



Asset Lifecycle Policy and Procedure



Yarriambiack
SHIRE COUNCIL

Asset Lifecycle Policy and Procedure

Yarriambiack Shire Council encourages a working environment which promotes gender equality and models non-violent and respectful relationships.

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1 Objective

The objective of this Policy and Procedure is to outline and define the process for how Yarriambiack Shire Council accounts for tangible and intangible assets from a monetary and non-monetary perspective.

The Policy and Procedure will outline the principles and process for the full asset lifecycle from recognition and capitalisation through to when an asset no longer is of value to Council and how these are disposed. Throughout the life of an asset Council undertakes a number of activities including renewing and upgrading, depreciating and revaluing, this Policy outlines the requirements around these processes as well as to what level the assets are recorded and tracked throughout their lives.

The requirements of managing low value portable assets and consumable items that do not necessarily meet the definition of an asset or are below capitalisation thresholds are also discussed in this Policy.

2 Responsibility

The Chief Engineering Officer is responsible for ensuring this policy is implemented, progress is monitored and is reviewed in line with Section 22.

3 Policy Statement and Scope

The Policy and Procedure outlines the responsibilities around asset data management and what measurement and recognition models Council applies to assets including the recording of capital works in progress during project duration.

How asset are recorded and componentised within the Asset Management Information Systems (AMIS) is also outlines within this Policy and Procedure. AMIS processes include depreciation, revaluations, the recording of useful lives, capturing asset disposals and sales.

Additionally, the requirements regarding investment properties and intangible assets also form part of the Policy and Procedure. It also, covers physical asset verification processes and reporting requirements.

This Policy and Procedure also provides information regarding infrastructure and related costs that do not meet capitalisation or asset definitions and how to account for these, particularly at times of budgeting and during operations activities.

4 Roles

4.1 Chief Engineering Officer

As the Responsible Officer the Chief Engineering Officer oversees all activity outlined in this Policy and Procedure.

The role of Chief Engineering Officer also covers stocktake of plant, fleet and equipment.

4.2 Business Lead Asset Systems, Network and Planning

The Business Lead Assets Systems, Network and Planning (ASNP) is the responsible officer for ensuring all relevant governance requirements are met. This includes ensuring asset records are in accordance with Australian Accounting Standards. Utilising available resources they implement best practices and principles enabling Council to model the best possible outcomes.

The role of the Business Lead ASNP is to ensure the ever changing governance requirements are implemented as and when required to ensure assets are recorded, records are maintained and assets are depreciated, revalued and disposed of in accordance with these requirements.

They are responsible for the management of the Council's asset register within the AMIS and the integrity of the data within it, including asset componentisation where required and in line with this Policy and Procedure.

4.3 Manager Business Systems

The Manager Business Systems is responsible for all ICT equipment, they ensure acquired ICT assets are recorded and disposed of in accordance with the requirement of this Policy and Procedure. They are also responsible for annual ICT equipment stocktakes.

4.4 Council Staff

Council staff with Asset responsibilities have these clearly outlined within their individual position descriptions. Their roles cover recording and processing of assets and asset transactions in line with this Policy and Procedure and are required to align processes and records to Australian Accounting Standards, relevant legislation and be familiar with best practice models to develop improvements in Asset Lifecycle procedures, records and reporting.

Staff also collaborate with auditors, other councils and external agencies to pursue the requirements under this Policy and Procedure meet these under legislation and standards.

5 Asset Recognition

5.1 What is an Asset?

An asset is something of value, controlled by Council with a life or future economic benefit to Council that extends beyond 12 months. Assets can be something you can physically see or hold like a road or computer, these are referred to as tangible assets. They can also be intangible as defined under Section 12.

5.2 When is an Asset Recognised?

Assets will be measured and recognised in accordance with *AASB 116 – Property Plant and Equipment*. The recognition of an asset will occur, if and only if:

- a) it is probable that future economic benefits associated with the item will flow to the entity; and
- b) the cost of the item can be measured reliably.

Assets that meet these requirements are recognised on the Balance Sheet.

Where assets owned by Yarriambiack Shire Council have not previously been recognised, they will be recognised in line with the requirements of AASB 116.

In most cases, items that have a life of less than one year are expensed in the Income Statement of the financial records and reports.

5.3 Asset Costs

Assets shall be recognised at cost. The cost of an asset is the cash price equivalent at the recognition date. This can be an amount paid by Council to acquire or construct the asset or the fair value of an asset that is acquired for little or no payment. These costs can include some professional fees, installation costs, site preparation costs, as well as all other costs incurred in preparing the asset ready for use.

AASB 116 outlines the items that are and are not attributable to the cost of an asset. The following table outlines these items.

Activity/Element	Capital Expenditure Can be included as part of asset cost.	Recurrent Expenditure Not included as part of asset cost
Purchase price including non-refundable duties and taxes.	✓	
All activities prior to decision made to proceed with investment including: <ul style="list-style-type: none"> Strategic planning reports. Project feasibility planning and investigation. 		✓
All activities following decision made to proceed with investment including: <ul style="list-style-type: none"> Planning approvals. Survey and design. Professional fees. Site preparation. Construction. Contract payments (excluding compensation payments.) Council direct costs, wages, salaries, plant hire, materials, on- costs. Administration and other general overhead costs. Supervision. Transport, installation, assembly and testing. Project Management. 	✓	
The initial estimate of costs associated with asset disposal where site restoration is required. <ul style="list-style-type: none"> dismantling and removing item site restoration 	✓	

When assessing the value of an asset that is acquired at a cost significantly less than fair value, the requirements under *AASB 1058 – Income of Not-For-Profit Entities* are also considered.

Land under roads acquired after 30 June 2008 are brought to account using the cost basis in accordance with *AASB 1051 – Land Under Roads*. Council does not recognise land under roads that it controlled prior to that period in its financial reports.

5.4 Gifted Assets

Where Council acquires an asset at no cost or for a nominal amount they are referred to as gifted assets. These can be received via developer contributions or other grants and the cost is measured at fair value as at the date of acquisition. These asset are recorded at fair value upon recognition.

5.5 Internally Constructed Assets

The cost of assets constructed by Council shall include the cost of all materials used in construction, direct labour employed and an appropriate proportion of variable and fixed overheads. See Asset Costs for specific items that can be included in the cost of constructed assets.

5.6 Materiality

Assets are recognised on the balance sheet when the cost is greater than the thresholds below:

Asset Class	Threshold
Land & Land Under Roads	\$1000
Buildings	\$5000
Plant, Machinery and Equipment	\$1000
Motor Vehicles	\$1000
Fixtures, Fittings and Furniture	\$1000
Earthworks All	\$5000
Gravel Road Pavements / Re-sheets	\$2000
Sealed Road Pavements	\$5000
Sealed Road Final Seal	\$2000
Bridges	\$5000
Footpath, Kerb and Channel	\$2000
Drainage	\$5000
Aerodromes	\$5000
Recreation and Leisure	\$5000
Parks and Open Space	\$5000
Waste Management	\$5000
Other Infrastructure	\$5000

5.7 Low Value and High Risk of Theft – Portable Assets

Whilst an asset may not be recognised as an asset on the Balance Sheet, Council does record all low value, portable – high risk assets in the Asset Register. These items are held at zero value in the register and expensed in the year that they are purchased.

Some examples of categories of assets that are considered low value, high risk portable assets are;

- Information Communication Technology Equipment
- Furniture
- Office Equipment
- Tools and Equipment

5.8 Expenditure

Recurrent Expenditure

Administration, operational and maintenance costs are costs generally considered as "Recurrent Expenditure" and accounted for in the Income Statement.

Administration costs that directly attribute to bringing an asset to the location and condition necessary for it to be capable of operating in the manner intended by management may be allocated to the project and classified as capital costs¹. Refer to [Appendix B](#) for further guidance.

Administration and Operational Costs

Administration and Operational costs are defined as costs associated with the general administration and operation of the business. Costs that are to maintain a business's daily operations and administer its business.

Administrative and operational costs are not directly attributable to the cost of acquiring an asset and are not included in asset values.

Example of Administrative Costs are salaries, wages, professional fees such as consulting, legal and audit fees, office supplies, subscriptions, insurance, depreciation, utilities.

Maintenance Costs

Maintenance costs are costs incurred to keep an item in good condition and working order.

Maintenance and repair is defined as the costs incurred to bring an asset back to an earlier condition or to keep the asset operating at its present condition. In order to realise the full potential of any asset, routine maintenance is required. Maintenance does not return the asset to its "as new" condition nor does it improve the assets functionality or purpose. The purpose of maintenance is to stop the asset from deteriorating too quickly.

Capital Costs

Capital expenditure is expenditure, which has benefits (service potential) to Council, expected to be beyond 12 months. Council recognises three categories of capital costs, acquiring new assets and renewing or upgrading existing assets.

- a) Capital expenditure of new assets includes the purchase price and, where applicable the cost relating to its construction.
- b) Capital renewals and replacements is expenditure on an existing asset. These costs restore the service potential and extend the life of the asset beyond that which it had originally. In the case of assets that are used to generate income, by extending the life, the income generating potential is also likely to be extended. By undergoing renewals, future operational and maintenance expenditure may be reduced if completed at the optimum time, e.g. resurfacing or resheeting part of a road network, resurfacing an oval or replacing a drainpipe with the same capacity.
- c) Capital upgrades and expansions is where expenditure enhances an existing asset so it provides a higher level of service. Upgrade expenditure is discretionary and may not result in additional revenue unless direct user charges apply. Future operational and maintenance expenditure as well as depreciation may increase because of the increase in the council's asset base. Examples include, widening a sealed road, enlarging a grandstand at a sporting facility, replacing drainage pipes with pipes of a greater capacity. *Refer to Section 5.3 Asset Costs for what costs can be considered capital in nature and allocated to an asset.*

¹ Australian Accounting Standards AASB 116 Property Plant and Equipment (Elements of Cost)

6 Work in Progress (WIP)

Capital works yet to be completed are referred to as Work in Progress (WIP). These costs are recognised as other non-current assets and transferred to the infrastructure, property, plant and equipment asset register when completed and ready for use.

Capital works project costs are recorded in the Financial Management System, Xero. When the project is complete, the costs allocated to the project that represent bringing the asset to the "location and condition necessary for it to be capable of operating in the manner intended by management" is recognised as the cost of the Asset.

This cost is to be transferred from the WIP Project and capitalised as an Asset on the Balance Sheet. The cost of the asset is also to be recorded in the Asset Register.

The Transactions are as follows:

Balance Sheet Accounts	DEBIT	CREDIT
Infrastructure, Property, Plant and Equipment	Asset Cost	
Capital Works in Progress		Asset Cost
This capitalisation journal decreases the balance in WIP by transferring the amount and increasing Infrastructure, Property, Plant and Equipment.		

7 Fixed Asset Register

The fixed assets register is a system-based software recording tool designed to hold sufficient details on individual assets to permit their identification and management. These details include asset location, size, age, material and allows for all financial calculations such as revaluations and depreciation.

Data within the fixed asset register is to be updated on an ongoing basis as asset transactions occur or with changes in reporting or legislative requirement. The fixed assets register is to undergo a detailed review in line with the annual financial reporting cycle to ensure all relevant requirements are being met.

8 Asset Depreciation

Depreciation is a reduction in value of an asset due to the normal wear and tear over the life of the asset.

Council uses straight line depreciation for all its non-current assets. This method recognises that the economic benefits to Council is consumed generally in a uniform and even manner throughout the assets useful life. Other depreciation methods would require a systematic basis to determine that the pattern of consumption of an assets varies over time. This decision aligns with the recommendation paper from Local Government Victoria².

The useful life of an asset may be amended based on current conditional data, see Section 9 Useful Life for further details.

Other than land and investment properties, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over the useful life.

² Local Government Victoria – Local Government: Accounting for non-current physical assets under AASB 116 – A guide, May 2006.

8.1 Accounting for Depreciation

Depreciation is calculated for each applicable asset class in the Asset Register, from this a journal will be compiled and recorded in Council's financial management software.

Depreciation is reconciled on a quarterly basis which any relevant adjustments completed in line with annual financial reporting periods.

In accordance with *AASB 116 - Property, Plant and Equipment*, depreciation of an asset will begin from the time the asset is available and ready for use. This includes the asset being in its intended location and in a condition to enable the assets to be used in the manner they were intended.

In the case of contributed assets, depreciation will begin from the time of handover to Council of those assets.

Where there is a delay in recording the asset in the Asset Register, Council must ensure that depreciation is accounted for in the period since the asset was available for use in line with AASB - 116, not from the date it was entered into the Asset Register system.

9 Useful Life

Useful life is the period over which an asset is expected to be available for use by Council and is estimated based on the latest and best available, reliable information.

The useful life of Council assets will be reviewed at least annually. If expectations differ from previous estimates, usually due to conditional data, the change shall be accounted for in accordance with *AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors*.

Useful lives are reported annually within the Asset Revaluation Review and reported to Council in line with annual financial reporting timeframes. This report confirms that the Useful Lives of Assets have been reviewed and confirm if any changes have occurred.

Useful Life periods for each class of asset are shown at Appendix B

10 Residual Value

Unless there is evidence to the contrary, Council deems all non-financial physical assets, other than vehicles, to have a residual value of zero.

11 Investment Properties

Investment properties are held to generate long-term rental yields. An investment property is measured initially at cost, including related transaction costs. Subsequent costs are capitalised when it is probable that it generates additional comparable future economic benefit to Council.

In line with the requirements of *AASB 140 - Investment Property*, subsequent to initial recognition at cost, an investment property is carried at fair value, determined annually by independent valuers. Any changes are recorded in the Comprehensive Income Statement in the period that they arise.

Rental income from the leasing of investment properties is recognised in the Comprehensive Income Statement in line with the requirements of *AASB 1058 - Income of Not for Profit Entities*.

Investment properties are not subject to depreciation.

12 Intangible Assets

Intangible assets are amortised in accordance with their useful life. Some intangible assets have indefinite or unlimited useful life. Such assets are not amortised.

Intangible assets are amortised using the straight-line depreciation method.

AASB 138 - Intangible Assets provides guidance on the accounting treatment of intangible assets.

Leases are recognised as intangible assets on the balance sheet.

13 Asset Revaluation

Council is required to measure its assets at fair value. The Fair Value of all Yarriambiack Shire Council assets is measured in accordance with *AASB 13 – Fair Value Measurement*.

Australian Accounting Standards allow Yarriambiack Shire Council to adopt the cost model or the revaluation model of valuation. Council utilises the approach that all non-current physical assets are to be measured using the revaluation model. Accurate and reliable measurement will ensure the revaluation of non-current assets is triggered according to the stipulations in standards and directions.

Revaluations are undertaken on a three-yearly cycle with interim Fair Value assessments annually on all asset classes to ensure that no material movement has occurred. Any material movement is reported to Council and recorded in the financial records in accordance with the relevant Australian Accounting Standards.

13.1 Asset Revaluation Review Report

Yarriambiack Shire undertakes a review of the existing asset registers and provides a valuation report to Council annually in line with the financial reporting requirement and accordance with the relevant Australian Accounting Standards.

The annual Asset Revaluation Review Report outlines the full process undertaken including the currency and accuracy of the asset register, and updates unit rates and useful lives using evidence-based techniques.

13.2 Revaluation of Non-Current Assets

Council is required to undertake an annual assessment for every asset class to assess if movement in value is material. Material movements are recorded in accordance with the requirements under *AASB 13 - Fair Value Measurement*.

Investment properties are to be revalued annually by a certified Valuer, in line with *AASB 140 – Investment Property*.

13.3 Fair Value Measurement

Fair value is measured and reported annually in the Council's annual financial statements, in accordance with *AASB 13 - Fair Value Measurement*. Fair Value is defined as the price that would be received for an asset in an orderly transaction between two market participants.

The fair value measurement methods applied to each financial asset class are as per Appendix B.

13.4 Impairment

When assets are revalued any reduction in value is referred to as impairment. Any impairment shall have the principles established by *AASB 136 – Impairment of Assets* applied, with due regard to the criteria that applies to not for profit entities.

Intangible assets with indefinite useful lives are tested annually to ascertain if their carrying value exceeds their recoverable amount.

Testing for impairment is undertaken and reported to Council annually as part of the Asset Revaluation Report. This information is attested to by sufficiently qualified staff and provided to external auditors.

13.5 Accounting Treatment for the Revaluation of Assets

Non-financial physical assets are revalued in accordance with *AASB 116 – Property Plant and Equipment*. Where an item of property plant and equipment is revalued the entire class that the asset belongs to shall be revalued.

Asset revaluations can have an effect on Accumulated Depreciation and may result in assets being derecognised or disposed of.

13.6 Treatment of Accumulated Depreciation on Revaluation

AASB 116 permits an entity to account for accumulated depreciation at the date of the revaluation either by:

- **Gross Approach:** increasing proportionately the accumulated depreciation balance with the increase in the gross carrying amount of the asset, so that the net carrying amount of the asset after revaluation equals its revalued amount; or
- **Net Approach:** eliminating the accumulated depreciation balance against the gross carrying amount of the asset and increasing the net carrying amount to the revalued amount of the asset.

When Council undergoes revaluations of an asset class the net approach is used when accounting for accumulated depreciation.

13.7 Derecognition and/or Disposal of Revalued Assets

In accordance with Not-for-profit entity requirements in Australian Accounting Standards it is not recommended to transfer the revaluation surplus/(deficit) relating to derecognised assets to accumulated funds. Council follows this methodology and the asset is derecognised or disposed of at its current value within the asset register.

14 Asset Disposal

All non-current assets will be written off on disposal or when no future economic benefits are expected from their use.

When an asset is sold and its selling price varies from the carrying amount in Council's balance sheet, a gain or loss on disposal will be recognised directly to the Income Statement in accordance with *AASB 116 – Property Plant and Equipment*.

If an asset is disposed before it has been fully depreciated, the carrying amount represents a loss on disposal and will be expensed.

14.1 Identifying Surplus Assets

Land and Buildings and Public Open Spaces

In identifying any potential surplus Council owned assets, a report shall be presented to Council providing all relevant information regarding the asset identified for potential sale including environmental and planning issues and shall include a proposed process for undertaking both consultative and/or statutory processes under the *Local Government Act 2020*, including provisions for Council to hear submissions from the community related to the proposed sale.

The decision to proceed to offer specific parcels of land for sale (excluding Right of Ways and Road Discontinuances) rests exclusively with Council and will always require a Council Resolution.

Plant and Equipment

Plant and equipment maybe sold under the Chief Executive Officers delegation if all of the criteria's outlined in the Asset Disposal section of this policy are met.

14.2 Sale of Motor Vehicles

The sale of Motor Vehicles is in accordance with Council's Motor Vehicle Policy.

14.3 Sale of Assets (Other than Motor Vehicles)

The sale of assets refers to all assets or property no longer required by Council for strategic or operational purposes and which have been identified for potential sale, transfer, exchange or disposal.

This includes:

- Land and Buildings

- Public open spaces
- Plant and Equipment (excluding vehicles).

14.4 Sale of Surplus Assets

To ensure value of money is achieved, Council will sell assets in a manner that adheres to relevant statutory requirements. The sale method should also aim to return the highest value net of written down value and disposal costs.

Depending on the asset and the current market the following options should be considered when aiming to achieve this;

- Trading the equipment to suppliers; or
- Obtaining expressions of interest from interested buyers; or
- Selective tender from an identified group of buyers; or
- Public tender; or
- Public auction

When offering assets for sale to the public suitable advertising must take place.

The sale of each item of plant and equipment is to be subject to a minimum reserve price to be approved by the Chief Executive Officer.

14.5 Sale of Council Owned Land

All sales, exchanges and transfers of land are required to comply with the provisions of the *Local Government Act 2020*³. Sales are to be conducted through a public process (i.e. public auction, public tender or by registration of expressions of interest) unless circumstances exist that justify an alternative method of sale, (for example the sale or exchange of land by private treaty).

All sales and exchanges of land should occur at not less than the market value assessed by Council's appointed Valuer.

Land will not be sold for less than the market value, unless there are some significant and independently verified alternate community benefits derived by the sale of the land.

Any proposal to sell the land at a reduced sale price must be reported to Council for consideration, providing commentary, including an independent assessment, of the alternative benefits derived by a sale at a reduced sale price.

Such benefits may include the achievement of planning and development goals, educational or medical benefits to the community, or some other significant strategic goal of Council.

Part 4 – Division 4, s114 *Local Government 2020* requires Council to undertake certain activities prior to selling or exchanging land as follows:

- To give at least four weeks' public notice of an intention to sell or exchange land; and
- Undertake a community engagement process in accordance with its community engagement policy⁴; and

³ *Local Government Act 2020*, Part 4 - Division 4 comes into effect from 01 July 2021.

⁴ In the absence of a Community Engagement Policy the *Local Government Act 1989*, s189 will apply until 01 July 2021.

- c) Obtain from a person who holds the qualification or experience specified under 13DA (2) of the *Valuation of Land Act 1960* a valuation of the land which is made not more than 6 months prior to the sale or exchange.

Additionally, Council will institute the process to sell land no more than 6 months after the notice of intention to sell has been advertised.

Refer to Appendix A for the Process for the Sale of Council Land

14.6 Sale of Land – Discontinued Roads

The *Local Government Act 1989* and the *Road Management Act 2004* gives power to Council to discontinue a road, or part of a road, by a notice published in the Government Gazette and can sell the land from that road, or in the case of Crown Land, return it to the Crown.

Prior to considering the discontinuance and sale or transfer of roads or the removal of reserve status and the subsequent sale, transfer or exchange of land, officers will consider if land is required for any municipal purposes in accordance with the *Local Government Act 1989* and *Subdivision Act 1988*

Prior to the sale or transfer of land under discontinued roads Council will consider if the land should be retained to provide or maintain its services, including vehicular or pedestrian access or linkages to properties or public spaces, it's possible strategic or general municipal purpose, and whether the land is suitable for a public open space.

The benefits in discontinuing and selling or transferring these unused or surplus land parcels, a reduction in the ongoing maintenance cost, potential for additional rates revenue, increase security and eliminate any illegal occupation of the land.

When selling or transferring land from discontinued roads Council will ensure the land is not required for municipal, strategic or public use, the market value is applied and all recoverable costs and taxes are passed on. Council also acknowledges their right to place easements, covenants or other restrictions to protect the rights or requirements of Council and service authorities.

14.7 Sale of Land – Public Open Space

In addition to the requirements under the Local Government Act, Council is required to comply with the *Subdivision Act 1988* when selling public open space.

The Subdivisions Act requires Council to apply the proceeds from the sale of any public open space to buy or improve land for a similar purpose. In some instances, this is subject to ministerial approval.

The Subdivisions Act also gives Council some rights over the transfer of land set aside as a reserve during a planning scheme or a permit process.

14.8 Gifting of Surplus Assets to Not-For-Profit Community Groups

The Chief Executive Officer is authorised to gift plant and equipment, information communication and technology and fixture and fitting assets to not for profit, community groups where a transparent process has been documented and undertaken; that can withstand public scrutiny.

14.9 Relocation Costs

The relocation or replacement costs of any assets within land of any kind will be borne by the purchaser. These may include, fences, drainage and service authority assets. Relevant service authority assets will require confirmation from those asset owners.

It is at Council's discretion to maintain ownership of re-usable materials upon any land parcel that has been sold.

14.10 GST

The sale of assets shall be in accordance with the provisions of the *Goods and Services Tax Act 1999*. The sale, transfer or exchange of Council property, including discontinued

roads and land parcels is likely to attract GST. Council will ensure that any applicable GST is applied to sales and is remitted to the Australian Taxation Office in accordance with their requirements.

14.11 Terms of Payment

The full purchase price will be paid to Council at the time of settlement, except in exceptional circumstances where the contract of sale stipulates otherwise. The transfer of land will not be passed onto the purchaser until the purchase price plus any costs or additional amounts are paid in full.

Terms of payments associated with the sale of major reserves or other significant land parcels will be considered on a case by case basis determined by accepted commercial practices.

14.12 Proceeds of any Sale

The proceeds from any sale of surplus Council assets or land shall be allocated dependant on the asset type as identified below.

Sale of Council Owned Land, Plant and Equipment

The purpose of all sale proceeds will be determined by Council through a formal Council Resolution. The proceeds allocated will be net of all expenditure including advertising, agent's fees, legal costs and other sale costs.

Public Open Space

All proceeds from open space reserve sales are required to be used in accordance with the *Subdivision Act 1988* and *Planning Environment Act 1987* and must be allocated to the Council's Open Space Reserves.

15 Asset Stocktakes

Registered Plant and Equipment - Trailers, Plant and Motor Vehicles

Plant and Equipment Assets that are registered are to undertake a stocktake annually. The stocktake is to inform the annual insurance and registration premium payments.

The Stocktake is to be coordinated by the Chief Engineering Officer and the verifying information is to be provided to the Chief Financial Officer to inform the insurance and registration payment calculations.

Non-Registered Plant and Equipment

A stocktake is to be performed annually on all assets held in the Asset Register that are not registered. This is to monitor and manage Council's exposure to theft of low value, high portable assets.

The Stocktake is to be coordinated by the Chief Engineering Officer.

16 Disclosure

Annual disclosure notes required are contained within the Model Financial Report for Victorian Local Government (Model Report).

17 Asset Componentisation

Please refer to Appendix B where componentisation levels of all assets by class are outlined.

18 Consumables and Materials

Council purchases consumables and materials to ensure effective and efficient service delivery of Council operations. All consumables must undertake a reconciliation process. This process is conducted by each responsible Department Manager (or their delegate).

Council cannot on-sell consumables or materials to individuals (including staff members or contractors) or private businesses.

Council may sell consumables and materials to Local, State or Federal Government Agencies or Authorities where there is deemed a thin market. All requests must be referred to the Chief Executive Officer. This section must be read in conjunction with Council's External Private Works Policy.

19 References

Australian Accounting Standards

- AASB 13 – Fair Value Measurement
- AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors
- AASB 116 – Property Plant and Equipment
- AASB 136 – Impairment of Assets
- AASB 138 – Intangible Assets
- AASB 140 – Investment Properties
- AASB 1051 – Land Under Roads
- AASB 1058 – Income of Not for Profit Entities

Local Government Victoria

- Accounting for non-current physical assets under AASB 116 Property Plant and Equipment – A Guide 2006.
- Local Government Asset Management – Better Practice Guide.

Victorian State Legislation

- *Local Government Act 1989*
- *Local Government Act 2020*
- *Road Management Act 2004*
- *Valuation of Land Act 1960*
- *Subdivision Act 1988*
- *Goods and Services Tax Act 1999*
- *Planning Environment Act 1987*

Other References

- Australian Infrastructure Financial Management Manual 2015.
- Victorian Auditor-General's Office - issues annual reports on the results of Local Government Audits, including comments and recommendations regarding aspects of asset valuation practice.
- Financial Reporting Direction 103 – Non-financial physical assets

20 Definitions

TERM	DESCRIPTION
AASB	Australian Accounting Standards Board
Asset	An asset is something of value, controlled by Council with a life or future economic benefit to Council that extends beyond 12 months.

Community Group	A Community Group is defined as a not for profit, incorporated association, or a corporation that's purpose and intent is to enhance the liveability of the Shire.
Depreciated Replacement Cost	A valuation method used to estimate the value of an asset based on the cost of replacing it with a new, functionally equivalent asset, minus accumulated depreciation to account for its age and condition.
Fair Value	Is the price that would be received for an asset in an orderly transaction between market participants at the measurement date.
Impairment	Is the amount by which the carrying amount of an asset exceeds its recoverable amount.
Market Approach	Is a valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable assets or groups of assets.
Non-financial Asset	An Asset that is not cash or other transferable or contractual claim on another entity like a bond or stocks.
Revaluation	The movement in an asset's value in order to reflect the current market value of the asset.
Revaluation Model	Being an assets fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

21 Consistency with Governance Principles Local Government Act 2020

Governance Principle	Section of policy where covered
a) Council decisions are to be made and actions taken in accordance with the relevant law;	Sections 19 and 24
b) priority is to be given to achieving the best outcomes for the municipal community, including future generations;	Sections 4, 5, 9, 11, 13, 14, Appendix A
c) the economic, social and environmental sustainability of the municipal district, including mitigation and planning for climate change risks, is to be promoted;	All Sections of this Policy and Procedure include aspects of sustainability, in particular, economic and social sustainability is key to Asset Lifecycle.
d) the municipal community is to be engaged in strategic planning and strategic decision making;	Section 14, Appendix A

Governance Principle	Section of policy where covered
e) innovation and continuous improvement is to be pursued;	This policy has been revised to support continuous review and improvement to enhance practices and procedures.
f) collaboration with other Councils and Governments and statutory bodies is to be sought;	Section 4
g) the ongoing financial viability of the Council is to be ensured;	Imbedded within overall Asset Management including all areas of this policy and procedure
h) regional, state and national plans and policies are to be taken into account in strategic planning and decision making;	Sections 19 and 24
i) the transparency of Council decisions, actions and information is to be ensured.	Section 14, Appendix A

In giving effect to the overarching governance principles, a Council must take into account the following supporting principles—

- (a) the community engagement principles;
- (b) the public transparency principles;
- (c) the strategic planning principles;
- (d) the financial management principles;
- (e) the service performance principles.

22 Policy Review

This policy and procedure will be reviewed every three years.

From time to time, circumstances may require minor administrative changes to be made to this Policy. Where an update does not materially alter this Policy, such a change may be made administratively and need not be considered and adopted by Council.

Where any change or update may materially change the intent of this policy, or the legal responsibilities of any member of the community, it must be considered and adopted by Council, or by the Chief Executive Officer in reliance on delegated authority.

23 Legislative Context

This document is prepared and reviewed against the legislative requirements as listed in Section 19 References, along with best practice guidance issued by the Victorian Auditor General's Office, Local Government Inspectorate, Ombudsman and Local Government Victoria.

Council Approved Policy

Policy Adopted:	21 October 2020	Minute Page 131
Policy Reviewed:	24 May 2023	Minute Page 26
	23 July 2025	

Appendix A Sale and Gifting of Council Owned Land Process

The process for the Sale of Council Land is as follows:

- a) Council will identify land that is surplus to Council's requirements.
- b) A valuation on the land will be sourced by a certified valuer who holds the qualification or experience specified under 13DA (2) of the *Valuation of Land Act 1960*. The valuation cannot be greater than six months old.
- c) A Council report must be developed and presented at an open Council meeting, identifying the parcel of land that is surplus to requirements.

The report will include:

- i. Why the parcel of land has been selected for sale.
- ii. How the funds will be utilised for a public benefit, and in accordance with the Asset Lifecycle Policy requirements.
- iii. The community consultation process to be undertaken.
- iv. How the community consultation feedback will be provided and reported to Council.
- v. How the process for the sale of Land will be undertaken. This will depend on the parcel of land and the anticipated community feedback.
 - Councillors may choose for the decision to return to Council, outlining the community consultation undertaken and feedback received prior to endorsing the sale of land decision; or
 - Councillors may endorse the decision for the Chief Executive Officer to proceed and be authorised to sell the land. This may be subject to specific conditions being met.
- d) Councillors will be provided with a copy of the valuation report. To avoid compromising the sale process and to ensure the highest possible return this report will not be made public. It will be provided as a confidential attachment and the reasons why the report is not available to the public is to be included in the body of the report.
- e) The Council report must outline and ensure that at least four weeks' public notice of an intention to sell or exchange land is provided to the community; and
- f) The process is undertaken in accordance with Council's Community Engagement policy.
- g) Council Officers must ensure that the process to sell land has been enacted within six months following the notice of intention to sell has been advertised. Failure to ensure this process has been undertaken within this timeframe will require Council to recommence the process including a revised valuation.

Unless there is significant and independently verified alternate community benefits, by the sale of the land, Council Land cannot be sold for less than the market value as assessed by Council's appointed Valuer.

Any proposal to sell the land at a reduced sale price must be reported to Council and approved by Council. The Chief Executive Officer or any other officers are not endorsed to make this decision.

The process for Gifting Council Land is as follows:

- a) Council may identify land that is surplus to Council's requirements or the Community may identify land which maybe gifted to a community group to enable them to deliver greater community benefit.

- b) A valuation on the land will be sourced by a person (certified valuer) who holds the qualification or experience specified under 13DA (2) of the *Valuation of Land Act 1960*. The valuation cannot be greater than six months old.
- c) A Council report must be developed and presented at an open Council meeting, identifying the parcel of land that is surplus to requirements and is being considered for gifting to a Community Group.

The report will include:

- vi. Why the parcel of land has been selected to be gifted.
- vii. What the community benefit will be achieved by gifting the parcel of land to the community.
- viii. The community consultation process to be undertaken.
- ix. How the community consultation feedback will be provided and reported to Council.
- x. How the process for the gifting of the Land will be undertaken. This will depend on the parcel of land and the anticipated community feedback.
 - Councillors may choose for the decision to return to Council, outlining the community consultation undertaken and feedback received prior to endorsing the gifting of the land decision; or
 - Councillors may endorse the decision for the Chief Executive Officer to proceed and be authorised to sell the land. This may be subject to specific conditions being met.
- d) A copy of the valuation report will be provided as an attachment and made available to both Councillors and the public. This will ensure transparency in the decision making.
- e) The Council report must outline and ensure that at least four weeks' public notice of an intention to exchange (gift) land is provided to the community; and
- f) The process is to be undertaken in accordance with Council's Community Engagement policy.
- g) Council Officers must ensure that the process to gift land has been enacted within six months following the notice of intention to sell has been advertised. Failure to ensure this process has been undertaken within this timeframe will require Council to recommence the process including a revised valuation.

Council has the ability to gift land to community organisations where a greater community benefit will be achieved. Examples of this may include, but not limited to, community housing, community co-operative supermarket development etc.

Appendix B Assets Register and Expenditure Details

Yarriambiack Shire Council Asset Class	Valuation Method	Asset Componentisation	Useful Life		Expenditure	
			Category	Life in Years	Operational	Capital
Property Asset Classes						
<u>Investment Properties</u>	Fair Value Market Approach (Level 1 or 2)	<u>Buildings:</u> <ul style="list-style-type: none">• Sub Structure• Super Structure• Roof• Mechanical Services• Fittings and Fixtures	Buildings Fixtures & Fittings	30 – 75 03 - 15	<ul style="list-style-type: none">• All maintenance of any component of the building.	<ul style="list-style-type: none">• Any structural addition to the building that extends the life of the asset.• Repairs/renewal that extends the life of the asset.
<u>Land</u> <ul style="list-style-type: none">• Land• Land improvements• Land Under Roads	Fair Value Market Approach (Level 1 or 2)	Per Parcel	Not Applicable		<ul style="list-style-type: none">• Landscaping to the land that is intended to keep the asset in service but does not increase its value.• Landscaping to otherwise arable land that is intended to keep the asset in service but does not increase its value.	<ul style="list-style-type: none">• Landscaping to improve land that increases its value.• Landscaping to otherwise arable land that increase its value .• Significant trees >=\$1,000 in value at time of planting.
<u>Buildings</u> <ul style="list-style-type: none">• Council Offices• Improvements, e.g. fit out, air conditioning, lifts etc.	Fair Value Depreciated Replacement Cost (Level 3)	<u>Buildings:</u> <ul style="list-style-type: none">• Sub Structure• Super Structure• Roof	Buildings Fixtures & Fittings	30 - 75 03 - 15	<ul style="list-style-type: none">• All maintenance of any component that does not extend the life or value of the building.	<ul style="list-style-type: none">• Any structural addition to the building that extends the life of or value of the asset.

Yarriambiack Shire Council Asset Class	Valuation Method	Asset Componentisation	Useful Life		Expenditure	
			Category	Life in Years	Operational	Capital
<ul style="list-style-type: none"> Leasehold improvements Heritage buildings 	Market Approach (Level 1 or 2)	<ul style="list-style-type: none"> Mechanical Services Fittings and Fixtures 			<ul style="list-style-type: none"> Eg: painting, partitioning, cleaning. 	<ul style="list-style-type: none"> Repairs/renewal that extends the life of the asset. Eg: replacement of windows, additional or replacement of an airconditioner.
Infrastructure Asset Classes						
<u>Roads</u> <ul style="list-style-type: none"> Gravel Road Pavements / Re-sheets Sealed Road Pavements Sealed Road Final Seal Other: traffic islands, signage and traffic management devices. Kerb, channel and minor culverts. 	Fair Value Depreciated Replacement Cost (Level 3)	<u>Sealed Road:</u> <ul style="list-style-type: none"> Kerb and Channel Formation Pavement (shoulders can be part of pavement) Surface <u>Unsealed Road:</u> <ul style="list-style-type: none"> Formation Pavement 	Sealed road pavements Sealed road surface Gravel road pavement Sealed and Unsealed Formation Kerb and Channel	60 - 70 10 - 20 10 - 16 100 50	<u>Roads</u> <ul style="list-style-type: none"> Repairs including patching that is intended to keep the asset in service but does not extend the life of the asset. Grading that is intended to keep the asset in service but does not extend the life of the asset. Line marking. <u>Kerb and Channel</u> <ul style="list-style-type: none"> All repairs or maintenance that are intended to keep the asset in service but does 	<u>Sealed and Unsealed Roads</u> <ul style="list-style-type: none"> Any treatment to a road that extends the life of the asset. All new road construction. Eg: resurfacing, resheeting or rehabilitation of existing roads <u>Kerb and Channel</u> <ul style="list-style-type: none"> Repairs/treatment that extend the life of the asset. All new kerb construction.

Yarriambiack Shire Council Asset Class	Valuation Method	Asset Componentisation	Useful Life		Expenditure	
			Category	Life in Years	Operational	Capital
			Traffic islands and devices		<ul style="list-style-type: none"> not extend the life of the asset. General kerb maintenance. 	<ul style="list-style-type: none"> Eg: replace major section of kerb
<u>Bridges: including major culverts</u> <ul style="list-style-type: none"> Deck Substructure Guardrails 	Fair Value Depreciated Replacement Cost (Level 3)	<ul style="list-style-type: none"> Single structure for Box Culverts and Minor culvert Refer to Department of Transport Road Structures Inspection Manual. 	Bridges	80	<ul style="list-style-type: none"> All repairs that are intended to keep the asset in service but does not extend the life of the bridge. 	<ul style="list-style-type: none"> Repairs/treatment that extend the life of the asset. All new bridge construction. Eg: replacement of guard rails, replacement of pilons.
<u>Footpaths</u> paved and gravel which are separate from road.	Fair Value Depreciated Replacement Cost (Level 3)	<ul style="list-style-type: none"> Footpath surface 	Footpaths (Concrete and Pavers) Footpath - Hotmix Footpath – Bitumen and Unsealed	50 25 15	<ul style="list-style-type: none"> All repairs that are intended to keep the asset in service but does not extend the life of the asset. 	<ul style="list-style-type: none"> Repairs that extend the life of the asset. New footpath and cycleway construction. Eg: upgrade from hotmix to concrete
<u>Drainage</u>	Fair Value		Drainage	25 - 80	<ul style="list-style-type: none"> All repairs that are intended to keep the 	<ul style="list-style-type: none"> Repairs that extend the life of

Yarriambiack Shire Council Asset Class	Valuation Method	Asset Componentisation	Useful Life		Expenditure	
			Category	Life in Years	Operational	Capital
underground pipes and structures, lined and unlined channels, detention basins, access pits, inlet structures, wetlands and pollution control structures.	Depreciated Replacement Cost (Level 3)				asset in service but does not extend the life of the asset.	the asset of the drainage segment being repaired. <ul style="list-style-type: none">All new drainage construction.
<u>Parks, Open Space and Streetscapes</u> passive parks, gardens, landscaping, street scaping and natural conservation areas	Fair Value Depreciated Replacement Cost (Level 3)	<u>Parks and Playgrounds:</u> examples: <ul style="list-style-type: none">Play unitsSoft fallDrinking FountainWaste bins and enclosuresEdgingsPark benchesBBQ etc.	Parks and Open Space	30 - 75	<ul style="list-style-type: none">All maintenance and repairs to existing furniture or equipment that is intended to keep the asset in service but does not extend the life of the asset.	<u>Park Furniture</u> <ul style="list-style-type: none">All new furniture or equipmentAll replacements furniture or equipmentRenewal of existing furniture or equipment that extends the life of the asset.
<u>Recreational, Leisure and Community Facilities</u> sporting fields, ovals, aquatic facilities including structures and signage	Fair Value Depreciated Replacement Cost (Level 3)		Recreation & Leisure	30 - 75	<ul style="list-style-type: none">All repairs that are intended to keep the asset in service but does not extend the life of the asset. E.g. mowing, sanding flooring, etc.	<ul style="list-style-type: none">Repairs that extend the life of the asset of the facilities being repaired. E.g. replacement flooring, replacement of roof, new surface on oval / sporting field.

Yarriambiack Shire Council Asset Class	Valuation Method	Asset Componentisation	Useful Life		Expenditure	
			Category	Life in Years	Operational	Capital
						<ul style="list-style-type: none"> All new facilities construction.
<u>Waste Management:</u> landfills, weighbridges including structures and signage.	Fair Value Depreciated Replacement Cost (Level 3)		Waste Management	4 - 30	<ul style="list-style-type: none"> All repairs that are intended to keep the asset in service but does not extend the life of the asset. 	<ul style="list-style-type: none"> Repairs that extend the life of the asset of the facilities being repaired. E.g. installation of major components on a weighbridge (upgrade). New asset construction.
<u>Aerodromes:</u> pavement and seal, substructure, formation and earthworks, structures, signage and fences	Fair Value Depreciated Replacement Cost (Level 3)		Aerodrome Buildings	30 - 75	<ul style="list-style-type: none"> All repairs that are intended to keep the asset in service but does not extend the life of the asset. E.g. repair to runway (patching). 	<ul style="list-style-type: none"> Repairs that extend the life of the asset of the facilities being repaired. New asset construction.
			Runway and taxiway Pavement	60 - 70		
			Runway Surfaces	10 - 20		
<u>Other Infrastructure:</u> gravel pits, fire hydrants and tanks	Fair Value Depreciated Replacement Cost (Level 3)		Other Infrastructure	4 - 30	<u>Signs</u> <ul style="list-style-type: none"> Repairs to existing signs & posts. 	<u>Signs</u> <ul style="list-style-type: none"> All new signs and/or posts. Complete replacement of existing signs & posts.

Yarriambiack Shire Council Asset Class	Valuation Method	Asset Componentisation	Useful Life		Expenditure	
			Category	Life in Years	Operational	Capital
<u>Motor Vehicles</u>	Historical Cost Purchase Price	Per Vehicle	Vehicle	1 – 5	<ul style="list-style-type: none"> Expenditure <\$1,000 for individual assets or assets that cannot be easily grouped. Servicing and maintenance of motor vehicles. 	<ul style="list-style-type: none"> Expenditure >=\$1,000 for individual assets, or assets that can be easily grouped. New vehicle purchase.
<u>Plant, Machinery & Equipment:</u> Road Construction Plants and Equipment Information, Communication and Technology	Historical Cost Purchase Price	<ul style="list-style-type: none"> Computer and telecommunications including hardware, operating system software, cabling, phones, faxes and microwave links. Graders, tractors, front end loaders, lathes, welders and motor vehicles. Leased plant and equipment. Heritage plant and equipment. 	Road Construction Plants and Equipment ICT Equipment	3 - 15 3 – 5	<ul style="list-style-type: none"> Expenditure <\$1,000 for individual hardware assets or assets that cannot be easily grouped. Annual software licence and maintenance fees and all minor upgrades to core operating systems. Repairs and maintenance on plant and equipment that does not extend the life. The repair or maintenance ensure the asset can achieve its expected life. 	<ul style="list-style-type: none"> Expenditure >=\$1,000 for individual hardware assets, or assets that can be easily grouped. Costs associated with the purchase or major upgrades of core operating systems. Purchase of new plant and equipment assets.
<u>Intangible</u>	Historical Cost	Per item / lease of	Motor Vehicle	1 – 15		

Yarriambiack Shire Council Asset Class	Valuation Method	Asset Componentisation	Useful Life		Expenditure	
			Category	Life in Years	Operational	Capital
	Purchase Price and tested for impairment.	Motor Vehicle				
<u>Fixtures, Fittings and Furniture:</u>		<ul style="list-style-type: none"> Fixtures, fittings and furniture including chairs, tables, desks, filing cabinets. Library books. 	Fixtures & Fittings	03 - 15	<ul style="list-style-type: none"> Expenditure <\$1,000 for individual furniture assets or assets that cannot be easily grouped. 	<ul style="list-style-type: none"> Expenditure >=\$1,000 for individual furniture assets, or assets that can be easily grouped.