GREATER SHEPPARTON CITY COUNCIL

Policy Number 34.POL3

ASSET DEPRECIATION POLICY

Version 1.0

Adopted 17 May 2016

Last Reviewed N/A.

Business Unit:	Assets
Responsible Officer:	Manager of Strategic Assets
Approved By:	Chief Executive Officer
Next Review:	1 January 2019

PURPOSE

This policy governs the depreciation of Council's non-current Assets.

PRINCIPLES

This policy follows the principles of AASB 116 Property Plant and Equipment, for depreciation as the systematic allocation of the depreciable amount of an asset over its useful life.

DEFINITIONS

For the purposes of this Policy, the following definitions apply.	Definition
Asset	A depreciable asset is a resource controlled by Council as a result of past events and from which future economic benefits are expected to flow to the entity for more than 12 months. Assets include tangible items like property, plant and equipment and intangible assets like software.
Cost	Elements of cost for the recognition of assets are the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
Useful life	The useful life of an asset is the period over which an asset is expected to be available for use by Council.
Depreciable amount	The depreciable amount is the cost of an asset, or fair value less its residual value
Residual value	The residual value is the estimated amount that Council would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age.

Policy Statement

1. All assets having a limited useful life are systematically depreciated over time in a manner which reflects the consumption of the service potential embodied in those assets.

2. Depreciation is governed by key indicators being asset cost, useful life and residual value.

3. The useful life and residual value of all assets are to be reviewed in the third quarter of each financial year or with the process of revaluation by Certified Practicing Valuers or in-house valuers. These valuations need to be approved by Executive and endorsed by the Audit and Risk Committee.

4. Council will adopt the useful life and residual value defined by Certified Practicing Valuers or in-house valuers for all assets without amending this policy if the useful lives are within the depreciation period nominated in this policy. Any variation in useful life and residual value outside the ranges nominated within the policy will require endorsement by Executive.

5. Depreciation is calculated on a straight line basis with depreciation periods for each class of assets as shown below:

ASSET CLASS	ASSET DESCRIPTION	USEFUL LIFE IN YEARS	DEPRECIATION RATE (%)
Land	**Land**	**Nil**	**0**
	Heritage Land	**Nil**	**0**
Land Under Road	Land Under Road	Nil	0
Buildings	**Facility**	**10 to 100**	**1 to 10**
	Structure	n/a	
	Roof	n/a	
	Mechanical	n/a	
	Fixture and Fittings	n/a	
	Heritage Buildings	n/a	
	Swimming Pools	40	2.5
Plant & Equipment	Vehicles	5	20
	Major Plant	5 to 10	10 to 20
	Minor Plant	2 to 10	10 to 50
Furniture & Equipment	**Computing Equipment**	**2 to 7**	**14.29 to 50**
	Office Furniture	**3 to 10**	**10 to 33**
	White Goods	**7 to 13**	**7.69 to 14.29**
Art & Civic Regalia	Artwork	Nil	0
	Mayoral Chains	Nil	0
	Mayoral Robes	50	2
Land Improvement	**Land Improvement**	**5 to 60**	**1.67 to 20**

ASSET CLASS	ASSET DESCRIPTION	USEFUL LIFE IN YEARS	DEPRECIATION RATE (%)
Naturestrip Trees	Trees	50	2
Roads	**Asphalt**	**33**	**3.03**
	Concrete	**60**	**1.67**
	Gravel	**12**	**8.33**
	Spray Seal	**15**	**6.67**
	Slurry Seal	**18**	**5.56**
	Base – Sealed	**60**	**1.67**
	Base – Unsealed	**53**	**1.89**
Drainage	Pits and Pipes	90	1.11
	Minor Culverts	90	1.11
	Table Drains	80	1.25
	End Wall	90	1.11
	Pump Wells	90	1.11
	Penstocks	50	2
Kerb & Channel	**Kerb & Channel**	**60**	**1.67**
Footpath	Asphalt	50	2
	Brick Pavers	50	2
	Concrete	60	1.67
	Gravel/Stone Dust	10	10
Bridges and Culverts	**Concrete Bridges**	**80**	**1.25**
	Timber Bridges	**50**	**2**
	Major Culverts	**80**	**1.25**
Regulatory Signs	Regulatory Signs	7	14.29
	Pedestrian Crossings	35	2.85
Street Furniture	**Planter Box**	**5**	**20**
	Street Lights	**25**	**4**
	Bike Lockers	**20**	**5**
	Bike Rails	**10**	**10**
	Bus Seat & Shelter	**25**	**4**
	Guard Rails	**50**	**2**
	Litter Bins	**20**	**5**

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ASSET CLASS	ASSET DESCRIPTION	USEFUL LIFE IN YEARS	DEPRECIATION RATE (%)
	Seats	**10**	**10**
	Troughs	**40**	**2.5**
Shared Paths	Asphalt	50	2
	Concrete	65	1.54
	Gravel	10	10
	Spray Seal	25	4
	Stone Dust	10	10

*Note: Land Improvements will be broken into further Asset Descriptions as part of ongoing Asset Capturing and grouping with Confirm

RESPONSIBILILITIES

The roles and responsibilities of the organisation to manage asset depreciation are:

Council: Adopt and sign off the policy and review within a three year period. Sign off and endorse revaluations completed in a financial year.

Chief Executive Officer: Ensure that Management and relevant staff are enabled with the necessary resources to implement and carry out the policy.

Manager and Senior Staff: Complete the monthly processing of depreciation and review useful lives of assets under each class on a yearly basis. Ensure any required variations are appropriately managed in line with this policy.

RELATED LEGISLATION/REFERENCES/GUIDELINES

- Greater Shepparton City Council
  - Asset Management Policy Version 2.0
  - Asset Management Strategy Version 3.0
  - Capitalisation Policy Version 1.0
- Local Government Act 1989 (the Act).
- Australian Accounting Standards

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- AASB 116 Property, Plant and Equipment
- AASB 1041 Revaluation of Non-Current Assets
- AASB 136 Impairment of Assets
- AASB 1051 Land Under Roads
- AASB 138 Intangible Assets
- AASB 5 Non-Current Assets Held for Sale and Discontinued Operations
- AASB 1049 Whole of Government and General Government Sector Financial Reporting.

- State Government Guidelines
  Department of Treasury and Finance - Financial Reporting Directions and Guidance Notes
  - FRD 19 Private Provision of Public Infrastructure - 2003
  - FRD 100 Financial Reporting Directions – Framework – 2005
  - FRD 103D Non-Current Physical Assets - 2009
  - FRD 106 Impairment of Assets - 2005
  - FRD 109 Intangible Assets - 2005
  - FRD 118B Land Under Declared Roads – 2010

REFERENCES

Framework for the Preparation and Presentation of Financial Statements published by the Australian Accounting Standards Board (AASB)

REVIEW

This Policy will be reviewed every three years.

C.K. 5/1/2017

Chris Teitzel **Date**
Acting Chief Executive Officer