

**Policy Title:** Contributed Assets Policy

**Classification:** Asset Management

**Date Adopted by Council**

11 February 2015

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11 February 2015

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**Responsible Officer**

Asset Coordinator

**Responsible Department**

Corporate Services

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Policy Name: Contributed Assets Policy  
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**INTERNAL USE ONLY**

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**NOTE: This cover page is not to be included when submitting a report to a Council meeting**

## 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.

Where Council receives land in relation to a new development it will often be transferred into Council's title with no notification other than a land title transfer notice. This is then received through the Revenue section who in turn notify the Assets section. Land should be recognised at the Unimproved Capital Value when title is transferred. Often land title will be transferred well in advance of other 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.

The following provides an overview of the planning and development process:

1. Council notified of Development Application.
2. Council completes checklist:
  - Conformance with guidelines and associated standards.
  - Anticipated ongoing operating and maintenance costs associated with development.
  - Existing asset refurbishment and repair requirements.
3. Council notifies applicant and Development Consent Authority of recommendations and conditions.
4. Council staff attend Development Consent Authority meeting.
5. Development permit issued or rejected.
6. Designs and drawings submitted to Council for approval.
7. Design modifications, conditions and approval.
8. Deed of Agreement.
9. Pre commencement meeting.
10. Inspection of works.
11. Practical completion, On maintenance inspection and certificate.  
(*Commencement of Defects Liability Period*)
12. As constructed drawings and asset register details provided.
13. Survey release.
14. Council staff notification of works on maintenance.
15. Off maintenance inspections and certificate.  
(*End of Defects Liability Period*)
16. Council staff notification of works off maintenance.

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## 2. SCOPE

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

## 3. POLICY OBJECTIVES

The aims of this Policy are:

- 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

- 4.1 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.
- 4.2 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

- 4.3 Developer contributed assets shall be measured and recognised at the point they become on maintenance.
- 4.4 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 **Non-Current Asset Capitalisation Policy** when determining the point of recognition.
- 4.5 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.

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- (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.

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

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

## 5. RELEVANT LEGISLATION

Australian Accounting Standards - AASB116 – Property, Plant & Equipment

The existing “Guidelines for Subdivision and Development” contains policy and procedures pertaining to developer contributed assets.

## 6. DEFINITIONS

### Developer Contributed Assets

Developer contributed assets are assets handed over free of charge by the developer once Council has assessed and agreed to accept the assets. The point at which Council issues an “on maintenance” certificate is the point at which assets are deemed to have been accepted and Council to be in control of asset. As such, assets should be recognised in both the asset data register and financial asset register at that point in time.

Developer contributed assets include all assets that form part of the development that Council will eventually own and include but are not limited to: land, buildings, roads, pathways, stormwater, water, sewerage, street lighting, playgrounds, irrigation, landscaping and public art.

## 7. RELATED DOCUMENTS

Non-Current Asset Capitalisation Policy

## 8. DATE REVIEWED

February 2015

## 9. NEXT REVIEW

January 2016