



Asset Capitalisation Policy

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A - PREAMBLE

1. The Accounting Standard AASB 116 – Property, Plant & Equipment prescribes the accounting treatment for property, plant and equipment so that users of the financial report can discern information about an entities investment in its property plant and equipment and the changes in such investment. One of the principal issues in accounting for property, plant and equipment is when should an item be recognised as an asset (Capitalised) rather than be expensed in the year of operation. This can have significant implications for the operating result of the Council.

B - SCOPE

1. This policy directs those Council officers who are charged with accounting for Councils assets and related purposes.

C – POLICY PURPOSE/OBJECTIVES

1. This policy clarifies when an item of property, plant and equipment should be recognised as an asset.

D - DEFINITIONS

1. *Property, plant and equipment* – Tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and are expected to be used during more than one accounting period.
2. *Recognition* – The cost of an item of property, plant & equipment shall be recognised as an asset if, and only if it is probable that future economic benefits associated with the item will flow to the entity; and the cost of the item can be measured reliably.
3. *Cost* - The amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction.

E - POLICY STATEMENT

1. The City of Salisbury will apply the Asset Capitalisation Framework as attached to this Asset Capitalisation Policy. [Asset Capitalisation Framework \(337 kB\)](#)

F - LEGISLATION

1. *Local Government Act 1999*
2. *Local Government (Financial Management) Regulations 1999.*

G - REFERENCES

1. AASB 116 – Property, Plant & Equipment

H - ASSOCIATED PROCEDURES

1. City of Salisbury Financial Reporting Process
2. Accounting Treatment of Land Under Roads

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Asset Capitalisation Framework



March 2011

Asset Capitalisation Framework

Intent: To set appropriate thresholds for the capitalisation (recognition) of assets for the City of Salisbury.

Scope: This policy applies to all physical assets of the City of Salisbury. This policy does not apply to cash or inventory. This policy directs those Council officers who are charged with accounting for Councils Assets and related purposes.

Background

Accounting standards (particularly AASB 116 – Property, Plant and Equipment) require a distinction to be made between expenditure that is consumed immediately in operations (or within one financial year) and expenditure on physical assets that will provide service over more than one financial year, normally many years.

The distinction is a critical component in the determination of financial sustainability as recorded through the income statement and in calculating the cost of services, and the setting of prices and taxes. For local government this process serves to ensure intergenerational equity; that is one generation of ratepayer is not subsidising another.

This policy is to provide staff involved in budgeting and expenditure decisions clear guidance when classifying expenditure in the accounting system. It establishes the criteria at the point of recognition of an asset.

The recording of expenditure as an asset means that it is recorded in the council’s balance sheet and the details are entered into an asset register. The process is often referred to as capitalisation, and expenditure on assets referred to as capital expenditure.

Importantly, capital expenditure is divided between that which is renewing or replacing an existing asset and the creation of a new additional asset. This distinction provides information on whether the organization is maintaining or running down its asset ‘stock’ and the extent to which services can be maintained over the long term.

Local government is very asset centric having a much greater quantum of assets relative to income than any other level of government and the private sector. Much of this is represented by roads, footpaths, drains, parks and buildings (infrastructure assets) used by the community.

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Definitions

Definition of an Asset

An **asset** is a resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity.¹ Assets include physical assets which provide future economic benefits for more than 12 months. Any item which has a life of less than 12 months is expensed under a maintenance or operational budget and cannot be classed as an Asset.

An asset is **recognised** in the balance sheet when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably.²

Definition of Capital & Operating Expenditure

Operating expenditure is recurrent expenditure such as power, fuel, staff, materials, cleaning, minor equipment, on-costs, overheads, maintenance and depreciation. These costs are the day to day expenses associated with providing the service during a year of operations. When compared to the income over the same period a surplus or deficit can be calculated.

- a) **Maintenance expenditure** is a component of operating expenditure, specifically on an asset, which is periodically required as part of the anticipated schedule of works needed to ensure that the asset achieves its estimated useful life, and is normally relatively low cost compared to the asset value. Maintenance expenditure includes reactive maintenance and repair, (pothole patching, blocked drains, repairs to broken fixtures, etc), or planned maintenance (maintenance and repair to predetermined schedules e.g. painting a building every 5 years, scheduled servicing of equipment etc).

Capital expenditure is relatively large (material) expenditure, which has benefits (service potential), expected to last for more than 12 months. In addition to **new assets** capital expenditure includes renewal/replacement and expansion/upgrade of existing assets.

- a) **Capital renewal/replacement** is expenditure on an existing asset, which restores the service potential and extends the life of the asset beyond that which it had originally. As it extends the life of the asset any income generated from it will likewise be extended. Future operating and maintenance expenditure may be reduced if completed at the optimum time, e.g. resurfacing or resheeting part of a road network, replacing a section of a drainage network with pipes of the same capacity, resurfacing an oval.
- b) **Capital upgrade/expansion** is expenditure, which enhances an existing asset to provide a higher level of service. Upgrade expenditure is discretionary and may not result in additional revenue unless direct user charges apply. It will increase operating and maintenance expenditure, including depreciation, in the future because of the increase in the council's asset base, e.g., widening the sealed area of an existing road, replacing drainage pipes with pipes of a greater capacity, enlarging a grandstand at a sporting facility, building extension etc.

¹ AASB, 2004, Framework for the Preparation and Presentation of Financial Statements, para 49(a)

² AASB, 2004, Framework for the Preparation and Presentation of Financial Statements, para 89

Recognition

Measurement at Recognition

In accordance with AASB 116:

- a) An item of property, plant and equipment that qualifies for recognition as an asset shall be measured at its cost.
- b) Notwithstanding this, where an asset is acquired at no cost, or for a nominal cost (as the case with developer and other contributed assets), the cost is its fair value as at the date of acquisition.

Recognition Cost

AASB 116 defines the cost an item of property, plant and equipment as comprising:

- a) Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- b) Any costs directly attributable to bring the assets to the location and condition necessary for it to be capable of operating in the manner intended by management;
- c) The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurred either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.³

Where costs are incurred by Council in the construction or installation of an asset not owned or controlled by Council, but the asset is an integral part of the construction and/or ongoing functionality of a larger Council owned asset, the costs will be recognised in the total cost of bringing the larger asset to the location and condition necessary for it to be capable of operating in the manner intended by management as is prescribed by AASB 116 para.16 (b).

Examples of costs that are **not** costs of an item of property, plant and equipment are:

- a) Costs of opening a new facility:
- b) Costs of introducing a new product or service (including advertising)
- c) Costs of conducting business in a new location
- d) Administration and other general overhead costs

Activities associated with acquisition/creation of new assets are detailed in the table below.

³ AASB 116 para 16, p 15

Activity	Recurrent Expenditure	Capital Expenditure
All activities prior to decision made to proceed with investment including: <ul style="list-style-type: none"> • Strategic planning reports • Project scoping and investigation, valuation reports, planning approvals 	X	
All activities following decision made to proceed with investment including: <ul style="list-style-type: none"> • Survey and design • Professional fees • Site preparation • Construction • Contract payments • Council direct costs, wages, salaries, plant hire, materials, on-costs • Overheads • Supervision • Transport, installation, assembly and testing • Project Management • Future dismantling and removing item and site restoration (where applicable) 		X

Materiality

Information is material if its omission or misstatement could influence the decisions of users made on the basis of the financial statements.

In the context of materiality it is not necessary to recognize every non-current asset in the balance sheet. For example, a calculator may have a useful life greater than 12 months but its value is small and does not warrant the cost of recording in the asset register, so it is simpler to expense it.

Expenditure may still be capitalized on items that are individually immaterial, however are significant when considered as a group of assets, such as signs or reserve furniture.

Setting the threshold levels is to provide the greatest balance between efficiency in administrative effort associated with maintaining records and the need to 'expense' items, through depreciation, against more than one financial year so that revenues and expenses are matched appropriately.

Capital Expenditure Thresholds

The City of Salisbury's capital expenditure thresholds for assets are contained in the following pages. They are defined principally in physical terms to align with budget setting, assist asset register capture, and avoid the need for technical staff to make 'accounting' decisions. However, dollar threshold limits (which are exclusive of GST) are used if appropriate.

The general principal applied to these capitalisation thresholds within this policy, is that if the asset item/segment has been replaced in full, then it is generally to be treated as Capital. If only part of the asset item/segment has been replaced, then it is generally to be treated as Operating (Maintenance), unless it's costs fall above any dollar limits noted. To aid clarity, examples of expenditures that will be considered operating or maintenance/repair have also been provided.

Transport

Road Assets

Seal

The seal component of Road assets are considered the top layer or wearing course of the road, and are recognised in Pavement Management System segments of 50-600m for urban areas and 100-2000m in rural areas and align generally with road intersections.

Work Activity		
Operating Expenditure	Capital Expenditure	
Maintenance & Repair	Renewal	New
<ul style="list-style-type: none"> Reactive maintenance and repair to road assets (pothole repair, crack sealing and patching) Programmed maintenance (partial sealed road resurfacing, pothole repair patching & unsealed road grading) Unsealed road resheeting 	<ul style="list-style-type: none"> Resurfacing at the same standard, including preparation works. 	<ul style="list-style-type: none"> New assets Road upgrade – road widening, unsealed to sealed, improved design capacity, incl. surface reconstruction

- Resurfacings are recognised as a renewal and the old asset retired from the asset stock.

Pavement

The pavement component of Road assets are considered the layers underneath the seal made of crushed rock which make up the actual structure of the road. These are recognised in Pavement Management System segments of 50-600m for urban areas and 100-2000m in rural areas and align generally with road intersections.

Work Activity		
Operating Expenditure	Capital Expenditure	
Maintenance & Repair	Renewal	New
<ul style="list-style-type: none"> Reactive maintenance and repair to road assets (pothole repair, guidepost replacement, signs repair and replacement) Programmed maintenance (sealed road resurfacing preparation/patching, unsealed road grading) Sealed pavement partial renewal/rehabilitation (heavy patching) Unsealed road resheeting 	<ul style="list-style-type: none"> Pavement replacement/renewal of main (whole) asset with same standard 	<ul style="list-style-type: none"> New assets Road upgrade – road widening, improved design capacity

- Pavement renewal/rehabilitation/reconstruction (remove and replace) (complete asset) is recognised as a new asset and the old asset retired from the asset stock.
- Pavement low cost renewal (stabilisation, tyne/add rubble and seal, etc) (complete asset) is recognised as a new asset with the old asset revalued to recognise its residual value.
- When the title is classified as a road reserve, the land is excluded from the land value (as land under roads)

Road Assets (cont)

Earthworks & Formation

Earthworks & Formation assets are considered the initial formation of the land, in preparation for the construction of the pavement and seal assets above. These are recognised in Pavement Management System segments of 50-600m for urban areas and 100-2000m in rural areas and align generally with road intersections.

- Earthworks & Formation costs are recognised as a new asset and are not depreciated.

Street Lighting

Street Lighting assets are considered the above ground assets only and are recognised in the asset system as components that include the pole, lamp and luminaire. Most Street Lighting assets are the responsibility of ETSA, with Council responsible for some located within the newer subdivisions of Mawson Lakes and Springbank Waters.

Work Activity		
Operating Expenditure	Capital Expenditure	
Maintenance & Repair	Renewal	New
<ul style="list-style-type: none">• Reactive maintenance (globe replacement, electrical components, graffiti removal, etc)• Programmed maintenance or servicing (repainting, electrical maintenance, etc.)• Replacement of Components (electrical components, etc)• Partial replacement of assets <\$5,000	<ul style="list-style-type: none">• Replacement of whole lighting structure• Replacement of components >\$5,000	<ul style="list-style-type: none">• New assets• Upgrade assets• Expansion of lighting structures.

Footpath Assets

Bitumen, Pavers, Concrete & Gravel

A Footpath asset is considered to be the bitumen, pavers, concrete or gravel used and also includes the base material. These are recognised in Pavement Management System segments of 50-600m for urban areas and 100-2000m in rural areas and align generally with road intersections.

Work Activity		
Operating Expenditure	Capital Expenditure	
Maintenance & Repair	Renewal	New
<ul style="list-style-type: none">• Reactive maintenance to footpath assets (pothole repair, joint grinding, segmental paving resetting, footpath structure repair)• Programmed maintenance (paved footpath repair, footpath resurfacing preparation/patching, unsealed surface resurfacing)• Paved footpath partial renewal/ replacement	<ul style="list-style-type: none">• Resurfacing with same standard (whole asset)• Replacement of whole asset length of paved footpath at same standard• Concrete to paved	<ul style="list-style-type: none">• New assets (including unsealed, e.g. gravel)• Footpath upgrade - replacement with higher standard (Widening, Gravel to Paved, Improved design capacity)

- Footpath renewals (complete asset) are recognised as a new asset and the old asset retired from the asset stock.

Kerb and Gutter Assets

Kerb & Gutter

Kerb & Gutter assets are defined in Pavement Management System segments of 50-600m for urban areas and 100-2000m in rural areas and align generally with road intersections. They do not include median or roundabout assets.

Work Activity		
Operating Expenditure	Capital Expenditure	
Maintenance & Repair	Renewal	New
<ul style="list-style-type: none"> Reactive maintenance to kerb and gutter assets (repair, replacement of small lengths) Programmed maintenance Partial renewal/ replacement 	<ul style="list-style-type: none"> Replacement of whole asset length of kerb and gutter at same standard 	<ul style="list-style-type: none"> New assets Upgrade asset

- Kerb and gutter renewals (complete asset) are recognised as a new asset and the old asset retired from the asset stock.

Medians

Median assets are defined in Pavement Management System segments of 50-600m in length and align generally with road intersections.

Work Activity		
Operating Expenditure	Capital Expenditure	
Maintenance & Repair	Renewal	New
<ul style="list-style-type: none"> Reactive maintenance to median assets (repair, replacement of small lengths) Programmed maintenance Partial renewal/ replacement 	<ul style="list-style-type: none"> Replacement of whole asset length of median at same standard 	<ul style="list-style-type: none"> New assets Upgrade asset

- Median renewals (complete asset) are recognised as a new asset and the old asset retired from the asset stock.

Roundabouts

Roundabout assets are recognised as the portion of kerbing that surrounds the actual roundabout, as well as the splitter islands that lead up to the roundabout.

Work Activity		
Operating Expenditure	Capital Expenditure	
Maintenance & Repair	Renewal	New
<ul style="list-style-type: none"> Reactive maintenance to roundabout assets (repair, replacement of small lengths) Programmed maintenance Partial renewal/ replacement 	<ul style="list-style-type: none"> Replacement of whole roundabout asset at same standard 	<ul style="list-style-type: none"> New assets Upgrade asset

- Roundabout renewals (complete asset) are recognised as a new asset and the old asset retired from the asset stock.

Carpark Assets

Bitumen, Pavers, Concrete & Gravel

Carpark assets are recognised as a single sealed asset for each location.

Work Activity		
Operating Expenditure	Capital Expenditure	
Maintenance & Repair	Renewal	New
<ul style="list-style-type: none">• Reactive maintenance to carpark assets (pothole repair, carpark structure and facility repair)• Programmed maintenance (sealed road resurfacing preparation/patching)• Sealed pavement renewal/rehabilitation (heavy patching)• Unsealed surface resurfacing	<ul style="list-style-type: none">• Pavement replacement/renewal with same standard• Resurfacing	<ul style="list-style-type: none">• New assets (including unsealed, e.g. gravel)• Upgrade asset

- Resurfacings are recognised as a renewal of an asset and the seal asset retired from the asset stock.
- Pavement renewal/rehabilitation/reconstruction (remove and replace) (complete assets) is recognised as a new asset and the old asset retired from the asset stock.
- Pavement low cost renewal (stabilisation, tyne/add rubble and seal, etc) (complete asset) is recognised by adding the renewal cost to the existing asset and reviewing the remaining/useful life of the renewed asset to recognise the restored economic benefits to the entity.
- Gravel carparks are held at an average depreciated replacement cost and not depreciated.

Bridge Assets

Road Bridges

Road Bridge assets are recognised at the following asset level (each road bridge)

Work Activity		
Operating Expenditure	Capital Expenditure	
Maintenance & Repair	Renewal	New
<ul style="list-style-type: none">Reactive maintenance to road bridgeProgrammed maintenance to road bridge (repainting, etc)Replacement of components (deck, beams, guard rails, with same standard, etc) < \$20,000	<ul style="list-style-type: none">Replacement of bridge with same standardReplacement of components (deck, beams, guard rails, with same standard, etc) >\$20,000	<ul style="list-style-type: none">New assetsUpgrade asset (strengthening, widening, etc)

- Road bridge renewal (complete asset) is recognised as a new asset and the old asset retired from the asset stock.
- Road bridge component renewal (partial asset) is recognised, if the value is >\$20,000, by adding the replacement cost to the existing asset value and reviewing the remaining useful life of the renewed asset to recognise the restored economic benefits to the entity.

Foot Bridges

Foot Bridge assets are recognised at the following asset level (each foot bridge)

Work Activity		
Operating Expenditure	Capital Expenditure	
Maintenance & Repair	Renewal	New
<ul style="list-style-type: none">Reactive maintenance to foot bridgeProgrammed maintenance of foot bridge (repainting, etc)Replacement of components (deck, beams, guard rails, with same standard, etc) < \$5,000	<ul style="list-style-type: none">Replacement of foot bridge with same standardReplacement of components (deck, beams, guard rails etc with same standard, etc) >\$5,000	<ul style="list-style-type: none">New assetsUpgrade asset (strengthening, widening, etc)

- Foot bridge renewal (complete asset) is recognised as a new asset and the old asset retired from the asset stock.
- Foot bridge component renewal (partial asset) is recognised, if the value is >\$5,000, by adding the replacement cost to the existing asset value and reviewing the remaining useful life of the renewed asset to recognise the restored economic benefits to the entity.

Bridge Assets (cont)

Boardwalks

Boardwalk assets are recognised at the following asset level (each boardwalk)

Work Activity		
Operating Expenditure	Capital Expenditure	
Maintenance & Repair	Renewal	New
<ul style="list-style-type: none">• Reactive maintenance to boardwalk• Programmed maintenance of boardwalk (repainting, etc)• Replacement of components (deck, beams, guard rails, with same standard, etc) < \$10,000	<ul style="list-style-type: none">• Replacement of boardwalk with same standard• Replacement of components (deck, beams, guard rails, with same standard, etc) > \$10,000	<ul style="list-style-type: none">• New assets• Upgrade asset (strengthening, widening, etc)

- Boardwalk renewal (complete asset) is recognised as a new asset and the old asset retired from the asset stock.
- Boardwalk component renewal (partial asset) is recognised, if the value is >\$10,000, by adding the component replacement cost to the existing asset value and reviewing the remaining/useful life of the renewed asset to recognise the restored economic benefits to the entity.

Stormwater & Flood Control

Stormwater Drainage Assets

Pipes, Pits & Structures

Pipes, Pits & Structure assets are recognised at the following asset level (each, pit, pipe section, culvert, junction box) and are generally aligned with road segments, however longer sections are recognised when placed through reserves.

Work Activity		
Operating Expenditure	Capital Expenditure	
Maintenance & Repair	Renewal	New
<ul style="list-style-type: none"> Reactive maintenance to drainage assets (pipe repair, pit repair and pit component replacement, drainage structure repair) Programmed maintenance (cleaning, inspections) Replacement of partial pipe length < \$20,000 Partial renewal of other asset 	<ul style="list-style-type: none"> Replacement of asset length of drainage pipeline at same standard Renewal/relining of asset length of drainage pipeline at same standard Replacement of complete pit/ structure/ pump Replacement of partial pipe length > \$20,000 	<ul style="list-style-type: none"> New assets Upgrade asset Replacement with higher standard

- Drainage pipeline renewal (complete asset) is recognised as a new asset and the old asset retired from the asset stock.
- Drainage pit/access point/structure, pumps, pipeline renewal (complete asset) is recognised as a new asset and the old asset retired from the asset stock.
- Drainage pipeline low cost renewal (relining, etc) (complete asset) is recognised by adding the renewal cost to the existing asset and reviewing the remaining useful life of the renewed asset to recognise the restored economic benefits to the entity.
- Drainage pipeline renewal (partial asset >\$20,000) is recognised as a new asset and the old asset dimensions modified and revalued to recognise the partial renewal.

Open Drain Assets

Channels, Retaining Walls & Structures

Channels, Retaining Walls & Structure assets are recognised at the following asset level (each section of channel or retaining wall, gross pollutant trap)

Work Activity		
Operating Expenditure	Capital Expenditure	
Maintenance & Repair	Renewal	New
<ul style="list-style-type: none">• Reactive maintenance (repairs, cleaning)• Programmed maintenance (cleaning, inspections)• Partial renewal/replacement of lined and open drain channels, retaining walls < \$20,000	<ul style="list-style-type: none">• Partial renewal/ replacement of lined and open drain channels, retaining walls > \$20,000	<ul style="list-style-type: none">• New assets• Upgrade asset• Replacement with higher standard

- Partial renewal/replacement (>\$20,000) of Channels, Retaining Walls or other structures (component renewal) is recognised by adding the renewal/replacement cost to the existing asset value and reviewing the remaining/useful life of the asset to recognise the restored economic benefits to the entity.

Wetland Assets

Civil Works & Structures

Civil Works & Structure assets are recognised at the following asset level (Earthworks, each structure)

Work Activity		
Operating Expenditure	Capital Expenditure	
Maintenance & Repair	Renewal	New
<ul style="list-style-type: none">• Reactive maintenance to structures (component replacement, structural repair)• Programmed maintenance (desilting)• Partial renewal/replacement of structure or earthworks < \$20,000	<ul style="list-style-type: none">• Partial renewal/ replacement of structure or earthworks > \$20,000	<ul style="list-style-type: none">• New assets• Upgrade/expand asset• Replace with higher standard

- Earthworks or structure renewal (complete asset) is recognised as a new asset and the old asset retired from the asset stock.
- Partial renewal/replacement (>\$20,000) earthworks or structures (component renewal) is recognised by adding the renewal/replacement cost to the existing asset value and reviewing the remaining useful life of the asset to recognise the restored economic benefits to the entity.

Flood Control Dam Assets

Dams

Dam assets are recognised at the following asset level (each dam)

Work Activity		
Operating Expenditure	Capital Expenditure	
Maintenance & Repair	Renewal	New
<ul style="list-style-type: none"> • Programmed maintenance • Partial renewal/replacement of flood control dams < \$20,000 • Partial renewal of other asset • Desilting dams 	<ul style="list-style-type: none"> • Partial renewal/replacement of flood control dams > \$20,000 	<ul style="list-style-type: none"> • New assets • Upgrade asset • Replacement with higher standard

- Partial renewal/replacement (>\$20,000) of flood control dams (component renewal) is recognised by adding the renewal/replacement cost to the existing asset value and reviewing the remaining useful life of the asset to recognise the restored economic benefits to the entity.

Mechanical & Electrical

Mechanical & Electrical assets are recognised at the following asset level (each System)

Work Activity		
Operating Expenditure	Capital Expenditure	
Maintenance & Repair	Renewal	New
<ul style="list-style-type: none"> • Reactive maintenance (repairs to electrical components/equipment) • Programmed maintenance (servicing of mechanical & electrical equipment) • Replacement of components (Mechanical & electrical equipment, etc) <\$5,000 	<ul style="list-style-type: none"> • Replacement of components (electrical equipment, valves etc) >\$5,000 • Replacement of components (Mechanical & electrical equipment, etc) >\$5,000 	<ul style="list-style-type: none"> • New assets • Upgrade asset

- Partial renewal/replacement (>\$5,000) of Mechanical & Electrical (component renewal) is recognised by adding the renewal/replacement cost to the existing asset value and reviewing the remaining useful life of the asset to recognise the restored economic benefits to the entity.

Recycled Water

Pump Station Assets

Water Production & Storage

Water Production & Storage assets are recognised at the following level (each pump, bore, tank or pipework)

Work Activity		
Operating Expenditure	Capital Expenditure	
Maintenance & Repair	Renewal	New
<ul style="list-style-type: none"> Reactive maintenance to (repairs to pumps, electrical) Programmed maintenance (servicing of pumps, inspections) Replacement of components (valves, electrical equipment, pumps, bore casings etc) <\$10,000 	<ul style="list-style-type: none"> Replacement of components (electrical equipment, valves etc) >\$10,000 Replacement of pumps, tanks, enclosures, pipework, etc) 	<ul style="list-style-type: none"> New assets (including replacing collapsed bore) Upgrade asset (higher capacity pump)

Reticulation Assets

Pipeline & Meters

Pipeline & Meter assets are recognised at the following level (section of pipeline & each meter)

Work Activity		
Operating Expenditure	Capital Expenditure	
Maintenance & Repair	Renewal	New
<ul style="list-style-type: none"> Reactive maintenance (pipe and meter repairs, inspection points) Programmed maintenance (servicing) Replacement of partial pipe length < \$20,000 	<ul style="list-style-type: none"> Replacement of length of pipeline at same standard Replacement of partial pipe length > \$20,000 	<ul style="list-style-type: none"> New assets Upgrade asset Replacement with higher standard

- Pipeline renewal (complete asset) is recognised as a new asset and the old asset retired from the asset stock.
- Pipeline renewal (partial asset >\$20,000) is recognised as a new asset and the old asset dimensions modified and revalued to recognise the partial renewal.

Buildings

Building Assets

Floor

Floor assets are recognised as the whole flooring area contained within a building

Work Activity		
Operating Expenditure	Capital Expenditure	
Maintenance & Repair	Renewal	New
<ul style="list-style-type: none"> Reactive maintenance and repair (structural repairs) Programmed maintenance (structural repairs, pest control, painting etc) Partial replacement < \$10,000 	<ul style="list-style-type: none"> Replacement of whole floor with same standard Partial replacement > \$10,000 	<ul style="list-style-type: none"> New assets Upgrade assets and extensions (providing a higher level of service)

- Floor renewal/replacement (remove and replace complete asset) is recognised as a renewed asset and the old asset retired from the asset stock.
- Floor component renewal (partial asset) is recognised by adding the replacement cost (if > \$10,000) to the existing asset value and reviewing the remaining useful life of the renewed asset to recognise any restored economic benefits to the entity.

Envelope

Envelope assets are recognised as the internal and external walls contained in a building

Work Activity		
Operating Expenditure	Capital Expenditure	
Maintenance & Repair	Renewal	New
<ul style="list-style-type: none"> Reactive maintenance and repair Programmed maintenance (painting, structural repairs, replacing windows, etc) Component replacement (windows, walls, etc) < \$10,000 	<ul style="list-style-type: none"> Replacement of whole envelope asset with same standard Component replacement (windows, walls, structural repair etc) >\$10,000 	<ul style="list-style-type: none"> New assets Upgrade assets and extensions (providing a higher level of service)

- Envelope renewal/replacement (remove and replace complete asset) is recognised as a renewed asset and the old asset retired from the asset stock.
- Envelope component renewal (partial asset) is recognised by adding the replacement cost (if > \$10,000) to the existing asset value and reviewing the remaining useful life of the renewed asset to recognise any restored economic benefits to the entity.

Building Assets (cont)

Roof

Roofing assets are recognised as the whole roofing structure (tiles etc) of a building

Work Activity		
Operating Expenditure	Capital Expenditure	
Maintenance & Repair	Renewal	New
<ul style="list-style-type: none"> Reactive maintenance and repair Programmed maintenance (painting, structural repairs, replacing sheets/tiles, guttering, downpipes, etc) Component replacement (roof, gutters, etc) < \$10,000 	<ul style="list-style-type: none"> Replacement of whole roof asset with same standard Component replacement (roof, gutters, etc) > \$10,000 	<ul style="list-style-type: none"> New assets Upgrade assets and extensions (providing a higher level of service)

- Roof renewal/replacement (remove and replace complete asset) is recognised as a renewed asset and the old asset retired from the asset stock.
- Roof component renewal (partial asset) is recognised by adding the replacement cost (if > \$10,000) to the existing asset value and reviewing the remaining useful life of the renewed asset to recognise any restored economic benefits to the entity.

Electrical

Electrical assets are recognised as the whole electrical system of a building and include switchboards, wiring, outlets, safety switches, surge arresters, etc.

Work Activity		
Operating Expenditure	Capital Expenditure	
Maintenance & Repair	Renewal	New
<ul style="list-style-type: none"> Reactive maintenance and repair (electrical components) Programmed maintenance (structural repairs, inspections, etc) Component replacement (surge arrestors, fuses, safety switches, wiring) < \$10,000 	<ul style="list-style-type: none"> Replacement of whole electrical asset with same standard >\$10,000 Component replacement (surge arrestors, fuses, safety switches, wiring) > \$10,000 	<ul style="list-style-type: none"> New assets Upgrade assets and extensions (providing a higher level of service)

- Electrical renewal/replacement (remove and replace complete asset) is recognised as a renewed asset and the old asset retired from the asset stock.
- Electrical component renewal (partial asset) is recognised by adding the replacement cost (if > \$10,000) to the existing asset value and reviewing the remaining useful life of the renewed asset to recognise any restored economic benefits to the entity.

Building Assets (cont)

Plumbing

Plumbing assets are recognised as the whole plumbing system of a building and include pipe-work, drains, taps, etc.

Work Activity		
Operating Expenditure	Capital Expenditure	
Maintenance & Repair	Renewal	New
<ul style="list-style-type: none">Reactive maintenance and repairProgrammed maintenance (structural repairs, drains, inspections, etc)Component replacement (taps, cisterns, pipework, etc) < \$10,000	<ul style="list-style-type: none">Replacement of whole plumbing asset with same standard >\$10,000Component replacement (taps, cisterns, pipework, etc) > \$10,000	<ul style="list-style-type: none">New assetsUpgrade assets and extensions (providing a higher level of service)

- Plumbing renewal/replacement (remove and replace complete asset) is recognised as a renewed asset and the old asset retired from the asset stock.
- Plumbing component renewal (partial asset) is recognised by adding the replacement cost (if > \$10,000) to the existing asset value and reviewing the remaining useful life of the renewed asset to recognise any restored economic benefits to the entity.

Airconditioning

Airconditioning assets are recognised as the whole airconditioning system within a building.

Work Activity		
Operating Expenditure	Capital Expenditure	
Maintenance & Repair	Renewal	New
<ul style="list-style-type: none">Reactive maintenance and repairProgrammed maintenance (servicing, etc)Component replacement (Air conditioning plant , etc) < \$10,000	<ul style="list-style-type: none">Replacement of whole Air conditioning asset with same standardComponent replacement (Air conditioning, etc) > \$10,000	<ul style="list-style-type: none">New assetsUpgrade assets and extensions (providing a higher level of service)

- Airconditioning renewal/replacement (remove and replace complete asset) is recognised as a renewed asset and the old asset retired from the asset stock.
- Airconditioning component renewal (partial asset) is recognised by adding the replacement cost (if > \$10,000) to the existing asset value and reviewing the remaining useful life of the renewed asset to recognise any restored economic benefits to the entity.

Building Assets (cont)

Fit-Out

Fit-Out assets are recognised as items which include Kitchens, Bathrooms, Lights, Curtains, Carpets, etc.

Work Activity		
Operating Expenditure	Capital Expenditure	
Maintenance & Repair	Renewal	New
<ul style="list-style-type: none"> Reactive maintenance and repair Programmed maintenance (painting, curtains, carpets, etc) <\$10,000 Component replacement (lights, kitchens, laundry, bathroom, etc) < \$10,000 	<ul style="list-style-type: none"> Replacement of whole fit-out asset with same standard Component replacement (lights, kitchens, laundry, bathroom, etc) > \$10,000 	<ul style="list-style-type: none"> New assets Fit out > \$10,000 Upgrade assets and extensions (providing a higher level of service)

- Fit-out renewal/replacement (remove and replace complete asset) is recognised as a renewed asset and the old asset retired from the asset stock.
- Fit-out component renewal (partial asset) is recognised by adding the replacement cost (if > \$10,000) to the existing asset value and reviewing the remaining useful life of the renewed asset to recognise any restored economic benefits to the entity.

Swimming Pools

Swimming Pool assets are recognised as each pool structure and mechanical & electrical system

Work Activity		
Operating Expenditure	Capital Expenditure	
Maintenance & Repair	Renewal	New
<ul style="list-style-type: none"> Reactive maintenance to swimming pool assets (cleaning, etc) Programmed maintenance (repainting, cleaning, water quality) Replacing components (pumps, filters, electrical, etc) <\$10,000 Relining/tiling part of pool <\$10,000 	<ul style="list-style-type: none"> Relining of pool >\$10,000 Replacing pool components (pumps, filters, electrical >\$10,000 	<ul style="list-style-type: none"> New assets Upgrade assets

Shade Structures

Shade Structure assets are recognised as each Structure, Pergola, Veranda, etc

Work Activity		
Operating Expenditure	Capital Expenditure	
Maintenance & Repair	Renewal	New
<ul style="list-style-type: none"> Reactive maintenance (repairs, cleaning, etc) Programmed maintenance (painting, servicing etc) Partial replacement <\$10,000 	<ul style="list-style-type: none"> Replacement of whole asset same standard >\$10,000 	<ul style="list-style-type: none"> New assets Upgrade asset

Open Space & Recreation

Open Space & Recreation Assets

Playgrounds

Playground assets are recognised as each playground

Work Activity		
Operating Expenditure	Capital Expenditure	
Maintenance & Repair	Renewal	New
<ul style="list-style-type: none"> Reactive maintenance to playground assets Programmed maintenance (repainting, ground cover) Replacing minor components (seats, etc) 	<ul style="list-style-type: none"> Replacement of whole playground 	<ul style="list-style-type: none"> New assets Upgrade assets

- Playground renewal (complete asset) is recognised as a new asset and the old asset retired from the asset stock.

Sports Ovals & Open Space

Sports Ovals & Open Space assets are recognised at the following level (each oval, pitch, court, practice net, coaches box, set of posts, sports lighting pole, lighting structure, irrigation system)

Work Activity		
Operating Expenditure	Capital Expenditure	
Maintenance & Repair	Renewal	New
<ul style="list-style-type: none"> Reactive maintenance (patching, crack filling of pitches, courts, globe replacement, electrical components, irrigation systems, etc) Programmed maintenance or servicing (mowing, topdressing, repainting, linemarking, irrigation systems, etc.) Replacement of grassed area Replacement of Irrigation Components (sprinklers, controllers, pumps, etc) Partial replacement of assets <\$5,000 	<ul style="list-style-type: none"> Replacement of whole pitch, court, lighting structure, irrigation system, etc Replacement of components >\$5,000 Partial replacement of assets >\$5,000 	<ul style="list-style-type: none"> New assets Upgrade assets Extension of irrigation systems Expansion of lighting structures.

- New grassed areas are recognised and depreciated over 5 years and not revalued. All replacements and renewals are expensed.
- Irrigation system renewal (complete asset) is recognised as a new asset and the old asset retired from the asset stock.

Open Space & Recreation Assets (cont)

Landscaping

Landscape assets are recognised at the following level (each landscaped area)

Work Activity		
Operating Expenditure	Capital Expenditure	
Maintenance & Repair	Renewal	New
<ul style="list-style-type: none">• Reactive maintenance to landscaping assets (replanting garden beds)• Programmed maintenance (replanting garden beds)		<ul style="list-style-type: none">• New assets• Upgrade assets

- New landscaped areas are recognised and depreciated over 5 years and not revalued. All replacements and renewals are expensed.

Urban Elements

Urban Element Assets

Road & Reserve Furniture

Road & reserve furniture assets are recognised at the following asset level (each item of benches, tables, etc)

Work Activity		
Operating Expenditure	Capital Expenditure	
Maintenance & Repair	Renewal	New
<ul style="list-style-type: none"> Reactive maintenance Programmed maintenance (painting, etc) Replacement of furniture items 		<ul style="list-style-type: none"> New assets

- All new road & reserve furniture assets are recognised as new assets.
- Replacement of road & furniture assets is expensed as maintenance

Fencing Assets

Fencing assets are recognised as the whole fencing asset on each site

Work Activity		
Operating Expenditure	Capital Expenditure	
Maintenance & Repair	Renewal	New
<ul style="list-style-type: none"> Reactive maintenance to fencing assets (fence repair, gate repair) Programmed maintenance (painting, etc) Partial replacement 	<ul style="list-style-type: none"> Replacement of fence asset length with same standard 	<ul style="list-style-type: none"> New assets Upgrade asset

- Fencing renewal (complete asset) is recognised as a new asset and the old asset retired from the asset stock.

Sign Assets

Sign assets are recognised at the following component level (each Traffic Sign, Information Sign, Corporate Image, Entrance Statement, etc)

Work Activity		
Operating Expenditure	Capital Expenditure	
Maintenance & Repair	Renewal	New
<ul style="list-style-type: none"> Reactive maintenance to sign assets (cleaning) Replacement of signs 		<ul style="list-style-type: none"> New assets Upgrade asset

- New signs are recognised and depreciated over 5 years and not revalued. All replacements and renewals are expensed.

Urban Element Assets (cont)

Other Structures

Other Structure assets are recognised at the following component level (External works of art, umbrellas, etc)

Work Activity		
Operating Expenditure	Capital Expenditure	
Maintenance & Repair	Renewal	New
<ul style="list-style-type: none"> Reactive maintenance (repairs, cleaning, etc) Programmed maintenance (painting, cleaning, servicing etc) Partial replacement <\$5,000 	<ul style="list-style-type: none"> Replacement of whole asset same standard >\$5,000 	<ul style="list-style-type: none"> New assets Upgrade asset

- Other Structure renewal (complete asset) is recognised as a new asset and the old asset retired from the asset stock.

Civil Works & Structures

Civil Works & Structure assets are recognised at the following asset level (each structure, ornamental lake, etc)

Work Activity		
Operating Expenditure	Capital Expenditure	
Maintenance & Repair	Renewal	New
<ul style="list-style-type: none"> Reactive maintenance to structures (component replacement, structural repair) Programmed maintenance (cleaning, desilting) Partial renewal/replacement of structure < \$20,000 	<ul style="list-style-type: none"> Partial renewal/ replacement of structure > \$20,000 	<ul style="list-style-type: none"> New assets Upgrade/expand asset Replace with higher standard

- Structure renewal (complete asset) is recognised as a new asset and the old asset retired from the asset stock.
- Partial renewal/replacement (>\$20,000) of structures (component renewal) is recognised by adding the renewal/replacement cost to the existing asset value and reviewing the remaining useful life of the asset to recognise the restored economic benefits to the entity.

Plant & Equipment

Plant & Equipment Assets

Light Vehicles

Light Vehicle assets are recognised at the following level (each light vehicle item)

Work Activity		
Operating Expenditure	Capital Expenditure	
Maintenance & Repair	Renewal	New
<ul style="list-style-type: none"> Reactive maintenance to light vehicle Programmed servicing of light vehicle Replacement of major components (engine, transmission, etc) Upgrade asset (adding air-cond, etc) Purchase and replacement of items < \$5,000. 		<ul style="list-style-type: none"> New assets > \$5,000

- Light Vehicle renewal (complete asset) is recognised as a new asset and the old asset retired from the asset stock.

Plant

Plant assets are recognised at the following level (each plant item)

Work Activity		
Operating Expenditure	Capital Expenditure	
Maintenance & Repair	Renewal	New
<ul style="list-style-type: none"> Reactive maintenance to plant Programmed servicing of plant Replacement of major components (engine, transmission, etc) Upgrade asset (adding air-cond etc) Purchase and replacement of items < \$5,000. 		<ul style="list-style-type: none"> New assets > \$5,000

- Plant renewal (complete asset) is recognised as a new asset and the old asset retired from the asset stock.

Other Plant & Equipment Furniture & Fittings

Other Plant & Equipment, Furniture & Fittings assets are recognised at each item

Work Activity		
Operating Expenditure	Capital Expenditure	
Maintenance & Repair	Renewal	New
<ul style="list-style-type: none"> Reactive maintenance Programmed servicing Replacements with same standard < \$5,000 	<ul style="list-style-type: none"> Replacement of plant and equipment with same standard > \$5,000 	<ul style="list-style-type: none"> New assets > \$5,000

- Plant items with acquisition cost greater than \$200 but less than \$5,000 are expensed on acquisition.

Land

Land Assets

Land

Land assets are recognised at the following component level (each property)

Work Activity		
Operating Expenditure	Capital Expenditure	
Maintenance & Repair	Renewal	New
<ul style="list-style-type: none">• Reactive maintenance (cleaning)• Programmed maintenance (cleaning, mowing, etc)		<ul style="list-style-type: none">• New assets• Upgrade asset

Land Under Roads

Council has elected not to recognise land under roads in accordance with the deferral arrangements available under AASB 1045. As at 1 July 2008, Council has elected not to recognise any values for land under roads acquired before the commencement of AASB 1051 Land Under Roads. For assets acquired after 30 June 2008, Council has elected not to recognise Land Under Roads, as these assets cannot be reliably measured.

Easements

Easements are not currently recognised as an asset.

Other

Other Assets

Other Assets not elsewhere covered

Other assets are recognised at the following level (each item)

Work Activity		
Operating Expenditure	Capital Expenditure	
Maintenance & Repair	Renewal	New
<ul style="list-style-type: none">• Reactive maintenance• Programmed maintenance/servicing• Replacement of major components• Purchase and replacement of items < \$10,000.	<ul style="list-style-type: none">• Replacement with same standard > \$10,000	<ul style="list-style-type: none">• New assets > \$10,000• Upgrade assets > \$10,000

- Other assets renewal (complete asset) is recognised as a new asset and the old asset retired from the asset stock.