



Gladstone Regional Council

Council Policy

Title	NON CURRENT ASSET THRESHOLD
Policy Number	P-2016-16
Responsible Directorate	OFFICE OF THE CHIEF FINANCIAL OFFICER
Responsible Officer	FINANCE AND RISK COORDINATOR
Date of Adoption	21 JUNE 2016
Resolution Number	FCGC/16/0021 (Finance & Corporate Governance Committee - 13/06/2016) G/16/2824 (General Meeting - 21/06/2016)
Date Review Due	21 JUNE 2019

1.0 PURPOSE:

This policy sets the threshold monetary value for each type of non-current physical asset¹ of Council below which such non-current physical assets must be treated as an expense in Council's general purpose financial statement².

2.0 SCOPE:

Applies to all Council non-current physical assets.

3.0 RELATED LEGISLATION:

- *Local Government Act 2009*
- *Local Government Regulation 2012*

4.0 RELATED DOCUMENTS:

- *Council's asset accounting manual.*
- *Gladstone Regional Council Procurement Policy*
- *AASB116 Property, Plant and Equipment*

¹ Not to be confused with the setting of non-current asset values for asset disposal purposes which may be found in Council's Procurement Policy.

² Under the Local Government Regulation 2012 (s206) Council must, by resolution, "set an amount for each different type of non-current physical asset below which the value of an asset of the same type must be treated as an expense".

5.0 DEFINITIONS:

To assist in interpretation of this policy the following definitions apply:

- **"Act"** - means the *Local Government Act 2009*.
- **"Asset"** - means a resource controlled by Council as a result of past events and from which future economic benefits are expected to flow to Council (e.g. motor vehicles, plant and equipment, furniture).
- **"Regulation"** - means the *Local Government Regulation 2012*.
- **"Freehold Land"** - is land held by Council as freehold land under the Land Title Act 1994 Council and is recognised as a non-current asset for the purposes of financial reporting (i.e. - available for or subject to sale in the current or next financial year).
- **"Plant and Equipment"** - comprise of a variety of different types of items that are used in the production of goods and services and administration of Council (e.g. trucks, loaders, motor vehicles, mowers, tractors, photocopiers, networked computer infrastructure, sound, lighting and communication networked systems).
- **"Major Plant"** - those items of Plant and Equipment which have an individual cost determined to be of high value to the Council. Plant and Equipment meets this criterion if it is prone to a high degree of fluctuations or in danger of becoming obsolete. This asset class primarily includes specialized earthmoving equipment.
- **"Intangible assets"** - are non-monetary, non-physical items held for use in production or supply of goods or services. Intangible assets may include lease rights, patents, copyrights, licenses, trademarks and computer software development costs.
- **"Other Classes"** of assets for the purposes of this policy will include Buildings eg halls, administration buildings, art galleries, libraries; Parks and Other Structures eg fences, swimming pools, shade structures.
- **"Networked assets"** - will be recognised as non-functional individual assets that when combined together create a function. Although the individual assets fall under the recognition thresholds, the combined value of the networked assets would exceed the recognition threshold and therefore will be recognised as one asset.
- **"Water infrastructure assets"** - are networked assets and may include water mains, hydrants, valves, meters and services.
- **"Sewerage infrastructure assets"** - are networked assets and may include sewerage manholes, gravity mains and rising mains.
- **"Road infrastructure assets"** - are networked assets on road areas and may include road infrastructure (e.g. Road pavements, kerb and channeling, culverts, and Stormwater), drainage structures, bridges and boardwalks, bikeways and pathways, car parks, pontoons and boat ramps.

6.0 POLICY STATEMENT:

6.1 Asset Thresholds

The value thresholds for capitalisation of a non-current physical Assets and Intangible Assets will be

Freehold land	\$	1.00
Plant and Equipment	\$	5,000.00
Major Plant	\$	350,000.00
Intangible Assets	\$	10,000.00
Other Classes	\$	10,000.00

The above asset value thresholds apply to the individual value of each standalone Asset or, where an Asset is part of a Networked Asset, the combined value of the category of the relevant Networked Assets.

If the value of a non-current physical Asset or an Intangible Asset is below the above threshold values the Asset value is to be treated as an expense in the year in which the expenditure occurs or in the year the Asset drops below the threshold value.

The thresholds will apply to all assets on a standalone basis except for networked assets.

6.2 Categorisation of Networked Assets

Networked Assets will be categorized and grouped under the following categories:

- Water infrastructure Assets
- Sewerage infrastructure Assets
- Road infrastructure Assets
- Sound and lighting systems
- Communication systems
- Computer infrastructure systems (servers, cables, wall points etc)
- Gladstone Regional Council artwork collection.

6.3 Date of Application of Policy

This policy applies for the financial year ended 30th June, 2016 and subsequent financial years until otherwise amended or revoked.

7.0 ATTACHMENTS:

Nil

8.0 REVIEW TRIGGER:

This policy will be reviewed when any of the following occur:

1. The related legislation/documents are amended or replaced.

2. Other circumstances as determined from time to time by a resolution of Council
3. Periodic Review - 3 years from date of adoption.

TABLE OF AMENDMENTS		
Originally Adopted	4/10/2010	10/148
Amendment 1	5 November 2013	G/13/1777
Amendment 2	21 June 2016	G/16/2824 (FCGC/16/0021 - 13/06/2016)
Amendment 3	<INSERT DATE COUNCIL MEETING>	<INSERT RESOLUTION NUMBER>

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STUART RANDLE
CHIEF EXECUTIVE OFFICER