

# **GREATER SHEPPARTON CITY COUNCIL**

**Policy Number 03.POL4**

## **ASSET VALUATION AND REVALUATION POLICY**

**Version 2.0**

**Adopted 21 March 2017**

**Last Reviewed 17 October 2017**

<b>Business Unit:</b>	Finance and Rates
<b>Responsible Officer:</b>	Manager of Finance and Rates
<b>Approved By:</b>	Chief Executive Officer
<b>Next Review:</b>	1 January 2020

## **1. Purpose and Scope of the Policy**

This Policy specifies City of Greater Shepparton Council's approach, in accordance with relevant Australian Accounting Standards and other State Government requirements, to undertaking financial valuations of non-current assets.

The Policy also assists Council's commitment to sustainable financial planning.

The Policy covers financial valuation of Property, Infrastructure, Plant & Equipment assets subsequent to initial recognition, including:

- Frequency and method of valuation and revaluation; and
- Roles and responsibilities.

This Policy excludes:

- Insurance valuations; and
- 'Held for Sale' valuations.

## **2. Policy Commitment**

Council will undertake periodic revaluation of all Property, Infrastructure, Plant & Equipment assets owned or managed by Council in accordance with relevant Australian Accounting Standards and State Government Guidelines.

This Policy directs Council officers who are charged with accounting for Council's Assets and related purposes.

In implementing this Policy, Council will:

- Review annually the need for revaluation of Council owned or controlled non-current asset classes, based on the materiality of valuation movement;
- Require valuations be conducted, ensuring that each Asset Class is re-valued in a consistent manner and with appropriate frequency.
- Apply the valuation method for each Asset Class as specified in the Appendix.
- Require that the frequencies of condition assessments, for each Asset Class, are conducted in accordance with table in Appendix.
- Any reviews or revaluations are presented to Audit and Risk Management Committee before the end of March.

## **3. Related Legislation/Policies/Guidelines**

This Policy fully complies with relevant State Government Legislation and Guidelines and with Australian Accounting Standards, including:

- *Local Government Act 1989*, Section 131, which provides that Council must prepare Financial Statements in accordance with the Act.
- Australian Accounting Standards Board (AASB) Standards:
  - AASB 116 Property, Plant and Equipment;
  - AASB 13 Fair Value Measurement;
  - 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 Financial 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
- Department of Planning and Community Development Guidelines:
  - 2004, Guidelines for Developing an Asset Management Policy, Strategy and Plan
  - 2005, Guidance Note – Fair Value Asset Valuation Methodologies for Victorian Local Governments
  - 2006, Guidelines for Reporting and Measuring the condition of Road Assets
  - 2006, Accounting for non-current physical assets under AASB 116
  - 2010, Model Financial Report
- Victorian Auditor-General's Office Reports:
  - 2004, Beyond the Triple Bottom Line – Measuring and Reporting on Sustainability;
  - 2014, Asset Management and Maintenance by Councils;
  - Local Government: Results of previous Audits

#### **4. Frequency and Method of Valuation**

In implementing this policy Council will:

- Review financial valuation of Council owned or controlled non-current asset classes, as at 30 June each year, including assessment of impairment, and maintain supporting documentation for audit purposes;
- Conduct Asset Revaluations in accordance with Appendix A -Condition and Valuation Table, in this Policy;
- Adopt Asset Standard Lives in accordance with Asset Depreciation Policy;
- Apply the adopted valuation method and frequency for each Asset Class, as per Appendix A - Condition and Valuation Table, in this Policy;
- Ensure that condition assessments for each Asset Class are conducted in accordance with Appendix A -Condition and Valuation Table, in this Policy;
- Ensure that corporate systems record current asset values for reporting in audited financial statements within the Annual Report.

#### **5. Responsibilities and Delegations**

The following key roles, positions and groups have defined functions as follows:

##### **Council:**

Responsible for:

- Policy approval;
- Responsible for stewardship of community services and associated sustainment of infrastructure assets; and
- Responsible for providing resources for Policy implementation.

##### **Chief Executive and Executive Team:**

Responsible for:

- Policy Implementation.

##### **Directors responsible for Asset Groups:**

Responsible for:

- Coordination of corporate financial valuation process.

##### **Manager Finance & Rates:**

Responsible for:

- Coordination of corporate financial valuation process;
- Managing and keeping the corporate Finance System up to date;
- Reporting Fair Value in the financial statements, including impairment;
- Coordination of Valuation of Building and land assets; and
- Managing and keeping the corporate Asset Management System up to date;

##### **Manager Strategic Assets:**

Responsible for:

- Coordinating collection of asset inventory and condition data;
- Valuation of all Council assets except for building and land assets; and
- Assessment of asset impairment.

## **6. Audit and Review**

This policy will be monitored continuously to ensure its relevance in terms of community needs and expectations, Council goals and targets and statutory requirements. The Chief Executive / Executive Team shall review compliance with this policy on an ongoing basis and amend the policy if it is no longer deemed relevant.

The Asset Valuation and Revaluation Policy shall be reviewed every four (4) years, in line with Council elections and review of the Council Plan, and within six months of the adoption of the Council Plan.

## **7. References**

### Internal:

This Policy is to be read in conjunction with the following Council documents:

- Council Plan
- Asset Management Policy
- Asset Capitalisation Policy (M16/30306)
- Asset Management Plans

### External:

This Policy is to be read in conjunction with the following External documents:

- *Local Government Act 1989*
- Australian Accounting Standards Board, Accounting Standards, 2004
- Department of Treasury and Finance: Financial Reports and Guidance Notes
- Department of Planning and Community Development Guidelines
- State Government Financial Guidelines
- Victorian Auditor General's Reports

## APPENDIX A - CONDITION AND VALUATION TABLE

Asset Group <sup>1</sup>	Asset Category <sup>2</sup>	Asset Component <sup>3</sup>	Asset Class <sup>4</sup>	Recognised (Y/N) <sup>5</sup>	Valuation Method		Condition Assessment		Revaluation Frequency (Years)	Adopted Asset Life	Depreciation Method
					Fair Value Method <sup>6</sup>	If DRC Age-based or Cond-Based	Condition Assessment Frequency (Years)	What % Condition Inspection Annually			
ROADS - SEALED	Sealed Roads (Incl. aerodrome runways, taxiways & aprons, and roads at livestock roads)	Wearing Course - Asphalt	Roads	Y	DRC	Condition	3	33	3	33	Straight-Line
		Wearing Course - Spray Seals	Roads	Y	DRC	Condition	3	33	3	15	Straight-Line
		Substructure	Roads	Y	DRC	Condition	3	33	3	60	Straight-Line
	Sealed Carparks (Incl. carparks at aerodrome & livestock exchange)	Wearing Course - Asphalt	Car Parks	Y	DRC	Condition	3	33	3	33	Straight-Line
		Wearing Course - Spray Seals	Car Parks	Y	DRC	Condition	3	33	3	15	Straight-Line
		Substructure	Car Parks	Y	DRC	Condition	3	33	3	60	Straight-Line
		Kerb and Channel	Roads	Y	DRC	Condition	3	33	3	60	Straight-Line
		Wearing Course	Roads	Y	DRC	Condition	3	33	3	12	Straight-Line
		Substructure	Roads	Y	DRC	Condition	3	33	3	53	Straight-Line
		Earthworks & Formation	Roads	Y	DRC	N/A	N/A	N/A	3	Indefinite	Not Depreciated
ROADS - UNSEALED	Unsealed Carparks	Wearing Course	Car Parks	Y	DRC	Condition	3	33	3	30	Straight-Line
		Earthworks & Formation	Car Parks	Y	DRC	Condition	N/A	N/A	3	Indefinite	Not Depreciated
		Concrete	Footpath & Cycleways	Y	DRC	Condition	3	33	3	70	Straight-Line
	Footpath	Asphalt	Footpath & Cycleways	Y	DRC	Condition	3	33	3	50	Straight-Line
		Brick Paving	Footpath & Cycleways	Y	DRC	Condition	3	33	3	50	Straight-Line
		Gravel	Footpath & Cycleways	Y	DRC	Condition	3	33	3	10	Straight-Line
		Asphalt	Footpath & Cycleways	Y	DRC	Condition	3	33	3	50	Straight-Line
		Concrete	Footpath & Cycleways	Y	DRC	Condition	3	33	3	65	Straight-Line
		Spray Seals	Footpath & Cycleways	Y	DRC	Condition	3	33	3	25	Straight-Line
		Gravel	Footpath & Cycleways	Y	DRC	Condition	3	33	3	10	Straight-Line
FOOTPATH & CYCLEWAYS	Shared Paths	Asphalt	Footpath & Cycleways	Y	DRC	Condition	3	33	3	50	Straight-Line
		Concrete	Footpath & Cycleways	Y	DRC	Condition	3	33	3	65	Straight-Line

Asset Group <sup>1</sup>	Asset Category <sup>2</sup>	Asset Component <sup>3</sup>	Asset Class <sup>4</sup>	Recognised (Y/N) <sup>5</sup>	Valuation Method		Condition Assessment		Revaluation Frequency (Years)	Adopted Asset Life	Depreciation Method	
					Fair Value Method <sup>6</sup>	If DRC Age-based or Cond-Based	Condition Assessment Frequency (Years)	What % Condition Inspection Annually				
BRIDGES & MAJOR CULVERTS	Bridges (incl. footbridges & boardwalks)	Timber	Bridges	Y	DRC	Condition	3	33	3	50	Straight-Line	
		Concrete	Bridges	Y	DRC	Condition	3	33	3	80	Straight-Line	
		Steel	Bridges	Y	DRC	Condition	3	33	3	80	Straight-Line	
BUILDINGS & STRUCTURES	Major Culverts	Major Culverts	Bridges	Y	DRC	Condition	3	33	3	80	Straight-Line	
		Structure – Long Life (Heritage)	Heritage Buildings	Y	DRC	Condition	3	N/A	3	100	Straight-Line	
		Structure – Long Life (Other)	Buildings	Y	DRC	Condition	3	N/A	3	100	Straight-Line	
		Structure – Short Life	Buildings	Y	DRC	Condition	3	N/A	3	50	Straight-Line	
		- Shade Sails	Buildings	Y	DRC	Condition	3	N/A	3	20	Straight-Line	
		Roof	Buildings	Y	DRC	Condition	3	N/A	3	50	Straight-Line	
		Building Services (Mechanical)	Buildings	Y	DRC	Condition	3	N/A	3	25	Straight-Line	
		Fit Out	Buildings	Y	DRC	Condition	3	N/A	3	25	Straight-Line	
		Pool Structures (Shells)	Buildings	Y	DRC	Condition	3	N/A	3	80	Straight-Line	
		Pool Pumps & Water Treatment Systems	Buildings	Y	DRC	Condition	3	N/A	3	30	Straight-Line	
		Pipes	Drainage	Y	DRC	Age	N/A	N/A	N/A	3	90	Straight-Line
		Pits & Endwalls	Drainage	Y	DRC	Age	N/A	N/A	N/A	3	90	Straight-Line
DRAINAGE	Minor Culverts	Minor Culverts	Drainage	Y	DRC	Age	N/A	N/A	3	90	Straight-Line	
		Rural B.C Culverts	Drainage	Y	DRC	Age	N/A	N/A	3	90	Straight-Line	
		Table Drains	Drainage	Y	DRC	Age	N/A	N/A	3	80	Straight-Line	
		Gross Pollutant Traps	Drainage	Y	DRC	Age	N/A	N/A	3	100	Straight-Line	
		Drainage Pumps & Housings	Drainage	Y	DRC	Age	N/A	N/A	3	30	Straight-Line	
		Drainage Pump Wells	Drainage	Y	DRC	Age	N/A	N/A	3	90	Straight-Line	
		Drainage Penstocks	Drainage	Y	DRC	Age	N/A	N/A	3	50	Straight-Line	
		Dam/Retardation Basin Walls & Levies	Drainage	Y	DRC	Age	N/A	N/A	3	100	Straight-Line	
		Flood Control										

Asset Group <sup>1</sup>	Asset Category <sup>2</sup>	Asset Component <sup>3</sup>	Asset Class <sup>4</sup>	Recognised (Y/N) <sup>5</sup>	Valuation Method		Condition Assessment		Revaluation Frequency (Years)	Adopted Asset Life	Depreciation Method		
					Fair Value Method <sup>6</sup>	If DRC Age-based or Cond-Based	Condition Assessment Frequency (Years)	What % Condition Inspection Annually					
PUBLIC FURNITURE & FIXTURES	Open Space Amenities	Litter Bins	Other Infrastructure	Y	DRC	Condition	3	33	3	20	Straight-Line		
		Picnic Table	Other Infrastructure	Y	DRC	Age	3	N/A	3	15	Straight-Line		
		Seats	Other Infrastructure	Y	DRC	Condition	3	33	3	10	Straight-Line		
		Barbeques	Other Infrastructure	Y	DRC	Age	3	N/A	3	20	Straight-Line		
		Bus Shelters	Other Infrastructure	Y	DRC	Condition	3	N/A	3	30	Straight-Line		
		Township & Boundary Signs	Land Improvement	Y	DRC	Age	3	N/A	3	25	Straight-Line		
	Traffic Control		Bollards	Other Infrastructure	Y	DRC	Age	N/A	N/A	3	20	Straight-Line	
			Bicycle Racks	Other Infrastructure	Y	DRC	Condition	3	N/A	3	10	Straight-Line	
			Traffic Calming Devices	Public Furniture & Fixtures	N	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
			Traffic Lights	Other Infrastructure	Y	DRC	Age	N/A	N/A	3	35	Straight-Line	
			Guardrails	Other Infrastructure	Y	DRC	Age	N/A	N/A	3	50	Straight-Line	
			Traffic Islands / Roundabouts	Public Furniture & Fixtures	N	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Street Lighting		Street Lighting	Other Infrastructure	Y	DRC	Age	N/A	N/A	3	25	Straight-Line		
		Public Lighting	Recreational, Leisure & Community	Y	DRC	Age	N/A	N/A	3	40	Straight-Line		



Asset Group <sup>1</sup>	Asset Category <sup>2</sup>	Asset Component <sup>3</sup>	Asset Class <sup>4</sup>	Recognised (Y/N) <sup>5</sup>	Valuation Method		Condition Assessment		Revaluation Frequency (Years)	Adopted Asset Life	Depreciation Method		
					Fair Value Method <sup>6</sup>	If DRC Age-based or Cond-Based	Condition Assessment Frequency (Years)	What % Condition Inspection Annually					
LAND	Other Public Furniture & Fixtures	Miscellaneous	Other Infrastructure	Y	DRC	Age	N/A	N/A	3	20	Straight-Line		
		Land - Freehold	Land	Y	MV	N/A	N/A	N/A	2	Indefinite	Not Depreciated		
	Land	Land - Controlled	Land	Land	Y	MV	N/A	N/A	N/A	2	Indefinite	Not Depreciated	
		Land Under Roads - Roads pre 17/2008	Land	Land	N	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
		Land Under Roads - Roads post 17/2008	Land	Land	Y	MV	N/A	N/A	N/A	1	Indefinite	Not Depreciated	
		Easements	Land	Land	N	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
	LAND IMPROVEMENTS	Irrigation	Irrigation Pumps & Housings	Land Improvements	Y	DRC	Age	N/A	N/A	3	30	Straight-Line	
			Irrigation	Land Improvements	Y	DRC	Age	N/A	N/A	3	25	Straight-Line	
		Sports Fields and Courts	Stand Pipes	Public Furniture & Fixtures	Public Furniture & Fixtures	Y	DRC	Age	N/A	N/A	3	20	Straight-Line
			Playing surface (Grassed)	Recreational, Leisure & Community	Recreational, Leisure & Community	Y	DRC	Condition	N/A	N/A	3	35	Straight-Line
Playing surface (Synthetic)			Recreational, Leisure & Community	Recreational, Leisure & Community	Y	DRC	Condition	N/A	N/A	3	25	Straight-Line	
Playing surface (Asphalted)			Recreational, Leisure & Community	Recreational, Leisure & Community	Y	DRC	Condition	N/A	N/A	3	25	Straight-Line	
Spectator Areas	Spectator Areas - Concrete & Sealed	Recreational, Leisure & Community	Recreational, Leisure & Community	Y	DRC	Condition	N/A	N/A	3	25	Straight-Line		
Walls	Landscaping (Incl. garden beds, trees, nature reserves and non-sporting surfaces)	Landscaping	Land Improvements	N	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
		Retaining Walls	Land Improvements	Y	DRC	Condition	N/A	N/A	3	30	Straight-Line		

Asset Group <sup>1</sup>	Asset Category <sup>2</sup>	Asset Component <sup>3</sup>	Asset Class <sup>4</sup>	Recognised (Y/N) <sup>5</sup>	Valuation Method		Condition Assessment		Revaluation Frequency (Years)	Adopted Asset Life	Depreciation Method	
					Fair Value Method <sup>6</sup>	If DRC Age-based or Cond-Based	Condition Assessment Frequency (Years)	What % Condition Inspection Annually				
PLAY SPACES	Fences and Gates	Fences & Gates	Land Improvements	N	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
	Saleyards	Yard Pavements (Concrete & Sealed)	Land Improvements	Y	DRC	Age	3	N/A	3	30	Straight-Line	
		Fences & Structures	Land Improvements	Y	DRC	Age	3	N/A	3	50	Straight-Line	
	Other Land Improvements	Plumbing (Gas, Water & Sewer)	Land Improvements	Y	DRC	Age	N/A	N/A	3	10	Straight-Line	
		Miscellaneous	Land Improvements	Y	DRC	Age	N/A	N/A	3	20	Straight-Line	
		Play Grounds	Public Furniture & Fixtures	Y	DRC	Condition	3	N/A	3	20	Straight-Line	
	ART COLLECTION	Artworks	Skate Parks	Public Furniture & Fixtures	Y	DRC	Condition	3	N/A	3	20	Straight-Line
			BMX Tracks	Land Improvements	Y	DRC	Condition	3	N/A	3	20	Straight-Line
			Internal Artworks	Art Collections	Y	MV	N/A	N/A	N/A	3	N/A	Not Depreciated
	Civic Regalia	Antique Items	External Artworks	Art Collection	Y	MV	N/A	N/A	N/A	3	N/A	Not Depreciated
Miscellaneous Antique Items			Art Collection	Y	MV	N/A	N/A	N/A	3	N/A	Not Depreciated	
Plant and Equipment		Mayoral Robes	Art Collection	Y	MV	N/A	N/A	N/A	3	N/A	Straight-Line	
		Mayoral Chains	Art Collection	Y	MV	N/A	N/A	N/A	3	N/A	Not Depreciated	
PLANT & EQUIPMENT	Plant and Equipment	Plant - Heavy	Plant and Equipment	Y	HC	N/A	N/A	N/A	N/A	20	Straight-Line	
		Plant - Light	Plant and Equipment	Y	HC	N/A	N/A	N/A	N/A	10	Straight-Line	

Asset Group <sup>1</sup>	Asset Category <sup>2</sup>	Asset Component <sup>3</sup>	Asset Class <sup>4</sup>	Recognised (Y/N) <sup>5</sup>	Valuation Method		Condition Assessment		Revaluation Frequency (Years)	Adopted Asset Life	Depreciation Method
					Fair Value Method <sup>6</sup>	If DRC Age-based or Cond-Based	Condition Assessment Frequency (Years)	What % Condition Inspection Annually			
		Light Vehicles	Plant and Equipment	Y	HC	N/A	N/A	N/A	N/A	5	Straight-Line
		Other Equipment	Plant and Equipment	Y	HC	N/A	N/A	N/A	N/A	5	Straight-Line
	Furniture and Equipment	Furniture & Office Equipment	Furniture & Equipment	Y	HC	N/A	N/A	N/A	N/A	10	Straight-Line
		Christmas Decorations	Furniture & Equipment	Y	HC	N/A	N/A	N/A	N/A	5	Straight-Line
		Software (licensed)	Furniture & Equipment	Y	HC	N/A	N/A	N/A	N/A	10	Straight-Line
<b>TREES</b>		Trees	Other Infrastructure	Y	DRC	Age	N/A	N/A	3	50	Straight-Line
<b>WATER RIGHTS</b>			Water Rights	Y	MV	N/A	N/A	N/A	3	N/A	N/A

Notes:

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

DRC = Depreciated Replacement Cost

GRC = Gross Replacement Cost (i.e. Recognised but not depreciated)

HC = Historical Cost (Held at Cost)

MV = Market Value

NPV= Net Present Value

**REVIEW**

This Policy will be reviewed every three years.

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**Peter Harriott**  
**Chief Executive Officer**



**Date**  
20/10/17