

<b>Policy Title:</b>	<b>NON-CURRENT ASSETS POLICY</b>
Policy Subject:	Finance
Policy No:	#837210v4 – CP028
Directorate:	Organisational Services
Department:	Financial Services
Section:	Financial Planning & Reporting
Responsible Officer:	Executive Manager – Financial Services
Authorised by:	Director Organisational Services
Adopted Date:	16/04/2008
Review Date:	23/05/2020
Amended Date:	23/05/2018
Risk Assessment:	Medium

---

**OBJECTIVE:**

The objective of this policy is to provide framework for the Council’s financial management of non-current assets.

**APPLICATION**

This policy applies to all of the Council’s non-current assets as provided for in the *Local Government Regulation 2012*, section 206, which states:

1. The value of a local government’s non-current physical assets must be worked out using the prescribed accounting standards.
2. The local government must, by resolution, set an amount for each different type of non-current physical assets below which the value of the same type must be treated as an expense.
3. The amount must be included in a note in the local government’s general purpose financial statement.
4. For subsection (2), the following assets that are controlled by the local government do not have a value for a local government’s general purpose financial statement-
  - a) Land that is a reserve under the Land Act;
  - b) A road that is not owned by the local government

**POLICY:**

1. Only individually identified assets will be recognised and recorded as non-current assets.
  2. Pursuant to AASB, the following criteria must be satisfied before a non-current asset will be recognised:
    - The asset must possess future economic benefits that will flow to council;
    - Council must control the asset;
    - A past transaction or event must have occurred;
-

- The asset must be capable of reliable measurement;
  - The asset must last longer than one (1) year;
  - Expenditure on the asset must be greater than the materiality threshold amount applicable to individually identified assets. Network assets will not be subject to this materiality threshold.
3. Assets may be acquired by:
- Purchase/s made from external suppliers;
  - Construction (either using Council’s workforce or by external contractors);
  - Compulsory or agreed acquisition; or
  - Contributions, donations, gifts or other transfers to Council.
4. Non-current assets are to be recognised according to their relevant asset class.
5. With the exception of land, artwork, biological assets and certain identified earthworks, all non-current assets controlled by Council will be subject to depreciation or amortisation in accordance with policy directives. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item and has a useful life different to the total asset shall be depreciated separately.
6. In accordance with AASB 116 property, plant and equipment is to be derecognised when the asset is disposed of or when no future economic benefits are expected from its use or disposal.
7. Only Expenditure that meets the criteria defined in the policy directive and is greater than the following defined materiality threshold will be recorded for a non-current asset:

<b>Asset Class</b>	<b>Recognition Threshold</b>
Land Held for Resale	\$1 (All Land)
Land	\$1 (All Land)
Biological	\$1
Buildings and Other Structures	\$5,000
Coastal Infrastructure	\$1
Road & Bridge Network Infrastructure	\$1
Stormwater Drainage	\$1
Water Infrastructure	\$1
Sewer Infrastructure	\$1
Furniture and Office Equipment	\$5,000
Intangibles	\$5,000
Plant and Equipment	\$5,000
<b>Sub Asset Class (Furniture and Office Equip)</b>	<b>Recognition Threshold</b>
Information Technology Network	\$500

**Taxation (WBW Only)**

Asset Class	Recognition Threshold
WBW Tax Only Non-Infrastructure Assets	\$1,000 - \$4,999

8. Non-current assets which are purchased or constructed through the normal course of the business are to be recognised at their cost of acquisition. Non-current assets which are contributed (donated) to Council, such as transport infrastructure or stormwater infrastructure, are to be valued at their estimated cost of construction utilising appropriate valuation unit rates.
9. Each class of asset will have a basis of measurement, Cost or Fair Value. Asset classes categorised as Fair Value will be re-valued depending on the frequency and materiality of changes in fair value on an annual basis. Indexation may be applied to re-valued assets in the intervening years where a re-valuation does not occur. Assets categorised as Cost will not be re-valued, but will be measured at cost less any applicable depreciation/amortisation expense
10. Non-current assets controlled by Council are to undergo impairment testing on an annual basis.
11. Where applicable Council will recognise, record, and value non-current assets held for sale in accordance with AASB 5.
12. Assessments of whether a revaluation is required are to be undertaken each financial year.

**REVIEW TRIGGERS:**

This policy is reviewed internally for applicability, continuing effect and consistency with related documents and other legislative provisions when any of the following occurs:

- (1) The related documents are amended.
- (2) The related documents are replaced by new documents.
- (3) Amendments which affect the allowable scope and effect of a Policy of this nature are made to the head of power.
- (4) Other circumstances as determined from time to time by a resolution of Council

Notwithstanding the above, the Policy is to be reviewed at least once every year for relevance and to ensure that its effectiveness is maintained.

**Authorities & Responsibilities**

This policy is to be:

- (1) Implemented by the Executive Manager – Financial Services

- (2) Reviewed and amended in accordance with the “Review Triggers” by the Executive Manager  
– Financial Services

**HEAD OF POWER:**

- *Local Government Act 2009*
- *Local Government Regulation 2012*
- Australian Accounting Standards

**DEFINITIONS:**

- **“AASB”** – a standard of the Australian Accounting Standards Board
- **“Amortisation”** – the systematic allocation of the cost of an intangible asset (less any residual value) over its useful life to reflect patterns of periodic consumption of the asset.
- **“Asset”** – a resource controlled by Council as a result of past transactions or other past events from which future economic benefits are expected to flow to Council. In the context of this policy, assets are typically physical (tangible) in nature and refers to infrastructure, property, plant and equipment, intangible assets and capital works in progress.
- **“Asset Class”** – a grouping of non-current assets used for disclosure purposes in the Financial Statements.
- **“Biological”** – a living animal or plant. Council categorise biological assets by Commercial and Non-Commercial plantations.
- **“Depreciation”** – in an economic sense, the rate of consumption of assets. In a practical sense, it is a decrease in the value of an asset due to wear and tear, physical degradation, obsolescence, or any other cause, which reduces its useful economic life. In an accounting sense it is a mechanism for systematically distributing the net cost or other value of assets over their useful lives.
- **“Impairment”** – the decline in the future economic benefits or service potential of an asset, over and above the use reflected through depreciation.
- **“Non-current Asset”** – an asset which is expected to be consumed over more than one financial year.
- **“Non-current Asset Held for Resale”** – an asset where its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable.
- **“Revaluation”** – the process of updating non-current assets to ensure their carrying value reflects their fair value at a particular date.

**HISTORY:**

Amended:                      Adopted 23 May 2018