

# Asset Accounting Policy: Revaluation

<b>Date policy was adopted:</b>	8 May 2025
<b>Resolution number:</b>	761/25
<b>Next Policy review date:</b>	2028
<b>Reference number:</b>	ECM 1014333
<b>Strategic Pillar</b>	Corporate Services
<b>Responsible Branch</b>	Finance

This is a controlled document. Before using this document, ensure it is the latest version by checking QPRC's intranet, website or Electronic Document Register Management System. Printed or downloaded versions of this document are uncontrolled.

## 1 OUTCOMES

- 1.1 The objective of this policy is to provide accurate financial reporting by ensuring that assets are valued accurately and revaluations are managed efficiently in accordance with Australian Accounting Standards and the Code of Accounting Practice.
- 1.2 As a result of having a consistent asset accounting policy, Council provides materially accurate information on its financial position and financial performance.
- 1.3 A consistent approach to asset valuation supports the provision of relevant and comparable information for decision-making about resource allocation.

## 2 POLICY

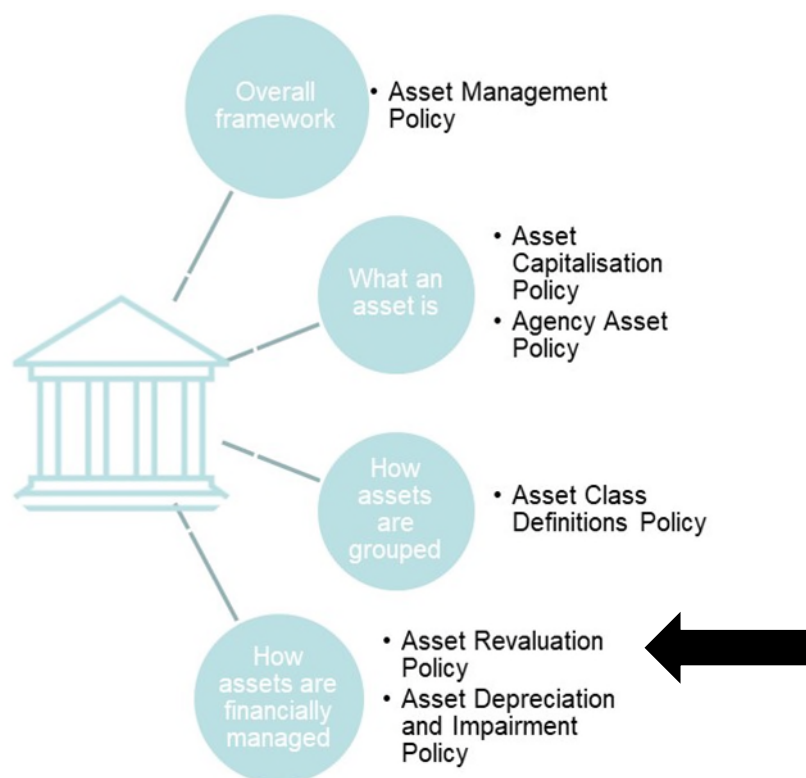
- 2.1 Council will undertake periodic revaluation of all classes of Infrastructure, Property, Plant and Equipment (IPPE) in accordance with Australian Accounting Standards and the Local Government Code of Accounting Practice.
- 2.2 Comprehensive revaluations of all classes of assets are undertaken at least every 5 years as follows:

Financial Year	Asset Class
2025-26	Plant and equipment
	Office equipment
	Furniture and fittings
	Library books
	Stormwater drainage
	Water supply network
	Sewerage network
	Community land
2028-29	Crown land
	Land under roads
	Operational land
	Non-depreciable land improvements
	Buildings
	Other structures
	Open space / recreational assets
	Swimming pools
2029-30	Roads
	Bulk earthworks
	Bridges
	Footpaths
	Other road assets

- 2.3 Independent, internal or external, professionally qualified valuers are used to conduct fixed asset valuations.
- 2.4 The valuation technique for each asset class is specified in Table 1 of the appendix.
- 2.5 Valuation assumptions, inputs and relevant price indices for each class of assets are specified in Table 1.
- 2.6 Annual fair value reviews are conducted at each reporting date to confirm assets are not materially different from their current value.

## 3 SCOPE OF THE POLICY

- 3.1 This policy is part of a series of policies on asset accounting.



- 3.2 This policy applies to the accounting treatment for infrastructure, property, plant and equipment (IPPE) only. Other assets such as receivables, inventory, intangibles and cash are excluded.

#### 4 DEFINITIONS

- 4.1 *Fair value* —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.
- 4.2 *Cost approach* —The cost approach reflects the amount that would be required currently to replace the service capacity of an asset, it is the minimum cost of replacing the existing asset with a technologically modern equivalent new asset with the same economic benefits, taking into account the quantity and quality of output and in operating costs. The cost approach includes all costs that would be incurred to create an asset of comparable utility.
- 4.3 *Market approach* —The market approach uses price and other relevant information generated by market transactions involving identical or similar assets. The market approach is used if there are available market transactions with observable prices.
- 4.4 *Unobservable inputs* – are inputs where there is no market information available and instead use the best information available for pricing assets.

#### 5 LEGISLATIVE OBLIGATIONS AND/OR RELEVANT STANDARDS

- 5.1 AASB 13 Fair Value Measurement
- 5.2 AASB 136 Impairment of Assets

- 5.3 AASB 116 Property, Plant and Equipment
- 5.4 AASB 140 Investment Properties
- 5.5 AASB 5 Assets Held for Sale
- 5.6 OLG Code of Accounting Practice and Financial Reporting
- 5.7 NSW Treasury TPP14-01 Accounting Policy: Valuation of Physical Non-Current Assets at Fair Value
- 5.8 IPWEA Australian Infrastructure Financial Management Guidelines

## 6 CONTENT

- 6.1 Valuation inputs are ranked into three priority levels, called the valuation hierarchy.
  - a) level 1 inputs are based upon quoted prices,
  - b) level 2 inputs are based on other observable inputs, and
  - c) level 3 inputs are based on unobservable inputs.
- 6.2 Council uses valuation techniques that are appropriate in the circumstances, for which sufficient data is available and that maximise the use of valuation assumptions that use quoted prices in active markets and minimises the use of assumptions that are based on unobservable inputs.
- 6.3 Valuation techniques used by Council include are market approach and cost approach.
- 6.4 In determining the need to use internal or external valuation experts for the revaluation of each asset class, Council considers:
  - a) the availability of in-house knowledge and expertise,
  - b) the costs and benefits,
  - c) the risk of material errors based on the nature, complexity and materiality of the asset class, and
  - d) availability of accurate and reliable data and information.
- 6.5 Council undertakes asset data verification and asset condition assessments (for infrastructure assets) to confirm the currency and accuracy of its asset register data and ensure that assets are recorded at component level where appropriate.
- 6.6 Comprehensive condition assessments and data verification processes are programmed in the financial year prior to the revaluation, as specified in Table 1 of the appendix.
- 6.7 Council provides complete and accurate information to valuers, including all asset characteristics relevant to the valuation.
- 6.8 At each year end reporting date, Council makes an assessment as to whether there is any indication that an asset's carrying amount differs materially from fair value. Where any indication exists, the asset class is revalued.
- 6.9 The annual fair value review requires consideration of external and internal sources of information, including relevant price indices, a review of asset useful lives and residual values.
- 6.10 Where an asset class is required to be revalued as a result of the annual fair value review, Council will conduct an interim revaluation using internal expertise by applying the relevant indexation factors to the carrying amount.
- 6.11 Where there is movement in indicators greater than 20%, Council will give consideration to increasing the frequency of comprehensive revaluations for the asset class.

## 7 REVIEW

- 7.1 This policy will be reviewed every year or earlier as necessary if:

- a) legislation requires it, or
- b) Council's functions, structure or activities change

## APPENDIX A: ASSET CLASS DEFINITIONS

Asset class	Fair value hierarchy	Fair value indices	Next revaluation date	Frequency after next revaluation (years)	Valuer (internal / external)	Next condition assessment & data verification (year)	Revaluation method	Valuation inputs
Plant and equipment Technology Furniture and fittings	3	Consumer price index, ABS cat number 6401.0	30 Jun 26	2	Internal	30 Jun 26	Cost approach	Depreciated historical cost equates with fair value Remaining useful life Residual value
Operational land	2	Residential property price index (Canberra), ABS cat number 6416.0	30 Jun 29	5	External	na	Market approach	Sales data (comparable property sales) & reserves based on market assumptions (\$ <i>per square metre</i> )
Community land	3	Residential property price index (Canberra), ABS cat number 6416.0	1 July 26	3	Internal	na	Market approach	Land values obtained from the NSW Valuer General (\$ <i>per square metre</i> )
Crown land	3	Residential property price index (Canberra), ABS cat number 6416.0	1 July 26	3	Internal	na	Market approach	Land values obtained from the NSW Valuer General (\$ <i>per square metre</i> )

# ASSET ACCOUNTING POLICY: REVALUATION

Asset class	Fair value hierarchy	Fair value indices	Next revaluation date	Frequency after next revaluation (years)	Valuer (internal / external)	Next condition assessment & data verification (year)	Revaluation method	Valuation inputs
Land under roads	3	Residential property price index (Canberra), ABS cat number 6416.0	1 July 26	3	Internal	na	Market approach	Median operational land value (\$ <i>per square metre</i> ), discounted by 90%
Non-depreciable land improvements	3	Building cost index, Canberra Rawlinson's Australian Construction Handbook	30 Jun 29	5	External	30 Jun 28	Cost approach	Industry construction costs sourced from Rawlinsons most recent published cost guide ( <i>unit rate</i> ) IPWEA Practice Note 12: Useful life of infrastructure Asset condition Remaining useful life
Buildings	3	Building cost index, Canberra Rawlinson's Australian Construction Handbook	30 Jun 29	5	External	30 Jun 28	Cost approach, (specialised) Market approach (non-specialised)	Industry building construction costs sourced from Rawlinsons most recent published cost guide (\$ <i>per square metre</i> ) IPWEA Practice Note 12: Useful life of infrastructure Asset condition Remaining useful life

# ASSET ACCOUNTING POLICY: REVALUATION

Asset class	Fair value hierarchy	Fair value indices	Next revaluation date	Frequency after next revaluation (years)	Valuer (internal / external)	Next condition assessment & data verification (year)	Revaluation method	Valuation inputs
Other structures	3	Building cost index, Canberra Rawlinsons Australian Construction Handbook	30 Jun 29	5	External	30 Jun 28	Cost approach	Industry construction costs sourced from Rawlinsons most recent published cost guide ( <i>unit rate</i> ) IPWEA Practice Note 12: Useful life of infrastructure Asset condition Remaining useful life
Roads Other roads assets	3	Producers cost index for roads and bridges, ABS cat number 6427.0, table 17, 3101 Road and bridge construction NSW	30 Jun 30	5	External	30 Jun 29	Cost approach	Council road construction costs sourced from contract rates ( <i>\$ per square metre</i> ) Industry road construction costs sourced from Rawlinsons most recent published cost guide ( <i>\$ per square metre</i> ) Carpark construction costs sourced from ACT Cost of Building Work Determination 2020 ( <i>\$ per car space</i> ) IPWEA Practice Note 12: Useful life of infrastructure Asset condition Remaining useful life



# ASSET ACCOUNTING POLICY: REVALUATION

Asset class	Fair value hierarchy	Fair value indices	Next revaluation date	Frequency after next revaluation (years)	Valuer (internal / external)	Next condition assessment & data verification (year)	Revaluation method	Valuation inputs
Bulk earthworks	3	Consumer price index, ABS cat number 6401.0	30 Jun 30	5	External	30 Jun 29	Cost approach	<p>Council earthwork construction costs sourced from contract rates (<i>\$ per cubic metre</i>)</p> <p>Industry earthwork construction costs sourced from Rawlinsons most recent published cost guide (<i>\$ per cubic metre</i>)</p>
Bridges	3	Producers cost index for roads and bridges, ABS cat number 6427.0, table 17, 3101 Road and bridge construction NSW	30 Jun 30	5	External	30 Jun 29	Cost approach	<p>Industry bridge construction costs sourced from Rawlinsons most recent published cost guide (<i>\$ per square metre bridge deck area</i>)</p> <p>IPWEA Practice Note 12: Useful life of infrastructure</p> <p>Asset condition</p> <p>Remaining useful life</p>

# ASSET ACCOUNTING POLICY: REVALUATION

Asset class	Fair value hierarchy	Fair value indices	Next revaluation date	Frequency after next revaluation (years)	Valuer (internal / external)	Next condition assessment & data verification (year)	Revaluation method	Valuation inputs
Footpaths	3	Building cost index, Canberra Rawlinson's Australian Construction Handbook	30 Jun 30	5	External	30 Jun 29	Cost approach	<p>Council footpath construction costs sourced from contract rates (\$ <i>per square metre</i>)</p> <p>Industry footpath construction costs sourced from Rawlinson's most recent published cost guide (\$ <i>per square metre</i>)</p> <p>IPWEA Practice Note 12: Useful life of infrastructure</p> <p>Asset condition</p> <p>Remaining useful life</p>
Stormwater drainage	3	Building cost index, Canberra Rawlinson's Australian Construction Handbook	30 Jun 30	5	External	30 Jun 25	Cost approach	<p>Council drainage construction costs sourced from contract rates (\$ <i>per linear metre</i>)</p> <p>Industry drainage construction costs sourced from Rawlinson's most recent published cost guide (\$ <i>per linear metre</i>)</p> <p>IPWEA Practice Note 12: Useful life of infrastructure</p> <p>Asset condition</p> <p>Remaining useful life</p>

## ASSET ACCOUNTING POLICY: REVALUATION

Asset class	Fair value hierarchy	Fair value indices	Next revaluation date	Frequency after next revaluation (years)	Valuer (internal / external)	Next condition assessment & data verification (year)	Revaluation method	Valuation inputs
Water supply network	3	Water reference rate, DPI NSW Office of Water Reference Rates Manual	30 Jun 26	5	External	30 Jun 25	Cost approach	<p>Council water supply construction costs sourced from contract rates (\$ <i>per linear metre</i>)</p> <p>Relevant local government industry cost databases and schedule of rates for construction of assets or similar assets</p> <p>Industry water supply construction costs sourced from DPI NSW Office of Water Reference Rates Manual.</p> <p>IPWEA Practice Note 12: Useful life of infrastructure</p> <p>Asset condition</p> <p>Remaining useful life</p>

# ASSET ACCOUNTING POLICY: REVALUATION

Asset class	Fair value hierarchy	Fair value indices	Next revaluation date	Frequency after next revaluation (years)	Valuer (internal / external)	Next condition assessment & data verification (year)	Revaluation method	Valuation inputs
Sewerage network (including recycled water network)	3	Water reference rate, DPI NSW Office of Water Reference Rates Manual	30 Jun 26	5	External	30 Jun 25	Cost approach	<p>Council sewerage construction costs sourced from contract rates (\$ <i>per linear metre</i>)</p> <p>Relevant local government industry cost databases and schedules of rates for construction of assets or similar assets</p> <p>Industry sewerage supply construction costs sourced from DPI NSW Office of Water Reference Rates Manual.</p> <p>IPWEA Practice Note 12: Useful life of infrastructure</p> <p>Asset condition</p> <p>Remaining useful life</p>
Swimming pools	3	Consumer price index, ABS cat number 6401.0	30 Jun 29	5	External	30 Jun 28	Cost approach	<p>Industry construction costs sourced from Rawlinsons most recent published cost guide (<i>unit rate</i>)</p> <p>IPWEA Practice Note 12: Useful life of infrastructure</p> <p>Asset condition</p> <p>Remaining useful life</p>

## ASSET ACCOUNTING POLICY: REVALUATION

Asset class	Fair value hierarchy	Fair value indices	Next revaluation date	Frequency after next revaluation (years)	Valuer (internal / external)	Next condition assessment & data verification (year)	Revaluation method	Valuation inputs
Open space / recreational assets	3	Consumer price index, ABS cat number 6401.0	30 Jun 29	5	External	30 Jun 28	Cost approach	Industry construction costs sourced from Rawlinsons most recent published cost guide ( <i>unit rate</i> ) IPWEA Practice Note 12: Useful life of infrastructure Asset condition Remaining useful life
Library books	3	Consumer price index, ABS cat number 6401.0	30 Jun 26	2	Internal	na	Cost approach	Depreciated historical cost equates with fair value Remaining useful life