

1. BACKGROUND AND PRINCIPLES

Any physical non-current asset that is received for no consideration is considered to be contributed and should be recognised in accordance with this Policy.

This Policy outlines what needs to be followed when recognising physical non-current assets received free of charge including developer contributed assets.

Council may receive other types of contributed assets including land that is transferred into Council's name from other levels of government and assets such as buildings may be gifted to Council for charitable reasons. There are many scenarios under which Council could receive assets for no consideration.

2. SCOPE

This Policy applies to all physical non-current assets that have been received for no consideration.

3. POLICY OBJECTIVES

- To ensure that the recognition of contributed assets is performed consistently and in accordance with Australian Accounting Standard AASB116 – Property, Plant and Equipment “(AASB116)”; and
- To measure assets received free of charge to ensure that they are measured at fair value and in accordance with AASB116 – Property, Plant and Equipment.

4. POLICY STATEMENT

Council shall treat non-contributed assets as per AASB116 which specifies that Council must value each class of property, plant and equipment using either the cost model or revaluation model. Contributed assets may be recognised either at an index cost or at valuation.

Council shall use the AASB116 valuation model, which is defined as “an item of Property, Plant and Equipment whose fair value can be measured reliably shall be carried at a revalued amount, being

its Fair Value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses”.

Measurement

Developer contributed assets shall be measured and recognised at the point they become “On maintenance”.

All other assets shall be recognised at the point at which legal title is transferred to Council or control is obtained over the asset. For land, this may be a land title notification. For other types of assets, it may be a legal contract, letter or even Council decision. Consideration shall be given to the provisions of AASB116 as outlined in the Asset Accounting Policy when determining the point of recognition.

Regardless of the method of handover, all assets received free of charge shall be measured as follows:

- a) Infrastructure shall be measured using the unit rates from the latest available infrastructure valuation.
- b) Buildings shall be measured using the cost of construction available from the developer; if this is not provided then a valuation should be obtained from an external valuer.
- c) Land shall be measured using the Unimproved Capital Value available from the rating and land titles system; if this is not provided then a valuation should be obtained from an external valuer.
- d) Park Infrastructure shall be measured using the cost of construction available from the developer; if this is not provided then a valuation can be obtained utilising in-house knowledge.
- e) Other Assets shall be measured using the cost of construction available from the developer; if this is not provided then a valuation can be obtained utilising in-house knowledge.

Where assets are received for less than fair value then the measurement principles outlined in this Policy shall apply.

Contributed Assets shall be recognised as non-cash developer contribution capital income in the Income Statement.

5. RELEVANT LEGISLATION

Local Government Act 2009

Local Government Regulation 2012

6. DEFINITIONS

CEO shall mean a person who holds an appointment as Chief Executive Officer of the Whitsunday Regional Council under section 194 of the *Local Government Act 2009*. This includes a person acting in this position.

7. RELATED DOCUMENTS

8. DATE REVIEWED

May 2016

9. NEXT REVIEW

08 June 2017