



80 MCGs of parklands
enough footpaths to reach Sydney
enough drains to reach Swan Hill
enough roads to reach South Australia
\$150m of town planning projects
2,000 food safety inspections
3,300 off-street car spaces
11,000 tonnes of recycling
40,000 tonnes of waste
one million library loans
care for 4,200 elderly
care for 1,600 babies
6,200 immunisations
43 school crossings
35,000 street trees
8,500 street lights
45 sports grounds
43 playgrounds
and much more

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Friday, 31 August 2007

The Chairman
Australian Accounting Standards Board
PO Box 204, Collins Street West 8007
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Dear Sir

RE: EXPOSURE DRAFT ED156 - AASB 10XY

Thank you for the opportunity to comment on Exposure Draft ED156 *Proposals Arising from the Short-term Review of the Requirements in AAS27, AAS29 and AAS31* of June 2007.

It is necessary to make some comments on *AASB 10XY: Land Under Roads - Transitional Requirements*. The interpretation, implementation and ongoing application of this Standard remains problematic and it is strongly suggested that the transitional requirements need to be extended by at least a few years. Commencement in the 31 December 2007 reporting period is too soon.

Some of the numerous challenges that still need to be overcome include:

1. the term "road" needs defining. In Victoria there are numerous Acts, Regulations and other statutory documents that define roads differently. There are also legal precedents (non-statute based) that apply. If this is the case in one State, I expect the national position is even more confusing.
2. The term "land under roads" is also problematic and needs further consideration and definition.
3. Local governments often does not own, or hold title to, land under roads.
4. The identification and quantification of land under roads is also a significant challenge. The system in Victoria is based on keeping land ownership records by a "Certificate of Title". This works well for free-hold land but does not work nearly as

well for non-freehold land. This means there are no specific documents that define the extent of land under a road.

5. Land under roads can typically only be sold by local government after a legal process has been completed. Until this process has been completed a local government can not assume that it has land that can be sold. I have the view that land under a road is only an asset when Council is actually in a legal position to sell the land. This is a different issue as to whether a council was the legal owner of the land at the commencement of the process.
6. Most Property and Information Systems, and most Geographic Information Systems, focus on the management of free-hold land. The space occupied by roads is often the gap between these specifically identified parcels of land. Much of this land is not owned by local government, and the road reserve may not even contain a constructed road asset.
7. The issue of private roads and paper roads also needs to be clarified.

The implementation of a Standard such as this represents a real challenge for local government. A coordinated approach between all levels of government is necessary to achieve an appropriate national approach to these issues. It needs to be determined whether the required data exists or whether it can be made available by other government departments that may not be the ones who are required to report on this matter.

The implementation of a standard such as AASB10XY should also consider the recent Inter-Governmental Agreement to ensure that the shifting of costs to various levels of government is appropriately identified and managed.

In summary, the commencement of compulsory reporting on AASB10XY is to be delayed.

I am available to discuss any of these matters with you.

Yours sincerely,



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