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|---|---|
| <b>Policy Name:</b>                                 | <b>Asset Capitalisation Policy</b>                        |
| <b>Classification:</b>                              | <b>Council Policy</b>                                     |
| <b>Adopted:</b>                                     | <b>23 May 2023</b>  |
| <b>Frequency of Review:</b>                         | <b>Every four years</b>                                   |
| <b>Last Review:</b>                                 | <b>May 2023</b>   |
| <b>Next Review Due:</b>                             | <b>May 2027</b>   |
| <b>Responsible Officer(s):</b>                      | <b>Executive Manager Finance and Corporate Governance</b> |
| <b>Policy and Code of Practice Manual File Ref:</b> | <b>CC10/2601</b>  |
| <b>Council File Reference:</b>                      | <b>CR23/26424</b>   |
| <b>Legislation Authority:</b>                       | <b>N/A</b>  |
| <b>Related Policies and Codes:</b>                  | <b>N/A</b>  |
| <b>Related Procedures:</b>                          | <b>N/A</b>  |

## 1. PURPOSE

- 1.1 An explicit set of policies and procedures is a necessary tool for sound financial management providing the following benefits:
  - 1.1.1 **Public accountability and transparency** – Policies and procedures publicly document Council's position on which it will base its decisions. They demonstrate the Council's commitment to sound financial management and establish transparency for audit purposes;
  - 1.1.2 **Ensuring a considered approach** – The formal adoption of carefully documented policies and procedures helps ensure that Council's position on each issue has been properly considered, having regard to alternative approaches and the wider policy and statutory context;
  - 1.1.3 **Consistency of decision making** – By adopting clear Council policies and procedures a consistent basis for decision-making over time is established. While the Council can make a decision contrary to its adopted policy, it needs a deliberate decision to do so which helps to ensure that proper consideration has been applied;
  - 1.1.4 **Clear guidance for staff** – Explicit policies and procedures set out the required approach, responsibilities and processes for staff to properly administer the financial business of the Council in accordance with its wishes and consistent with statutory requirements and sound financial management practices. This in turn protects staff from allegations of

financial mismanagement as long as the policies and procedures are followed.

- 1.2 The key purpose of this policy is to set appropriate thresholds for the capitalisation (recognition) of assets and to provide clear instruction regarding whether fixed asset related expenditure is of a capital or maintenance nature, thereby facilitating a consistent accounting treatment throughout the organisation.

## 2. PRINCIPLES

- 2.1 Accounting standards (particularly AASB 116 – Property, Plant and Equipment) require a distinction to be made between expenditure that is consumed immediately in operations (or within one financial year) and expenditure on physical assets that will provide service over more than one financial year, normally many years.
- 2.2 The distinction is a critical component in the determination of financial sustainability as recorded through the statement of comprehensive income and in calculating the cost of services, and the setting of fees and charges. For local government this process serves to ensure intergenerational equity; that is one generation of ratepayer is not subsidising another.
- 2.3 The recording of expenditure as an asset means that it is recorded in the Council's balance sheet and the details are entered into an asset register. The process is often referred to as capitalisation, and expenditure on assets referred to as capital expenditure.
- 2.4 Importantly, capital expenditure is divided between that which is renewing or replacing an existing asset and the creation of a new additional asset. This distinction provides information on whether the organisation is maintaining or running down its asset 'stock' and the extent to which services can be maintained over the long term.
- 2.5 Local government is very asset rich having a much greater quantum of assets relative to income than any other level of government and the private sector. Much of this is represented by roads, footpaths, drains, parks and buildings (infrastructure assets) used by the community.

## 3. DEFINITIONS

### 3.1 Definition of an Asset

- 3.1.1 An **asset** is a resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity. Assets include physical assets which provide future economic benefits for more than 12 months. Any item which has a life of less than 12 months is expensed under a maintenance or operational budget and cannot be classed as an Asset.
- 3.1.2 An asset is **recognised** in the balance sheet when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably.

### 3.2 Definition of Capital & Operating Expenditure

- 3.2.1 **Operating expenditure** is recurrent expenditure such as power, fuel, staff, materials, cleaning, minor equipment, on-costs, overheads, maintenance and depreciation. These costs are the day to day expenses associated with providing a service during a year of operations. When compared to the income over the same period a surplus or deficit can be calculated.

- 3.2.2 **Maintenance expenditure** is a component of operating expenditure, specifically on an asset, which is periodically required as part of the anticipated schedule of works needed to ensure that the asset achieves its estimated useful life. It is normally a relatively low cost compared to the asset value. Maintenance expenditure includes reactive maintenance and repair, (pothole patching, blocked drains, repairs to broken fixtures, etc), or planned maintenance (maintenance and repair to predetermined schedules e.g. painting a building every 5 years, scheduled servicing of equipment, etc).
- 3.2.3 **Capital expenditure** is relatively large (material) expenditure, which has benefits (service potential), expected to last for more than 12 months. Capital expenditure can be broken down into the following categories:
- 3.2.3.1 **Capital renewal** is expenditure on an existing asset, which restores the service potential and extends the life of the asset beyond that which it had originally. As it extends the life of the asset any income generated from it will likewise be extended. Future operating and maintenance expenditure may be reduced if completed at the optimum time, e.g. resurfacing or resheeting part of a road, replacing a section of a drainage pipe of the same capacity, resurfacing an oval.
- 3.2.3.2 **Capital replacement** is expenditure on the like-for-like replacement of an existing asset. Future operating and maintenance expenditure costs will generally be consistent with existing costs.
- 3.2.3.3 **Capital upgrade/expansion** is expenditure, which enhances an existing asset to provide a higher level of service. Upgrade expenditure is discretionary and may not result in additional revenue unless direct user charges apply. It will increase operating and maintenance expenditure, including depreciation, in the future because of the increase in the Council's asset base, e.g., widening the sealed area of an existing road, replacing drainage pipes with pipes of a greater capacity, enlarging a grandstand at a sporting facility, building extension etc.
- 3.2.3.4 **New Capital** is expenditure on the purchase or construction of a new asset. Expenditure on new assets will increase operating and maintenance expenditure, including depreciation, in the future because of the increase in the Council's asset base, e.g. construction of a new building, purchase of a new vehicle (which is not replacing an existing asset), construction of a new road, etc.

## 4. POLICY STATEMENTS

### 4.1 Recognition

- 4.1.1 Measurement at Recognition. In accordance with AASB 116:
- 4.1.1.1 An item of property, plant and equipment that qualifies for recognition as an asset shall be measured at its cost.
- 4.1.1.2 Where an asset is acquired at no cost, or for a nominal cost (as the case with developer and other contributed assets), the cost is its fair value as at the date of acquisition.
- 4.1.2 Recognition Cost. AASB 116 defines the cost an item of property, plant and equipment as comprising:

- 4.1.2.1 Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- 4.1.2.2 Any costs directly attributable to bring the assets to the location and condition necessary for it to be capable of operating in the manner intended by management;
- 4.1.2.3 The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurred either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

**4.2** Examples of costs that are not costs of an item of property, plant and equipment are:

- 4.2.1 Costs of opening a new facility
- 4.2.2 Costs of introducing a new product or service (including advertising)
- 4.2.3 Costs of conducting business in a new location; and
- 4.2.4 Administration and other general overhead costs

**4.3** Activities associated with acquisition/creation of new assets are detailed in the table below.

| Activity   | Recurrent Expenditure | Capital Expenditure |
|--|-----------------------|---------------------|
| All activities/costs relating to failed/unapproved investment bids are to be expensed in full.   | X                     |                     |
| All activities/costs relating to approved investment bids are to be capitalised. These activities include the following: <ul style="list-style-type: none"><li>• Strategic planning and prudential reports</li><li>• Project scoping and investigation, valuation reports, planning approvals</li><li>• Survey and design</li><li>• Professional fees</li><li>• Site preparation</li><li>• Construction</li><li>• Contract payments</li><li>• Council direct costs, wages, salaries, plant hire, materials, on-costs</li><li>• Overheads</li><li>• Supervision</li><li>• Transport, installation, assembly and testing</li><li>• Project Management</li><li>• Future dismantling and removing item and site restoration (where applicable)</li></ul> |                       | X                   |

**4.4 Materiality**

- 4.4.1 Information is material if its omission or misstatement could influence the decisions of users made on the basis of the financial statements.
- 4.4.2 In the context of materiality it is not necessary to recognise every non-current asset in the balance sheet. For example, a calculator may have a useful life greater than 12 months but its value is small and does not warrant the cost of recording in the asset register, so it is simpler and administratively expedient and efficient to expense it.
- 4.4.3 Setting the threshold levels is to provide the greatest balance between efficiency in administrative effort associated with maintaining records and the need to 'expense' items, through depreciation, against more than one financial year so that revenues and expenses are matched appropriately.
- 4.4.4 Paragraph 14.1.6 of *AASB 1031 Materiality* below provides guidance on the quantitative measure that may be used to determine whether an item is material:

*Quantitative thresholds used as guidance for determining the materiality of the amount of an item or an aggregate of items shall, of necessity, be drawn at arbitrary levels. Materiality is a matter of professional judgement influenced by the characteristics of the entity and the perceptions as to who are, or are likely to be, the users of the financial statements, and their information needs. Materiality judgements can only be properly made by those who have the facts. In this context, the following quantitative thresholds may be used as guidance in considering the materiality of the amount of items included in the comparisons referred to in paragraph 4.1.4 of this Standard:*

- (a) an amount which is equal to or greater than 10 per cent of the appropriate base amount may be presumed to be material unless there is evidence or convincing argument to the contrary; and*
- (b) an amount which is equal to or less than 5 per cent of the appropriate base amount may be presumed not to be material unless there is evidence, or convincing argument, to the contrary.*

Therefore, amounts over 10% of the appropriate base value can be considered material; amounts below 5% of the appropriate base value can be considered not material; and amounts in between 5-10% are a judgement call with respect to the prevailing circumstances.

**4.5 Assets Hierarchy Structure**

- 4.5.1 The following structure of fixed assets will be maintained by the Town of Gawler.

| <b>Asset Class</b> | <b>Asset Type</b>   | <b>Asset Component</b> |
|--------------------|---------------------|------------------------|
| <b>Land</b>        | Land                | Land                   |
|                    |                     | Land improvements      |
| <b>Buildings</b>   | Offices             | Structural shell       |
|                    | Sheds               | Floor                  |
|                    | Public Conveniences | Lifts & Escalators     |

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|  |           |                  |
|--|-----------|------------------|
|  | Clubrooms | Roof             |
|  | Halls     | Electrical       |
|  | Other     | Plumbing         |
|  |           | Air-conditioning |
|  |           | Fittings         |

|                       |                        |                             |
|-----------------------|------------------------|-----------------------------|
| <b>Infrastructure</b> | Roads - Sealed         | Earthworks & Formation      |
|                       | Roads - Formed         | Pavement                    |
|                       | Roads - Natural formed | Seal                        |
|                       | Roads - Unformed       |                             |
|                       | Carparks               |                             |
|                       |                        |                             |
|                       | Kerb & Gutter          | Each side                   |
|                       | Footpaths              | Each side                   |
|                       | Median Islands         | Each location               |
|                       | Roundabout Islands     | Each location               |
|                       |                        |                             |
|                       | Bridges (Road/Foot)    | Each                        |
|                       |                        |                             |
|                       | Stormwater Drainage    | Pipe section                |
|                       |                        | Entry pits                  |
|                       |                        | Culverts                    |
|                       |                        | Junction Boxes              |
|                       |                        | Headwalls                   |
|                       |                        | Drop Structures into Rivers |
|                       |                        | Gross Pollutant Traps       |
|                       |                        |                             |
|                       | Open Channel Drains    | Earth lined channels        |
|                       |                        | Concrete lined channels     |
|                       |                        | Retaining walls             |
|                       |                        |                             |
|                       | Urban Elements         | Refuse/Recycling Bins       |
|                       |                        | Bollards                    |
|                       |                        | Fences                      |
|                       |                        | Seats                       |
|                       |                        | Monuments                   |
|                       |                        | Bus shelters                |

|  |  |                        |
|--|--|------------------------|
|  |  | Other Street Furniture |
|--|--|------------------------|

|                  |                        |           |
|------------------|------------------------|-----------|
| <b>Equipment</b> | Road Plant & Machinery | Each item |
|                  | Trucks                 |           |
|                  | Utes & Vans            |           |
|                  | Light Vehicles         |           |
|                  | Other Equipment        |           |

|                     |                         |   |
|---------------------|-------------------------|---|
| <b>Other Assets</b> | Open Space & Recreation | Playgrounds                                     |
|                     |                         | Public Exercise equipment                       |
|                     |                         | Shade Structures                                |
|                     |                         | Irrigation                                      |
|                     |                         | Seats/Tables                                    |
|                     |                         | Formal Playing surfaces (e.g. Courts & Pitches) |
|                     |                         | Floodlighting Structures                        |
|                     |                         | Swimming Pools (including pumps)                |
|                     |                         | Other Assets                                    |

#### 4.6 Capital Expenditure Thresholds

- 4.6.1 The Town of Gawler's capital expenditure thresholds for assets are contained in the following pages. They are defined principally in physical terms to align with budget setting, assist asset register capture, and avoid the need for technical staff to make 'accounting' decisions. However, dollar threshold limits (which are exclusive of GST) are used if appropriate.
- 4.6.2 The general principal applied to these capitalisation thresholds within this policy is that if the asset item/segment has been replaced in full, then it is generally to be treated as Capital. If only part of the asset item/segment has been replaced, then it is generally to be treated as Operating (Maintenance), unless its costs fall above any dollar limits noted. To aid clarity, examples of expenditures that will be considered operating or maintenance/repair have also been provided.

#### 4.7 Asset Register Implications from Capital Expenditure

|                           |  |
|---------------------------|--|
| <b>Capital Item</b>       | <b>Asset Register implication</b>  |
| Asset Replacement/Renewal | Existing asset is removed from register and is replaced by new asset, based on acquisition cost and useful life assessment |
| New Asset                 | New asset is created based on acquisition cost and useful life assessment  |
| Upgraded Asset            | Cost of upgrade is added to the existing asset and useful life is reviewed   |

**5. ASSET DESCRIPTIONS****5.1 LAND****Land Assets****Land**

Land assets are recognised at the following component level (each property)

| Work Activity   |                     |  |
|---|---------------------|--|
| Operating Expenditure   | Capital Expenditure |  |
| Maintenance & Repair  | Renewal             | New  |
| <ul style="list-style-type: none"><li>• Reactive maintenance (weedspraying, etc)</li><li>• Programmed maintenance (mowing, etc)</li></ul> |                     | <ul style="list-style-type: none"><li>• New assets</li><li>• Upgrade asset</li></ul> |

**Land Under Roads**

Council has elected not to recognise land under roads in accordance with the deferral arrangements available under AASB 1045. As at 1 July 2008, Council has elected not to recognise any values for land under roads acquired before the commencement of AASB 1051 Land Under Roads. For assets acquired after 30 June 2008, Council has elected not to recognise Land Under Roads, as these assets cannot be reliably measured.

**Easements**

Easements (over private land) are not currently recognised as assets, although a drainage pit and pipe laid in an easement are separately recognised as assets.

**5.2 BUILDINGS****Building Assets****Floor**

Floor assets are recognised as the whole flooring area contained within a building

| Work Activity  |  |  |
|--|--|--|
| Operating Expenditure  | Capital Expenditure  |  |
| Maintenance & Repair   | Renewal  | New  |
| <ul style="list-style-type: none"><li>• Reactive maintenance and repair (structural repairs)</li><li>• Programmed maintenance (structural repairs, pest control, painting etc)</li><li>• Partial replacement &lt; \$10,000</li></ul> | <ul style="list-style-type: none"><li>• Replacement of whole floor with same standard of floor</li><li>• Partial replacement &gt; \$10,000</li></ul> | <ul style="list-style-type: none"><li>• New assets</li><li>• Upgrade assets and extensions (providing a higher level of service)</li></ul> |



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### **Structural Shell**

Structural shell assets are recognised as the internal and external walls contained in a building

| Work Activity   |   |  |
|---|---|--|
| Operating Expenditure   | Capital Expenditure   |  |
| Maintenance & Repair  | Renewal   | New  |
| <ul style="list-style-type: none"><li>• Reactive maintenance and repair</li><li>• Programmed maintenance (painting, structural repairs, replacing windows, etc)</li><li>• Component replacement (windows, walls, etc) &lt; \$10,000</li></ul> | <ul style="list-style-type: none"><li>• Replacement of whole asset with same standard of asset</li><li>• Component replacement (windows, walls, structural repair etc) &gt;\$10,000</li></ul> | <ul style="list-style-type: none"><li>• New assets</li><li>• Upgrade assets and extensions (providing a higher level of service)</li></ul> |

### **Roof**

Roofing assets are recognised as the whole roofing structure (tiles etc) of a building.

| Work Activity   |  |  |
|---|--|--|
| Operating Expenditure   | Capital Expenditure  |  |
| Maintenance & Repair  | Renewal  | New  |
| <ul style="list-style-type: none"><li>• Reactive maintenance and repair</li><li>• Programmed maintenance (painting, structural repairs, replacing sheets/tiles, guttering, downpipes, etc)</li><li>• Component replacement (roof, gutters, etc) &lt; \$10,000</li></ul> | <ul style="list-style-type: none"><li>• Replacement of whole roof asset with same standard of asset</li><li>• Component replacement (roof, gutters, etc) &gt; \$10,000</li></ul> | <ul style="list-style-type: none"><li>• New assets</li><li>• Upgrade assets and extensions (providing a higher level of service)</li></ul> |

### **Electrical**

Electrical assets are recognised as the whole electrical system of a building and include switchboards, wiring, outlets, safety switches, surge arresters, etc.

| Work Activity   |  |  |
|---|--|--|
| Operating Expenditure   | Capital Expenditure  |  |
| Maintenance & Repair  | Renewal  | New  |
| <ul style="list-style-type: none"><li>• Reactive maintenance and repair (electrical components)</li><li>• Programmed maintenance (structural repairs, inspections, etc)</li><li>• Component replacement (surge arrestors, fuses, safety switches, wiring) &lt; \$10,000</li></ul> | <ul style="list-style-type: none"><li>• Replacement of whole electrical asset with same standard of asset &gt;\$10,000</li><li>• Component replacement (surge arrestors, fuses, safety switches, wiring) &gt; \$10,000</li></ul> | <ul style="list-style-type: none"><li>• New assets</li><li>• Upgrade assets and extensions (providing a higher level of service)</li></ul> |

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### **Plumbing**

Plumbing assets are recognised as the whole plumbing system of a building and include pipe-work, drains, taps, etc.

| Work Activity   |  |  |
|---|--|--|
| Operating Expenditure   | Capital Expenditure  |  |
| Maintenance & Repair  | Renewal  | New  |
| <ul style="list-style-type: none"><li>Reactive maintenance and repair</li><li>Programmed maintenance (structural repairs, drains, inspections, etc)</li><li>Component replacement (taps, cisterns, pipework, etc) &lt; \$10,000</li></ul> | <ul style="list-style-type: none"><li>Replacement of whole plumbing asset with same standard of asset &gt;\$10,000</li><li>Component replacement (taps, cisterns, pipework, etc) &gt; \$10,000</li></ul> | <ul style="list-style-type: none"><li>New assets</li><li>Upgrade assets and extensions (providing a higher level of service)</li></ul> |

### **Air-conditioning**

Air-conditioning assets are recognised as the whole air-conditioning system within a building.

| Work Activity   |  |   |
|---|--|---|
| Operating Expenditure   | Capital Expenditure  |   |
| Maintenance & Repair  | Renewal  | New   |
| <ul style="list-style-type: none"><li>Reactive maintenance and repair</li><li>Programmed maintenance (servicing, etc)</li><li>Component replacement (Air conditioning plant , etc) &lt; \$5,000</li></ul> | <ul style="list-style-type: none"><li>Replacement of whole Air conditioning asset with same standard of asset</li><li>Component replacement (Air conditioning, etc) &gt; \$5,000</li></ul> | <ul style="list-style-type: none"><li>New assets &gt; \$5,000</li><li>Upgrade assets and extensions (providing a higher level of service)</li></ul> |

### **Fittings**

Fittings assets are recognised as items which include Kitchens, Bathrooms, Lights, Curtains, Carpets, etc.

| Work Activity  |  |   |
|--|--|---|
| Operating Expenditure  | Capital Expenditure  |   |
| Maintenance & Repair   | Renewal  | New   |
| <ul style="list-style-type: none"><li>Reactive maintenance and repair</li><li>Programmed maintenance (painting, curtains, carpets, etc)&lt;\$10,000</li><li>Component replacement (lights, kitchens, laundry, bathroom, etc) &lt; \$10,000</li></ul> | <ul style="list-style-type: none"><li>Replacement of whole fittings asset with same standard of asset</li><li>Component replacement (lights, kitchens, laundry, bathroom, etc) &gt; \$10,000</li></ul> | <ul style="list-style-type: none"><li>New assets</li><li>Fittings &gt; \$10,000</li><li>Upgrade assets and extensions (providing a higher level of service)</li></ul> |

### 5.3 INFRASTRUCTURE

#### **Road Assets**

##### **Seal**

The seal component of Road assets are considered the top layer or wearing course of the road, and are recognised in Pavement Management System segments of 50-600m for urban areas and 100-2000m in rural areas and align generally with road intersections.

| Work Activity   |   |   |
|---|---|---|
| Operating Expenditure   | Capital Expenditure   |   |
| Maintenance & Repair  | Renewal   | New   |
| <ul style="list-style-type: none"><li>• Reactive maintenance and repair to road assets (pothole repair, crack sealing and patching)</li><li>• Programmed maintenance (partial sealed road resurfacing &lt; \$10,000, pothole repair patching)</li></ul> | <ul style="list-style-type: none"><li>• Resurfacing at the same standard, including preparation works &gt; \$10,000</li></ul> | <ul style="list-style-type: none"><li>• New assets</li><li>• Road upgrade – road widening, unsealed to sealed, improved design capacity, incl. surface reconstruction</li></ul> |

##### **Pavement**

The pavement component of Road assets are considered the layers underneath the seal made of crushed rock which make up the actual structure of the road. These are recognised in Pavement Management System segments of 50-600m for urban areas and 100-2000m in rural areas and align generally with road intersections.

| Work Activity  |  |   |
|--|--|---|
| Operating Expenditure  | Capital Expenditure  |   |
| Maintenance & Repair   | Renewal  | New   |
| <ul style="list-style-type: none"><li>• Reactive maintenance and repair to road assets (pothole repair)</li><li>• Programmed maintenance (unsealed road grading)</li><li>• Sealed pavement partial renewal/ rehabilitation &lt; \$10,000</li><li>• Unsealed road resheeting (i.e. laying a new gravel surface &lt; \$10,000)</li></ul> | <ul style="list-style-type: none"><li>• Pavement replacement/ renewal of main (whole) asset with same standard</li><li>• Unsealed road resheeting (i.e. laying a new gravel surface) &gt; \$10,000</li></ul> | <ul style="list-style-type: none"><li>• New assets</li><li>• Road upgrade – road widening, improved design capacity</li></ul> |

##### **Earthworks & Formation**

Earthworks & Formation assets are considered the initial formation of the land, in preparation for the construction of the pavement and seal assets above. These are recognised in Pavement Management System segments of 50-600m for urban areas and 100-2000m in rural areas and align generally with road intersections.

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Earthworks & Formation costs are recognised as a new asset and are not depreciated.

| Work Activity  |  |   |
|--|--|---|
| Operating Expenditure  | Capital Expenditure  |   |
| Maintenance & Repair   | Renewal  | New   |
| <ul style="list-style-type: none"><li>Reactive maintenance</li><li>Programmed maintenance</li><li>Partial replacement of assets &lt;\$10,000</li></ul> | <ul style="list-style-type: none"><li>Replacement of components &gt;\$10,000</li></ul> | <ul style="list-style-type: none"><li>New assets</li><li>Upgrade assets</li></ul> |

### **Footpath Assets**

#### **Bitumen, Pavers, Concrete & Gravel**

A Footpath asset is considered to be the surface material used and also includes the load bearing base material. These are recognised in Pavement Management System segments of 50-600m for urban areas and 100-2000m in rural areas and align generally with road intersections.

| Work Activity  |   |  |
|--|---|--|
| Operating Expenditure  | Capital Expenditure   |  |
| Maintenance & Repair   | Renewal   | New  |
| <ul style="list-style-type: none"><li>Reactive maintenance to footpath assets (pothole repair, joint grinding, segmental paving resetting, footpath structure repair)</li><li>Programmed maintenance (paved footpath repair, footpath resurfacing preparation/patching, unsealed surface treatment)</li><li>Partial renewal/ replacement &lt; \$10,000</li></ul> | <ul style="list-style-type: none"><li>Resurfacing with same standard (whole asset)</li><li>Replacement of whole asset length of paved footpath at same standard</li><li>Concrete to paved</li><li>Partial renewal / replacement &gt; \$10,000</li></ul> | <ul style="list-style-type: none"><li>New assets (including unsealed, e.g. gravel)</li><li>Footpath upgrade - replacement with higher standard (Widening, Gravel to Paved, Improved design capacity)</li></ul> |

### **Kerb and Gutter Assets**

#### **Kerb & Gutter**

Kerb & Gutter assets are defined in Pavement Management System segments of 50-600m for urban areas and 100-2000m in rural areas and align generally with road intersections. They do not include median or roundabout assets.

| Work Activity   |   |  |
|---|---|--|
| Operating Expenditure   | Capital Expenditure   |  |
| Maintenance & Repair  | Renewal   | New  |
| <ul style="list-style-type: none"><li>Reactive maintenance to kerb and gutter assets (repair, replacement of small lengths)</li><li>Programmed maintenance</li><li>Partial renewal/ replacement &lt; \$10,000</li></ul> | <ul style="list-style-type: none"><li>Replacement of whole asset length of kerb and gutter at same standard</li><li>Partial renewal / replacement &gt; \$10,000</li></ul> | <ul style="list-style-type: none"><li>New assets</li><li>Upgrade asset</li></ul> |

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### Medians

Median assets are defined in Pavement Management System segments of 50-600m in length and align generally with road intersections.

| Work Activity  |  |  |
|--|--|--|
| Operating Expenditure  | Capital Expenditure  |  |
| Maintenance & Repair   | Renewal  | New  |
| <ul style="list-style-type: none"><li>Reactive maintenance to median assets (repair, replacement of small lengths)</li><li>Programmed maintenance</li><li>Partial renewal/ replacement &lt; \$10,000</li></ul> | <ul style="list-style-type: none"><li>Replacement of whole asset length of median at same standard</li><li>Partial renewal / replacement &gt; \$10,000</li></ul> | <ul style="list-style-type: none"><li>New assets</li><li>Upgrade asset</li></ul> |

### Roundabouts

Roundabout assets are recognised as the central roundabout island, the portion of kerbing that surrounds the actual roundabout, as well as the raised splitter islands that lead up to the roundabout.

| Work Activity  |  |  |
|--|--|--|
| Operating Expenditure  | Capital Expenditure  |  |
| Maintenance & Repair   | Renewal  | New  |
| <ul style="list-style-type: none"><li>Reactive maintenance to roundabout assets (repair, replacement of small lengths)</li><li>Programmed maintenance</li><li>Partial renewal/ replacement &lt; \$10,000</li></ul> | <ul style="list-style-type: none"><li>Replacement of whole roundabout asset at same standard</li><li>Partial renewal / replacement &gt; \$10,000</li></ul> | <ul style="list-style-type: none"><li>New assets</li><li>Upgrade asset</li></ul> |

### Carpark Assets

#### Bitumen, Pavers, Concrete & Gravel

Carpark assets are recognised as a single sealed asset for each location.

| Work Activity  |  |  |
|--|--|--|
| Operating Expenditure  | Capital Expenditure  |  |
| Maintenance & Repair   | Renewal  | New  |
| <ul style="list-style-type: none"><li>Reactive maintenance to carpark assets (pothole repair, carpark structure and facility repair)</li><li>Programmed maintenance (sealed road resurfacing preparation/ patching)</li><li>Sealed pavement renewal/ rehabilitation &lt; \$10,000</li><li>Unsealed surface resurfacing</li></ul> | <ul style="list-style-type: none"><li>Pavement replacement/ renewal with same standard &gt; \$10,000</li></ul> | <ul style="list-style-type: none"><li>New assets (including unsealed, e.g. gravel)</li><li>Upgrade asset</li></ul> |

- Gravel carparks are held at an average depreciated replacement cost and not depreciated.

## **ASSET CAPITALISATION POLICY**

### **Bridge Assets**

#### **Road Bridges**

Road Bridge assets are recognised at the following asset level (each road bridge).

| Work Activity  |  |   |
|--|--|---|
| Operating Expenditure  | Capital Expenditure  |   |
| Maintenance & Repair   | Renewal  | New   |
| <ul style="list-style-type: none"><li>Reactive maintenance to road bridge</li><li>Programmed maintenance to road bridge (repainting, etc)</li><li>Replacement of components (deck, beams, safety rails, with same standard, etc) &lt; \$10,000</li></ul> | <ul style="list-style-type: none"><li>Replacement of bridge with same standard</li><li>Replacement of components (deck, beams, safety rails, with same standard, etc) &gt;\$10,000</li></ul> | <ul style="list-style-type: none"><li>New assets</li><li>Upgrade asset (strengthening, widening, etc)</li></ul> |

#### **Foot Bridges**

Foot Bridge assets are recognised at the following asset level (each foot bridge).

| Work Activity   |   |   |
|---|---|---|
| Operating Expenditure   | Capital Expenditure   |   |
| Maintenance & Repair  | Renewal   | New   |
| <ul style="list-style-type: none"><li>Reactive maintenance to foot bridge</li><li>Programmed maintenance of foot bridge (repainting, etc)</li><li>Replacement of components (deck, beams, guard rails, with same standard, etc) &lt; \$10,000</li></ul> | <ul style="list-style-type: none"><li>Replacement of foot bridge with same standard</li><li>Replacement of components (deck, beams, guard rails, etc with same standard, etc) &gt; \$10,000</li></ul> | <ul style="list-style-type: none"><li>New assets</li><li>Upgrade asset (strengthening, widening, etc)</li></ul> |

### **Stormwater Drainage Assets**

#### **Pipes, Pits, Culverts & Junction boxes**

These assets are recognised at the following asset level (each pit, pipe section, culvert, junction box) and are generally aligned with road segments, however longer sections are recognised when placed through reserves and easements.

| Work Activity  |  |   |
|--|--|---|
| Operating Expenditure  | Capital Expenditure  |   |
| Maintenance & Repair   | Renewal  | New   |
| <ul style="list-style-type: none"><li>Reactive maintenance to drainage assets (pipe repair, pit repair and pit component replacement, drainage structure repair)</li><li>Programmed maintenance (cleaning, inspections)</li><li>Replacement of partial pipe length &lt; \$10,000</li></ul> | <ul style="list-style-type: none"><li>Replacement of asset length of drainage pipeline at same standard</li><li>Renewal/relining of asset length of drainage pipeline at same standard</li></ul> | <ul style="list-style-type: none"><li>New assets</li><li>Upgrade asset</li><li>Replacement with higher standard</li></ul> |

## ASSET CAPITALISATION POLICY

|  |   |  |
|--|---|--|
|  | <ul style="list-style-type: none"><li>• Replacement of complete pit/ structure/ pump</li><li>• Replacement of partial pipe length &gt; \$10,000</li></ul> |  |
|--|---|--|

### **Open Drain Assets**

#### **Earth Lined Channels, Concrete Lined Channels & Retaining Walls**

Channels, Retaining Walls & Structure assets are recognised at the following asset level (each section of channel or retaining wall, gross pollutant trap).

| Work Activity   |  |   |
|---|--|---|
| Operating Expenditure   | Capital Expenditure  |   |
| Maintenance & Repair  | Renewal  | New   |
| <ul style="list-style-type: none"><li>• Reactive maintenance (repairs, cleaning)</li><li>• Programmed maintenance (cleaning, inspections)</li><li>• Partial renewal/replacement of lined and open drain channels, retaining walls &lt; \$10,000</li></ul> | <ul style="list-style-type: none"><li>• Partial renewal/ replacement of lined and open drain channels, retaining walls &gt; \$10,000</li></ul> | <ul style="list-style-type: none"><li>• New assets</li><li>• Upgrade asset</li><li>• Replacement with higher standard</li></ul> |

### **Urban Elements**

#### **Road & Reserve Furniture**

Road & reserve furniture assets are recognised at the following asset level (each item of benches, tables, etc).

| Work Activity   |   |   |
|---|---|---|
| Operating Expenditure   | Capital Expenditure   |   |
| Maintenance & Repair  | Renewal   | New   |
| <ul style="list-style-type: none"><li>• Reactive maintenance</li><li>• Programmed maintenance (painting, etc)</li><li>• Replacement of furniture items &lt; \$5,000</li></ul> | <ul style="list-style-type: none"><li>• Replacement of furniture items &gt; \$5,000</li></ul> | <ul style="list-style-type: none"><li>• New assets &gt; \$5,000</li></ul> |

### **Fencing Assets**

Fencing assets are recognised as the whole fencing asset on each site.

| Work Activity   |  |   |
|---|--|---|
| Operating Expenditure   | Capital Expenditure  |   |
| Maintenance & Repair  | Renewal  | New   |
| <ul style="list-style-type: none"><li>• Reactive maintenance to fencing assets (fence repair, gate repair)</li><li>• Programmed maintenance (painting, etc)</li></ul> | <ul style="list-style-type: none"><li>• Replacement of fence asset length with same standard</li></ul> | <ul style="list-style-type: none"><li>• New assets &gt; \$5,000</li><li>• Upgrade asset</li></ul> |

## ASSET CAPITALISATION POLICY

|                                 |                                 |  |
|---------------------------------|---------------------------------|--|
| • Partial replacement < \$5,000 | • Partial replacement > \$5,000 |  |
|---------------------------------|---------------------------------|--|

### **Other Structures**

Other Structure assets are recognised at the following component level (External works of art, umbrellas, etc).

| Work Activity   |   |   |
|---|---|---|
| Operating Expenditure   | Capital Expenditure   |   |
| Maintenance & Repair  | Renewal   | New   |
| <ul style="list-style-type: none"><li>• Reactive maintenance (repairs, cleaning, etc)</li><li>• Programmed maintenance (painting, cleaning, servicing etc)</li><li>• Partial replacement &lt; \$5,000</li></ul> | <ul style="list-style-type: none"><li>• Replacement of whole asset same standard &gt; \$5,000</li></ul> | <ul style="list-style-type: none"><li>• New assets &gt; \$5,000</li><li>• Upgrade asset</li></ul> |

### **Civil Works & Structures**

Civil Works & Structure assets are recognised at the following asset level (each structure, ornamental lake, etc).

| Work Activity   |   |  |
|---|---|--|
| Operating Expenditure   | Capital Expenditure   |  |
| Maintenance & Repair  | Renewal   | New  |
| <ul style="list-style-type: none"><li>• Reactive maintenance to structures (component replacement, structural repair)</li><li>• Programmed maintenance (cleaning, desilting)</li><li>• Partial renewal/replacement of structure &lt; \$10,000</li></ul> | <ul style="list-style-type: none"><li>• Partial renewal/ replacement of structure &gt; \$10,000</li></ul> | <ul style="list-style-type: none"><li>• New assets &gt; \$10,000</li><li>• Upgrade/expand asset</li><li>• Replace with higher standard</li></ul> |

## **5.4 PLANT & EQUIPMENT**

### **Plant & Equipment Assets**

#### **Light Vehicles**

Light Vehicle assets are recognised at the following level (each light vehicle item).

| Work Activity  |                     |   |
|--|---------------------|---|
| Operating Expenditure  | Capital Expenditure |   |
| Maintenance & Repair   | Renewal             | New   |
| <ul style="list-style-type: none"><li>• Reactive maintenance to light vehicle</li><li>• Programmed servicing of light vehicle</li><li>• Replacement of major components (engine, transmission, etc)</li><li>• Upgrade asset (adding air-conditioning, etc)</li><li>• Purchase and replacement of items &lt; \$5,000.</li></ul> |                     | <ul style="list-style-type: none"><li>• New assets &gt; \$5,000</li></ul> |



## ASSET CAPITALISATION POLICY

### **Plant**

Plant assets are recognised at the following level (each plant item).

| Work Activity  |                     |   |
|--|---------------------|---|
| Operating Expenditure  | Capital Expenditure |   |
| Maintenance & Repair   | Renewal             | New   |
| <ul style="list-style-type: none"><li>• Reactive maintenance to plant</li><li>• Programmed servicing of plant</li><li>• Replacement of major components (engine, transmission, etc)</li><li>• Upgrade asset (adding air-conditioning, etc)</li><li>• Purchase and replacement of items &lt; \$5,000.</li></ul> |                     | <ul style="list-style-type: none"><li>• New assets &gt; \$5,000</li></ul> |

### **Other Plant & Equipment**

Other Plant & Equipment assets are recognised at each item.

| Work Activity  |  |   |
|--|--|---|
| Operating Expenditure  | Capital Expenditure  |   |
| Maintenance & Repair   | Renewal  | New   |
| <ul style="list-style-type: none"><li>• Reactive maintenance</li><li>• Programmed servicing</li><li>• Replacements with same standard &lt; \$5,000</li></ul> | <ul style="list-style-type: none"><li>• Replacement of plant and equipment with same standard &gt; \$5,000</li></ul> | <ul style="list-style-type: none"><li>• New assets &gt; \$5,000</li></ul> |

## 5.5 OTHER ASSETS

### **Open Space & Recreation**

#### **Swimming Pools**

Swimming Pool assets are recognised as each pool structure and mechanical & electrical system.

| Work Activity  |  |   |
|--|--|---|
| Operating Expenditure  | Capital Expenditure  |   |
| Maintenance & Repair   | Renewal  | New   |
| <ul style="list-style-type: none"><li>• Reactive maintenance to swimming pool assets (cleaning, etc)</li><li>• Programmed maintenance (repainting, cleaning, water quality)</li><li>• Replacing components (pumps, filters, electrical, etc) &lt; \$10,000</li><li>• Relining/tiling part of pool &lt;\$10,000</li></ul> | <ul style="list-style-type: none"><li>• Relining of pool &gt;\$10,000</li><li>• Replacing pool components (pumps, filters, electrical &gt;\$10,000</li></ul> | <ul style="list-style-type: none"><li>• New assets &gt; \$10,000</li><li>• Upgrade assets</li></ul> |

## ASSET CAPITALISATION POLICY

### **Shade Structures**

Shade Structure assets are recognised as each Structure, Pergola, Veranda, etc.

| Work Activity  |  |   |
|--|--|---|
| Operating Expenditure  | Capital Expenditure  |   |
| Maintenance & Repair   | Renewal  | New   |
| <ul style="list-style-type: none"><li>Reactive maintenance (repairs, cleaning, etc)</li><li>Programmed maintenance (painting, servicing etc)</li><li>Partial replacement &lt;\$5,000</li></ul> | <ul style="list-style-type: none"><li>Replacement of whole asset same standard &gt;\$5,000</li></ul> | <ul style="list-style-type: none"><li>New assets &gt; \$5,000</li><li>Upgrade asset</li></ul> |

### **Playgrounds**

Playground assets are recognised as each playground.

| Work Activity   |   |  |
|---|---|--|
| Operating Expenditure   | Capital Expenditure   |  |
| Maintenance & Repair  | Renewal   | New  |
| <ul style="list-style-type: none"><li>Reactive maintenance to playground assets</li><li>Programmed maintenance (repainting, ground cover)</li><li>Replacing minor components (seats, etc)</li></ul> | <ul style="list-style-type: none"><li>Replacement of whole playground</li></ul> | <ul style="list-style-type: none"><li>New assets &gt; \$5,000</li><li>Upgrade assets</li></ul> |

### **Sports Ovals & Open Space**

Sports Ovals & Open Space assets are recognised at the following level (each oval, pitch, court, practice net, coaches box, set of posts, sports lighting pole, lighting structure, irrigation system).

| Work Activity  |  |  |
|--|--|--|
| Operating Expenditure  | Capital Expenditure  |  |
| Maintenance & Repair   | Renewal  | New  |
| <ul style="list-style-type: none"><li>Reactive maintenance (patching, crack filling of pitches, courts, globe replacement, electrical components, irrigation systems, etc)</li><li>Programmed maintenance or servicing (mowing, topdressing, repainting, linemarking, irrigation systems, etc.)</li><li>Replacement of grassed area</li><li>Replacement of Irrigation Components (sprinklers, controllers, pumps, etc)</li><li>Partial replacement of assets &lt;\$5,000</li></ul> | <ul style="list-style-type: none"><li>Replacement of whole pitch, court, lighting structure, irrigation system, etc</li><li>Replacement of components &gt;\$5,000</li><li>Partial replacement of assets &gt; \$5,000</li></ul> | <ul style="list-style-type: none"><li>New assets &gt; \$5,000</li><li>Upgrade assets</li><li>Extension of irrigation systems</li><li>Expansion of lighting structures.</li></ul> |

## ASSET CAPITALISATION POLICY

### Landscaping

Landscape assets are recognised at the following level (each landscaped area).

| Work Activity  |                     |  |
|--|---------------------|--|
| Operating Expenditure  | Capital Expenditure |  |
| Maintenance & Repair   | Renewal             | New  |
| <ul style="list-style-type: none"><li>Reactive maintenance to landscaping assets</li><li>Programmed maintenance (replanting garden beds)</li></ul> |                     | <ul style="list-style-type: none"><li>New assets &gt; \$5,000</li><li>Upgrade assets</li></ul> |

### Other Assets

#### **Other Assets not elsewhere covered**

Other assets are recognised at the following level (each item).

| Work Activity   |   |   |
|---|---|---|
| Operating Expenditure   | Capital Expenditure   |   |
| Maintenance & Repair  | Renewal   | New   |
| <ul style="list-style-type: none"><li>Reactive maintenance</li><li>Programmed maintenance/servicing</li><li>Replacement of major components</li><li>Purchase and replacement of items &lt; \$5,000.</li></ul> | <ul style="list-style-type: none"><li>Replacement with same standard &gt; \$5,000</li></ul> | <ul style="list-style-type: none"><li>New assets &gt; \$5,000</li><li>Upgrade assets &gt; \$5,000</li></ul> |

## **6. REVIEW AND EVALUATION**

The effectiveness of this Policy will be reviewed on a four yearly basis.

The Chief Executive Officer will report to Council on the outcome of the evaluation and if relevant make recommendations for amendments, alteration or substitution of a new Policy.

The Policy will not be altered or substituted so as to affect a process already commenced.

The Policy will be reviewed after each general election of Council.

## **7. FURTHER INFORMATION**

Further information about this Policy can be obtained by:

Telephone: 8522 9211

Email: [council@gawler.sa.gov.au](mailto:council@gawler.sa.gov.au)

Appointment: Town of Gawler Administration Centre, 43 High Street, Gawler East

Letter: PO Box 130, Gawler SA 5118

## **8. AVAILABILITY OF POLICY**

The Policy is available to be downloaded, free of charge, from Council's website at [www.gawler.sa.gov.au](http://www.gawler.sa.gov.au).

A printed copy may be purchased on request from the Council's Administration Centre..