use of land set aside for the specific purpose of burials and internments.

Cemeteries are recognised as; plinths, structures, irrigation, tools, furniture, landscaping, service roads and paths, cost of equipment, professional fees, labour costs, and the date the assets are available for use.

- 1.2.15 TV Transmitter** – TV transmitters are defined as communication transmitting structures located in high isolated topographical areas licensed and controlled by the Adelaide Hills Council.

TV Transmitters are recognised as; steel structures supporting transmitting and receiving dishes, aerials and antennas, a signal station, fences, equipment, professional fees, labour costs, and the date in which the asset is available for use.

- 1.2.16 **Stormwater Drainage** – a stormwater drainage network is defined as a system by which rainwater runoff is channelled into pits, pipes and storage ponds, aimed at controlling flooding and water contamination.

A stormwater drainage network is recognised as; a length of pipe or series of pipes, pits or nodes (joins), ponds, cost of equipment, labour costs, and the date the assets are available for use.

- 1.2.17 **Water Supply** – water supply is defined as the supply of treated water from active bores for re-use by the community.

Water Supply is recognised as; a length of pipe or series of pipes, nodes, a pump station, a filtration process, holding dams, cost of equipment, professional fees, labour costs, and the date the assets are available for use.

- 1.2.18 **CWMS (Community Waste Water Management System)** – a CWMS is defined as an intricate pipe, pump and storage network by which community effluent can be redirected to treatment lagoons or waste water treatment plants for water treatment.

A CWMS infrastructure asset is recognised as; a length of pipe or series of pipes, nodes, a pump station, pits and lagoon ponds, design materials, cost of equipment, professional fees, labour costs, and the date the assets are available for use.

- 1.2.19 **Library Resources** – library resources are defined as items made available to the community on a loan basis, returnable within a set period.

Library resources are recognised as; audio visuals, CD's, DVD's, books, and talking books.

These resources are now treated as operating expense items and written down to zero value upon acquisition.

- 1.2.20 **Plant & Equipment** – is defined as being tangible (physical properties) in nature, and used in the production of goods and services, supply of goods and services, or for administrative purposes.

Plant & equipment is recognised as; IT hardware (including computers, monitors, servers, switches, routers, etc.), security systems, motor vehicles, machinery (trucks, heavy earth equipment, lawn mowers, tools, etc.), photocopiers & printers, presentation devices, telephony systems, and air conditioning units (ducted, split).

- 1.2.21 **Furniture & Fittings** – is defined as being tangible (physical properties) assets that include all remaining assets not captured under any of the above asset class definitions.

Furniture & Fittings is recognised as; workstations, storage (shelving, compactor unit), office furniture, floor coverings, lighting (internal, external), kitchen items (refrigerator, microwave, oven, water filter, cutlery, tables & chairs, etc.), and professional fees.

1.2.22 Software & Licences – is defined as being intangible (without physical properties) assets, used in the production of goods and services, supply of goods and services, or for administrative purposes⁹. Often associated with IT hardware and capitalised labour, may include software, intellectual creativity, and other non physical items. Software & Licences is identified as a separate asset class due to the restrictions of the definition of “Property, *Plant & Equipment*” limited to tangible assets.

Software & Licences is recognised as; those intangible assets not covered under AASB 116, such as; software programs, licences (a right to a service over a finite period and / or a right to a service in perpetuity), patents, trademarks, intellectual property, and the cost of labour from development¹⁰.

The recognition principles identified above are a guide only, all new additions and existing items are required to meet the recognition test and identified into the correct asset class. Any queries should be addressed to Finance who as custodians have ultimate responsibility.

1.3 CAPITALISATION THRESHOLDS

1.3.1 Materiality

In accordance with AASB 1031 – Materiality, the inclusion or exclusion of information may affect the users’ ability to make decisions, therefore increasing the risk of the overall result being impaired.

Information is deemed material if by its omission there is significant influence to the decision making process of the users, and the discharge of accountability by the owners.

Often measured based on quantitative thresholds, these thresholds are a guide only and need to be assessed in light of individual factors in making a determination. These measures are as follows:

- an amount which is equal to or greater than 10 per cent of the appropriate base amount may assume to be material¹¹,
- an amount which is equal to or less than 5 per cent of the appropriate base amount may be presumed not to be material¹².

The Capitalisation Threshold applies to expenditure of a capital nature (refer “Capital v. Expenditure”), whereby expenditure exceeding the relevant threshold is recognised as a fixed asset. Expenditure that falls below the relevant threshold maybe fully expensed in the period in which it occurred, however if individual items operate as components of a cohesive whole and the overall cost exceeds the relevant threshold, the total value would be recognised as a fixed asset.

⁹ AASB 138.9

¹⁰ AASB 138.21

¹¹ AASB 1031.15(a)

¹² AASB 1031.15(b)

The Capitalisation Thresholds for each asset class is as follows:

	ASSET CLASS	ASSET COMPONENT	THRESHOLD \$
1	Roads	Sealed	5,000
		Unsealed	5,000
		Pavement	5,000
		Fire Track	5,000
		Line Markings	5,000
		Traffic Signage	5,000
2	Bridges	Bridge	5,000
		Culvert	5,000
		Footbridge	5,000
		Traffic Signage	5,000
3	Footpaths	Footpaths	5,000
		Cycle Tracks	5,000
4	Retaining Walls	Retaining Walls	5,000
		Embankment	5,000
		Cutting	5,000
5	Guardrails	Guardrails	5,000
6	Kerb & Gutters	Kerb & Gutter	5,000
7	Traffic Controls	Traffic Signals	5,000
		Pedestrian Structure	5,000
		Parking Structure	5,000
		Speed Humps	5,000
		Roundabouts	5,000
		Guideposts	5,000
8	Street Furniture	Seats & Benches	1,000
		Rubbish Bins	1,000
		Dog Bag Dispensers	1,000
		Bus Stops	1,000
		Fencing & Railings	1,000
		Lighting	1,000
		Ornaments	1,000
		Information Signage	1,000
9	Land	Conservation Reserve	1
		Passive Recreation	1
		Community Use	1
		Sport & Recreation	1
		Civic Purposes	1
		CFS	1
		Commercial	1
10	Buildings	Office & Libraries	5,000
		Depot	5,000
		Halls & Comm'ty Bldgs	5,000
		Retirement Villages	2,000
		Public Toilets	5,000
		Security Systems	5,000
		Air-conditioning	5,000
		Commercial	5,000
11	Parks & Reserves	Picnic Facilities	5,000
		Furniture	5,000
		Rubbish Bins	5,000
		Ornaments	5,000

	ASSET CLASS	ASSET COMPONENT	THRESHOLD \$
12	Sports & Recreation	Sports Ovals	5,000
		Swimming Centre	5,000
		Courts	5,000
		BMX Tracks	5,000
		Skate Parks	5,000
		Bowls	5,000
		Golf Course	5,000
		Cricket Nets	5,000
		Trails	5,000
13	Playgrounds	Equipment	5,000
		Shelter	5,000
		Furniture	5,000
		Rubbish Bins	5,000
14	Cemeteries	Structures	5,000
		Furniture	5,000
		Plinths	5,000
		Roads	5,000
		Footpaths	5,000
		Drainage	5,000
15	TV Transmitter	Footings	5,000
		Tower	5,000
		Aerials / Dishes	5,000
		Signal Station	5,000
		Fences	5,000
16	Stormwater	Pipes	5,000
		Pits	5,000
		Trash Racks	5,000
		Detention Basins	5,000
17	Water Supply	Pipes	5,000
		Dam	5,000
		Pump Station	5,000
		Filtration	5,000
18	CWMS	Reticulation	5,000
		Nodes	5,000
		Pumping Stations	5,000
		Treatment System	5,000
		Reuse System	5,000
19	Library Resources	Audio Visual	Expensed
		Books	Expensed
		Talking Books / CD's	Expensed
		Video / DVD's	Expensed
20	Plant & Equipment	IT Hardware	1,000
		Motor Vehicles	1,000
		Machinery	1,000
		Office Equipment	1,000
21	Furniture & Fittings	Workstations	1,000
		Storage	1,000
		Furniture	1,000
		Floor Coverings	1,000
		Kitchen	1,000
		Lighting	1,000
22	Software & Licences	Software Licences	1,000
		Patents / TM	1
		Intellectual Property	1
		Database	1

1.4 CAPITAL v. MAINTENANCE

1.4.1 **Maintenance**

Maintenance refers to the costs incurred to retain or restore the utility of the asset to its new condition, or maintain the utility of an asset as a result of the natural wear and tear over the course of the assets useful life. A condition rating based on physical assessment of the asset is used to determine what degree of intervention is required to maintain service value (refer to “*Condition Rating*”).

MAINTENANCE EXPENSE RECOGNITION			
ASSET CLASS	CYCLICAL	PLANNED	REACTIVE
<i>Roads</i>	Line markings are maintained between the time of installation and replacement, due to factors such as; weather and usage causing the loss of the markings reflective properties.	Fixed intervals are agreed upon based on historical data and agreed service levels where the interval is used to express the maximum time between maintenance tasks. Works include: Patrol grading (remove potholes, dig outs, minor resurfacing), edge breaks, drainage, erosion and vegetation control, line re-marking, and traffic signage.	Based on a predetermined condition score where service levels are agreed upon to trigger intervention. Data is collected from customer complaints and routine inspections. Works include: Potholes, dig outs, minor resurfacing, edge breaks, drainage, erosion and vegetation control, line re-marking, and traffic signage.
<i>Bridges</i>	NOT cyclical in nature	Fixed intervals are agreed upon based on historical data and agreed service levels where the interval is used to express the maximum time between maintenance tasks. Works include: structural repairs, and traffic signage.	Based on a predetermined condition score where service levels are agreed upon to trigger intervention. Data from customer complaints and routine inspections. Works include: structural repairs, and traffic signage.
<i>Footpaths</i>	NOT cyclical in nature	Planned repairs to defects such as; vertical displacement, holes, smoothness, pits, washouts, silt deposits, edge break and tree roots to small sections.	Urgent repairs needed when safety is compromised, predecessor to other work, or risk of future cost blow out.

MAINTENANCE EXPENSE RECOGNITION			
ASSET CLASS	CYCLICAL	PLANNED	REACTIVE
<i>Retaining Walls</i>	Regular site inspections of walls in areas of high water pressure and soil degradation.	Programme of maintenance to minimise deterioration to walls in high water pressure and soil degradation.	Repairs are required to maintain structural integrity to walls in areas of high water pressure and soil degradation.
<i>Guardrails</i>	NOT cyclical in nature	Maintenance planned for minor oxidation from exposure to weathering, i.e., replacement of bolts.	Repairs required due to damage to guardrail structure.
<i>Kerbs & Gutters</i>	NOT cyclical in nature	Planned repairs for minor lifting, sinking or cracking of small sections of structure.	Unexpected but minor lifting, sinking or cracking of small structure.
<i>Traffic Controls</i>	NOT cyclical in nature	Programme of maintenance to minimise deterioration	Repairs needed to rectify affected traffic flows
<i>Street Furniture</i>	NOT cyclical in nature	Programme of maintenance to minor deterioration and vandalism.	Repairs required due to wear and tear, defects and vandalism.
<i>Land</i>	NOT cyclical in nature.	NOT proactive in nature.	NOT reactive in nature.
<i>Buildings</i>	NOT cyclical in nature	Programme of maintenance to minimise deterioration.	Repairs required to maintain building integrity
<i>Parks & Reserves</i>	NOT cyclical in nature	Programme of maintenance to minimise deterioration. Planned works to cover lawn mowing, fertilisation, and irrigation repairs.	Repairs required due to wear and tear. Urgent repairs needed to maintain safety requirements
<i>Sports & Recreation</i>	NOT cyclical in nature	Programme of maintenance to minimise deterioration	Urgent repairs needed to maintain safety requirements
<i>Playgrounds</i>	NOT cyclical in nature	Programme of maintenance to minimise deterioration and audit requirements.	Repairs required due to wear and tear. Urgent repairs needed to maintain safety requirements
<i>Cemeteries</i>	NOT cyclical in nature	Programme of maintenance to minimise deterioration	Repairs required to maintain and respect the solemn ambience

MAINTENANCE EXPENSE RECOGNITION			
ASSET CLASS	CYCLICAL	PLANNED	REACTIVE
<i>TV Transmitter</i>	NOT cyclical in nature	Programme of maintenance to minimise deterioration	Urgent repairs needed to maintain safety and serviceability.
<i>Stormwater Drainage</i>	NOT cyclical in nature	Regular flushing of pits and pipes to remove debris/leaf litter to prevent blockages and overflows.	Urgent maintenance required when risk of flooding properties due to blockages or drain damage.
<i>Water Supply</i>	NOT cyclical in nature	Maintenance programme aimed at minimising the risk of contamination. Servicing to pump station and filtration process.	Urgent maintenance required when risk of contamination is high. Servicing to pump station and filtration process.
<i>CWMS</i>	NOT cyclical in nature	Maintenance programme aimed at minimising the risk of discharge to the environment. Flush sedimentation points, flush pipe lines, dislodge pits, servicing to pump station.	Urgent maintenance required when risk of discharge to the environment is high. Flush sedimentation points, flush pipe lines, dislodge pits, servicing to pump station.
<i>Library Resources</i>	NOT cyclical in nature	All expensed	All expensed.
<i>Plant & Equipment</i>	NOT cyclical in nature.	Programme of maintenance to minimise deterioration	Repairs required due to wear and tear.
<i>Furniture & Fittings</i>	NOT cyclical in nature.	Programme of maintenance to minimise deterioration	Repairs required due to wear and tear.
<i>Software & Licences</i>	NOT cyclical in nature.	NOT proactive in nature.	Required to debug or repair defects in applications.

When restoring an assets economic value based on a condition rating of one (1) to three (3), the activity is deemed to be maintenance and therefore Operating in nature, thus will not meet the definition of an asset. Such costs are therefore expensed in full when incurred.

Journal 1.1

The recommended accounting treatment for the cost of maintaining an asset is as follows:

DR Capitalised Assets Expense (P&L) \$??

CR Creditor / Cash at Bank (BalSht) \$??

Being cost incurred to restore service value of asset.

DR Asset Maintenance Expense (P&L) \$??

CR Capitalised Assets Expense (P&L) \$??

Being transfer to expenses.

1.4.2 Capitalisation

CAPITAL EXPENSE RECOGNITION			
ASSET CLASS	RENEWAL/ REPLACEMENT	UPGRADE/ IMPROVEMENT	NEW
<i>Roads</i>	Failure of existing road segment to meet the established needs and safety requirements of road users. Re-marking of lines due to road surface repairs or profiling.	Failure of existing road segment to meet the increased volume needs and safety requirements of road users. Re-marking of lines due to road surface repairs or profiling.	Creation of new road segment to service high volume vehicular access not previously available
<i>Bridges</i>	Critical safety implications of bridge or culvert structure components failing due to rust, vandalism, or structural deterioration	Critical safety implications of bridge or culvert structure components failing due to structural deterioration and increased usage volume	New bridge or culvert structure being built for the purpose of providing vehicular or pedestrian access not previously available
<i>Footpaths</i>	Failure due to defects to significant portion of segment (vertical displacement, holes, smoothness, pits, washouts, silt deposits, edge break and tree roots).	Failure due to increased pedestrian traffic and environmental impact on structure.	New footpath structure required where increased pedestrian traffic is evident, and pedestrian safety a concern.
<i>Retaining Walls</i>	Structure failure due to weathering, water course destabilisation and soil degradation.	Structure failure due to weathering, water course destabilisation and soil degradation.	A new structure required due to surveyed land subsidence.

CAPITAL EXPENSE RECOGNITION			
ASSET CLASS	RENEWAL/ REPLACEMENT	UPGRADE/ IMPROVEMENT	NEW
<i>Guardrails</i>	Failure due to deterioration (rust), or damage to structure.	Failure due to deterioration (rust), or damage to structure.	Accommodate increased safety needs.
<i>Kerbs & Gutter</i>	Failure of segment structure to convey water run-off into stormwater drains.	Failure of segment structure to convey water run-off into stormwater drains. Meet additional water management needs.	New infrastructure required due to the building of a new road, or where there is a need to direct stormwater run-off.
<i>Traffic Controls</i>	Failure of traffic devices to effectively control the flow of vehicular and pedestrian traffic.	Failure of traffic devices to effectively control the flow of vehicular and pedestrian traffic due to increased volume usage.	Traffic devices needed to effectively control the flow of vehicular and pedestrian traffic due to increased volume usage.
<i>Street Furniture</i>	Safety implications as a result of the park bench seat being in poor condition and not meeting minimum service level requirements.	Increased strength, stability and safety expected from park bench seats as expressed from the general public and elderly patrons.	Increased public and elderly patronage creates a demand for park bench seats to provide safe areas to rest and relax.
<i>Land</i>	NOT replaceable in nature	NOT renewable in nature.	New land areas acquired for use by the council.
<i>Buildings</i>	Safety implications as a result of deterioration of the building structure.	Upgrade to the existing building structure to increase capacity.	New building extension to cater for increased service and capacity demands.
<i>Parks & Reserves</i>	Renewing assets due to damage or vandalism, failure to meet minimum level requirements.	Upgrade assets to meet changes in public interest and requirements, failure to meet minimum level requirements.	New assets to meet public interest and requirements.
<i>Sport & Recreation</i>	Renewing assets due to damage or vandalism, failure to meet minimum level safety requirements.	Upgrade assets to meet changes in public interest and perception, failure to meet minimum level safety requirements.	New assets to meet public interest and perception.
<i>Playgrounds</i>	Renewing assets due to damage or vandalism, failure to meet minimum safety and service level requirements.	Upgrade assets to meet changes in public interest and requirements, failure to meet minimum safety and service level requirements.	New assets to meet public interest and requirements for the recreation of children.

CAPITAL EXPENSE RECOGNITION			
ASSET CLASS	RENEWAL/ REPLACEMENT	UPGRADE/ IMPROVEMENT	NEW
<i>Cemeteries</i>	Renewing assets due to damage or vandalism, failure to meet minimum level requirements.	Upgrade assets to meet increased capacity needs, failure to meet minimum level requirements.	New assets to meet public needs and expectations.
<i>TV Transmitter</i>	Renewing assets due to damage and wear and tear.	Upgrade assets to meet changes in service capabilities and requirements.	New asset infrastructure to meet community and general public service requirements
<i>Stormwater Drainage</i>	Failure of system due to age and deterioration of pipe system	Failure of system due to capacity constraints of existing infrastructure.	New infrastructure required to capture excess stormwater run-off.
<i>Water Supply</i>	Failure of system due to age and deterioration of storage facilities	Failure of system due to storage facility being under capacity	New infrastructure required to store clean water reserves
<i>CWMS</i>	Failure of system due to age and deterioration of pipe system and pump station infrastructure.	Failure of system due to age and deterioration of pipe system and pump station infrastructure. Increased need for increased pipe capacity.	New infrastructure required where new housing allotments have been zoned.
<i>Library Resources</i>	Operating Expense	Operating Expense	Operating Expense
<i>Plant & Equipment</i>	Renewing assets due to wear and tear, failure to meet minimum service level requirements.	Upgrade assets to meet increased service needs.	New assets to meet service needs and employee expectations.
<i>Furniture & Fittings</i>	Renewing assets due to wear and tear, failure to meet minimum service level requirements.	Upgrade assets to meet increased service needs.	New assets to meet service needs and employee expectations.
<i>Software & Licences</i>	Renewing services to prolong the usability of existing intangible assets.	Upgrade assets to remain viable as a result of changes to intangible assets.	New intangible assets to meet system and service needs.

When the condition of the asset's serviceability reaches four (4) or five (5), the maintenance programme is insufficient to remedy detection or the beginning of asset failure. Costs incurred to replace or upgrade the asset are capital in nature and will either; replace the asset and restore future economic value, or renew the asset and add additional economic value to the overall asset base. Where a need is identified and an asset does not currently exist to meet that need, new acquisitions that provide future economic benefits may increase the asset base (no condition rating applies before existence).

Journal 1.2

The recommended accounting treatment for the cost of replacement, upgrade or new acquisition of an asset is as follows:

DR	Capitalised Assets Expense (P&L)	\$??	
CR	Creditor / Cash at Bank (BalSht)		\$??
CR	Capitalised Assets Expense (P&L)		\$??
DR	Work in Progress – Asset (BalSht)	\$??	

Being cost incurred to replace, upgrade or acquire service value of the asset.

DR	Fixed Assets at Cost (BalSht)	\$??	AASB 116, 138
CR	Work in Progress – Asset (BalSht)		\$??

Being transfer of costs incurred on completion to replace, Upgrade or acquire service value of the asset.

For an asset that is being replaced or upgraded, the existing asset maybe "Impaired". To account for the impairment, the following accounting entry is required (see "[Impairment](#)" – Journal 2.1).

For an asset that is being replaced or upgraded where the asset may have previously been re-valued, the following accounting entry is required (see "[Asset Revaluation](#)" – Journal 4.2).

(NB: to the extent that the impairment loss does not exceed the amount in the revaluation reserve, any excess loss is written off against the Profit & Loss.)

The capital v. expenditure principles identified above is a guide only. All new additions, upgrades and replacements are required to meet the asset recognition test before selecting an asset class. All other expenditure is maintenance and is therefore operating in nature and fully expensed in the period in which it occurs. Any queries should be addressed to Finance who as custodians have ultimate responsibility.

1.5 DEPRECIATION BUSINESS RULES

1.5.1 **Depreciation**

Capitalised assets, whose economic benefits in most cases are consumed over a definable period, are systematically depreciated (tangible assets) or amortised (intangible assets) over the assets useful life in a manner that best reflects the consumption of service embodied in the asset. The depreciable value will be the cost of the asset less any residual value (salvage, scrap) deemed to be appropriate for that asset.

The method and rate of depreciation will be based on accepted patterns of useful life by Local Government, the experience of localised conditions to assess any environmental impact on those assets, and the verification from an independent valuer. Councils may as a result, form a structured approach to achieve a sustainable rate of deterioration of asset classes through their maintenance programs. This is a decision where the cost of maintenance and the speed of depreciation have to be assessed and verified to gain the best outcome and financial result.

The depreciation method adopted by the Adelaide Hills Council (AHC) is as follows:

- Straight-line Depreciation – consumption of benefits in a uniform manner over the life of the asset, calculated on asset cost less residual value.
(Refer to Appendix for rate tables)

The nature of the asset in use is a major factor in determining the rate in which an asset is to be depreciated, and this rate will best reflect the useful life that economic benefits are expected to be consumed. A review of charges to the consumption patterns of assets is an ongoing process to ensure fair representation of financial valuations.

1.5.2 **Residual Value**

Residual Value refers to the price at which a fixed asset is expected to be sold at the end of their useful life. Tangible assets that can be broken down into components such as steel, timber, road base and hardware, are often seen as possessing residual value at the end of their useful life due to these materials being used or reworked for other uses. Intangible assets such as obsolete software and labour hours have a zero residual value as they do not possess components that are re-useable, and are consumed in full over the period in which they are in service.

The Adelaide Hills Council recognises that many components consume materials that can be re-used or sold. These residual values are defined as follows:

SCHEDULE OF RESIDUAL VALUES				
ASSET CLASS	ASSET TYPE	VALUATION BASE	RESIDUAL VALUE (%)	COMMENT
<i>Roads</i>	Asphalt / Spray Seal	Current Replacement value	<i>Immaterial</i>	No salvageable materials. Cost of cartage.
	Re-sheeting and Line Marking	Current Replacement value	<i>Immaterial</i>	No salvageable materials. Cost of cartage.
	Urban Road Pavement - Distributor - Collector - Municipal	Current Replacement value	25	Distributor Collector Municipal
<i>Roads</i>	Urban Distributor Deep-lift Pavement	Current Replacement value	25	Distributor Collector Municipal
	Urban Road Formation - Distributor - Collector - Municipal	Current Replacement value	100	Distributor Collector Municipal
	Rural Road Pavement - Distributor - Collector - Municipal	Current Replacement value	33	Distributor Collector Municipal
	Rural Distributor Deep-lift Pavement	Current Replacement value	33	Distributor Collector Municipal
	Rural Road Formation - Distributor - Collector - Municipal	Current Replacement value	100	Distributor Collector Municipal
	Traffic Signage	Current Replacement value	<i>Immaterial</i>	No salvageable materials. Cost of cartage.
<i>Bridges</i>	Vehicular Bridges	Current Replacement value	<i>Immaterial</i>	No salvageable materials. Cost of cartage.
	Footbridges	Current Replacement value	<i>Immaterial</i>	No salvageable materials. Cost of cartage.
	Culverts	Current Replacement value	<i>Immaterial</i>	No salvageable materials. Cost of cartage.
	Traffic Signage	Current Replacement value	<i>Immaterial</i>	No salvageable materials. Cost of cartage.

SCHEDULE OF RESIDUAL VALUES				
ASSET CLASS	ASSET TYPE	VALUATION BASE	RESIDUAL VALUE (%)	COMMENT
<i>Footpaths</i>	Pedestrian Path / Ramp	Current Replacement value	<i>Immaterial</i>	No salvageable materials. Cost of cartage.
	Cycle Track	Current Replacement value	<i>Immaterial</i>	No salvageable materials. Cost of cartage.
<i>Retaining Walls</i>	Retaining Wall	Current Replacement value	<i>Immaterial</i>	No salvageable materials. Cost of cartage.
	Embankment	Current Replacement value	<i>Immaterial</i>	No salvageable materials. Cost of cartage.
	Cutting	Current Replacement value	<i>Immaterial</i>	No salvageable materials. Cost of cartage.
<i>Guardrails</i>	Guardrail (Post & end)	Current Replacement value	<i>Immaterial</i>	No salvageable materials. Cost of cartage.
<i>Kerb & Gutter</i>	Kerb & Gutter	Current Replacement value	<i>Immaterial</i>	No salvageable materials. Cost of cartage.
<i>Traffic Controls</i>	Chicanes, speed humps, & roundabouts	Current Replacement value	<i>Immaterial</i>	No salvageable materials.
	Pedestrian crossings / Island Refuge	Current Replacement value	<i>Immaterial</i>	No salvageable materials. Cost of cartage.
<i>Signs</i>	Aid and guidance Information Signage	Current Replacement value	<i>Immaterial</i>	No salvageable materials.
<i>Street Furniture</i>	Bench Seats	Current Replacement value	<i>Immaterial</i>	No salvageable materials. Cost of cartage.
	Rubbish Bins	Current Replacement value	<i>Immaterial</i>	No salvageable materials. Cost of cartage.
	Dog Bag Dispenser	Current Replacement value	<i>Immaterial</i>	No salvageable materials. Cost of cartage.
	Bus Stops	Current Replacement value	<i>Immaterial</i>	No salvageable materials. Cost of cartage.
	Fencing & Railings	Current Replacement value	<i>Immaterial</i>	No salvageable materials. Cost of cartage.
	Lighting	Current Replacement value	<i>Immaterial</i>	No salvageable materials. Cost of cartage.
<i>Street Furniture</i>	Information Signage	Current Replacement value	<i>Immaterial</i>	No salvageable materials. Cost of cartage.

SCHEDULE OF RESIDUAL VALUES				
ASSET CLASS	ASSET TYPE	VALUATION BASE	RESIDUAL VALUE (%)	COMMENT
<i>Land</i>	Land available for Use	Current Replacement value	100	Asset is NOT depreciable, residual value equals market value.
<i>Buildings</i>	Offices & Libraries	Current Replacement value	130% of UNsegmented structure	Some salvageable materials.
	Depots	Current Replacement value	130% of UNsegmented structure	Some salvageable materials.
	Halls & Community	Current Replacement value	130% of UNsegmented structure	Some salvageable materials.
	Public Toilets	Current Replacement value	Immaterial	No salvageable materials.
	Retirement Villages	Current Replacement value	130% of UNsegmented structure	Some salvageable materials.
	Commercial Properties	Current Replacement value	130% of UNsegmented structure	Some salvageable materials.
<i>Parks & Reserves</i>	Passive Reserve Facilities	Current Replacement value	100	Asset is NOT depreciable, residual value equals full replacement cost
	Furniture	Current Replacement value	Immaterial	No salvageable materials. Cost of cartage.
	Rubbish Bins	Current Replacement value	Immaterial	No salvageable materials. Cost of cartage.
	Ornaments	Current Replacement value	100	Asset is NOT depreciable
<i>Sports & Recreation</i>	Active Reserves Facilities	Current Replacement value	100	Asset is NOT depreciable
	Furniture	Current Replacement value	Immaterial	No salvageable materials. Cost of cartage.
	Structures	Current Replacement value	Immaterial	No salvageable materials. Cost of cartage.
	Rubbish Bins	Current Replacement value	Immaterial	No salvageable materials. Cost of cartage.
<i>Playgrounds</i>	Play equipment within reserve	Current Replacement value	Immaterial	No salvageable materials. Cost of cartage.

SCHEDULE OF RESIDUAL VALUES				
ASSET CLASS	ASSET TYPE	VALUATION BASE	RESIDUAL VALUE (%)	COMMENT
<i>Cemeteries</i>	Plinths	Current Replacement value	<i>Immaterial</i>	No salvageable materials. Cost of cartage.
	Structures	Current Replacement value	<i>Immaterial</i>	No salvageable materials. Cost of cartage.
	Furniture	Current Replacement value	<i>Immaterial</i>	No salvageable materials. Cost of cartage.
	Paths	Current Replacement value	<i>Immaterial</i>	No salvageable materials. Cost of cartage.
<i>TV Transmitter</i>	Structures	Current Replacement value	<i>Immaterial</i>	No salvageable materials. Cost of cartage.
	Paths	Current Replacement value	<i>Immaterial</i>	No salvageable materials. Cost of cartage.
	Aerial equipment	Current Replacement value	<i>Immaterial</i>	No salvageable materials. Cost of cartage.
	TV Transmitting Licence	Current Replacement value	100	Residual value equals market value.
<i>Stormwater Drains</i>	Pipes, grates and Pits (nodes)	Current Replacement value	<i>Immaterial</i>	Not considered to be salvageable materials. Cost of cartage. Re-usable pipes
<i>Water Supply</i>	Pipes, grates and Pits (nodes)	Current Replacement value	<i>Immaterial</i>	Not considered to be salvageable materials. Cost of cartage. Re-usable pipes
<i>CWMS</i>	Pump Station	Current Replacement value	<i>Immaterial</i>	No salvageable materials. Cost of cartage.
	Pipes and Pits (nodes)	Current Replacement value	<i>Immaterial</i>	Not considered to be salvageable materials. Cost of cartage.

SCHEDULE OF RESIDUAL VALUES				
ASSET CLASS	ASSET TYPE	VALUATION BASE	RESIDUAL VALUE (%)	COMMENT
<i>Library Resources</i>	Audio Visual	Operating Expense	Operating Expense	Operating Expense
	Books	Operating Expense	Operating Expense	Operating Expense
	Talking Books	Operating Expense	Operating Expense	Operating Expense
	DVD's	Operating Expense	Operating Expense	Operating Expense
	CD's	Operating Expense	Operating Expense	Operating Expense
<i>Plant & Equipment</i>	IT Hardware	Current Replacement value	<i>Immaterial</i>	No salvageable materials. Cost of Cartage
	Motor Vehicles	Current Replacement value	25	Trade in (market) Value
	Machinery	Current Replacement value	25	Trade in (market) Value
<i>Plant & Equipment</i>	Telephony System	Current Replacement value	<i>Immaterial</i>	No salvageable materials. Cost of Cartage
	Security System	Current Replacement value	<i>Immaterial</i>	No salvageable materials. Cost of Cartage
	Air Conditioning	Current Replacement value	<i>Immaterial</i>	No salvageable materials. Cost of Cartage
<i>Furniture & Fittings</i>	Workstations	Current Replacement value	<i>Immaterial</i>	No salvageable materials. Cost of Cartage
	Office Furniture	Current Replacement value	<i>Immaterial</i>	No salvageable materials. Cost of Cartage
	Kitchen	Current Replacement value	<i>Immaterial</i>	No salvageable materials. Cost of Cartage
	Floor Coverings	Current Replacement value	<i>Immaterial</i>	No salvageable materials. Cost of Cartage
<i>Software & Licences</i>	Software & licenses	Current Replacement value	<i>Immaterial</i>	No salvageable materials. Cost of Cartage
	Trademarks	Current Replacement value	<i>Immaterial</i>	No salvageable materials. Cost of Cartage
	Patents	Current Replacement value	<i>Immaterial</i>	No salvageable materials. Cost of Cartage
	Intellectual Property	Current Replacement value	<i>Immaterial</i>	No salvageable materials. Cost of Cartage

1.5.3 **Condition Rating**

The development of an Asset Management regime is aimed at detecting and scheduling the appropriate levels of intervention to secure the current sustainability of assets in question. This approach provides understanding of how to maintain and plan for the desired rates of consumption of assets employed, and creates clarity to the budgeting process with greater potential for savings.

With regard to council assets that adopt a long term useful life profile, Adelaide Hills Council (AHC) chooses to use a condition rating schedule to identify the levels of intervention by imposing a rating test from 0 – 10.

The rating table is as follows:

Rating	Description of Intervention
0 - 1 Excellent condition	Only planned maintenance required
2 - 3 Very good	Minor maintenance required plus planned maintenance
4 - 5 Good	Significant maintenance required
6 - 7 Average	Significant renewal/upgrade required.
8 - 9 Poor	Unserviceable.
10 Totally Consumed	Total consumption - hazardous

From this table, an assessed rating of 0 – 5 indicates the need to maintain the serviceability of the asset in an effort to reduce the speed of deterioration and rate of consumption. As the assets consumption rate increases so too does the level of intervention, which results in an increase in costs.

Asset Management policies are vital in assessing when the cost of maintaining an asset, plus the cost of accounting for impairment, outweigh the cost of renewing the asset (refer to “Impairment”).

Where an asset is assessed at a rating of 6 – 10, the asset is assessed as having significant levels of deterioration requiring capital investment to restore or replace economic value. This rating level reveals the cost to maintain the asset has now outweighed the cost of renewing the asset, and any remaining benefits from the impaired asset would be insignificant.

Rates of Depreciation (based on a useful life) and Condition Ratings of applicable asset classes are discussed below. Condition data is used to assess the assets defect rating, a combination of visual and physical inspection to determine changes in the expected service life:

- 1.5.4 **Roads** –Roads are complex structures consisting of two distinct components, the pavement and the surface (where sealed). The network consists of different structural makeup’s each of which has differing useful lives. As such the rates of deterioration for each of the types has been separately shown in [Table 3](#) (Appendices).

Defects that are considered for Roads include:

- *Rutting* - rippled effect of road surface
- *Roughness* – uneven surface
- *Stripping* – exposed patches of wear
- *Edge Break* – crumbling of surface edge
- *Cracking* – cracks exposing sub-base.

Roads also consist of line markings involving reflective paint applied in various formats. The useful life of the line markings is consistent over all formats, however due to usage and environmental factors, the rate of deterioration for each format may differ. As such the rates of deterioration for each identifiable line marking format has been separately shown in [Table 7 \(Appendices\)](#).

Signs are purchased as a whole item made up of components such as the sign, pole and footings. The rate of deterioration for each identifiable sign and their reflective quality has been separately shown in [Table 11 \(Appendices\)](#).

- 1.5.5 Bridges** – Bridges are a cohesive and complex structure of asset components used for both vehicle and pedestrian passage, which hold different useful lives. As such the rates of deterioration for each identifiable component has been separately shown in [Table 4 \(Appendices\)](#).

Defects that are considered for Bridges include:

- *Rotting* – of decking and support timbers
- *Oxidisation* – of bolts and steel due to exposure
- *Storm Damage* – often close to major watercourses

Signs are purchased as a whole item made up of components such as the sign, pole and footings. The rate of deterioration for each identifiable sign and their reflective quality has been separately shown in [Table 11 \(Appendices\)](#).

- 1.5.6 Footpaths** – Footpaths may be constructed from a number of different materials, each of which has differing useful lives. As such the rates of deterioration for each identifiable component has been separately shown in [Table 5 \(Appendices\)](#).

Defects that are considered for footpaths include:

- *Vertical Displacement* – raised section of surface
- *Holes* – surface wear
- *Smoothness* – surface wear and sedimentation
- *Pits & Washouts* – deterioration from weathering
- *Silt Deposit* – unstable footing.
- *Edge Break* – crumbling of surface edge
- *Tree Roots* – surface breakage from tree roots

- 1.5.7 **Retaining Walls** – Retaining Walls, Embankments and Cuttings are formed from various materials used to create a structure, including earth foundations (bulk earth works), timber, concrete and steel. These structures are made from different primary materials each have differing useful lives, and as such the rates of deterioration for each structural type has been separately shown in [Table 6 \(Appendices\)](#).
- 1.5.8 **Guardrails** – Guardrails are designed with essentially two (2) components, W Beam Rail, and either a drum (Melt) or fishtail (trailing) terminal end. As such the rates of deterioration for each identifiable component has been separately shown in [Table 8 \(Appendices\)](#).
- 1.5.9 **Kerb & Gutters (K&G)** – Kerbs are made up of different construction types which hold differing useful lives. As such the rates of deterioration for each identifiable component has been separately shown in [Table 9 \(Appendices\)](#).

Defects that are considered for Kerb & Gutters include:

- To convey excess water run-off into stormwater drains.

- 1.5.10 **Traffic Controls** – Traffic Controls are made up of several components which hold differing useful lives. As such the rates of deterioration for each identifiable component has been separately shown in [Table 10 \(Appendices\)](#).
- 1.5.11 **Street Furniture** – is made up of park bench seats and footing components which are treated as a single asset. However depending on the materials used in the bench designs, each design may possess a different useful life, therefore the rates of deterioration for each design of bench seat has been separately shown in [Table 12 \(Appendices\)](#).

Signs are purchased as a whole item made up of components such as the sign, pole and footings. The rate of deterioration for each identifiable sign and their reflective quality has been separately shown in [Table 11 \(Appendices\)](#).

- 1.5.12 **Land** – Land is identified as areas of earth that can be made available for other controlled assets, but remain independent from those assets and are valued independently. Unlike other assets, land cannot be consumed and become obsolete, its use is unlimited and therefore has an ongoing useful life, and is not depreciable. Land revaluations are assessed on a regular basis geared to the Valuer Generals assessment each year with valuation adjustments made periodically (refer to Asset Impairment and Asset Revaluation Reserve). Council parcels of land are shown in [Table 13 \(Appendices\)](#).
- 1.5.13 **Buildings** – Buildings are a cohesive and complex structure of asset components used to provide a secure and sheltered area to conduct general council, specialised council, or Adelaide Hills Council (AHC) community based activities. These separately identifiable assets hold differing useful lives and as such the rates of deterioration for each identifiable component has been separately shown in [Table 14 \(Appendices\)](#).

- 1.5.14 **Parks & Reserves** – Parks & Reserves contain many assets made from various materials exhibiting various lengths of economic life. Other factors affecting these assets include; environmental factors, volume of use, and the natural wear and tear from the assets intended use. These components therefore have differing useful lives, and as such the rates of deterioration for each identifiable component has been separately shown in [Table 15](#) (*Appendices*).
- 1.5.15 **Sports & Recreation** – Sports & Recreation zones contain many assets made from various materials exhibiting various lengths of economic life. Other factors affecting these assets include; environmental factors, volume of use, and the natural wear and tear from the assets intended use. These components therefore have differing useful lives, and as such the rates of deterioration for each identifiable component has been separately shown in [Table 16](#) (*Appendices*).
- 1.5.16 **Playgrounds** – Playgrounds contain many assets made from various materials exhibiting various lengths of economic life. Other factors affecting these assets include; environmental factors, volume of use, and the natural wear and tear from the assets intended use. These components therefore have differing useful lives, and as such the rates of deterioration for each identifiable component has been separately shown in [Table 17](#) (*Appendices*).
- 1.5.17 **Cemeteries** – Cemeteries accommodate many assets, and these assets are used for arrange of purposes, and made from various materials. The assets found in cemeteries therefore have differing useful lives, and as such the rates of deterioration for each identifiable component has been separately shown in [Table 18](#) (*Appendices*).
- 1.5.18 **TV Transmitter** – TV Transmitters contain many assets made from various materials exhibiting various lengths of economic life. Other factors affecting these assets include; environmental factors and the natural wear and tear from the assets intended use. These components therefore have differing useful lives, and as such the rates of deterioration for each identifiable component has been separately shown in [Table 19](#) (*Appendices*).
- 1.5.19 **Stormwater Drainage** – Stormwater Drainage Systems is made up of a series of pipes and pits (nodes) forming a web like structure of asset components that have differing useful lives based on size and structural makeup. As such the rates of deterioration for each identifiable component has been separately shown in [Table 20](#) (*Appendices*).
- Aged as opposed to conditioning data is used to assess the assets defect rating, the effective life of Stormwater pipes is one hundred (100) years¹³. Based on accepted Australian Standards, it can be assumed that once the assets useful life has been consumed in full, the asset will need to be replaced.
- 1.5.20 **Water Supply** – the Water Supply system is made up of an intricate web of pits and pipes that contain a number of asset components that have differing useful lives. As such the rates of deterioration for each identifiable component has been separately shown in [Table 21](#) (*Appendices*).

¹³ Australian Standard AS4058 and AS3725

- 1.5.21 CWMS** – Community Waste Water Management Systems is a cohesive and complex structure of asset components that have differing useful lives. As such the rates of deterioration for each identifiable component has been separately shown in [Table 22 \(Appendices\)](#). Aged as opposed to conditioning data is used to assess the assets defect rating. Based on advice provided by Wallbridge and Gilbert, it can be assumed that once the assets useful life has been consumed in full, the asset will need to be replaced.
- 1.5.22 Library Resources** – Library Resources are not subject to condition ratings, being initially recorded as an Operating Expense
- 1.5.23 Plant & Equipment** – Plant & Equipment includes various assets, including; IT hardware, motor vehicles, machinery, security systems, and telephony systems. Due to the assets intended use and the materials associated with that asset, these assets exhibit differing useful lives, and as such the rates of deterioration for each identifiable component has been separately shown in [Table 24 \(Appendices\)](#).
- 1.5.24 Furniture & Fittings** – Furniture & Fittings includes various assets, including; workstations, storage, office furniture, kitchen furniture, and floor coverings. Due to the assets intended use and the materials associated with that asset, these assets exhibit differing useful lives, and as such the rates of deterioration for each identifiable component has been separately shown in [Table 24 \(Appendices\)](#).
- 1.5.25 Software & Licences** – intangible assets are essentially a single asset component which is assessed as being of a finite or indefinite useful life (perpetual life cycle). As such the rate of deterioration follows the councils understanding of the assets use and the regularity of renewals by the developer, thus if the asset is deemed to be finite in nature, the asset is amortised over the period in which services are expected to be consumed. If the asset is deemed to be indefinite, it is not¹⁴.

Remaining future economic benefits available to the council is subject to asset version development and replacement, and is therefore deemed to be fully utilised at the date the asset reaches obsolescence. These assets exhibit differing useful lives, and as such the rates of deterioration for each identifiable component has been separately shown in [Table 25 \(Appendices\)](#).

1.6 USEFUL LIFE OF ASSETS

The useful life of an asset is defined as the passage of time that the expected consumption of asset services is available to an entity. Over this period the useful life maybe reviewed on a regular basis taking into account new information about future economic value, any adjustments resulting from this review will be made prospectively (i.e., adjustments to depreciation charges will be made to future periods with no allowable adjustment to prior periods)¹⁵.

¹⁴ AASB 138.89 & 97

¹⁵ AASB 116.51 with reference to AASB 108.32 - 40

A change in accounting estimates is not necessarily deemed an error if the adjustment to the estimate is a result of new information or developments. The interpretation of such an event will result in no restatement of accounts¹⁶.

When referring to the life of an asset, a distinction is made between the terms “Useful Life” and “Economic Life”. This distinction is as follows:

- ***Useful Life*** – the period in which the entity deems the asset to be available for use, based on an entities assessment of the service value of like assets and / or past experience, and should be reviewed as part of the entities normal policies and procedures.
- ***Economic Life*** – the natural life cycle of the asset from which service value would be available if the asset were allowed to be used without entity interference or bias.

An entity may choose to dispose of an asset prior to all future economic benefits having been consumed, this decision will be based on the most economical or opportunistic time an entity deems appropriate to dispose or replace the asset.

There are many factors that contribute to the assessment of an assets useful life. The overall performance and life expectancy of these assets is influenced by external as well as internal factors, these are identified in [Table A \(Appendices\)](#). The useful life will be further influenced by the type of materials used in construction, usage volume, normal wear and tear, damage, and known industry standards and established consultancy studies¹⁷.

Factors that are particular to each asset are discussed as follows:

- 1.6.1 *Roads*** – are valued at the segment level (refer to [Table B](#)), each segment is determined by the road type or design, and / or geographical features such as intersections or road ends. The useful life of a segment of road (whether it be seal, or pavement) is assumed to be the time that the asset is expected to be in use before renewal of the whole segment is required.

If the pavement requires renewal, the seal and line marking will be renewed at the same time. However when the seal requires renewal, the pavement is not necessarily required to be renewed. The useful life of a pavement is largely affected by water ingress, a good maintenance regime and seal renewal scheduling ensures that this effect is controlled.

Traffic signage is valued individually (refer to [Table B](#)) and assessed based on their reflective properties and pole and footing strength.

Refer [Table 3](#), [Table 7](#) & [Table 11 \(Appendices\)](#).

- 1.6.2 *Bridges*** – are valued as both vehicle and pedestrian bridges as well as major culverts (refer to [Table B](#)), each structure is determined by the type or design, and materials used in the structure. The useful life of a bridge or culvert is assumed to be the time that the asset is expected to be in use achieving the highest level of safety before renewal of the whole asset is required. The overall performance and life expectancy of bridges and major culverts is further influenced by external factors such as weathering, vandalism, breakage, and oxidisation.

¹⁶ AASB 108.5

¹⁷ IIMM (2006) reference document

Traffic signage is valued individually (refer to [Table B](#)) and assessed based on their reflective properties and pole and footing strength.

Refer [Table 4](#) & [Table 11](#) (*Appendices*).

- 1.6.3 Footpaths** – are valued at the segment level (refer to [Table B](#)), each segment is determined by the footpath type or design, and / or geographical features such as intersections. The useful life of a segment of footpath is assumed to be the time that the asset is expected to be in use before renewal of the whole segment is required.

Refer [Table 5](#) (*Appendices*).

- 1.6.4 Retaining Walls** – are valued at the item or single structure level (refer to [Table B](#)), each structure is determined by the type or design of Retaining Wall or Embankment. The useful life of a structured Retaining Wall or Embankment is assumed to be the time that the asset is expected to be in use before renewal of the whole structure is required. The rates applied to Concrete crib walls are based on the likelihood that they will be replaced by another design.

Refer [Table 6](#) (*Appendices*).

- 1.6.5 Guardrails** – are valued as a length of guardrail (refer to [Table B](#)), made up of the following asset components; W-Beam Australian Standard Approved steel guardrail sourced from S.A. Guardrailers, attachment bolts and concrete footings. The useful life of a guardrail is assumed to be the time that the road asset is expected to be in use before renewal of the whole asset is required.

Refer [Table 8](#) (*Appendices*).

- 1.6.6 Kerb & Gutters (K&G)** – are valued at the segment level (refer to [Table B](#)), each segment is determined by the road type that the kerb is constructed on, geographical features such as intersections, and where the kerb design has changed. The useful life of a segment of kerbing is assumed to be the time that the asset is expected to be in use before renewal of the whole segment is required.

Refer [Table 9](#) (*Appendices*).

- 1.6.7 Traffic Controls** – are valued as pedestrian crossings and refuges, chicanes and other motor vehicle speed inhibitors. The useful life of traffic controls is valued at the individual item level (refer to [Table B](#)), and is assessed on their ability to control traffic, calm the flow of traffic, and to protect pedestrians.

Refer [Table 10](#) (*Appendices*).

- 1.6.8 **Street Furniture** – is valued as a combination of assets that including park bench seats and information signage (refer to [Table B](#) for other component details).

The useful life of bench seats and information signs is assumed to be the time that the asset is expected to be in use before replacement of the whole asset is required.

Refer [Table 11](#) & [Table 12](#) (Appendices).

- 1.6.9 **Land** – is valued as land areas zoned for the use by the Adelaide Hills Council (refer to [Table B](#)) to establish dwellings, parks, reserves and sporting facilities for the enjoyment of the community. The useful life of Land is assumed to be indefinite, only when control over the use of that land ceases that land becomes finite.

Refer [Table 13](#) (Appendices).

- 1.6.10 **Buildings** – is valued as a structure or dwelling made up of a number of components (refer to Table B) for the purpose of providing a safe and covered place to facilitate community activities. The useful life of building assets is assumed to be the time the asset continues to be in use before renewal of the whole asset is reached.

Refer [Table 14](#) (Appendices).

- 1.6.11 **Parks & Reserves** – is valued as array of asset components (refer to [Table B](#)) that cater for passive leisure activities for the residents and visitors for their enjoyment, as well as providing an account of history that reflects on the positive contributions of the local community. The useful life of these assets is assumed to be the time that the asset components continue to provide enjoyment before renewal of the whole asset is required.

Refer [Table 15](#) (Appendices).

- 1.6.12 **Sports & Recreation** – is valued as array of asset components (refer to [Table B](#)), that cater for sporting and leisure activities (not included under “Parks & Reserves”) for the residents and visitors for their enjoyment. The useful life of these assets is assumed to be the time that the asset components continue to provide enjoyment before renewal of the whole asset is required.

Refer [Table 16](#) (Appendices).

- 1.6.13 **Playgrounds** – is valued as a number of specific asset components (refer to [Table B](#)), that cater for the playing activities of children. The useful life of these assets is assumed to be the time that the asset components continue to provide enjoyment and meets minimum safety requirements before renewal of the whole asset is reached.

Refer [Table 17](#) (Appendices).

- 1.6.14 **Cemeteries** – is valued as array of asset components (refer to [Table B](#)), that when combined provide ambient surroundings for friends and loved ones to grieve. The useful life of these assets is assumed to be the time that the asset components continue to provide a safe and comfortable environment before renewal of the whole asset is required.

Refer [Table 18](#) (Appendices).

- 1.6.15 **TV Transmitter** – is valued as a number of specific asset components (refer to [Table B](#)), that provide communication services to the community and general public. The useful life of these assets is assumed to be the time that the asset components continue to provide this service before renewal of the whole asset is reached.

Refer [Table 19](#) (Appendices).

- 1.6.16 **Stormwater Drainage** – stormwater infrastructure assets are valued at the segment level (refer to [Table B](#)), segments are determined by lengths of pipe between nodes (pits). For pipes and pits, there are two proven ways of reaching the end of their useful life;

- **Capacity** – when the asset no longer achieves the capacity needs of increased volume flows (for example, a pipe no longer has the necessary dimensions to handle increased waste water).
- **Structural** – when the asset fails due to inadequate strength or age, and renewal is required (for example, a pipe develops cracks due to increased volume pressure).

Refer to [Table 20](#) (Appendices).

- 1.6.17 **Water Supply** – water supply assets are valued at the asset level (refer to [Table B](#)), and are valued by their ability to transport treated water for reuse by the community;

- **Capacity** – when the asset no longer achieves the capacity needs of increased volume flows (for example, the storage dam no longer has the capacity to hold increased water reserves).
- **Structural** – when the asset fails due to inadequate strength or age, and renewal is required (for example, a pipe develops cracks due to increased volume pressure).

Refer to [Table 21](#) (Appendices).

1.6.18 CWMS – assets are valued at the segment level (refer to [Table B](#)), segments are determined by lengths of pipe between nodes (pits). For pipes and pits, there are two proven ways of reaching the end of their useful life;

- Capacity – when the asset no longer achieves the capacity needs of increased volume flows (for example, a pipe no longer has the necessary dimensions to handle increased waste water).
- Structural – when the asset fails due to inadequate strength or age, and renewal is required (for example, a pipe develops cracks due to increased volume pressure).

Refer to [Table 22](#) (Appendices).

1.6.19 Library Resources – Initially valued at cost but written down immediately to zero value and reported as Operating expenditure.

1.6.20 Plant & Equipment – is valued as array of asset components (refer to [Table B](#)) that are used by the Council for administrative, work team and community based activities. The useful life of these assets is assumed to be the time that the asset components continue to provide a service to the needs of the user before renewal of the whole asset is required.

Refer [Table 24](#) (Appendices).

1.6.21 Furniture & Fittings – is valued as array of asset components (refer to [Table B](#)) that are used by the administrative offices and libraries of the Adelaide Hills Council. The useful life of these assets is assumed to be the time that the asset components continue to provide a service to the needs of the user before renewal of the whole asset is required.

Refer [Table 24](#) (Appendices).

1.6.22 Software Licences – valued as a single item (refer to [Table B](#)), the useful life of intangible assets such as; computer application software, licences, patents, trademarks, and intellectual property, shall be assessed to whether the assets useful life is finite or indefinite (perpetual in nature). The usefulness of the asset is subject to the availability of new intellectual releases in the market that render the asset obsolete with a finite term of serviceability¹⁸.

Refer [Table 25](#) (Appendices).

1.7 IMPAIRMENT

All assets recognised under AASB 116 and AASB 138 is required to be reviewed for impairment on an annual basis. Impairment of an asset refers to the difference between the “*Carrying Amount*” (recorded book value) of an asset and how much it exceeds its “*Recoverable Amount*” (the higher of the assets “*Fair Value*” less costs to sell and its “*Value in Use*”)¹⁹.

¹⁸ AASB 138.88

¹⁹ AASB 136.8, 9, 12

“Value in Use” has two recognised definitions, for not-for-profit entities “Value in Use” refers to the depreciated “Replacement Cost”²⁰. For commercial entities “Value in Use” refers to the present value of future cash flows expected to be derived from the assets use. As this policy is limited to Not-for-Profit entities, current replacement cost test needs to be satisfied.

Impairment should be reviewed in terms of the following factors:

- Decline in “Recoverable Amount”.
- Changes to the technological, marketing, economic, and legal environments.
- Increase in cost of capital (interest rates).
- Physical damage or observed obsolescence.
- Changes to the entities corporate structure or financial well being.

The accounting for the impairment of assets as per AASB 136 is as follows:

<u>Journal 2.1</u>			
The recommended accounting treatment for the impairment of an asset within an asset class is as follows:			
<i>(NB: assume non re-valued impaired assets)</i>			
DR	Asset Depreciation Expense (P&L)	\$??	AASB 136.60
CR	Accumulated Depreciation (BalSht)		\$??
<i>Being additional depreciation to reflect a reduction in the carrying amount of the asset, due to impairment based on independent valuation.</i>			
Following entry required where the impaired asset no-longer exists in the financial records.			
DR	Accumulated Depreciation (BalSht)	\$??	
CR	Asset at cost (BalSht)		\$??
<i>Being de-recognition of impaired asset no-longer existing as a recorded asset.</i>			
If the asset is sold for a net gain after associated costs of sale, the following entry applies.			
DR	Cash (BalSht)	\$??	
CR	Gain on Sale (P&L)		\$??
<i>Being sale of impaired asset net of expenses.</i>			

²⁰ AASB 136 Aus 6.1

Journal 2.2

For an impaired asset where the asset may have previously been re-valued, the following accounting entry is required (see "[Asset Revaluation](#)" – Journal 4.2)²¹.

(NB: to the extent that the impairment loss does not exceed the amount in the revaluation reserve, any excess loss is written off against the Profit & Loss.)

When impairment is found, the asset is deemed to have been consumed at a faster rate than original estimates, resulting in the expected useful life being shorter. This change in expected useful life may be as a result of an event (for example; flood, fire, and other acts of God) or a higher than expected natural rate of deterioration.

As a result of a natural increase in the rate of deterioration, and deemed to be beyond the initial consumption rate expectations of the Council's engineers department and independent valuers, adjustment to the rate of consumption is required to be made in the period the change is known. Refer to 1.6 "Useful Life of Assets" where it says;

"... the useful life maybe reviewed on a regular basis taking into account new information about future economic value, any adjustments resulting from this review will be made prospectively (i.e., adjustments to depreciation charges will be made to future periods with no allowable adjustment to prior periods)".

Discipline is required when assessing impairment of an asset. Regular review of an assets consumption rate and the environmental factors that may influence change, may avoid retrospective adjustments being made in the current reporting period.

1.8 DISPOSALS

On disposal of an asset, control of the asset ceases to exist and the right to any future economic benefits that may otherwise be available. Further, when the recognition criteria for an asset ceases, the item must be removed from the asset register.

On disposal, if compensation is received and differs from the carrying amount (i.e., cost less residual less accumulated depreciation) at the date of disposal, the variance is recorded in the Profit and Loss as a Gain or Loss on Disposal of Asset.

When a disposed asset has been re-valued in a prior period and an Asset Revaluation Reserve exists for that asset class, the balance pertaining to the disposed asset in the revaluation reserve will be transferred to the Accumulated Surplus / Deficit account brought forward (refer to "[Asset Revaluation](#)").

²¹ AASB 136 Aus 61.1

The accounting for disposals as per AASB 116 and AASB 138 is as follows:

Journal 3.1

The recommended accounting treatment for the disposal of an asset within an asset class is as follows:

(NB: assume non re-valued asset disposed of at a surplus)

DR	Cash at Bank (<i>BalSht</i>)	\$??	
DR	Accumulated Depreciation (<i>BalSht</i>)	\$??	
CR	Fixed Assets at Cost (<i>BalSht</i>)		\$??
DR	Loss on Disposal of Asset (<i>P&L</i>)	\$??	
	OR ...		
CR	Gain on Disposal of Asset (<i>P&L</i>)		\$??

Being the recognition of a gain on disposal

Journal 3.2

For a disposed asset within an asset class that has previously been re-valued, the following additional accounting entry is required (see "[Asset Revaluation](#)" – Journal 4.2).

(NB: assume previously re-valued asset disposed of at a surplus)

1.9 ASSET REVALUATIONS

1.9.1 **Methodology**

Assets are to be recorded at "*Fair Value*", this term is defined as :

"... the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction."²²

However due to the lack of liquidity in the trading of capital assets, the standard does allow an estimate to be used based on the "*Depreciable Replacement Cost*".

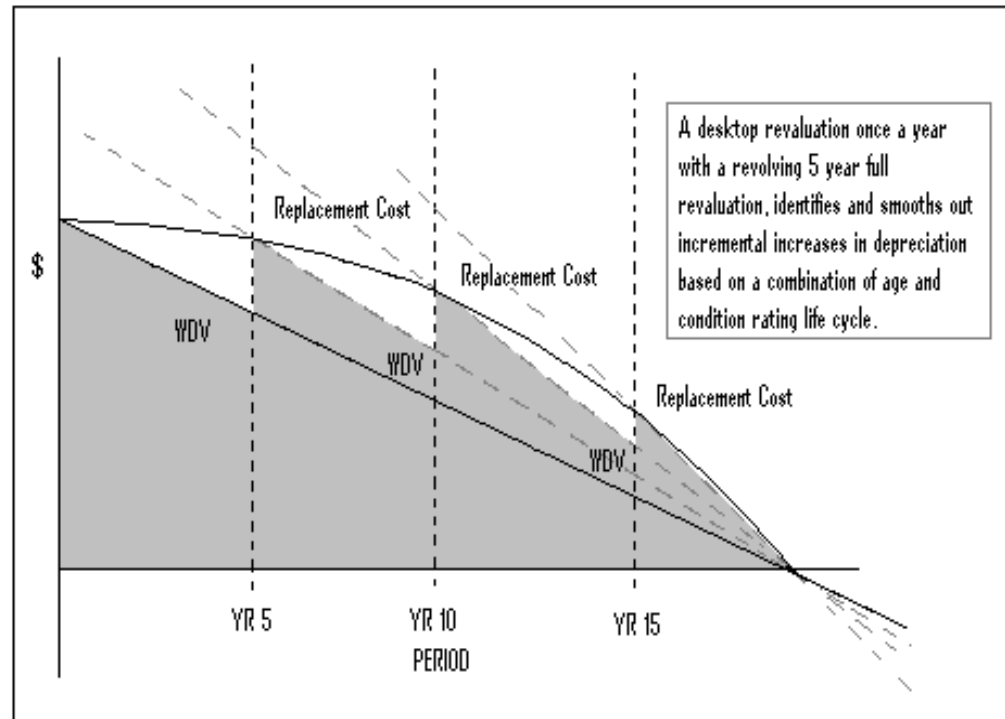
"...current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset."²³

²² AASB 116.6 (Definitions)

²³ AASB 136 (Aus 6.2)

On the premise that all Assets are to be recorded at their “Replacement Cost” (Fair Value), all Assets are required to be re-valued on a regular basis to assess the assets carrying value against the assets fair value at reporting date. When the assessment reveals a material difference²⁴, the entire class to which the asset belongs will be re-valued²⁵ and the increment adjustment taken to equity.

Diagram 2:



“Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.”²⁶

To ensure the components of an asset class are not materially different from their fair value, annual desktop reviews based on an appropriate market index (e.g., LGPI) or independent valuer (e.g., Southwick and Goodyear, Wallbridge and Gilbert etc.) need to be implemented to identify an increase in capital value. A full physical revaluation is required to be carried out, as per Council resolution, where current valuations of all reported asset classes materially differ from what has been reported; usually over a period not greater than five (5) years.

The adoption of an annual review approach may reduce the impact of large depreciation adjustments offset against future operating results, a past practice adopted by many councils resulting in inaccurate management planning behaviours.

²⁴ AASB 1031

²⁵ AASB 116.36

²⁶ AASB 116.31

1.9.2 **Accounting for Revaluations**

On revaluation of an asset, both the gross amount (historical cost + adjust for fair value) and accumulated depreciation are to be restated separately. This creates a better comparison of the asset consumption ratio, and is required under the standard²⁷ (Refer to Appendix "[Worked Example](#)")

Any increase in asset valuations will give rise to the creation of an Asset Revaluation Reserve, and will become part of equity unless reversing a previously recognised decrease write off to expenses²⁸. A decrease in asset value may be written back to the Profit & Loss, this decrement however will be offset against any previously recognised revaluation increments that exist in the Asset Revaluation Reserve²⁹.

The standard permits the transfer of the Asset Revaluation Reserve to Retained Earnings once the asset has been de-recognised. An entity may choose to transfer some of the balance in the Asset Revaluation Reserve to Retained Earnings by taking the differential between depreciation (based on the re-valued carrying amount) and the depreciation on original cost³⁰ (refer to "[Option Entry](#)" – Journal 4.1).

Journal 4.1

The recommended accounting treatment when revaluing an asset for the first time is as follows (refer to "[Appendix – 3.1.5](#)" for worked example):

(NB: assume an incremental revaluation)

DR	Fair Value Increment (<i>BalSht</i>)	\$??	
CR	Accumulated Depreciation (<i>BalSht</i>)	\$??	AASB 116.35
CR	Asset Revaluation Reserve (<i>Equity</i>)	\$??	

Being incremental revaluation of asset class as per independent valuer's recommendation.

Subsequent period entries to account for the continual consumption of the asset after revaluation.

DR	Depreciation Expense - Historical Cost (<i>P&L</i>)	\$??	
DR	Depreciation Expense – Re-valued increment (<i>P&L</i>)	\$??	
CR	Accumulated Depreciation - Historical Cost (<i>BalSht</i>)	\$??	
CR	Accumulated Depreciation – Re-valued increment (<i>BalSht</i>)	\$??	

Being the accounting of depreciation of the asset at historical cost and revaluation increment.

²⁷ AASB 116.35(a)

²⁸ AASB 116.39

²⁹ AASB 116 (Aus 40.1)

³⁰ AASB 116.41

Additional Entries – accounting for de-recognition of the asset over time and the reduction to the Asset Revaluation Reserve.

DR	Asset Revaluation Reserve (<i>Equity</i>)	\$??	AASB 116.41
CR	Accumulated Surplus / Deficit B/F (<i>Equity</i>)	\$??	

Being the gradual release of the ARR increment pertaining to the asset over the useful life.

OR ...

DR	Asset Revaluation Reserve (<i>Equity</i>)	\$??	AASB 116.41
CR	Accumulated Surplus / Deficit B/F (<i>Equity</i>)	\$??	

Being the full release of the ARR increment pertaining to the asset upon de-recognising the asset.

Journal 4.2

For all entries where an asset has been **REPLACED / UPGRADED, DISPOSED** or assessed as **IMPAIRED**, and where the asset may have previously been re-valued, the following accounting entry is required:

(NB: to the extent that the value of the deregistered asset does not exceed the amount in the revaluation reserve, any excess write back is offset against the Profit & Loss.)

DR	Asset Revaluation Reserve (<i>Equity</i>)	\$??	
CR	Accumulated Surplus / Deficit B/Fwd (<i>Equity</i>)	\$??	

Being adjustment to ARR to reflect deregistering of the asset brought about due to replacement / Upgrade, disposal or impairment.

1.10 INITIAL RECOGNITION OF PREVIOUSLY CONSTRUCTED ASSETS

1.10.1 Accounting for Unrecorded Assets

Due to the volume of complex infrastructure assets controlled by the Adelaide Hills Council accumulated over many years, and as a result of council amalgamation, it has been observed that prior year records may be incomplete with the omission of some assets.

Where previously constructed assets are recognised in the accounts for the first time, the initial recognition adjustment is made in the current reporting period off-set against prior year asset revaluation reserves relating to that asset class. Any amounts exceeding the reserve are expensed to the profit and loss, thus showing; fair value at the date of acquisition, an adjustment to the accumulated depreciation over the relevant period of consumption, and the difference against reserves (ARR) or P&L. As the asset has been in existence over several reporting periods, it is necessary that an adjustment be made to the asset revaluation reserve as this asset class has in effect been revalued (or impaired) due to the correct recording of the omitted asset(s). The proposed accounting treatment to correctly recognise the asset(s) is as follows:

Journal 5.1

The recommended accounting treatment when valuing a previously constructed asset for the first time:

DR	Gross Asset Value (<i>BalSht</i>)	\$??	
DR	Depreciation Expense – relating to the current period (<i>P&L</i>)	\$??	
CR	Accumulated Depreciation – Current Year (<i>BalSht</i>)		\$??
CR	Asset Revaluation Reserve – only to the extent of the balance available (<i>BalSht</i>)		\$??
DR	Depreciation Expense – only where no ARR is available (<i>P&L</i>)	\$??	
<i>Being valuation of asset class as per independent valuer's recommendation.</i>			

The initial recognition of a previously constructed asset may give rise to an asset revaluation, as the adjustment serves to account for the existence of an asset not previously valued. Revaluation is where the assessment of the assets recoverable amount exceeds the carrying value; this is possible for assets not previously recorded as their carrying value is a direct influence to the related asset class.

Once the asset has been brought to account for the first time, the asset is required to be reviewed as part of the normal annual asset maintenance program. These adjustments to depreciation, due to impairment of the asset, are made against either reserves (ARR) and/or current depreciation expense.

2. SYSTEMS AND CONTROLS

The Conquest Asset Management system is a proprietary software system database that offers extensive data management, analytical and reporting functionality for capitalised assets. The system is functionally rich, employs open-system relational database technology, and links with a range of industry standard GIS applications. The combination of powerful data management and GIS technology provides a sophisticated asset management platform with capabilities across the following areas:

- **Core Asset Register** – the storage hub for physical and non physical asset data.
- **Condition Module** – retains current condition assessments of the asset stock, including maintaining an asset's condition history.
- **Valuation Module** –retains current replacement cost, service life information, unit rates and depreciation schedules.
- **Maintenance Management Module** – contains maintenance schedules and maintenance task data. This module also records details of the maintenance work performed and the costs and resource usage that occur in executing maintenance tasks.
- **Work Management Module** – provides a platform for managing the flow of work arising from maintenance requests, customer action requests and fault reports. This module provides a list of current work, provides details of available resources, manages work allocation and reporting on completed tasks.
- **Analysis & Reporting Modules** – provide tools and reporting capability to interrogate, analyse and report on data within the system.
- **Various System Utilities** – these provide the means to configure the system, to undertake changes to the core asset registers and to manage the database and user administration. Utilities are also available to import bulk data into and out of the Conquest system.
- **GIS Links** – the Conquest system links seamlessly with Council's MapInfo GIS system and its simplified GIS presentation tool; Exponare. The integrated system allows users to interrogate the Conquest system using map based enquiries and to display the resulting data on maps with relative ease. The integration between Conquest and MapInfo can also be used to initiate contextual map displays based on data in the Conquest system.

The Conquest system is widely used by Local Government in South Australia and nationally. The Conquest system was originally developed by Tonkin Engineering, but is now marketed, developed and supported by a separate Adelaide based company. Tonkin retains Development Partner status with Conquest and provides expert asset management advice to the system developers.

APPENDICES

TABLE 3

ROADS				
Sealed Roads (Seal)				
	Description	Traffic Volumes	Useful Life (yrs)	Condition at end of life
Seal (Surface) Types:	10mm Asphalt		25	8
	10mm Sprayed Seal		20	8
	14mm Sprayed Seal		20	8
	7mm Sprayed Seal		20	8
	10/5mm Two Coat Sprayed Seal		20	8
	14/7mm Two Coat Sprayed Seal		20	8
	10mm Polymer Modified Sprayed Seal		20	8
	10/5mm Polymer Modified Sprayed Seal		20	8
	Deep Lift Seal Layer (40mm AC10)		25	8
Sealed Roads (Pavement)				
Pavement Types:	Urban Distributor	2000 and upwards	65	8
	Rural Distributor		65	8
	Urban Collector	700 and 2000	80	8
	Rural Collector		80	8
	Urban Municipal Local Road	150 and 700	95	8
	Rural Municipal Local Road		95	8
	Urban 150mm Deep Lift		65	8
	Rural 80mm Deep Lift		65	8
Sealed Roads (Formation)				
Formation Types:	Urban Distributor		-	n/a
	Rural Distributor		-	n/a
	Urban Collector		-	n/a
	Rural Collector		-	n/a
	Urban Municipal Local Road		-	n/a
	Rural Municipal Local Road		-	n/a
Unsealed Roads				
Unsealed Roads	Usage Class	Materials		
		Good	Average	Poor
	Class 1 – High	10	8	6
	Class 2 – Med	14	12	10
Class 3 - Low	16	14	12	
Tracks				
Tracks	TR	\$0.33	3	8

TABLE 4

BRIDGES			
FOOTBRIDGES			
Location	Structural Notes	Useful Life (Yrs)	Condition at end of life
	All Footbridges	80	8
VEHICULAR BRIDGES			
Location	Structural Notes	Useful Life	Condition at end of life
Glades Lane	Concrete	100	8
Somerset Rd	Concrete	100	8
Forbes Rd	Concrete/Steel/Timber	60	8
Forreston Rd	Concrete	87	8
Posen Rd	Concrete	75	8
Corkscrew Rd	Concrete	100	8
Kemp road	Concrete/Stone	75	8
Oval road	Concrete	100	8
Lower Hermitage Rd	Concrete	87	8
McVitties Rd	Concrete/Stone	97	8
Nether Hill Rd	Box Culvert	87	8
Tiers Rd	Concrete/Steel	87	8
McLean road	Pipe Culvert	90	8
Shanks Road	Multi box Culvert	90	8
Sturt Valley Rd	Concrete	77	8
Camac Rd	Concrete/Stone	72	8
Blocks Road	Box Culvert	77	8
Kingsland Rd	Timber/Steel/Masonry	62	8
Oakwood Rd	Pipe Culvert	77	8
Spoehr Rd	Concrete/Steel/Stone	82	8
Watts Gully Rd	Concrete/Steel/Stone	67	8
Glover Street	Box Culvert	97	8
Pfitzners Road	Pipe Culvert	87	8
Alexander Forrest Rd	Box Culvert	82	8
Aldgate Valley Road	Concrete	92	8
Norsworthy Rd	Box Culvert	92	8
Old Carey Gully Road	Concrete/Stone	92	8
Cromer Road	Box Culvert	80	8
Cyanide Road	Box Culvert	82	8
Langley Road	Box Culvert	87	8
Wenzel Road	Pipe Culvert	77	8
Old Mt Barker Road	concrete/Stone/Steel	87	8
Valley Road	Multi box Culvert	74	8
Adelaide Gully Road	Concrete	87	8
Burford's Hill Road	Box Culvert	77	8
Euston Rd	concrete/Steel	77	8
Paracombe Rd	Pipe Culvert	67	8
Stevens Rd	Concrete/Stone	87	8
Burns Rd	Concrete	97	8
Burton's Rd	Concrete	67	8

BRIDGES

VEHICULAR BRIDGES			
Location	Structural Notes	Useful Life	Condition at end of life
Graeber Rd	Concrete/Steel	87	8
Maidstone Rd	Box Culvert	77	8
Shillabeer Rd	Multi Box Culvert	82	8
Beaumonts Rd	Concrete/Steel	91	8
Merchants Rd	Concrete/Steel/Stone	82	8
Stentiford Rd	Multi box Culvert	87	8
Clisby Road	Pipe Culvert	87	8
Walters Road	Pipe Culvert	77	8
Pfeiffer Rd	Pipe Culvert	90	8
Hunters Road	Box Culvert	92	8
Tiers Rd	Multi box Culvert	97	8
Onkaparinga Road	Concrete/Steel/Timber	52	8
Peacock Road	Box Culvert	87	8
Western Branch Road	Multi box Culvert	87	8
Gould Road	Armco Pipe Culvert	52	8
Ross Rd	Multi box Culvert	80	8
Bonython Rd	Concrete	87	8
Knotts Hill Rd	Concrete/Stone	82	8
Kurla Rd	Multi box Culvert	87	8
Post Office Rd	Box Culvert	82	8
Ridge Rd	Multi box Culvert	92	8
Swamp Rd	Concrete	50	8
Knotts Hill Rd	Concrete/Stone	87	8
Milan Tce	Box Culvert	80	8
Avenue Rd	Concrete/Steel/Stone	97	8
Checker Hill Rd	Pipe Culvert	86	8
Bridgewater-Carey Gully Road	Concrete	96	8
Holland Creek Road	Pipe Culvert	55	8
Leslie Road	Multi box Culvert	87	8
Muellers Road	Multi box Culvert	82	8
Winton Road	Multi box Culvert	67	8
Montacute Rd.	Pipe Culvert	87	8
Kain Avenue	Stone/Timber	62	8
Snows Road	Multi box Culvert	87	8

TABLE 5

FOOTPATHS		
Asset Type	Useful Life Yrs	Condition at end of life
Asphalt	30	8
Clay Brick Paved	60	8
Concrete Brick Paved	60	8
Concrete	60	8
Rubble	15	8
Spray Seal	20	8
Pedestrian Ramps	60	8

TABLE 6

RETAINING WALLS		
Type	Useful Life (Years)	Condition at End of Life
Concrete Sleeper	70	8
Concrete Wall - Poured	80	8
Concrete Crib Wall	60	8
Dry Stone Wall	50	8
Gabion baskets	60	8
Hardwood Sleeper	40	8
Interlocking blocks	40	8
Metre blocks	80	8
Permapine Sleepers	50	8
Rip Rap bags	40	8
Sprayed Concrete	30	8
Steel Plates/Timber	50	8
Stone Retaining Wall	50	8

TABLE 7

LINE MARKING		
Capitalised when road is new. Recorded at WDV = \$0		
	Unit	Useful Life (Years)
100mm Solid Centre	Lin.m	5
100mm Double No Overtaking Line	Lin.m	5
100mm Single No Overtaking line	Lin.m	5
Prohibited Area (Yellow)	Lin.m	5
100mm Approach Line	Lin.m	5
100mm Separation Line (3x9m)	Lin.m	5
100mm Separation Line (6x6m)	Lin.m	5
100mm Edge Line	Lin.m	5
450mm Wide Stop Bar	Lin.m	5
600mm Wide Stop Bar	Lin.m	5
450mmx600mm Give way Blocks	\$5.13 Lin.m	5
600mmx600mm Give way Blocks	Lin.m	5
100mm Perimeter Line	Lin.m	5
Arrows (1.7)	m ²	5
Arrows (4)	m ²	5
Arrows (6)	m ²	5
Letters (1.2m height)	Each	5
Letters (2.4m height)	Each	5
Splays	m ²	5
Zig Zags	Each	5
Railway Crossings	m ²	5

LINE MARKING		
	Unit	Useful Life (Years)
Car park Line	Lin.m	5
Safety Bars (Repaint)	Each	20
Safety Bars (Install)	Each	20
Reflective Pavement Markers	Each	20

TABLE 8

GUARDRAILS		
	Unit	Useful Life (Years)
W-Beam Guardrail	Per m	50
8m MELT (Drum) Terminal End	Each	50
4m Trailing (Fish) Terminal End	Each	50

TABLE 9

KERBING		
Type	Useful Life (yrs)	Condition at end of life
Bitumen Rollover	55	8
100mm Concrete Rollover	60	8
150mm Concrete Kerb & Gutter	75	8
Spoon drain (600mm Wide)	60	8

TABLE 10

TRAFFIC CONTROLS		
	Unit	Useful Life (Years)
One Way Angled Chicanes	Each	60
Speed Humps	Each	16
Pedestrian Crossing (line marking only)	Each	25
Pedestrian Crossing (signalised)	Each	25
Pedestrian Crossing (25kph)	Each	25
Traffic Signals	Set	25
Pedestrian Refuge	Each	60
Parking Protuberance	Each	60
Roundabout	Each	60
Roadside Steel Reflective Guideposts	Each	15

TABLE 11

SIGNAGE	
Asset Type	Useful Life Yrs
Township Entry Sign (Large)	25
Township Entry Sign (Small)	25
Street Name Signs	25
Tourism Signs (Large)	25
Tourism Signs (Small)	25
Traffic - G Series (Guidance Signage)	
No through road	15
Trucks use low gear	15
Traffic - D Series (Hazard Signage)	
Uni direction hazard marker	15
Uni directional hazard marker	15
Uni directional hazard marker	15
Uni directional hazard marker	15
Bi directional hazard marker	15
Uni directional hazard marker	15
Width markers (L or R)	15
Width markers (L or R)	15
Obstruction marker	15
Chevron alignment marker	15
Chevron alignment marker	15
Traffic - R Series (Regulatory Signage)	
Stop	15
Stop	15
Give way	15
Give way	15
Give way	15
Roundabout	15
All traffic turn (L or R)	15
One way	15
Keep left or right	15
Keep left or right	15
No entry	15
No entry	15
No U turn	15
No left (or) right turns	15
No turns	15
Speed restriction	15
Speed restriction	15
Speed restriction	15
Bridge load limit	15
Traffic - R Series (Regulatory Signage)	
Gross load limit	15
End load limit	15

SIGNAGE	
Asset Type	Useful Life Yrs
Traffic - T Series (Temporary Warning Signage)	
Temporary lateral shift marker	15
Temporary lateral shift marker	15
Traffic - W Series (Warning Signage)	
Turn (L or R)	15
Turn (L or R)	15
Reverse Turn (L or R)	15
Reverse Turn (L or R)	15
Curve (L or R)	15
Curve (L or R)	15
Curve (L or R)	15
Curve (L or R)	15
Curve (L or R)	15
Curve (L or R)	15
Reverse Curve	15
Reverse Curve	15
Reverse Curve	15
Winding Road	15
Winding Road	15
Winding Road	15
Hairpin Bend (L or R)	15
Hairpin Bend (L or R)	15
Cross Road	15
Cross Road	15
Cross Road	15
Chevron alignment marker	15
T-Junction	15
T-Junction	15
T-Junction	15

TABLE 12

STREET FURNITURE		
Type	Useful Life (yrs)	Condition at end of life
Park Bench (Cast Iron/Timber)	25	8
Park Bench (Steel/Timber)	25	8
Park Bench (Timber)	15	8
BUS STOPS		
Bus Stop Paving (NO Shelter)	60	8
Bus Stop Paving (Shelter)	60	8
Bus Stop Shelter	30	8

TABLE 13**TABLE 14**

BUILDINGS	
Description	Useful Life
Building - Lobethal Centennial Hall - Theatre	100
Building - AHBTC - AHBTC 5A	100
Building - AHBTC - AHBTC 5B	100
Building - AHBTC - AHBTC 5C	100
Building - AHBTC - AHBTC 5D	100
Building - AHBTC - AHBTC 19	105
Building - 1 Beavis Court - Abandoned Dwelling	105
Building - Aldgate Toy Library - Toy Library	110
Building - Balhannah Hall - Hall	115
Building - Mylor Institute - Hall	115
Building - Montacute Institute - Hall	120
Building - Longwood Hall - Hall	125
Building - Lobethal Centennial Hall - Hall	125
Building - Bridgewater Hall - Hall	125
Building - AHBTC - AHBTC 11	125
Building - AHBTC - AHBTC 16D	125
Building - AHBTC - AHBTC 17	125
Building - AHBTC - AHBTC 15	125
Building - AHBTC - AHBTC 16A	125
Building - AHBTC - AHBTC 16B	125
Building - AHBTC - AHBTC 16C	125
Building - Norton Summit Post Office - Post Office	125
Building - Halliday Reserve - Dwelling	125
Building - 100 Old Mt Barker Rd - Hall	130
Building - Cherryville Old School House - Former School House	130
Building - Bradwood Park - Changeroom	130
Building - Gumeracha Hall - Hall / library / TVCC	135
Building - AHBTC - AHBTC 18	135
Building - Crafers Institute/Tennis Courts - Institute	140
Building - Birdwood Institute - Hall	140
Building - Uraidla Institute - Hall	145
Building - Summertown Institute - Hall	150
Building - Stirling Community Theatre - Hall	150
Building - Woodside Institute - Institute	165
Building - Morialta Barns - Historic barns	165
Building - Lenswood CFS - CFS Station	50
Building - Kersbrook Public Toilets - Shed	50
Building - Kersbrook Public Toilets - Toilets	50
Building - Gumeracha Hall - Toilets	50
Building - Mt Torrens CFS - Shed	50
Building - Mylor CFS - CFS Station	50
Building - Montacute Institute - Toilets	50
Building - Woodside Office - Pergola	50
Building - Woodside Office - Transportable Office	50

BUILDINGS	
Description	Useful Life
Building - Woodside Office - Transportable Toilet	50
Building - Woodside Office - Verandah	50
Building - Woodside CFS - CFS Station	50
Building - Uraidla Institute - Shed	50
Building - Woodside Ambulance - Ambulance Station	50
Building - Upper Hermitage CFS - CFS Station	50
Building - Summertown Institute - Toilets	50
Building - Paracombe CFS - Pergola	50
Building - Paracombe CFS - Shed 1	50
Building - Paracombe CFS - Shed 2	50
Building - Norton Summit CFS - CFS Station	50
Building - Birdwood Institute - Shed	50
Building - Grasby Park Scout Hall - Scout Hall	50
Building - Forreston CFS - Shed	50
Building - Cudlee Creek CFS - Shed	50
Building - Crafers Inst/Tennis Courts - Toilets	50
Building - Carey Gully CFS - CFS Station	50
Building - Bridgewater CFS - CFS Station	50
Building - Birdwood Public Toilets - Toilets	50
Building - Bradbury CFS - CFS Station	50
Building - Balhannah Hall - Toilets	50
Building - Balhannah Hall - Youth Centre	50
Building - Aldgate Public Toilets - Toilets	50
Building - Aldgate Meals on Wheels - Meals on Wheels	50
Building - 7 Albert St Gumeracha - Carport	50
Building - 100 Old Mt Barker Rd - Shed	50
Building - 100 Old Mt Barker Rd - Shed	50
Building - 100 Old Mt Barker Rd - Shed	50
Building - Stirling Scout Hall - Carport	50
Building - Stirling Scout Hall - Garage	50
Building - Stirling Scout Hall - Scout Hall	50
Building - Stirling Scout Hall - Shed	50
Building - Stonehenge Reserve - Shelter	50
Building - Stonehenge Reserve - Toilets	50
Building - Steamroller Park - Toilets	50
Building - Mylor Tennis & Netball Courts - Shelter / verandah	50
Building - Mylor Tennis & Netball Courts - Toilets	50
Building - Norman Cole Reserve - Shelter	50
Building - Lenswood Park - Toilets	50
Building - Federation Park2 - Toilets	50
Building - Bushland Park2 - Pergola	50
Building - Federation Park - Tennis Court Shelter	50
Building - Cherryville Tennis Courts - Shelter	50
Building - Aldgate Tennis Club - Shelter	50
Building - Atkinson Reserve - Canteen	50
Building - Atkinson Reserve - Old Canteen	50
Building - Atkinson Reserve - Shelters / verandahs	50
Building - Atkinson Reserve - Toilets	50
Building - Stirling Oval - Toilets	50
Building - Scott Creek Oval - Shelter	50

BUILDINGS	
Description	Useful Life
Building - Scott Creek Oval - Toilets	50
Building - Heathfield Oval - Changeroom	50
Building - Heathfield Oval - Shed - Gym	50
Building - Heathfield Oval - Shed - Rotary	50
Building - Heathfield Oval - Toilets	50
Building - Gumeracha Oval - Shed	50
Building - Bridgewater Oval4 - Canteen	50
Building - Bridgewater Oval4 - Changeroom	50
Building - Bridgewater Oval4 - Storage shed	50
Building - Woodside Swimming Centre - Fixed verandahs & shelters	50
Building - Woodside Swimming Centre - Food Storage / verandah	50
Building - Woodside Swimming Centre - Chemical shed / workshop	50
Building - Woodside Swimming Centre - Storage Sheds	50
Building - Woodside Recreation Grounds3 - Oval Toilets	50
Building - Woodside Recreation Grounds3 - Pigeon Clubrooms	50
Building - Woodside Recreation Grounds3 - Shed	50
Building - Woodside Recreation Grounds3 - Shed	50
Building - Woodside Recreation Grounds3 - Shelter	50
Building - Woodside Recreation Grounds3 - Equipment Shed	50
Building - Woodside Recreation Grounds3 - Institute Toilets	50
Building - Woodside Recreation Grounds - Chemical shed	50
Building - Woodside Recreation Grounds - Clubroom verandah	50
Building - Hills Hawks Soccer Ground - Clubroom Verandah	50
Building - Highercombe Golf Links - Toilets	50
Building - Highercombe Golf Links - Workshop	50
Building - Upper Hermitage Tennis Courts - Sheds	50
Building - Tregarthen Reserve - Shelter	50
Building - Tregarthen Reserve - Toilets	50
Building - Tregarthen Reserve - Verandah	50
Building - Aldgate Oval - Playgroup Building	50
Building - Aldgate Oval - Shed	50
Building - Aldgate Oval - Toilets	50
Building - Ashton Oval - Shelters	50
Building - Ashton Oval - Storage Shed	50
Building - Ashton Oval - Storage Shed	50
Building - Ashton Oval - Storage Shed	50
Building - Ashton Oval - Toilets	50
Building - Ashton Oval - Toilets	50
Building - Ashton Oval - Verandah	50
Building - Mylor Oval - Shed	50
Building - Mylor Oval - Toilets	50
Building - Bridgewater Oval2 - Bridgewater Public Toilets	50
Building - Johnston Memorial Park - Toilets	50
Building - Johnston Memorial Park - CFS Shed	50
Building - Johnston Memorial Park - Clubroom verandah	50
Building - Johnston Memorial Park - Clubroom verandah / shelter	50
Building - Bridgewater Oval - Toilets	50
Building - Bradwood Park - Toilets	50
Building - Bradwood Park - Verandah	50

BUILDINGS	
Description	Useful Life
Building - Mylor Equestrian Park - Clubroom/shed	50
Building - Mylor Equestrian Park - Shed	50
Building - Stirling Community Shop - Stirling Community Shop	55
Building - AHBTC - AHBTC 1	55
Building - AHBTC - AHBTC 2	55
Building - AHBTC3 - AHBTC 28	55
Building - Mylor Tennis & Netball Courts - Shelter	55
Building - Uraidla Park - Toilets	55
Building - Ashton Oval - Changeroom	60
Building - Scott Creek Oval - Canteen	60
Building - Ashton Oval - Verandah	60
Building - Gumeracha Oval - Changeroom	60
Building - Aldgate Tennis Club - Toilets	60
Building - Birdwood CFS - Shed	60
Building - Gumeracha Hall - CWA Building	60
Building - Upper Sturt CFS - CFS Station	60
Building - Ironbank CFS - CFS Station	60
Building - Pound Reserve - Shed	65
Building - Cherryville Old School House - Shed	65
Building - 7 Albert St Gumeracha - Old Community Centre	65
Building - Woorabinda Reserve - Bunkhouse	65
Building - Woorabinda Reserve - Toilets	65
Building - Aldgate Oval - Hall	70
Building - Woorabinda Reserve - Admin Building	70
Building - AHBTC - AHBTC 10	70
Building - Ashton Hall - Verandah	70
Building - Cherryville Old School House - Former School Room	70
Building - Pound Reserve - Shed	70
Building - Woodside RSL Hall - RSL	70
Building - AHBTC3 - AHBTC 29	75
Building - AHBTC3 - AHBTC 30	75
Building - AHBTC - AHBTC 14	75
Building - AHBTC3 - AHBTC 23	75
Building - AHBTC3 - AHBTC 24	75
Building - AHBTC3 - AHBTC 25	75
Building - AHBTC3 - AHBTC 26	75
Building - AHBTC3 - AHBTC 27A	75
Building - AHBTC3 - AHBTC 27B	75
Building - AHBTC3 - AHBTC 33E	75
Building - AHBTC3 - AHBTC 34A	75
Building - AHBTC3 - AHBTC 34B	75
Building - AHBTC3 - AHBTC 35	75
Building - AHBTC3 - AHBTC 31	75
Building - AHBTC3 - AHBTC 32	75
Building - AHBTC3 - AHBTC 33A	75
Building - AHBTC3 - AHBTC 33B	75
Building - AHBTC3 - AHBTC 33C	75
Building - AHBTC3 - AHBTC 33D	75
Building - AHBTC3 - AHBTC 27C	75
Building - AHBTC3 - AHBTC 27D	75

BUILDINGS	
Description	Useful Life
Building - AHBTC3 - AHBTC 27E	75
Building - AHBTC - AHBTC 3	75
Building - AHBTC - AHBTC 7	75
Building - AHBTC - AHBTC 4	80
Building - Ashton Hall - Hall	80
Building - Gumeracha Depot - Chemical shed	80
Building - Gumeracha Depot - Main workshop	80
Building - Gumeracha Depot - Shed	80
Building - Gumeracha Depot - Shed	80
Building - Gumeracha Depot - Sign / storgae shed	80
Building - Gumeracha Depot - Staff amenities	80
Building - Gumeracha Depot - Truck canopy	80
Building - Crafers Retirement Village - Cottages (6)	80
Building - Crafers Institute/Tennis Courts - Clubroom	80
Building - Balhannah Retirement Village - Cottages (7)	80
Building - Balhannah Retirement Village - Shed	80
Building - Bridgewater Retirement Village - Cottages (6)	80
Building - Stirling West Wing Office - Old Stirling Library	80
Building - Norton Summit Office - Offices	80
Building - Stirling Office - Council Offices - East Wing	80
Building - Woodside Library - Library	80
Building - Woodside Retirement Village - Cottages (11)	80
Building - Woodside Retirement Village - Cottages (5)	80
Building - Gumeracha Retirement Village - Cottages (4)	80
Building - Gumeracha Retirement Village - Cottages (4)	80
Building - Gumeracha Retirement Village - Cottages (6)	80
Building - Heathfield Depot - Chemical shed	80
Building - Heathfield Depot - Office	80
Building - Heathfield Depot - Shed	80
Building - Heathfield Depot - Shed	80
Building - Heathfield Depot - Staff amenities	80
Building - Heathfield Depot - Vehicle shed	80
Building - Heathfield Depot - Vehicle shed	80
Building - Heathfield Depot - Washdown bay	80
Building - Heathfield Depot - Workshop	80
Building - Heathfield Depot - Workshop	80
Building - Heathfield Depot - Workshop	80
Building - Nairne Road Offices - Office & Community Centre	80
Building - Lobethal Retirement Village - Carport	80
Building - Lobethal Retirement Village - Cottages (4)	80
Building - Lobethal Retirement Village - Cottages (4)	80
Building - Lobethal Retirement Village - Cottages (6)	80
Building - Lobethal Centennial Hall - Toilets	80
Building - Mylor Tennis & Netball Courts - Clubroom	80
Building - Melville Park - Clubroom	80
Building - Plantation Reserve Oakbank - Clubroom	80
Building - Stonehenge Reserve2 - Clubroom	80
Building - Stirling RSL - RSL Hall	80
Building - Stirling East Tennis Club - Clubroom	80
Building - Aldgate Tennis Club - Clubroom	80

BUILDINGS	
Description	Useful Life
Building - Woodside Office - Bldg	80
Building - Bushland Park2 - Restaurant	80
Building - Tregarthen Reserve - Clubroom	80
Building - Upper Hermitage Tennis Courts - Clubrooms	80
Building - Mylor Oval - Clubroom	80
Building - Ashton Oval - Football Clubroom	80
Building - Bradwood Park - Clubroom	80
Building - Bridgewater Oval - Clubroom	80
Building - Johnston Memorial Park - Football clubrooms	80
Building - Johnston Memorial Park - Tennis Clubrooms	80
Building - Gumeracha Oval - Clubrooms	80
Building - Heathfield Oval - Clubroom	80
Building - Bridgewater Sports Club - Bridgewater Sports Club	80
Building - Stirling Oval - Clubroom	80
Building - Hills Hawks Soccer Ground - Soccer Clubroom	80
Building - Highercombe Golf Links - Clubrooms	80
Building - Woodside Recreation Grounds - Netball Clubrooms	80
Building - Woodside Recreation Grounds3 - Lions Clubrooms	80
Building - Woodside Recreation Grounds3 - Bowls / Cricket / Tennis Clubrooms	80
Building - Woodside Swimming Centre - Pool Admin & Changerooms	80
Building - AHBTC - AHBTC 20A	95
Building - AHBTC - AHBTC 12B	95
Building - AHBTC - AHBTC 12A	95
Building - AHBTC - AHBTC 22B	95
Building - AHBTC - AHBTC 22C	95
Building - AHBTC - AHBTC 22D	95
Building - AHBTC - AHBTC 22E	95
Building - AHBTC - AHBTC 20B	95
Building - AHBTC - AHBTC 20C	95
Building - AHBTC - AHBTC 20D	95
Building - AHBTC - AHBTC 20E	95
Building - AHBTC - AHBTC 21	95
Building - AHBTC - AHBTC 22A	95
Building - Woodside Swimming Centre - Food Storage / Veranda	50
Building - New Stirling Coventry Library	80
Building - Woodside Recreation Grounds3 - Garage Shed	50

TABLE 15

TABLE 16

SPORT & RECREATION		
Description	Unit	Useful Life
Access & Carpark - Asphalt	/m2	45
Access & Carpark - Gravel	/m2	10
Access & Carpark - Spray Seal	/m2	30
Access Road - Asphalt	/m2	45
Access Road - Gravel	/m2	10
Access Road - Spray Seal	/m2	30
Basketball Court	ea	30
Basketball Ring	ea	15
BBQ	ea	15
Bowling Green	ea	30
Bowling Green - lighting	ea	30
Carpark - Asphalt	/m2	45
Carpark - Gravel	/m2	10
Carpark - Spray Seal	/m2	30
Cricket Nets	ea	20
Cricket Pitch - concrete	ea	30
Cricket Pitch - turf	ea	15
Fencing - 2.1 m high mesh	/m	30
Fencing - 3 stand post & wire	/m	20
Flood Lighting	ea	15
Football Oval - large	ea	85
Football Oval - lighting (large/high intensity)	ea	30
Football Oval - lighting (small/low intensity)	ea	30
Football Oval - mid sized	ea	85
Football Oval - small	ea	85
Footpath - concrete	/m2	60
Irrigation & Drainage - Football Oval	ea	50
Irrigation & Drainage - Soccer Oval	ea	50
Irrigation System	ea	50
Monument	ea	80
Netball Courts - concrete	ea	30
Netball Courts - lighting	ea	30
Paving - clay brick	/m2	50
Picnic Shelter	ea	20
Picnic Table	ea	15
Pool - 25m (incl filtration)	ea	60
Pool - Cleaning Equipment	ea	10
Pool - Thermal Covers	ea	10
Pool - Toddler	ea	60
Pool - Wading	ea	60
Retaining Wall - Blocks	/m2	60

SPORT & RECREATION		
Description	Unit	Useful Life
Rotunda	ea	30
Shade Sail	ea	15
Skatepark	ea	60
Soccer Pitch - large	ea	85
Soccer Pitch - lighting (large)	ea	30
Soccer Pitch - lighting (small)	ea	30
Soccer Pitch - mid	ea	85
Tank - large	ea	20
Tank - small	ea	20
Tennis Courts - Bitumen	ea	30
Tennis Courts - Concrete	ea	30
Tennis Courts - concrete 1/2 court	ea	30
Tennis Courts - lighting	ea	30
Water Recycling System	ea	30

TABLE 17**TABLE 18**

CEMETERY COMPONENTS RATES		
Component	Item / Material	Measurement
Carpark	Rubble	sqm
Footpaths	Rubble	sqm
	Cement Treated Rubble	sqm
	Asphalt	sqm
	Concrete	sqm
	Earth Track	sqm
	Screenings	sqm
Driveway	Rubble	sqm
Columbarium Walls	All types	each
Fencing	Fence	Linear m
	Gate	each
Drainage	225mm	m
	300mm	m
	Ribloc	m
	SEP	each
	JB	each
Street Furniture	Park benches	each
	Bins	each
Shelter	All types	each
Pergola	One	each
Shed	All	each

CEMETERY COMPONENTS RATES		
Component	Item / Material	Measurement
Irrigation	Tap	each
	Sprinkler	each
	Control box	each
1	Kenton Valley Baptist	GUMERACHA
2	Norton Summit Grassy Flats	NORTON SUMMIT
3	Norton Summit	NORTON SUMMIT
4	Summertown	SUMMERTOWN
5	Birdwood General	BIRDWOOD
6	Houghton	HOUGHTON
7	Kersbrook General	KERSBROOK
8	Mt Torrens General	MOUNT TORRENS
9	Birdwood Old, Cromer Road Lutheran	BIRDWOOD
10	North Gumeracha General	GUMERACHA
11	Mt Lofty Bible Christian	URAILDA
12	Montacute	MONTACUTE
13	Scott Creek	SCOTT CREEK
14	Stirling General	ALDGATE
15	Cudlee Creek	CUDLEE CREEK
16	Charleston Methodist	CHARLESTON
17	Lobethal General	LOBETHAL

TABLE 19**TABLE 20**

STORMWATER DRAINAGE		
Component	Measure	Useful Life
Pits		
Single Side Entry Pit	Each	80
Double Side Entry Pit	Each	80
Junction Box	Each	80
Headwall	Each	80
Grated Inlet Pit	Each	80
Reinforced Concrete Pipe		
150mm Concrete	Lin.m	100
300mm Concrete	Lin.m	100
375mm Concrete	Lin.m	100
450mm Concrete	Lin.m	100
525mm Concrete	Lin.m	100
600mm Concrete	Lin.m	100
675mm Concrete	Lin.m	100
750mm Concrete	Lin.m	100
825mm Concrete	Lin.m	100
900mm Concrete	Lin.m	100

STORMWATER DRAINAGE		
Component	Measure	Useful Life
Reinforced Concrete Pipe		
975mm Concrete	Lin.m	100
1050mm Concrete	Lin.m	100
1200mm Concrete	Lin.m	100
1350mm Concrete	Lin.m	100
1500mm Concrete	Lin.m	100
1650mm Concrete	Lin.m	100
1800mm Concrete	Lin.m	100
150mm PVC	Lin.m	50
225mm Earthenware (VC)	Lin.m	50
225mm PVC	Lin.m	50
300mm Ribloc	Lin.m	50
300mm Earthenware (VC)	Lin.m	50
375mm Ribloc	Lin.m	50
450mm Earthenware (VC)	Lin.m	50
450mm Ribloc	Lin.m	50
525mm Ribloc	Lin.m	50
Concrete Box Culvert		
225x225 mm Concrete	Lin.m	80
300x150 mm Concrete	Lin.m	80
300x225 mm Concrete	Lin.m	80
300x300 mm Concrete	Lin.m	80
375x300 mm Concrete	Lin.m	80
450x300 mm Concrete	Lin.m	80
750x225 mm Concrete	Lin.m	80
525x450 mm Concrete	Lin.m	80
525x300 mm Concrete	Lin.m	80
600x225 mm Concrete	Lin.m	80
600x450 mm Concrete	Lin.m	80
750x600 mm Concrete	Lin.m	80
750x300 mm Concrete	Lin.m	80
825x600 mm Concrete	Lin.m	80
825x750 mm Concrete	Lin.m	80
900x750 mm Concrete	Lin.m	80
900x600 mm Concrete	Lin.m	80
900x900 mm Concrete	Lin.m	80
1050x525 mm Concrete	Lin.m	80
1050x600 mm Concrete	Lin.m	80
1050x900 mm Concrete	Lin.m	80
1200x750 mm Concrete	Lin.m	80
1350x750 mm Concrete	Lin.m	80
1500x1500 mm Concrete / Stone	Lin.m	80
1800x1800 mm Concrete	Lin.m	80
1800x750 mm Concrete	Lin.m	80
1800x1800 mm Concrete / Stone	Lin.m	80

STORMWATER DRAINAGE			
Component	Measure	Useful Life	Proposed Replacement Cost Value
Open Channel			
750x500 mm Earth Channel	Lin.m	50	\$160
800x750 mm Stone Channel	Lin.m	80	\$335
900x750 mm Earth Channel	Lin.m	50	\$200
600x500 mm Earth Channel	Lin.m	50	\$160
800x600 mm Stone Channel	Lin.m	80	\$180
800x700 mm Concrete Channel	Lin.m	80	\$400
1000x500 mm Earth Channel	Lin.m	50	\$185
Pollutant Devices			
Trash Rack/GPT	Each	50	\$30,000.00

TABLE 21

WATER SUPPLY			
Component	Measure	Useful Life	Proposed Replacement Cost Value
Pits			
Single Side Entry Pit	Each	80	\$1,440.00
Double Side Entry Pit	Each	80	\$1,680.00
Junction Box	Each	80	\$1,920.00
Headwall	Each	80	\$820.00
Grated Inlet Pit	Each	80	\$1,680.00
Reinforced Concrete Pipe			
225mm	Lin.m	100	\$165.00
300mm	Lin.m	100	\$165.00
375mm	Lin.m	100	\$165.00
450mm	Lin.m	100	\$185.00
525mm	Lin.m	100	\$210.00
825mm	Lin.m	100	\$400.00
Concrete Box Culvert			
300x150mm	Lin.m	80	\$185.00
375x225mm	Lin.m	80	\$280.00
450x300mm	Lin.m	80	\$280.00
Open Channel			
Concrete Rectangular	Lin.m	80	\$1,400.00
Concrete Trapezoidal	Lin.m	80	\$1,400.00

TABLE 22

COMMUNITY WASTE WATER MANAGEMENT (CWMS)				
Component	Measure	Current Replacement Cost Value	Useful Life	Proposed Replacement Cost Value
Pits				
Manholes	each	\$9,625.00	80	\$10,760.75
Flushing Points	each	\$367.67	70	\$411.06
Connection Point (100mm)	each	\$530.00	70	\$592.54
Connection Point (150mm)	each	\$540.00	70	\$603.72
Air/Scour Valves	each	-	50	\$1,000.00
Stop Valves	each	-	50	\$1,500.00
Gravity Drains (Sewer Grade PVC)				
100mm	per linear metre	\$132.50	70	\$150.00
150mm	per linear metre	\$135.00	70	\$155.00
200mm	per linear metre	\$161.50	70	\$165.00
Rising Mains (Pressure Grade PVC)				
30mm	per lineal metre	\$20.00	50	\$65.00
50mm	per lineal metre	\$28.63	50	\$65.00
65mm	per lineal metre	\$41.00	50	\$75.00
75mm	per lineal metre	\$53.50	50	\$75.00
100mm	per lineal metre	\$57.25	50	\$85.70
Pump Stations Components				
Sump Pump	each	\$25,000.00	50	\$27,950.00
Valve Chamber	each	\$5,000.00	50	\$5,590.00
Pump Controller	each	\$20,000.00	50	\$22,360.00
Pumps				
Grundfos AP30	Mt Torrens	\$1,650.00	15	\$1,672.00
Flygt DP3057	Mt Torrens	\$1,760.00	15	\$1,909.00
Mono CAB12	Stirling	\$4,015.00	15	\$4,724.00
Mono CEO42	Stirling	\$6,506.00	15	\$6,805.28
ROTO RMAA661-R2C	Woodside	\$12,650.00	15	\$13,231.90
Flygt CP3057	Woodside	\$1,760.00	15	\$1,909.00
Flygt DP3057	Verdun	\$1,760.00	10	\$1,909.00
Flygt CP3057	Verdun	\$1,760.00	10	\$1,909.00
Flygt MP3127	Kersbrook	\$4,950.00	10	\$5,177.70
Flygt DP3057	Charleston	\$1,760.00	10	\$1,909.00
Flygt CP3045	Birdwood	\$1,100.00	10	\$1,518.00
Mono LL11	Birdwood	\$5,000.00	10	\$5,590.00
Treatment Ponds				
Clay Liner	per m2	\$8.25	20	\$9.22
HDPE Liner	per m2	\$8.25	20	\$10.50
Earthworks	per m3	\$16.50	100	\$18.45

TABLE 23

LIBRARY ASSET STOCK				
Component	Measure	Current Replacement Cost Value	Useful Life	Proposed Replacement Cost Value
Books	Per item / set	Expensed	Expensed	Expensed
Paperbacks	Per item / set	Expensed	Expensed	Expensed
Talking Books / CD's	Per item / set	Expensed	Expensed	Expensed
Videos / DVD's	Per item / set	Expensed	Expensed	Expensed
Audio Cassette	Per item / set	Expensed	Expensed	Expensed

TABLE 24

PLANT & EQUIPMENT				
Component	Measure	Current Replacement Cost Value	Useful Life	Proposed Replacement Cost Value
Heavy Vehicles	Per item	<\$300k	6.66	<\$300k
Light Vehicles	Per item	<\$50k	10	<\$50k
Equipment (Minor)	Per item	<\$30k	5	<\$30k
Office Furniture	Per item	<\$50k	5	<\$50k
Library Furniture	Per item	<\$50k	5	<\$50k

TABLE 25

INTANGIBLE ASSETS				
Component	Measure	Current Replacement Cost Value	Useful Life	Proposed Replacement Cost Value
Software Licences	Licence / Suite		3 – 5	
Patents / Trademarks	Certificate		~	
Intellectual Property	Hours / Invoice		3 – 5	
Capitalised Labour	Timesheets		3 – 5	
Database	Hours / Invoice		~	

TABLE A

FACTORS INFLUENCING AN ASSETS OVERALL PERFORMANCE	
1	Adelaide Hills Council Strategic Management Plan 2008 – 2011
2	State Transport Master Plans & Regional Transport Master Plans
3	Compliance with Legislative requirements
4	Australian Standards
5	Customer Expectations
6	Geographic Limitations
7	Demographic Changes
8	Commercial / Industrial Changes
9	Climate Change
10	Risk Management

TABLE B

ASSET MEASURES DEFINED			
<i>Asset Class</i>	<i>Method</i>	<i>Mesure</i>	
Roads	Segment length – Urban	500 m	
	Segment length – Rural	1,000 m	
	Natural segment length	Intersection	
		Road end	
	Line Marking – centre line	Linear metre / 100mm	
	Line Marking – stop bar and giveaway blocks	Linear metre / 450 - 600mm	
	Line Marking – railway crossings	Area (m ²)	
	Line Marking – letters	Item	
	Line Marking – reflective pavement markers	Item	
	Traffic Signage	Item	
Bridges	Vehicular Bridge structure	Item	
	Footbridge structure	Item	
	Traffic Signage	Item	
Footpaths	Segment length – Urban	500 m	
	Segment length – Rural	1,000 m	
	Natural segment length	Intersection	
		Road end	
	Design type		
Retaining Walls	Retaining Wall structure	Item	
Guardrails	Guardrail	Length (m)	
	Terminal End (Drum, Fish)	Item	
Kerb & Guttering	Segment length – Urban	500 m	
	Segment length – Rural	1,000 m	
	Natural segment length	Intersection	
		Road end	
	Design type		
Traffic Controls	Chicanes / speed humps	Item	
	Pedestrian Crossings	Item	
	Traffic Signals	Per set (2)	
	Pedestrian Refuge	Item	
	Parking Protuberance	Item	
	Roundabout	Item	
	Reflective Guidepost	Item	
Street Furniture	Park Bench Seats	Item	
	Information signs	Item	
	Bike Racks	Item	
	Dog waste dispenser / bins	Item	
	Fences & Rails	Item	
Land	Area of Land	Area (m ²)	
	Car Parks	Area (m ²)	
Buildings	Floor Area	Area (m ²)	
Parks & Reserves	Area of Land	Area (m ²)	
Sports & Recreation	Area of Land	Area (m ²)	
Playgrounds	Individual component	Item	

ASSET MEASURES DEFINED		
<i>Asset Class</i>	<i>Method</i>	<i>Mesure</i>
Monuments	Monument	Item
Cemeteries	Car Park	Area (m ²)
	Footpaths	Area (m ²)
	Driveway	Area (m ²)
	Columbarium Walls (Plinths)	Item
	Fencing / Gate	Linear metre / Item
	Drainage	Length (m)
	Street Furniture	Item
	Shelter	Item
	Pergola	Item
	Shed	Item
	Irrigation	Item
TV Transmitter	Transmitter Whole Unit	Item
Stormwater Drainage	Pits	Item
	Reinforced Concrete Pipe	Linear metre
	Concrete Box Culvert	Linear metre
	Open Channel	Linear metre
	Pollutant Devices	Item
Water Supply	Segment length	Pipe length
	Flushing point / manhole	Node
	Pump Station (individual components)	Item
CWMS	Segment length	Pipe length
	Flushing point / manhole	Node
	Pump Station (individual components)	Item
Library Resources	Audio Visuals	Item
		Pack
	Books	Item
		Pack
	DVD's	Item
		Pack
CD's	Item	
	Pack	
Plant & Equipment	Individual component	Item
Furniture & Fittings	Individual component	Item
Software & Licences	Individual component	Item
		Suite Version

Worked Example**ASSET REVALUATION****Details Relating to Re-valued Asset**

Year Acquired	2008	
Historic Cost	\$100,000.00	
Depreciation Rate	10yrs	Expected Useful life
<i>At end of 2 years (2010)</i>		
Historical Cost	\$100,000.00	<i>Based on invoice plus related capitalised costs at date of acquisition</i>
Depreciation Expensed	\$20,000.00	<i>(i.e. (\$100,000.00 / 10yrs) x2 years)</i>
Accumulated Depreciation	(\$20,000.00)	
Written Down Value (WDV)	\$80,000.00	<i>Historical cost less Accumulated Depreciation</i>
Asset Valuation (new WDV)	\$90,000.00	<i>Based on independent review</i>
Revaluation Incremental	\$10,000.00	<i>Calculated as per Valuation Models below.</i>
Current Replacement Cost	\$120,000.00	<i>Market assessment</i>
Accumulated Depreciation required	(\$30,000.00)	<i>Calculated as per Valuation Models below.</i>
Revaluation	\$90,000.00	

Valuation Models

	Cost Model	Revaluation Incremental	Revaluation Model
Historical Cost (Gross Carrying Amount)	\$100,000.00	\$12,500.00	\$112,500.00
Accumulated Depreciation	(\$20,000.00)	(\$2,500.00)	(\$22,500.00)
Written Down Value	\$80,000.00	\$10,000.00	\$90,000.00

AASB 116 35 a: Accumulated Depreciation is restated "PROPORTIONATELY" with the change in Gross Carrying Amount so that the Carrying Amount = Re-valued Amount.

Cost Base increased by Current Replacement Cost – Historical Cost (\$112,000.00- \$100,000.00) and Accumulated Depreciation increased from (\$20,000.00) to (\$22,500.00) accordingly.

Entries to Account for Revaluation

DR	Fair Value Increment	\$12,500.00	
CR	Accumulated Depreciation		(\$2,500.00)
CR	Asset Revaluation Reserve (ARR)		(\$10,000.00)

At End of Revaluation

Historical Cost	\$100,000.00
Fair Value Increment	\$12,500.00
Accumulated Depreciation (Cost)	(\$20,000.00)
Accumulated Depreciation (Re-valued)	(\$22,500.00)
WDV & FV	\$90,000.00

Subsequent Entries

DR	Depreciation Expense (Cost)	\$10,000.00	
DR	Depreciation Exps (Re-valued)	\$1,563.00	8yrs remaining on \$12,500, Depreciation Rate = 12.5%
DR	Accumulated Depreciation (Cost)		(\$10,000.00)
CR	Acc. Depreciation (Re-valued)		(\$1,563.00)

ANNEXURES**ATTACHMENTS & REFERENCE MATERIALS**

1. Refer to **Table 1** (Council comparison analysis).
2. Refer to **Table 2** (*Account structure methodology*).
3. Accounting Standards
 - AASB 108 –Changes in Accounting Estimates and Errors
 - AASB 116 – Property, Plant & Equipment
 - AASB 136 – Impairment of Assets
 - AASB 138 – Intangible Assets
 - AASB 1031 – Materiality
4. Coalface - LGA Compliance Reporting (Note 7)
5. Procedures Manual – Accounting for Fixed Assets and the Development of Capital Works