

COUNCIL POLICY



Depreciation of Property, Infrastructure and Plant & Equipment	Document No:	SCS-028
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	Approved By:	
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Responsible Officer: Coordinator Management Accounting	Trim Reference #:	D16/27616
Authorising Officer:	Chief Executive Officer	

1. Purpose

This policy describes the application of Accounting Standard AASB 116 Property, Plant and Equipment to Council's assets to enable depreciation of these assets over their useful lives.

2. Scope

This policy forms part of Note 1 – Significant Accounting Policies of the Financial Statement in accordance with AASB 101 Presentation of Financial Statements.

3. Application

This policy is applied to Council's assets on a systematic basis over their useful lives.

4. Definitions

From *AASB 116 Property, Plant and Equipment*:

Depreciation: The systematic allocation of the depreciable amount of an asset over its useful life.

Useful Life: The period over which an asset is expected to be available for use.

5. Policy

Depreciation of property, infrastructure and plant and equipment

Buildings, land improvements, plant and equipment, infrastructure, and other assets having limited useful lives are systematically depreciated over their useful lives to the Council in a manner which reflects consumption of the service potential embodied in those assets. Estimates of remaining useful lives and residual values are made on a regular basis with major asset classes reassessed annually. Depreciation rates and methods are reviewed annually.

Where assets have separate identifiable components that are subject to regular replacement, these components are assigned distinct useful lives and residual values and a separate depreciation rate is determined for each component.

Road earthworks are not depreciated on the basis that they are assessed as not having a limited useful life. Straight line depreciation is charged based on the residual useful life as determined each year.

Council has determined the depreciation method and estimated useful life of its asset categories as follows:

Asset Category		Depreciation Period	Method	Threshold
Heritage Buildings		100 - 150 years	Straight Line	\$1,000
Buildings				
Long Life	Foundations	100 years	Straight Line	\$1,000
	Structure	100 years	Straight Line	\$1,000
	Walls	100 years	Straight Line	\$1,000
	Roof	50 years	Straight Line	\$1,000
	Fit Out	25 years	Straight Line	\$1,000
	Mechanical/Electrical	25 years	Straight Line	\$1,000
Short Life		40 years	Straight Line	\$1,000

Asset Category	Depreciation	Method	Threshold
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		Period		
Plant, Machinery and equipment		2 - 15 years	Reducing Balance	\$1,000
Fixtures, fittings and furniture		3 - 10 years	Straight Line	\$1,000
Computers and telecommunications		3 - 10 years	Straight Line	\$1,000
Sealed Road Pavements	High Traffic	90 years	Straight Line	\$1,000
	Low Traffic	100 years	Straight Line	\$1,000
	Concrete	40 years	Straight Line	\$1,000
Unsealed Road Pavements	High Traffic	16 years	Straight Line	\$1,000
	Low Traffic	20 - 25 years	Straight Line	\$1,000
Seals	Spray Seal	15 - 18 years	Straight Line	\$1,000
	Asphalt	25 - 30 years	Straight Line	\$1,000
Road Kerb and Channel		70 years	Straight Line	\$1,000
Traffic Control Devices		25 - 80 years	Straight Line	\$1,000
Bridges and Major Culverts	Timber Bridges	40 years	Straight Line	\$1,000
	Heritage Bridges	150 years	Straight Line	\$1,000
	Other Bridges	80 years	Straight Line	\$1,000
Footpaths and Cycleways	Concrete	65 years	Straight Line	\$1,000
	Asphalt	30 years	Straight Line	\$1,000
	Brick	50 years	Straight Line	\$1,000
	Gravel	20 years	Straight Line	\$1,000
Drainage and Sewerage	Drainage	80 - 150 years	Straight Line	\$1,000
	Sewerage	80 years	Straight Line	\$1,000
	Septic Tanks	30 years	Straight Line	\$1,000
Recreation, leisure and community facilities		10 - 40 years	Straight Line	\$1,000
Parks, Open spaces and streetscapes		10 - 40 years	Straight Line	\$1,000
Off Street car parks	Sealed Pavement	100 years	Straight Line	\$1,000
	Unsealed Pavement	20 years	Straight Line	\$1,000
	Seal	15 - 30 years	Straight Line	\$1,000

6. Records

Not applicable

7. Attachments

Not applicable

8. References

AASB 101 Presentation of Financial Statements

AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

AASB 116 Property, Plant and Equipment