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## ATTENTION: RESPONSIBLE ACCOUNTING OFFICER

### FAIR VALUATION - INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT

In July 2006, the former Department of Local Government mandated that NSW councils commence valuing infrastructure, property, plant and equipment at fair value, in accordance with Australian Accounting Standard AASB 116, "Property, Plant and Equipment". This valuation requirement was introduced using a staged approach. The first asset class to be revalued at fair value was water supply and sewerage services assets. This was required by 30 June 2007.

AASB 116 states that assets should be revalued every three to five years, unless there has been a material difference. Councils need to assess at each reporting date whether there is any indication that an asset's carrying amount may differ materially from that which would be determined if the asset was revalued at the reporting date. (The carrying amount is the asset's fair value at the date of revaluation less any subsequent accumulated depreciation and impairment - refer AASB 116, paragraphs 31-42).

Within the *Local Government Code of Accounting Practice and Financial Reporting*, the Division has stated that councils may undertake the revaluation of assets every five years (unless their has been material changes to the valuations beforehand). This means that **water supply and sewerage services assets will need to be revalued by 30 June 2012.**

Unless there have been material changes, the remaining asset classes will need to be revalued in accordance with the table below.

Asset Class	Due
Water & sewer	30 June 2012
Property, plant and equipment, operational land, buildings	30 June 2013
Roads, bridges, footpaths, drainage, bulk earth works	30 June 2015
Community land, other assets, land improvements	30 June 2016

Councils that wish to revalue assets at fair value prior to these dates may do so provided that *all* the assets in that class are valued at their fair value.



**Ross Woodward**  
Chief Executive, Local Government  
A Division of the Department of Premier and Cabinet