PREPAREDNESS FOR SUBSTANTIAL INFRASTRUCTURE DAMAGE: AN OVERVIEW

This presentation aims to provide an overview of the preparedness strategies and measures taken by various stakeholders to ensure resilience against substantial infrastructure damage in the event of natural disasters. It will cover the assessment of vulnerabilities, the development of response plans, and the implementation of mitigation measures. The presentation will be structured to highlight the importance of integrated planning, collaborative initiatives, and community engagement in enhancing the preparedness of infrastructure systems.

I. Introduction
   A. Purpose and Scope
   B. Key Stakeholders

II. Vulnerability Assessment
   A. Identification of Critical Infrastructure
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III. Preparedness Strategies
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V. Conclusion
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Appendices
   A. Risk Matrix
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References

This presentation is designed to serve as a comprehensive guide for stakeholders involved in the planning and implementation of preparedness for substantial infrastructure damage. It underscores the importance of proactive measures in safeguarding the integrity of infrastructure systems against potential threats.
(c) are not intended for sale in the ordinary course of business.

Spare parts and servicing equipment are usually carried as inventory and recognized in net income as consumed. However, major spare parts and standby equipment qualify as property, plant and equipment when an entity expects to use them during more than one period. Similarly, if the spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

Property, plant and equipment and intangible assets, as defined in GOODWILL AND INTANGIBLE ASSETS, paragraph 3064.08, are referred to collectively as "capital assets".

Cost is the amount of consideration given up to acquire, construct, develop, or better an item of property, plant and equipment and includes all costs directly attributable to the acquisition, construction, development or betterment of the asset including installing it at the location and in the condition necessary for its intended use. Cost includes any asset retirement cost accounted for in accordance with ASSET RETIREMENT OBLIGATIONS, Section 3110.

Mining properties are items of property, plant and equipment represented by the capitalized costs of acquired mineral rights and the costs associated with exploration for and development of mineral reserves.

Net carrying amount of an item of property, plant and equipment is cost less both accumulated amortization and the amount of any write-downs.

Net recoverable amount of an item of property, plant and equipment is its estimated future net cash flow from use together with its residual value.

Oil and gas properties are items of property, plant and equipment represented by the capitalized costs of acquired oil and gas rights and the costs associated with exploration for and development of oil, gas and related reserves.

Rate-regulated property, plant and equipment are items of property, plant and equipment held for use in operations meeting all of the following criteria:

(a) The rates for regulated services or products provided to customers are established by or are subject to approval by a regulator or a governing body empowered by statute or contract to establish rates to be charged for services or products.

(b) The regulated rates are designed to recover the cost of providing the services or products.

(c) It is reasonable to assume that rates set at levels that will recover the cost can be charged to and collected from customers in view of the demand for the services or products and the level of direct and indirect competition. This criterion requires consideration of expected changes in levels of demand or competition during the recovery period for any capitalized costs.

Rental real estate is real estate held primarily to generate income through rental to others (i.e., not held for sale in the ordinary course of business). It includes rental property under development and developed property that is intended to be held for rental. In addition, it includes land designated for development as rental property.

Residual value is the estimated net realizable value of an item of property, plant and equipment at the end of its useful life to an enterprise.

Salvage value is the estimated net realizable value of an item of property, plant and equipment at the end of its life. Salvage value is normally negligible.

Service potential is used to describe the output or service capacity of an item of property, plant and equipment and is normally determined by reference to attributes such as physical output capacity, associated operating costs, useful life and quality of output.

Useful life is the period over which an asset, singly or in combination with other assets, is expected to contribute directly or indirectly to the future cash flows of an enterprise.

MEASUREMENT

Cost

Property, plant and equipment should be recorded at cost. [DEC. 1990 *]

The cost of an item of property, plant and equipment includes the purchase price and other
acquisition costs such as option costs when an option is exercised, brokers' commissions, installation costs including architectural, design and engineering fees, legal fees, survey costs, site preparation costs, freight charges, transportation insurance costs, duties, testing and preparation charges. In addition, if the cost of the asset acquired other than through a business combination is different from its tax basis on acquisition, the asset's cost would be adjusted to reflect the related future income tax consequences (see INCOME TAXES, Section 3465). It may be appropriate to group together individually insignificant items of property, plant and equipment.

.18 The cost of each item of property, plant and equipment acquired as part of a basket purchase (i.e., when a group of assets is acquired for a single amount), is determined by allocating the price paid for the basket to each item on the basis of its relative fair value at the time of acquisition. (For guidance on the determination of fair value see BUSINESS COMBINATIONS, Section 1581.)

.19 When, at the time of acquisition, a portion of the acquired item of property, plant and equipment meets the criteria in DISPOSAL OF LONG-LIVED ASSETS AND DISCONTINUED OPERATIONS, Section 3475, to be classified as held for sale at the acquisition date, that portion of the item is measured at fair value less cost to sell. The remainder of the acquired item is measured at the cost of acquisition of the entire item less the amount assigned to the portion to be sold. For example, if a portion of land acquired is to be resold, the cost of the land to be retained would be the total cost of the purchase minus the fair value less cost to sell of the portion of land held for sale. When, at the time of acquisition, a portion of the acquired item of property, plant and equipment is not intended for use because it will be abandoned, its cost and any costs of disposal, net of any estimated proceeds, are attributed to that portion of the acquired asset which is intended for use. For example, the cost of acquired land that includes a building which will be demolished, comprises the cost of the acquired property and the cost of demolishing the building.

Acquisition, construction or development over time

.20 The cost of an item of property, plant and equipment includes direct construction or development costs (such as materials and labour), and overhead costs directly attributable to the construction or development activity.

.21 For a mining property, the cost of the asset includes exploration costs if the enterprise considers that such costs have the characteristics of property, plant and equipment. An enterprise applies the method of accounting for exploration costs that it considers to be appropriate to its operations and applies the method consistently to all its properties.

.22 For an oil and gas property, the cost of the asset comprises acquisition costs, development costs and certain exploration costs depending on whether the enterprise accounts for its oil and gas properties using the full cost method or the successful efforts method. An enterprise applies the method of accounting for acquisition, exploration and development costs that it considers to be appropriate to its operations and applies the method consistently to all its properties.

.23 The cost of an item of property, plant and equipment that is acquired, constructed, or developed over time includes carrying costs directly attributable to the acquisition, construction, or development activity such as interest costs when the enterprise's accounting policy is to capitalize interest costs. For an item of rate-regulated property, plant and equipment, the cost includes the directly attributable allowance for funds used during construction allowed by the regulator.

.24 Capitalization of carrying costs ceases when an item of property, plant and equipment is substantially complete and ready for productive use. Determining when an asset, or a portion thereof, is substantially complete and ready for productive use requires consideration of the circumstances and the industry in which it is to be operated. Normally it would be determined by management with reference to such factors as productive capacity, occupancy level, or the passage of time.

.25 Net revenue or expense derived from an item of property, plant and equipment prior to substantial completion and readiness for use is included in the cost.

Betterment

.26 The cost incurred to enhance the service potential of an item of property, plant and equipment is
a betterment. Service potential may be enhanced when there is an increase in the previously assessed physical output or service capacity, associated operating costs are lowered, the life or useful life is extended, or the quality of output is improved. The cost incurred in the maintenance of the service potential of an item of property, plant and equipment is a repair, not a betterment. If a cost has the attributes of both a repair and a betterment, the portion considered to be a betterment is included in the cost of the asset.

27 A redevelopment project that adds significant economic value to rental real estate is treated as a betterment. When a building is removed for the purpose of redevelopment of rental real estate, the net carrying amount of the building is included in the cost of the redeveloped property, as long as the net amount considered recoverable from the redevelopment project exceeds its cost.

Amortization

28 Amortization should be recognized in a rational and systematic manner appropriate to the nature of an item of property, plant and equipment with a limited life and its use by the enterprise. The amount of amortization that should be charged to income is the greater of:
(a) the cost less salvage value over the life of the asset; and
(b) the cost less residual value over the useful life of the asset. [DEC. 1990 *]

29 Property, plant and equipment is acquired to earn income or supply a service over its useful life. An item of property, plant and equipment, other than land that normally has an unlimited life, has a limited life. Its useful life is normally the shortest of its physical, technological, commercial and legal life. Amortization is the charge to income that recognizes that life is finite and that the cost less salvage value or residual value of an item of property, plant and equipment is allocated to the periods of service provided by the asset. Amortization may also be termed depreciation or depletion.

30 The cost of an item of property, plant and equipment made up of significant separable component parts is allocated to the component parts when practicable and when estimates can be made of the lives of the separate components. For example, initial leasing costs may be identifiable as a separable component of the cost of rental real estate and engines may be a separable component of an aircraft.

31 Different methods of amortizing an item of property, plant and equipment result in different patterns of charges to income. The objective is to provide a rational and systematic basis for allocating the amortizable amount of an item of property, plant and equipment over its estimated life and useful life. A straight-line method reflects a constant charge for the service as a function of time. A variable charge method reflects service as a function of usage. Other methods may be appropriate in certain situations. For example, an increasing charge method may be used when an enterprise can price its goods or services so as to obtain a constant rate of return on the investment in the asset; a decreasing charge method may be appropriate when the operating efficiency of the asset declines over time.

32 Factors to be considered in estimating the life and useful life of an item of property, plant and equipment include expected future usage, effects of technological or commercial obsolescence, expected wear and tear from use or the passage of time, the maintenance program, results of studies made regarding the industry, studies of similar items retired, and the condition of existing comparable items. As the estimate of the life of an item of property, plant and equipment is extended into the future, it becomes increasingly difficult to identify a reasonable basis for estimating the life.

Review of amortization

33 The amortization method and estimates of the life and useful life of an item of property, plant and equipment should be reviewed on a regular basis. [DEC. 1990 *]

34 Significant events that may indicate a need to revise the amortization method or estimates of the life and useful life of an item of property, plant and equipment include:
(a) a change in the extent the asset is used;
(b) a change in the manner in which the asset is used;
(c) removal of the asset from service for an extended period of time;
(d) physical damage;
(e) significant technological developments;
(f) a change in the law, environment, or consumer styles and tastes affecting the period of
time over which the asset can be used.

**Asset retirement obligations**

.35 Obligations associated with the retirement of property, plant and equipment are accounted for in
accordance with ASSET RETIREMENT OBLIGATIONS, Section 3110.

(paragraphs 3061.36-.37 deleted)

**PRESENTATION AND DISCLOSURE**

.38 • For each major category of property, plant and equipment there should be disclosure of:
(a) cost;
(b) accumulated amortization, including the amount of any write-downs; and
(c) the amortization method used, including the amortization period or rate. [DEC. 1990 *]

.39 • The net carrying amount of an item of property, plant and equipment not being amortized,
because it is under construction or development, or has been removed from service for an
extended period of time, should be disclosed. [DEC. 1990 *]

.40 • The amount of amortization of an item of property, plant and equipment charged to income for
the period should be disclosed (see INCOME STATEMENT, Section 1520). [DEC. 1990 *]

.41 The presentation and requirements of IMPAIRMENT OF LONG-LIVED ASSETS, Section 3063,
and DISPOSAL OF LONG-LIVED ASSETS AND DISCONTINUED OPERATIONS, Section 3475,
apply to property, plant and equipment.

.42 Major categories of property, plant and equipment are determined by reference to type (for
example, land, buildings, machinery, leasehold improvements), operating segment and/or nature
of operations (for example, manufacturing, processing, distribution, rental real estate).

(paragraph 3061.43 deleted)

**PROPERTY, PLANT AND EQUIPMENT RECORDED AT APPRAISED VALUES**

.44 • When an enterprise has an item of property, plant and equipment that was recorded at an
appraised value prior to the effective date of this Section, the following additional requirements
apply:
(a) the basis of the valuation and the date of the appraisal should be disclosed;
(b) charges against income should be based on the appraised value; and
(c) appraisal increase credits should be shown as a separate item in accumulated other
comprehensive income. The appraisal increase should be transferred to retained earnings
in amounts equal to the realization of appreciation through sale or the amortization
provision. The basis of any transfer to retained earnings should be disclosed. [OCT. 2006]

**TRANSITIONAL PROVISIONS**

.45 This Section applies to all fiscal periods beginning on or after December 1, 1990. However,
earlier adoption is encouraged. The Section may be applied either prospectively or retroactively.

.46 When this Section is applied prospectively, it is applied to all property, plant and equipment
existing on the date of adoption of the Section.

.47 When this Section is applied retroactively, any resulting adjustments are treated as a retroactive
application of a change in an accounting policy (see ACCOUNTING CHANGES, Section 1506).

.48 The reference to accumulated other comprehensive income in paragraph 3061.44(c) applies
when an entity adopts COMPREHENSIVE INCOME, Section 1530.

**Footnotes**