



**Light
Regional
Council**

Asset Capitalisation Policy

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Responsible Department:	Engineering & Assets
Related Policy/Procedure:	
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1. Purpose

This document has been prepared in conjunction with Light Regional Council to set appropriate thresholds for the capitalisation (recognition) of infrastructure assets and establishes a set of rules to be applied when capitalising assets in the Asset Management System (AMS). It will ensure a consistent approach to the capitalisation of physical assets and is to establish the basis for further training in capitalisation of assets in AMS. This guideline applies only to the assets listed within the document and provides clear guidance for realistic reporting and updating the asset register annually.

AASB 116 requires distinction between expenditure consumed immediately in operations (within 12 months) and expenditure that provides services over many years (capital). Distinction is critical for sustainability in calculating cost of service, setting prices and taxes to ensure intergenerational equity.

This document provides staff involved in budgeting, expending the works and recording the capitalisation of works with greater clarity on whether the work will be treated as maintenance or capital. The recording of expenditure against the asset will be entered into the asset register through the AMS and reported to the balance sheet. This process is referred to as capitalisation and the expenditure on assets is referred to as capital expenditure.

Local Government has a very high value of assets relative to its income, and accordingly it is important that the revenue that is expended on assets is appropriately recorded in order to assess whether the organisation is maintaining or running down its asset base and it also assists in developing an understanding on whether services can be sustained over the longer term.

This document covers policies for the following asset groups:

- Township Sealed Surface
- Township Pavement
- Township Sheeted Surface
- Rural Sealed Surface
- Rural Pavement
- Rural Sheeted Road

- Footpath
- Kerb and Watertable
- Stormwater – Drains, Nodes & Basins
- CWMS – Pipes, Nodes, Pump Stations & Treatment Systems
- Bridges
- Floodways
- Buildings
- Open Space
- Plant & Equipment
- Land

2. Definitions

The table below provides a summary of key definitions by referencing the Australian Infrastructure Management Manual (AIFMM) (Section 12.6.2):

Activity	Definition
Operations	Continuously required expenditure such as power, fuel, staff, plant and equipment, on-costs and overheads
Maintenance	<ul style="list-style-type: none"> - Periodic or reactive expenditure required as part of the anticipated schedule of works required to ensure that the asset is able to deliver desired service levels throughout its intended useful life.
Capital Expenditure	<p>Capital renewal - expenditure on an existing asset which returns the service potential or the life of the asset up to that which it had originally, including replacement of an existing asset. Partial renewal is expenditure on an asset which increases the service potential of the asset but not up to its original service potential.</p> <p>Capital upgrade - expenditure which enhances an existing asset to provide a higher level of service. This includes expenditure on new assets or that part of the cost that relates to the upgrade, where existing assets are replaced at a higher level of service, that part of the cost that relates to upgrade.</p> <p>Capital expansion – expenditure which extends an existing asset or a new asset at the same standard currently enjoyed by users to a new group of users.</p> <ul style="list-style-type: none"> -
Capitalisation Threshold	<p>The capitalisation threshold sets the expenditure limit, below which an outlay is expensed as maintenance and above which it is recognised as capital expenditure.</p> <p>For example, repairing a paved footpath, which may increase the future economic benefits of the asset, but which is a very small</p>

	<p>portion of the value of the asset, need not be recorded as an increase in the value of the asset if the change in value does not extend life or increase service.</p> <p>The purpose of setting a threshold level or levels is to minimise the cost and effort associated with maintaining records, e.g., the need to 'expense' items, through depreciation, against more than one financial year. This must be balanced with the need to present financial Information fairly.</p> <p>Care needs to be taken to ensure that assets which may be under the threshold, but which form part of a network or asset group, such as public seating, litterbins, signs etc., are treated as a group. The assets need not be identified individually (each group or sub-group can be an individual entry in the asset database), but the group needs to include 'ons' and 'offs' and record total numbers and values.</p> <p>Sub-groups may also be used to capture information and values for homogenous assets - e.g. street and park seating, street name and regulatory signs, etc.</p> <p>Qualitative thresholds used as guidance for determining materiality of an amount of an item or an aggregate of items are only drawn at arbitrary levels. Whether an item of expenditure is material or not, is a matter of professional judgment influenced by the characteristics of the entity and the perceptions as to who are, or are likely to be, the users of the financial report, and their information needs.</p>
Materiality	<p>"Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both could be the determining factor"</p> <p>- Source: AASB 108.5,p 11.</p>
Network Assets	<p>Items making up the network of assets need not necessarily be recorded individually in an asset register. In such circumstances a summary asset can be recorded in the register, with detailed information maintained in a supporting register. For example, signage is generally entered and managed within the AMS as grouped items based on their class (Warning, Regulatory, Guide etc) and the individual signs are maintained within the Corporate GIS.</p>
Vested	<p>Assets that are gifted to Council.</p> <p>- Handed over to Council from developer at no cost to</p>
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	Council.
Disposal	Costs associated with discarding of an asset including sale, demolition or relocation.
Impairment	An asset is considered to be impaired where the carrying amount of the asset on the balance sheet overstates the worth or value of that asset. An impairment test is required to determine the recoverable amount.
Valuation Cycle	<p>AASB 116 provides guidance that may be used to determine the valuation cycle:</p> <p>Refer paragraph 34: "The frequency of revaluations depends upon the changes in fair values of the items of property, plant and equipment being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required. Some items of property, plant and equipment experience significant and volatile changes in fair value, thus necessitating annual revaluation. Such frequent revaluations are unnecessary for items of property, plant and equipment with only insignificant changes in fair value. Instead, it may be necessary to revalue the item only every three or five years."</p> <p>Revaluation is required when the assumptions used to determine the consumption patterns are no longer accurate (e.g. end of life triggers used and when the network condition no longer represents what is reflected in the asset management system).</p> <p>Funding for revaluation of infrastructure in the Long Term Financial Plan (LTFP) is to be consistent with the timing of review process that occurs in the annual cycle of events.</p>

3. Capitalisation Policy

3.1 Township Sealed Surface

The township sealed surface assets are stored within the AMS as segments of 20-1500m. The variance in distance means that the threshold between Maintenance and Capital can only be determined by the percentage (%) of cost over the entire segment.

Work Activity	Definition	Annual updating of the Asset Register
Operations	<ul style="list-style-type: none"> Condition rating, routine inspection and costs incurred for hosted services and support. 	<ul style="list-style-type: none"> Not Applicable
Maintenance & Repair	<ul style="list-style-type: none"> Pothole repair and crack sealing is considered maintenance. 	<ul style="list-style-type: none"> Not Applicable
	<ul style="list-style-type: none"> Patching work is maintenance if the area of work is less than 5% 	<ul style="list-style-type: none"> Not Applicable

Work Activity	Definition	Annual updating of the Asset Register
	<ul style="list-style-type: none"> Line marking (in isolation) is considered maintenance. 	<ul style="list-style-type: none"> Not Applicable
Capital Renewal	<ul style="list-style-type: none"> Resurfacing with Hotmix Bitumen, Spray Seal, Concrete Block or Clay Paver when cost is greater than 5% of the full segment replacement cost and reinstate line marking (refer methodology statement for replacement rate assumptions). 	<ul style="list-style-type: none"> If the asset has a low written down value (WDV), dispose of the existing asset and add a new asset using Capital Renewal / Construction action at actual cost. If the asset has a high WDV, dispose of the existing asset add a new asset using Capital Renewal / Construction action at actual cost, review intervention and possible consideration of revaluation through change to condition at end of life or change to useful life if this becomes a common occurrence.
	<ul style="list-style-type: none"> Plane and reinstatement (P&R) when cost is greater than 5% of the full segment replacement cost and less than 40mm depth (refer methodology statement for replacement rate assumptions). 	<ul style="list-style-type: none"> Add the cost as Capital Minor Works, do not dispose of existing asset and improve the condition on a case-by-case basis depending on road defects recorded at inspection.
Capital New	<ul style="list-style-type: none"> Construction of new township or carpark sealed surfaces assets (refer methodology statement for replacement rate assumptions). 	<ul style="list-style-type: none"> Create new surface asset using Capital Renewal / Construction action at actual cost, the asset will then be included in valuation.
	<ul style="list-style-type: none"> Vested Assets, for example, new subdivision surface assets gifted to Council at no cost. 	<ul style="list-style-type: none"> Vested assets are added to the system as a new asset and valued as at the date of handover to Council using the current rates in AMS.
	<ul style="list-style-type: none"> Major intersections may be split into separate assets if it is a significant area that will be renewed separately to mid block segment. If different surface type only. 	<ul style="list-style-type: none"> Create a new asset by splitting the existing asset, this will proportion the value and accumulated depreciation between the existing asset and the new asset based on the dimensions assigned for the existing and new asset. Capitalisation can now be undertaken on the effected assets.
Capital Upgrade	<ul style="list-style-type: none"> Unsealed surface reconstruction to sealed surface (refer methodology statement for replacement rate assumptions). 	<ul style="list-style-type: none"> Create new surface asset using Capital Renewal / Construction action at actual cost, the asset will then be included in valuation. The unsealed surfaces are then disposed.
	<ul style="list-style-type: none"> Sealing of unsealed shoulder, road widening or realignment. 	<ul style="list-style-type: none"> Alter the dimensions of the existing surface asset; add the actual cost as Capital Minor Works, do not dispose of existing surface asset. Inspect asset and improve the condition on a case-by-case basis depending on the defects recorded at inspection.

3.2 Township Pavement

The township pavement assets are stored within the AMS as segments of 20-1500m. The

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variance in distance means that the threshold between Maintenance and Capital can only be determined by the percentage (%) of cost over the entire segment.

Work Activity	Definition	Annual updating of the Asset Register
Operations	<ul style="list-style-type: none"> Condition rating, routine inspection and costs incurred for hosted services and support. 	<ul style="list-style-type: none"> Not Applicable
Maintenance & Repair	<ul style="list-style-type: none"> Pothole repair and minor patching is considered maintenance when cost of work is less than 5% of the full segment replacement cost. 	<ul style="list-style-type: none"> Not Applicable
Capital Renewal	<ul style="list-style-type: none"> Reconstruction of pavement (refer methodology statement for replacement rate assumptions). 	<ul style="list-style-type: none"> If the asset has a low written down value (WDV), dispose of the existing asset add a new asset using Capital Renewal / Construction action at actual cost. If the asset has a high WDV, dispose of the existing asset add a new asset using Capital Renewal / Construction action at actual cost, review intervention and possible consideration of revaluation through change to condition at end of life or change to useful life if this becomes a common occurrence.
	<ul style="list-style-type: none"> Reuse of existing material with possible additives to rework and recompact the pavement where the cost is greater than 5% of the full segment replacement cost (refer methodology statement for replacement rate assumptions). 	<ul style="list-style-type: none"> Add the cost as Capital Works, do not dispose of the existing asset but retain and add capital cost to increase WDV with new inspection condition depending on the extent of work. If WDV exceeds replacement cost then note and consider creating a new pavement type with a replacement cost that reflects the asset at the next revaluation, otherwise the true value will be lost in future revaluations.
	<ul style="list-style-type: none"> Plane and reinstatement (P&R), for reconstruction sections when cost is greater than 5% of the full segment replacement cost and is deeper than 40mm depth (refer methodology statement for replacement rate assumptions). 	<ul style="list-style-type: none"> Add the cost as Capital Minor Works, do not dispose of existing asset and improve the condition on a case-by-case basis depending on road defects recorded at inspection.
Capital New	<ul style="list-style-type: none"> Construction of new carparks and township pavements (refer methodology statement for replacement rate assumptions). 	<ul style="list-style-type: none"> Create new pavement asset using Capital Renewal / Construction action at actual cost, the asset will then be included in valuation.

Work Activity	Definition	Annual updating of the Asset Register
	<ul style="list-style-type: none"> Vested Assets, for example, new subdivision pavement assets gifted to Council at no cost. 	<ul style="list-style-type: none"> Vested assets are added to the system as a new asset and valued as at the date of handover to Council using the current rates in AMS.
	<ul style="list-style-type: none"> Major intersections may be split into separate assets if it is a significant area that will be renewed separately to mid block segment. Depending upon whether the surface is a different type. 	<ul style="list-style-type: none"> Create a new asset by splitting the existing asset, this will proportion the value and accumulated depreciation between the existing asset and the new asset based on the dimensions assigned for the existing and new asset. Capitalisation can now be undertaken on the effected assets.
Capital Upgrade	<ul style="list-style-type: none"> Unsealed surface reconstruction to sealed asset (refer methodology statement for replacement rate assumptions). 	<ul style="list-style-type: none"> Create new pavement asset using Capital Renewal / Construction action at actual cost, the asset will then be included in valuation. The unsealed surface is then disposed.
	<ul style="list-style-type: none"> Sealing of unsealed shoulder, road widening or realignment. 	<ul style="list-style-type: none"> Alter the dimensions of the existing pavement asset; add the actual cost as Capital Minor Works, do not dispose of existing pavement asset. Inspect asset and improve the condition on a case-by-case basis depending on the defects recorded at inspection.

3.3 Township Sheeted Surface

The township sheeted surface assets are stored within the AMS as segments of 30-1800m. The variance in distance means that the threshold between Maintenance and Capital can only be determined by the percentage (%) of cost over the entire segment.

Work Activity	Definition	Annual updating of the Asset Register
Operations	<ul style="list-style-type: none"> Condition rating, routine inspection and costs incurred for hosted services and support. 	<ul style="list-style-type: none"> Not Applicable
Maintenance & Repair	<ul style="list-style-type: none"> Patrol grading 	<ul style="list-style-type: none"> Not Applicable
	<ul style="list-style-type: none"> Side drain upkeep and repair 	<ul style="list-style-type: none"> Not Applicable

Work Activity	Definition	Annual updating of the Asset Register
Capital Renewal	<ul style="list-style-type: none"> Resheeting or ripping & reforming (refer methodology statement for replacement rate assumptions). 	<ul style="list-style-type: none"> If the asset has a low written down value (WDV), dispose of the existing asset add a new asset using Capital Renewal / Construction action at actual cost If the asset has a high WDV, dispose of the existing asset and add a new asset using Capital Renewal / Construction action at actual cost Review intervention and possible consideration of revaluation through change to condition at end of life or change to useful life if this becomes a common occurrence.
	•	•
	•	•
Capital New	N/A	N/A
	•	•
	•	•
Capital Upgrade	<ul style="list-style-type: none"> Sheeting of a formed or unformed earth track (refer methodology statement for replacement rate assumptions). 	<ul style="list-style-type: none"> Create new surface asset using Capital Renewal / Construction action at actual cost, the asset will then be included in valuation. Dispose the existing formed or unformed earth track, as this is a non-valued asset there will be no disposal cost.
	<ul style="list-style-type: none"> Road widening or realignment. 	<ul style="list-style-type: none"> Alter the dimensions of the existing surface asset; add the actual cost as Capital Minor Works, do not dispose of existing surface asset. Inspect asset and improve the condition on a case-by-case basis depending on the defects recorded at inspection.

3.4 Rural Sealed Surface

The rural sealed surface assets are stored within the AMS as segments of 30-3000m. The variance in distance means that the threshold between Maintenance and Capital can only be determined by the percentage (%) of cost over the entire segment.

Work Activity	Definition	Annual updating of the Asset Register
Operations	<ul style="list-style-type: none"> Condition rating, routine inspection and costs incurred for hosted services and support. 	<ul style="list-style-type: none"> Not Applicable
Maintenance & Repair	<ul style="list-style-type: none"> Pothole repair, minor patching and crack sealing is considered maintenance when cost of work is less than 5% of the full segment replacement cost. 	<ul style="list-style-type: none"> Not Applicable.
	<ul style="list-style-type: none"> Line marking (in isolation) is considered maintenance. 	<ul style="list-style-type: none"> Not Applicable

Work Activity	Definition	Annual updating of the Asset Register
Capital Renewal	<ul style="list-style-type: none"> Resurfacing with Hotmix Bitumen or Spray Seal and reinstate line marking (refer methodology statement for replacement rate assumptions). 	<ul style="list-style-type: none"> If the asset has a low written down value (WDV), dispose of the existing asset and add a new asset using Capital Renewal / Construction action at actual cost. If the asset has a high WDV, dispose of the existing asset and add a new asset using Capital Renewal / Construction action at actual cost. Review intervention and possible consideration of revaluation through change to condition at end of life or change to useful life if this becomes a common occurrence.
	<ul style="list-style-type: none"> Plane and reinstatement (P&R), pothole repair, minor patching and crack sealing and pothole repair for reinstatement sections when cost is greater than 5% of the full segment replacement cost (refer methodology statement for replacement rate assumptions). 	<ul style="list-style-type: none"> Add the cost as Capital Minor Works, do not dispose of existing asset and improve the condition on a case-by-case basis depending on road defects recorded at inspection.
Capital New	<ul style="list-style-type: none"> Construction of new rural sealed surfaces assets (refer methodology statement for replacement rate assumptions). 	<ul style="list-style-type: none"> Create new surface asset using Capital Renewal / Construction action at actual cost, the asset will then be included in valuation.
	<ul style="list-style-type: none"> Vested Assets, for example, new subdivision surface assets gifted to Council at no cost. 	<ul style="list-style-type: none"> Vested assets are added to the system as a new asset and valued as at the date of handover to Council using the current rates in AMS.
	<ul style="list-style-type: none"> Major intersections may be split into separate assets if it is a significant area that will be renewed separately to mid-block segment. Dependent upon surface type. 	<ul style="list-style-type: none"> Create a new asset by splitting the existing asset, this will proportion the value and accumulated depreciation between the existing asset and the new asset based on the dimensions assigned for the existing and new asset. Capitalisation can now be undertaken on the effected assets.
Capital Upgrade	<ul style="list-style-type: none"> Unsealed surface reconstruction to sealed surface (refer methodology statement for replacement rate assumptions). 	<ul style="list-style-type: none"> Create new surface asset using Capital Renewal / Construction action at actual cost, the asset will then be included in valuation. The unsealed surfaces are then disposed.
	<ul style="list-style-type: none"> Sealing of unsealed shoulder, road widening or realignment. 	<ul style="list-style-type: none"> Alter the dimensions of the existing surface asset; add the actual cost as Capital Minor Works, do not dispose of existing surface asset. Inspect asset and improve the condition on a case-by-case basis depending on the defects recorded at inspection.

3.5 Rural Pavement

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The rural pavement assets are stored within the AMS as segments of 30-3000m. The variance in distance means that the threshold between Maintenance and Capital can only be determined by the percentage (%) of cost over the entire segment.

Work Activity	Definition	Annual updating of the Asset Register
Operations	<ul style="list-style-type: none"> Condition rating, routine inspection and costs incurred for hosted services and support. 	<ul style="list-style-type: none"> Not Applicable
Maintenance & Repair	<ul style="list-style-type: none"> Pothole repair and minor patching is considered maintenance when cost of work is less than 5% of the full segment replacement cost. 	<ul style="list-style-type: none"> Not Applicable
	<ul style="list-style-type: none"> Shoulder grading is considered part of pavement maintenance. 	<ul style="list-style-type: none"> Not Applicable.
Capital Renewal	<ul style="list-style-type: none"> Reconstruction of pavement (refer methodology statement for replacement rate assumptions). 	<ul style="list-style-type: none"> If the asset has a low written down value (WDV), dispose of the existing asset and add a new asset using Capital Renewal / Construction action at actual cost. If the asset has a high WDV, dispose of the existing asset and add a new asset using Capital Renewal / Construction action at actual cost, review intervention and possible consideration of revaluation through change to condition at end of life or change to useful life if this becomes a common occurrence.
	<ul style="list-style-type: none"> Reuse of existing material with possible additives to rework and recompact the pavement where the cost is greater than 5% of the full segment replacement cost (refer methodology statement for replacement rate assumptions). 	<ul style="list-style-type: none"> Add the cost as Capital Works, do not dispose of the existing asset but retain and add capital cost to increase WDV with new inspection condition depending on the extent of work. If WDV exceeds replacement cost then note and consider creating a new pavement type with a replacement cost that reflects the asset at the next revaluation, otherwise the true value will be lost in future revaluations
	<ul style="list-style-type: none"> Plane and reinstatement (P&R), for reconstruction sections when cost is greater than 5% of the full segment replacement cost and is deeper than 40mm depth (refer methodology statement for replacement rate assumptions). 	<ul style="list-style-type: none"> Add cost as Capital Minor Works, do not dispose of existing asset and improve the condition on a case-by-case basis depending on road defects recorded at inspection.
Capital New	<ul style="list-style-type: none"> Construction of new rural pavements (refer methodology statement for replacement rate assumptions). 	<ul style="list-style-type: none"> Create new pavement asset using Capital Renewal / Construction action at actual cost, the asset will then be included in valuation.
	<ul style="list-style-type: none"> Vested Assets, for example, new subdivision pavement assets gifted to Council at no cost. 	<ul style="list-style-type: none"> Vested assets are added to the system as an existing asset and valued as at the date of handover to Council using the current rates in AMS.

Work Activity	Definition	Annual updating of the Asset Register
	<ul style="list-style-type: none"> Major intersections may be split into separate assets if it is a significant area that will be renewed separately to mid-block segment. 	<ul style="list-style-type: none"> Create a new asset by splitting the existing asset, this will proportion the value and accumulated depreciation between the existing asset and the new asset based on the dimensions assigned for the existing and new asset. Capitalisation can now be undertaken on the effected assets.
Capital Upgrade	<ul style="list-style-type: none"> Unsealed surface reconstruction to sealed asset (refer methodology statement for replacement rate assumptions). 	<ul style="list-style-type: none"> Create new pavement asset using Capital Renewal / Construction action at actual cost, the asset will then be included in valuation. The unsealed surface is then disposed.
	<ul style="list-style-type: none"> Sealing of unsealed shoulder, road widening or realignment. 	<ul style="list-style-type: none"> Alter the dimensions of the existing pavement asset; add the actual cost as Capital Minor Works, do not dispose of existing pavement asset. Inspect asset and improve the condition on a case-by-case basis depending on the defects recorded at inspection.

3.6 Rural Sheeted Road

The rural sheeted surface assets are stored within the AMS as segments of 30-4000m. The variance in distance means that the threshold between Maintenance and Capital can only be determined by the percentage (%) of cost over the entire segment.

Work Activity	Definition	Annual updating of the Asset Register
Operations	<ul style="list-style-type: none"> Condition rating, routine inspection and costs incurred for hosted services and support. 	<ul style="list-style-type: none"> Not Applicable
Maintenance & Repair	<ul style="list-style-type: none"> Patrol grading 	<ul style="list-style-type: none"> Not applicable, however optional grading history can be recorded with no cost adjustments to the asset.
	<ul style="list-style-type: none"> Reactive patching of wearing surface is considered maintenance when cost of work is less than 5% of the full segment replacement cost. 	<ul style="list-style-type: none"> Not Applicable
Capital Renewal	<ul style="list-style-type: none"> Resheeting or ripping & reforming when cost is greater than 5% of the full segment replacement cost (refer methodology statement for replacement rate assumptions). 	<ul style="list-style-type: none"> If the asset has a low written down value (WDV), dispose of the existing asset and add a new asset at cost. If the asset has a high WDV, dispose of the existing asset and add a new asset at cost. Review intervention and possible consideration of revaluation through change to condition at end of life or change to useful life if this becomes a common occurrence.
	<ul style="list-style-type: none"> Reactive patching of wearing surface when cost is greater than 5% of the full segment replacement cost (refer 	<ul style="list-style-type: none"> Add the cost as Capital Minor Works, do not dispose of existing asset and improve the condition on a case-by-

	methodology statement for replacement rate assumptions).	case basis depending on road defects recorded at inspection.
Capital New	<ul style="list-style-type: none"> Construction of new rural sheeted roads with sheeted material (refer methodology statement for replacement rate assumptions). 	<ul style="list-style-type: none"> Create new surface asset using Capital Renewal / Construction action at actual cost, the asset will then be included in valuation.
	<ul style="list-style-type: none"> Vested Assets, for example, new subdivision surface assets gifted to Council at no cost. 	<ul style="list-style-type: none"> Vested assets are added to the system as a new existing asset and valued as at the date of handover to Council using the current rates in AMS.
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Capital Upgrade	<ul style="list-style-type: none"> Sheeting of a formed or unformed earth track (refer methodology statement for replacement rate assumptions). 	<ul style="list-style-type: none"> Create new surface asset using Capital Renewal / Construction action at actual cost, the asset will then be included in valuation. Dispose of the existing formed or unformed earth track, as this is a non-valued asset there will be no disposal cost.
	<ul style="list-style-type: none"> Road widening or realignment. 	<ul style="list-style-type: none"> Alter the dimensions of the existing surface asset; add the actual cost as Capital Minor Works, do not dispose of existing surface asset. Inspect asset and improve the condition on a case-by-case basis depending on the defect recorded at inspection.

3.7 Footpath

Footpaths recognised within this policy are improved, 'hard surfaced', pedestrian thoroughfares only and exclude road verge natural surfaces which have been blinded with quarry sand or similar product. The footpath assets are stored within the AMS as segments of 3-750m. The variance in distance means that the threshold between Maintenance and Capital can only be determined by the percentage (%) of cost over the entire footpath segment.

Work Activity	Definition	Annual updating of the Asset Register
Operations	<ul style="list-style-type: none"> Condition rating, routine inspection and costs incurred for hosted services and support. 	<ul style="list-style-type: none"> Not Applicable
Maintenance & Repair	<ul style="list-style-type: none"> Cleaning, relay in patches due to tree root damage, grinding concrete, replacing cracked or damaged pavers on sealed footpaths (hotmix, spray seal, concrete and paved) is considered maintenance when cost of work is less than 5% of the full segment replacement cost. 	<ul style="list-style-type: none"> Not Applicable

Work Activity	Definition	Annual updating of the Asset Register
Capital Renewal	<ul style="list-style-type: none"> Reconstruction of footpath when cost is greater than 5% of the full segment replacement cost (refer methodology statement for replacement rate assumptions). Note costs include the reconstruction of adjacent pram ramps, driveway crossovers, backfilling verge and adjustment to stormwater outlets (across footpath not within kerb). 	<ul style="list-style-type: none"> Dispose of the existing asset and add a new asset using Capital Renewal / Construction action, the asset will then be included in valuation.
Capital New	<ul style="list-style-type: none"> Construction of new footpath assets (refer methodology statement for replacement rate assumptions). 	<ul style="list-style-type: none"> Create a new asset using Capital Renewal / Construction action at actual cost, the asset will then be included in valuation.
	<ul style="list-style-type: none"> Vested Assets, for example, new subdivision footpath assets gifted to Council at no cost. 	<ul style="list-style-type: none"> Vested assets are added to the system as an existing asset and valued as at the date of handover to Council using the current rates in AMS.
	<ul style="list-style-type: none"> 	<ul style="list-style-type: none">
Capital Upgrade	<ul style="list-style-type: none"> Upgrade of verge to footpath (refer methodology statement for replacement rate assumptions). 	<ul style="list-style-type: none"> Create new asset using Capital Renewal / Construction action at actual cost, the asset will then be included in valuation.

3.8 Kerb & Watertable

The kerb & watertable assets are stored within the AMS as segments of 1.5-1020m. The variance in distance means that the threshold between Maintenance and Capital can only be determined by the percentage (%) of cost over the entire kerb & watertable segment.

Work Activity	Definition	Annual updating of the Asset Register
Operations	<ul style="list-style-type: none"> Condition rating, routine inspection and costs incurred for hosted services and support. 	<ul style="list-style-type: none"> Not Applicable
Maintenance & Repair	<ul style="list-style-type: none"> Tree root damage in isolated sections is considered maintenance when cost of work is less than 5% of the full segment replacement cost. 	<ul style="list-style-type: none"> Not Applicable

Work Activity	Definition	Annual updating of the Asset Register
Capital Renewal	<ul style="list-style-type: none"> Reconstruction of kerb & watertable when cost is greater than 5% of the full segment replacement cost (refer methodology statement for replacement rate assumptions) however only a portion of the kerb is treated 	<ul style="list-style-type: none"> Dispose of the existing asset and add a new asset using Capital Renewal / Construction action at actual cost, the asset will then be included in valuation. Add the cost as Capital Minor Works, do not dispose of the existing asset and improve the condition and adjust inspection date on a case-by-case basis depending on kerb condition.
	<ul style="list-style-type: none"> 	<ul style="list-style-type: none">
Capital New	<ul style="list-style-type: none"> Construction of new kerb & watertable assets (refer methodology statement for replacement rate assumptions). 	<ul style="list-style-type: none"> Create a new asset using Capital Renewal / Construction action at actual cost, the asset will then be included in valuation.
	<ul style="list-style-type: none"> Vested Assets, for example, new subdivision kerb & watertable assets gifted to Council at no cost. 	<ul style="list-style-type: none"> Vested assets are added to the system as a new asset and valued as at the date of handover to Council using the current rates in AMS.
Capital Upgrade	N/A	N/A

3.9 Stormwater – Drains, Nodes & Basins

The stormwater assets are stored within the AMS as township stormwater assets and rural cross drain assets, township stormwater assets also include basins.

Work Activity	Definition	Annual updating of the Asset Register
Operations	<ul style="list-style-type: none"> Condition rating, routine inspection and costs incurred for hosted services and support. 	<ul style="list-style-type: none"> Not Applicable
Maintenance & Repair	<ul style="list-style-type: none"> Cleaning out SEP's, & GPT's replacing lids, flushing out pipes and root cutting, de-silting swales, basin maintenance & weed control. Post construction of basins. 	<ul style="list-style-type: none"> Not Applicable
	<ul style="list-style-type: none"> Reconstruction to a portion of a stormwater asset when cost is less than 5% of the full segment replacement cost. 	<ul style="list-style-type: none"> Not Applicable

Work Activity	Definition	Annual updating of the Asset Register
Capital Renewal	<ul style="list-style-type: none"> Reconstruction to a portion of a stormwater asset when cost is greater than 5% of the full asset replacement cost (refer methodology statement for replacement rate assumptions). 	<ul style="list-style-type: none"> Dispose of the existing asset and add a new asset using Capital Renewal / Construction action at actual cost, the asset will then be included in valuation.
	<ul style="list-style-type: none"> 	<ul style="list-style-type: none">
Capital New	<ul style="list-style-type: none"> Construction of new stormwater assets (refer methodology statement for replacement rate assumptions). 	<ul style="list-style-type: none"> Create a new asset using Capital Renewal / Construction action at actual cost, the asset will then be included in valuation.
	<ul style="list-style-type: none"> Vested Assets, for example, new subdivision stormwater assets gifted to Council at no cost. 	<ul style="list-style-type: none"> Vested assets are added to the system as a new asset and valued as at the date of handover to Council using the current rates in AMS.
Capital Upgrade	<ul style="list-style-type: none"> Upgrading assets with the same asset type but of a greater capacity, for example, a 300mm pipe upgraded to 450mm (refer methodology statement for replacement rate assumptions). 	<ul style="list-style-type: none"> Dispose the existing asset and add a new asset using Capital Renewal / Construction action at actual cost, the asset will then be included in valuation.

3.10 CWMS – Pipes, Nodes, Pump Stations & Treatment Systems

The CWMS assets are stored within the AMS and include a variety of asset types which may require a great deal of maintenance, for example, pump stations at Dutton Park and the Freeling Recreation Centre. Careful consideration must be used when determining which work activity is applied.

Work Activity	Definition	Annual updating of the Asset Register
Operations	<ul style="list-style-type: none"> Condition rating, routine inspections, costs incurred for hosted services and services support. Treatment operations and testing. De-sludging ratepayer septic tanks. Legal or agreement document preparation. Annual reporting to EPA. 	<ul style="list-style-type: none"> Not Applicable
Maintenance & Repair	<ul style="list-style-type: none"> Pipe flushing, root cutting, de-sludging sumps and pump stations. Plant and equipment repair/servicing, electrical control, repair/servicing mechanical (float control, rods, chains, etc). Lagoon de-sludging, treatment plant maintenance, effluent reuse maintenance. 	<ul style="list-style-type: none"> Not Applicable (Monitoring and records outside AMS)

Work Activity	Definition	Annual updating of the Asset Register
	<ul style="list-style-type: none"> Reconstruction to a portion of a CWMS asset when cost is less than 5% of the full asset replacement cost. 	<ul style="list-style-type: none"> Not Applicable
Capital Renewal	<ul style="list-style-type: none"> Reconstruction to a portion of a CWMS asset when cost is greater than 5% of the full asset replacement cost (refer methodology statement for replacement rate assumptions) including: <ul style="list-style-type: none"> Pump replacement Electrical control panels Lagoon relining Pipe replacement due to damage Pit replacement due to damage 	<ul style="list-style-type: none"> Dispose of the existing asset and add a new asset using Capital Renewal / Construction action at actual cost, the asset will then be included in valuation.
Capital New	<ul style="list-style-type: none"> Construction of new CWMS assets (refer methodology statement for replacement rate assumptions). (Note: EPA / SA Health requirements often govern reasons for asset replacement) Vested Assets, for example, new subdivision CWMS assets gifted to Council at no cost. 	<ul style="list-style-type: none"> Create a new asset using Capital Renewal / Construction action at actual cost, the asset will then be included in valuation. Vested assets are added to the system as an existing asset and valued as at the date of handover to Council using the current rates in AMS.
Capital Upgrade	<ul style="list-style-type: none"> Upgrading assets with the same asset type but of a greater capacity, for example, a 300mm pipe upgraded to 450mm (refer methodology statement for replacement rate assumptions). (Note: EPA / SA Health requirements often govern reasons for asset upgrade) Upgrading assets with the same asset type but of a greater capacity, lagoon expansion and liner reuse, pump motor model upgrade (refer methodology statement for replacement rate assumptions). (Note: EPA / SA Health requirements often govern reasons for asset upgrade) 	<ul style="list-style-type: none"> Dispose of the existing asset and add a new asset using Capital Renewal / Construction action at actual cost, the asset will then be included in valuation. Dispose of the existing asset and add a new asset using Capital Renewal / Construction action at actual cost, the asset will then be included in valuation.

3.11 Bridges

The Bridge assets are stored within the AMS and include a variety of asset types which may require a varying maintenance, the assets are valued at the top level and the standard components included for additional reference. Any capital expenditure is to be applied to the top level asset only.

Work Activity	Definition	Annual updating of the Asset Register
Operations	<ul style="list-style-type: none"> Condition rating, routine inspections, costs incurred for hosted services and services support. 	<ul style="list-style-type: none"> Not Applicable
Maintenance & Repair	<ul style="list-style-type: none"> Painting, clearing vegetation, signage replacement, re-pointing of stonework and erosion control 	<ul style="list-style-type: none"> Not Applicable
	<ul style="list-style-type: none"> Guardrail replacement and when cost is less than \$5000 Pothole repair and minor patching to surface and pavement when cost is less than \$5000 	<ul style="list-style-type: none"> Not Applicable
Capital Renewal	<ul style="list-style-type: none"> Standard component replacement (refer methodology statement for component and replacement rate assumptions). Guardrail replacement and when cost is greater than \$5000. Pothole repair and minor patching to surface and pavement when cost is greater than \$5000. 	<ul style="list-style-type: none"> Add cost as Capital Minor Works to top level asset, do not dispose of existing asset and improve the condition on a case-by-case basis depending on defects recorded at last inspection, which will increase the WDV therefore extending the life of the asset.
Capital New	<ul style="list-style-type: none"> Construction of new bridge assets (refer methodology statement for replacement rate assumptions). 	<ul style="list-style-type: none"> Create a new asset using Capital Renewal / Construction action at actual cost, the asset will then be included in valuation.
Capital Upgrade	<ul style="list-style-type: none"> Upgrading assets, for example, changing from box culvert/pipe bridge to single/multi span bridge (refer methodology statement for replacement rate assumptions). 	<ul style="list-style-type: none"> Dispose of the existing asset and add a new asset using Capital Renewal / Construction action at actual cost, the asset will then be included in valuation.
	<ul style="list-style-type: none"> Bridge widening. 	<ul style="list-style-type: none"> Alter the dimension of the existing asset; add the actual cost as Capital Minor Works only, do not dispose of existing asset. Inspect asset and improve the condition on a case-by-case basis depending on the defects recorded at inspection.

3.12 Floodways

The Floodway assets are currently stored as single items comprising of the deck only.

Work Activity	Definition	Annual updating of the Asset Register
Operations	<ul style="list-style-type: none"> Condition rating, routine inspections, costs incurred for hosted services and services support. 	<ul style="list-style-type: none"> Not Applicable

Work Activity	Definition	Annual updating of the Asset Register
Maintenance & Repair	<ul style="list-style-type: none"> Clearing vegetation, signage replacement, erosion control and depth marker replacement. All maintenance other than deck. Pothole repair and minor patching to deck 	<ul style="list-style-type: none"> Not Applicable
Capital Renewal	<ul style="list-style-type: none"> Reconstruction of asset (refer methodology statement for replacement rate assumptions). 	<ul style="list-style-type: none"> Dispose of the existing asset and add a new asset using Capital Renewal / Construction action at actual cost, the asset will then be included in valuation.
Capital New	<ul style="list-style-type: none"> Construction of new floodway assets (refer methodology statement for replacement rate assumptions). 	<ul style="list-style-type: none"> Create a new asset using Capital Renewal / Construction action at actual cost, the asset will then be included in valuation.
Capital Upgrade	<ul style="list-style-type: none"> Floodway widening. 	<ul style="list-style-type: none"> Alter the dimension of the existing asset; add the actual cost as Capital Minor Works, do not dispose of existing asset. Inspect asset and improve the condition on a case-by-case basis depending on the defects recorded at inspection.

3.13 Buildings

The buildings are split into components for capitalisation purposes. Components are as follows:

- Electrical
- Fire Protection
- Fitout
- Mechanical
- Roof Structure
- Site Infrastructure
- Site Services
- Sub Structure
- Superstructure

Work Activity	Definition	Annual updating of the Asset Register
Operations	<ul style="list-style-type: none"> Condition rating, electricity, routine inspection and costs incurred for hosted services and support. 	<ul style="list-style-type: none"> Not Applicable
Maintenance & Repair	<ul style="list-style-type: none"> Reactive maintenance and repair 	<ul style="list-style-type: none"> Not Applicable

Work Activity	Definition	Annual updating of the Asset Register
	<ul style="list-style-type: none"> Programmed maintenance (repairs, pest control, painting, carpet cleaning etc) 	<ul style="list-style-type: none"> Not Applicable
	<ul style="list-style-type: none"> Partial replacement of component where costs are <25% of the total component current replacement cost 	<ul style="list-style-type: none"> Not Applicable
Capital Renewal	<ul style="list-style-type: none"> Replacement of whole building component will constitute a renewal where related costs are >\$10,000 or; Replacement of component is >25% of total component current replacement cost Chairs, tables, desk spaces etc will be included in the AMS as grouped assets rather than individual assets depending on their grouped value For assets to be recognized as grouped assets the group asset value will be >\$5,000 	<ul style="list-style-type: none"> If the asset has a low written down value (WDV), dispose of the existing asset and add a new asset using Capital Renewal / Construction action at actual cost. If the asset has a high WDV, dispose of the existing asset add a new asset using Capital Renewal / Construction action at actual cost, review intervention and possible consideration of revaluation through change to condition at end of life or change to useful life if this becomes a common occurrence.
Capital New / Upgrade	<ul style="list-style-type: none"> Construction of new Building, Toilet Blocks etc. Addition to building Upgrade to building component above the CRC of the existing component. 	<ul style="list-style-type: none"> Create new asset using Capital Renewal / Construction action at actual cost, the asset will then be included in valuation.
	<ul style="list-style-type: none"> Vested Assets 	<ul style="list-style-type: none"> Vested assets are added to the system as a new asset and valued as at the date of handover to Council using the current rates in AMS.

3.14 Open Space

Open Space assets are split into 'parent assets' for capitalisation purposes. Typical 'parent assets' are as follows:

- Playground Equipment
- Active Gym equipment
- Lighting
- Tables
- Fencing
- Signage
- Tennis / Basketball Courts
- Gazebo
- Barbecue
- Monument

- Irrigation

Work Activity	Definition	Annual updating of the Asset Register
Operations	<ul style="list-style-type: none"> • Condition rating, routine inspections, costs incurred for hosted services and services support. 	<ul style="list-style-type: none"> • Not Applicable
Maintenance & Repair	<ul style="list-style-type: none"> • Reactive maintenance and repair 	<ul style="list-style-type: none"> • Not Applicable
	<ul style="list-style-type: none"> • Programmed maintenance (repairs, luminaire replacement, barbeque cleaning etc) 	<ul style="list-style-type: none"> • Not Applicable
	<ul style="list-style-type: none"> • Partial replacement of component where costs are <25% of the total component current replacement cost 	<ul style="list-style-type: none"> • Not Applicable
Capital Renewal	<ul style="list-style-type: none"> • Replacement of whole component will constitute a renewal where related costs are >\$10,000 or; • Replacement of component is >25% of total component current replacement cost • Bins, benches, lighting etc will be included in the AMS as grouped assets rather than individual assets depending on their grouped value • For assets to be recognized as grouped assets the group asset value will be >\$5,000 	<ul style="list-style-type: none"> • If the asset has a low written down value (WDV), dispose of the existing asset and add a new asset using Capital Renewal / Construction action at actual cost. • If the asset has a high WDV, dispose of the existing asset add a new asset using Capital Renewal / Construction action at actual cost, review intervention and possible consideration of revaluation through change to condition at end of life or change to useful life if this becomes a common occurrence.
Capital New / Upgrade	<ul style="list-style-type: none"> • Construction of new Playground, Tennis / Basketball Court etc. • Addition to building • Upgrade to building component above the CRC of the existing component. 	<ul style="list-style-type: none"> • Create new asset using Capital Renewal / Construction action at actual cost, the asset will then be included in valuation.
	<ul style="list-style-type: none"> • Vested Assets 	<ul style="list-style-type: none"> • Vested assets are added to the system as a new asset and valued as at the date of handover to Council using the current rates in AMS.

3.15 Plant & Equipment

Plant and equipment assets include:

- Passenger vehicles
- Trucks
- Backhoes & Excavators
- Generators
- Chainsaws & other minor plant (equipment)

Work Activity	Definition	Annual updating of the Asset Register
Operations	<ul style="list-style-type: none"> Daily inspections and checks 	<ul style="list-style-type: none"> Not Applicable
Maintenance & Repair	<ul style="list-style-type: none"> Reactive maintenance, service and repair 	<ul style="list-style-type: none"> Not Applicable
	<ul style="list-style-type: none"> Programmed maintenance (repairs, change of tyres, etc) 	<ul style="list-style-type: none"> Not Applicable
	<ul style="list-style-type: none"> Partial replacement of component where costs are <25% of the total component current replacement cost 	<ul style="list-style-type: none"> Not Applicable
Capital Renewal	<ul style="list-style-type: none"> Items of plant & equipment are rarely renewed but are disposed and replaced at the end of their useful life. Renewals may constitute a replacement of the body of truck cab chassis or engine replacement out of warranty. Equipment: Chainsaws, Blowers, etc will be included in the AMS as grouped assets rather than individual assets depending on their grouped value if they satisfy the following conditions: cost over \$500 and have either an electric or petrol motor. For assets to be recognized as grouped assets the group asset value will be >\$10,000 	<ul style="list-style-type: none"> Adjust the WDV of the existing asset by adding the actual cost of renewal to the existing WDV.
Capital New / Upgrade	<ul style="list-style-type: none"> Purchase of new or secondhand cars, trucks, Utes, Trailers etc. either as a replacement of an existing item of plant or representing an addition to the fleet. 	<ul style="list-style-type: none"> Create new asset using Capital Renewal / Construction action at actual cost, the asset will then be included in valuation.

3.16 Land

Work Activity	Definition	Annual updating of the Asset Register
Capital New / Upgrade	<ul style="list-style-type: none"> Any land purchased or donated will be capitalised over the value of \$1 	<ul style="list-style-type: none"> Create new asset using Capital Renewal / Construction action at actual cost, the asset will then be included in valuation.

Policy History

1. Original adopted at ordinary meeting of Council 26 June 2012 – Minute reference Page 2012/157 Item Number 9.4 - AUD9.2.1/2012
2. Amendment No. 1 adopted at Council meeting held 24 August 2021, Minute Reference ARC2021/10.1, Page Reference 2021/172