

Our Vision

Nambucca Valley ~ Living at its best

Our Mission Statement

‘The Nambucca Valley will value and protect its natural environment, maintain its assets and infrastructure and develop opportunities for its people.’

1.0 Policy objective

The objective of this policy is to document the Nambucca Shire Council approach, in accordance with New South Wales Local Government guidelines, Australian Accounting Standards and best practice asset management, to undertake financial valuations of non-current assets.

The Policy also assists Council’s commitment to sustainable financial planning.

The Policy covers financial valuation of non-current physical assets subsequent to initial recognition, including:

- Frequency and method of valuation and revaluation; and
- Roles and responsibilities.

This Policy excludes:

- Insurance valuations; and
- ‘Held for Sale’ valuations.

2.0 Related legislation

The Asset Valuation and Revaluation Procedure, associated with this Policy, fully comply with relevant State Government Legislation and Guidelines and with Australian Accounting Standards, including:

- Local Government Act 1993, Part 3 which relates to Financial Management and Council preparing Financial Statements in accordance with the Act.
 - Australian Accounting Standards Board (AASB) Standards:
 - AASB 116 Property, Plant and Equipment;
 - AASB 13 Fair Value Measurement;
 - AASB 1041 Revaluation of Non-Current Assets;
 - AASB 136 Impairment of Assets;
 - AASB 1051 Land Under Roads;
 - AASB 138, Intangible Assets
 - AASB 1049 Whole of Government and General Government Sector Financial Reporting.
 - Local Government Code of Accounting Practice
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3.0 Definitions

3.1 Fair Value: The Standard defines fair value as 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.

4.0 Policy statement

4.1 Background

It is a requirement that all Councils complete financial valuations of their assets at regular intervals. The Nambucca Shire Council revalues its assets at 5 year frequencies and assesses annually that the value hasn't moved materially. A primary outcome of this requirement is that Council's Balance Sheet will reflect the Fair Value of Council's portfolio of assets.

Financial and asset management should complement each other in a symbiotic relationship rather than there being a 'demarcation' between the activities. Outputs from asset management strategies and activities should flow into financial management processes and vice versa.

Knowledge of current asset values is essential for the efficient and effective management of assets. Asset valuation information can assist in making decisions regarding the allocation of resources to those assets.

Applications of the Valuation & Revaluation Policy will drive consistent processes to produce comparable valuations from year to year for both:

- Financial Reporting; and
- Renewal Expenditure Forecasting.

Fleet, Plant & Equipment, Furniture & Fittings, Office Equipment, Other Assets and Library Books are valued using historical cost. Operational Land is valued at Market Value. Community Land is valued using Land Values obtained from the NSW Valuer General.

All other Asset Classes (with the exception of land under roads) will typically be recognised at Fair Value. The Fair Value basis of recognition ensures that the consumption of non-current assets (i.e. depreciation expense) approximates the expected long term average costs to renew or replace those assets. This depreciation expense is accounted for via Council's Balance Sheet and the Profit and Loss Statement.

The valuation rate for land under roads will be calculated by the total Valuer General value of all Council Community land divided by the total square meter area of all Council Community land.

4.2 Policy Commitment

Council will undertake periodic revaluation of all non-current physical assets owned or managed by Council in accordance with relevant Australian Accounting Standards and best practice asset management.

The asset valuation and revaluation policy will refer to the individual asset management plans, asset accounting policy and asset value materiality policy for required details.

The assets residual values and useful lives are determined in each revaluation and reviewed, and adjusted if appropriate, at each reporting period.

This Policy directs Council officers who are in charged with accounting for Council's Assets and related purposes.

In implementing this Policy, Council will:

- Review annually the need for revaluation of Council owned or controlled non-current asset classes, based on the materiality of valuation movement; and
- Perform revaluations ensuring that each Asset Class is re-valued in a consistent manner and with a 5 year frequency and as per the legislation.

4.3 Frequency and method of valuation

In implementing this policy Council will:

- Review financial valuations of Council owned or controlled non-current asset classes, as at 30 June each year, including assessment of impairment, and maintain supporting documentation for audit purposes;
- Conduct Asset Revaluations in accordance with this 5 year cycle; and
- Ensure that corporate systems record current asset values for reporting in audited financial statements within the Annual Report.

4.4 Roles and responsibilities

The following key roles, positions and groups have defined functions as follows:

Council:

Responsible for:

- Stewardship of community services and associated sustainment of infrastructure assets; and
- Providing resources for Policy implementation.

General Manager and Assistant General Managers:

Responsible for:

- Asset Valuation and Revaluation Policy approval.

Manager Financial Services:

Responsible for coordination of:

- Corporate financial valuation process;
- Managing and keeping the corporate Finance System up to date;
- Valuation and assessment of impairment for all Council non-infrastructure assets, including antiques & artworks; and
- Reporting Fair Value in the financial statements, including impairment.

Manager Assets:

Responsible for coordination of:

- Managing and keeping the GIS Asset Management System and asset registers up to date;
- Collection of asset inventory and condition data; and
- Valuation and assessment of impairment for all Council infrastructure assets, land, non-specialised buildings and specialised buildings. The primary method used to assess impairment is through regular condition assessments.

5.0 History

Department:	Engineering Services	Last Reviewed	Resolution Number
Policy Category	Organisational Policy		
Endorsed By:	AGMES		
Approval Authority:	General Manager		
Policy Owner:	Engineering		
Contact Officer:	Assets Engineer		
Document No.	42137/2018		
First Adopted:	New Policy		
Resolution No:			
Review Date:	November 2020		