Contributed Assets Policy

Corporate Services - Financial Services

CORP_26

Purpose

The purpose of this policy is 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 and AASB 13 Fair Value Measurement.

Scope

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

Policy Statement

Council shall treat non-contributed assets as per AASB116 and AASB 13, 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".

Recognition

Developer contributed assets shall be measured and recognised at the point they become "On Maintenance". The recognition of 'On Maintenance' will still provide for a 1-year warranty period which will be administrated by Planning and Development officers. Once Planning and Development officers and Asset Custodians inspect and finalise the assets contributed for defects, an 'Off Maintenance' memorandum is circulated to Council, and the complete benefit and risk belongs to Council.

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.

Measurement

All assets received for no consideration shall be measured as follows, in line with AASB 13 Fair Value Measurement:

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.

Governance

Developer Contributed Assets

The Assets are recognised, mapped on the WRC GIS System and specification data accurately identified and measured financially, under the following governance structure

- Director of Planning and Development confirms that the assets to be contributed are built in accordance with the relevant approvals or the WRC Development Manual.
- The Asset Custodian confirms that the relevant assets are to be added to the Asset Register to be maintained and renewed under the relevant Asset Management Plans.
- The Director of Corporate Services and the Asset Coordinator confirm the recognition, measurement and fair value of the asset under AASB116 - Property, Plant and Equipment and AASB 13 Fair Value Measurement.
- The Asset Custodian confirms that the relevant assets are to be added to the Asset Register to be maintained and renewed under the relevant Asset Management Plans.
- The Director of Corporate Services and the Asset Coordinator confirm the recognition, measurement and fair value of the asset under AASB116 - Property, Plant and Equipment and AASB 13 Fair Value Measurement.

Other Contributed Assets

Correspondence from the contributing agency stating date and transfer of ownership of the control shall be sought by the Officer of the Council. Relevant proof of cost of construction or purchase shall accompany this correspondence. The Assets are recognised, mapped on the WRC GIS System and specification data accurately identified and measured financially, under the following governance structure:

- The Officer of the Council and the relevant Director confirms that the assets to be contributed are built in accordance with the relevant approvals or the WRC Development Manual.

Financial Statement Treatment

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

Applicable Legislation

Local Government Act 2009
Local Government Regulation 2012

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.

Contributed Asset means an asset that is transferred at below or no cost, usually by way of contracts with Developers, through Government arrangements or by bequeath.

Contributing Agency shall mean the agency contributing or transferring the ownership and control of the asset to Council.

Cost means the amount of cash or cash equivalent paid or the fair value of any other consideration given to acquire an asset at the time of its acquisition or construction.

Economic Benefit means for the purposes of this Policy includes Social, Environmental, Financial and Governance benefits Fair Value means the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This is also referred to as the Exit Price.

Infrastructure Assets means typically large, interconnected networks or programs of composite assets. The components of these assets may be separately maintained, renewed, replaced or disposed of, so that the required level and standard of service from the network of assets is continuously sustained. Generally, the components and hence the assets, have long lives. They are fixed in place and often have no market value.

Officer of the Council shall mean the representative of WRC Council that is authorised to act on behalf of Council in the transaction of ownership and control of the contributed asset.

Off Maintenance means The date the developer is released of risk, and full ownership resides with council. End of warranty period.

On Maintenance means the date of recognition of ownership by council, but risks and defects are still attributed to the developer as a form of warranty.

Useful Life means the period over which an asset is expected to be available for use by an entity; or the number of production or similar units expected to be obtained from the asset by an entity.

Related Documents

Asset Accounting Policy

Whitsunday Regional Council Development Manual

Human Rights Compatibility Statement

This Policy has been assessed as compatible with the Human Rights protected under the *Human Rights Act 2019.*

COUNCIL POLICY			
Date Adopted by Council		**Council Resolution**	
Effective Date		**Next Review Date**	
Responsible Officer(s)		**Revokes**	
Public Consultation: Yes / No			