Council Policy **NON-CURRENT ASSET ACCOUNTING POLICY**	
Corporate Plan Reference:	***Theme 5: Excellence*** *Objective 5.2: Continue to deliver a financially sustainable Council that has the Provider resources now and into the future to achieve its strategic objectives. This will be supported through the introduction of enhanced sustainability reporting and performance indicators, as well as ESG (environment social and governance) accounting practices as guided by statutory requirements.*
Endorsed by Council:	23 June 2026
Policy Author:	Director Corporate Services

POLICY BACKGROUND

Council is responsible for the management of infrastructure and assets on behalf of the Noosa Shire community. Council recognises that these assets must be appropriately managed so that they can continue to deliver services to the community in a sustainable manner.

The purpose of this policy is to provide a framework to regulate and provide guidance regarding the identification, recognition and measurement of non-current assets to ensure compliance with the *Local Government Act 2009*, *Local Government Regulation 2012* and applicable Australian Accounting Standards.

A number of non-current asset related guidelines have been developed to support the interpretation of and compliance with this policy.

COUNCIL POLICY

Scope

This policy including the associated guidelines applies to all asset accounting related activities for items of property, plant and equipment and intangible assets as disclosed in Council's Statement of Financial Position.

This policy will apply to all Council employees and relevant contractors. Specifically, the policy is directly applicable to asset custodians and Council officers who have asset management and asset accounting responsibilities. This policy will be applicable when performing the following functions:

- Acquiring, constructing, or developing a non-current asset
- Accounting for costs incurred in maintaining a non-current asset
- Renewing, replacing or enhancing the service potential of a non-current asset
- Revaluing non-current assets
- Disposal of non-current assets
- Accounting for the depreciation or amortisation of non-current assets
- Reporting and disclosing non-current assets
- Establishing the useful life and residual value of non-current assets
- Testing non-current assets for impairment.

Objective

The objectives of this policy are to:

- Ensure compliance with Australian Accounting Standards, the *Local Government Act 2009* and the *Local Government Regulation 2012*
- Ensure all processes undertaken in relation to the content of this policy are appropriately documented and defensible to external audit
- Ensure all asset movements are recorded in the financial asset register on a timely basis
- Stipulate how an asset is accounted for on acquisition (including construction and contribution) at initial recognition stage for accounting and reporting purposes
- Prescribe how to account for costs post initial asset recognition including when to expense or capitalise asset renewal, upgrade or expansion expenditure
- Ensure the effective management and minimisation of capital work in progress balances
- Stipulate the valuation methodology and timeframes to be used in valuing non-current assets for accounting and reporting purposes
- Prescribe the circumstances as to when an asset can be derecognised from the financial asset register.

Non-Current Assets

1 Asset Classes

A 'class' of non-current assets is a grouping of assets of a similar nature and use in Council's operations and which, for the purposes of disclosure, is shown as a single item in Council's general purpose financial statements. The classes of property, plant and equipment assets are shown in the following table:

Asset Class	Asset Class Examples
Land	Council owned land.
Buildings	Community, cultural and commercial buildings, housing, sheds, public amenities.
Plant and Equipment	Office furniture and equipment, computer hardware, motor vehicles, trucks, yellow plant, trailers, mowers and boats.
Other Infrastructure Assets	Internal roads and car parks, landscaping, fencing, structures (BBQ shelters, rotundas, gazebos), playground equipment, recreational playing courts, shade covers and irrigation systems, park furniture, fibre optics, boat ramps and pontoons, waste management and solar energy.
Intangibles	Software and licences where Council has exclusive rights to use the software or hold ownership of the intellectual property for the customised software. Software that meets the criteria as SaaS (Software as a Service Arrangement) must be expensed as utilised and reported in the Statement of Comprehensive Income.
Network Assets	
Road and Bridge Network	Road structures, kerb and channel, footpaths, traffic calming devices, roundabouts, bus shelters bridges and major culverts.
Storm Water	Box culverts, pipes, manholes, stormwater pits and bio-retention basins.

2 Asset Recognition

An asset is recognised as a non-current asset in the financial asset register if it meets all of the following criteria:

- Council has control over the asset
- It is probable that future economic benefits associated with the asset will flow to Council (including non-cash service benefits)
- The cost or fair value of the asset can be measured reliably
- The cost or fair value of the asset exceeds Council's asset recognition threshold
- The asset is expected to be used for more than one financial year.

Costs on assets incurred after initial recognition will be capitalised when the expenditure either renews, extends or upgrades the asset's underlying service potential.

3 Recognition Thresholds for Non-Current Assets

Recognition thresholds to be applied on initial acquisition of an asset are as follows:

Asset Class	Threshold
Land*	$1
Buildings	$5,000
Other Infrastructure Assets	$5,000
Plant and Equipment**	$5,000
Intangible Assets	$5,000
ICT Equipment	$1,000
Network Assets	
Roads and Bridge Network	$1
Storm Water	$1

* Minor land parcels have no realisable market value and possess limited or negligible service potential. These minor land parcels are recorded in Council's financial asset register at nominal value according to materiality.

The thresholds detailed in the table above must be disclosed by way of note in Council's general purpose financial statements.

4 Asset Valuation Method

Assets are to be recorded and maintained in Council's enterprise management system as either a financial asset or an operating (non-financial) asset. On initial recognition financial assets will be measured at fair value based on the cost of the asset. Where an asset is acquired at no cost (i.e. developer contributed assets) or for nominal consideration, the value is deemed to be its fair value at the date of acquisition. Fair value is deemed to be either:

- Market Value if there is market evidence; or
- Depreciated Current Replacement Cost if there is no market evidence.

Where an asset was acquired in prior financial years and has yet to be recorded in Council's financial asset register, the asset is to be brought to account at the fair value as at the date of recognition.

The valuation method applicable to each asset class subsequent to initial recognition is as follows:

Asset Class	**Measurement Model**	**Measurement / Frequency**
Land	Revaluation	1. Full asset class revaluation by external independent valuer every 5 years. 2. Desktop asset class revaluations (either by external independent valuer or internally) undertaken at least once between full revaluation cycles.
Buildings	Revaluation	
Other Infrastructure Assets	Revaluation	
Plant and Equipment	Cost	Annually
Intangible Assets	Cost	Annually
Network Assets		
Roads and Bridge Network	Revaluation	1. Full asset class revaluation by external independent valuer every 5 years. 2. Desktop asset class revaluations (either by external independent valuer or internally) undertaken at least once between full revaluation cycles.
Storm Water	Revaluation	

Cost model - Assets are carried at their initial cost, less any accumulated depreciation and any accumulated impairment losses.

Revaluation model – Assets that are in their first year of capitalisation are carried at their initial cost, less any accumulated depreciation and any accumulated impairment losses. Subsequent to their first year of capitalisation, assets are carried at their depreciated current replacement cost. For assets that have not yet been subject to a formal appraisal, depreciated current replacement cost increment or decrement factors will be applied to the initial asset cost.

5 Depreciation

The straight-line depreciation or amortisation method is adopted by Council to reflect patterns of consumption for all non-current assets other than those assets considered not subject to depreciation.

6 Periodic Review of Asset Assumptions

Asset depreciation and amortisation rates, useful lives, asset condition (used to assess remaining useful lives), residual values and potential asset impairment are to be reviewed periodically to ensure the assumptions are reflective of current conditions and expectations at the end of each financial year. The remaining useful life of an asset should be reassessed whenever a major addition or any significant partial disposal of the asset occurs.

7 Asset Revaluations

All asset classes subject to a revaluation process are to be revalued at Fair Value. When an asset is revalued, the accumulated depreciation is restated proportionately with the change in the gross carrying amount of the asset and any change in the estimate of the remaining useful life.

With the exception of assets that remain valued at cost, a full revaluation is required every five years. Full revaluations for applicable asset classes are completed simultaneously for all underlying assets within the asset class. Such revaluations should be completed within one financial year; however, it is permissible to complete the process over two concurrent financial years whenever deemed necessary due to resource or data management limitations. Council's Audit and Risk Committee is to endorse the scope and methodology of all comprehensive valuations.

8 Asset Impairment

All assets including intangible assets are to undergo impairment testing on an annual basis by asset custodians as detailed in Council's asset responsibility matrix.

9 Asset Derecognition

A financial asset is to be derecognised and removed from the financial asset register whenever:

- The asset is destroyed, abandoned or decommissioned with no future economic benefit expected to be generated from its use
- The asset is scrapped, sold or traded
- The asset is lost or stolen or
- Control of the asset is transferred to another entity.

All assets derecognised from the financial asset register require authorisation by the respective asset custodian.

Partial derecognition of an infrastructure asset is to occur whenever:

- A significant component or section of an infrastructure asset is destroyed, abandoned or decommissioned with no future economic benefit expected to be generated from its use; or
- Major renewal works have been undertaken resulting in a significant component or section of an infrastructure asset being replaced.

Derecognition should be accounted for in the same financial year in which the asset was removed from service.

10 Security and Physical Control over Non-Current Assets

The asset custodians shall assume full responsibility for assets within their control. The nature of some asset classes, such as infrastructure assets which cannot be physically removed, are subject to regular physical inspection for asset management planning purposes and are inspected for revaluation purposes. As such they do not require a separate physical stocktake.

The remaining assets (i.e. fleet and ICT equipment) are required to be verified via an annual stocktake which may include a rolling process conducted over a number of years.

11 Work in Progress

Quarterly reviews of work in progress are to be undertaken to ensure that projects are either currently in progress or are financially completed and ready to capitalise. Project Managers are required to review projects monthly to assess reportable progress and determine when constructed and contributed assets are ready to be commissioned or put into service.

Resulting non-current asset recognitions should be accounted for in the same financial year in which the relevant assets reach practical completion.

12 Materiality

Materiality plays an essential part in the decision making process and preparation of the general purpose financial statements. This is because information contained or omitted can impair its usefulness to users. Materiality is a concept which requires professional judgment. An omission or misstatement of an item is material if, individually or collectively, it would influence the economic decisions of users of the financial statements or the accountability of management or governing body.

In assessing materiality, the size and nature of the omission or misstatement are usually evaluated together. The surrounding circumstances will also be considered.

DEFINITIONS

The following definitions inform this policy and related guidelines.

Accumulated depreciation	The aggregate portion of an assets total service capacity (excluding any residual value) that has been consumed to date.
Active market	A market in which all the conditions exist: a) Homogeneous market of traded assets b) Willing buyers and sellers available c) Prices are available to the public. A market in which transactions for the sale of similar assets or liabilities take place with sufficient frequency and volume to provide pricing information on an ongoing basis
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
Asset	Future economic benefits controlled by Council as a result of past transactions or other past events.
Asset class	A grouping of assets of a similar nature and use in any entities operations
Asset custodian	The Council Officer responsible for managing an asset
Asset recognition	The process whereby an asset is included in the financial asset register and Council’s Statement of Financial Position as a non-current asset
Capital expenditure	The amount of cash (or cash equivalents) paid or the fair value of the other consideration given to acquire an asset at the time it is acquired or constructed. Paragraphs 16 to 28 of *AASB 116 Property, Plant and Equipment* provide guidance about the elements of cost and measurement of cost. The cost of an item of property, plant and equipment includes: • its purchase price, including taxes and duties • if self-constructed, the purchase price will include the labour, materials and resources incurred, but will exclude internal profit margins • the direct costs of bringing the asset to its intended operating location and condition • the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located (eg landfill sites), where the obligation is recognised and measured in accordance with *AASB 137 Provisions, Contingent Liabilities and Contingent Assets*
Carrying amount	The amount at which an assets value is recognised after deducting any accumulated depreciation and accumulated impairment losses.
Capitalisation threshold	The cost limit above which physical non-current assets are recognised in an entity’s asset register as items of property, plant and equipment.
Complex asset	Assets with multiple connected components that can be separately identified and replaced.
Component	A significant part of a complex asset that is separable and has a different useful life or pattern of consumption to other significant parts. Connected asset parts that have different physical characteristics and which can be separately replaced at different times over the assets life cycle.
Comprehensive valuation	A revaluation which entails significant levels of physical inspection and evaluation of all inputs, such as methodologies, assumptions, condition, and unit rates.
Contributed asset	An asset that is acquired by Council at nominal or no cost, usually by way of an agreement with property developers, through State Government arrangements or bequeathed to Council.

Cost model (valuation)	An accounting policy that may be applied for the measurement of an entire asset class. After recognition as an asset, an item of property, plant and equipment shall be carried at its cost, less any accumulated depreciation and any accumulated impairment losses.
Control	Ability for Council to obtain benefits flowing from the asset and to restrict the access of others to those benefits.
Depreciable amount	The gross value of an asset, less residual value (where appropriate)
Depreciated current replacement cost	Current cost of replacement or reproduction of an asset, less deductions for physical deterioration of the asset.
Depreciation	The systematic allocation of the depreciable amount of an asset over the assets useful life which reflects the pattern in which the future economic benefits embodied in the asset are consumed.
Design life	The estimated period of time an asset can be used based on its design characteristics. Council can intend to consume the economic benefits over a longer or shorter period.
Desktop review	A desktop valuation review is an assessment of asset values which: a) Does not involve inspection of the assets b) Produces an indicative assessment (with conditions) of value of the asset c) Is prepared by valuers using specified information and documents.
Disposal (decommissioning)	Removal, demolition, or elimination of an assets service potential, resulting from a specific management decision. An asset is disposed when Council loses control of the asset at the end of its useful life to the entity – the relocation of an asset into another asset or location does not involve any loss of control of the asset by Council.
Economic life	The period over which an asset is intended to be economically useful to Council. This can be different to physical life and original design life.
Fair value	The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (AASB 13 Fair Value Measurement).
Financial asset register	A enterprise subsidiary system that supports the reported values of property, plant and equipment assets and intangibles controlled by Council that is reconcilable to the general ledger.
Full revaluation	The process whereby the fair value of all assets within an asset class are updated to reflect current market value or current replacement cost as well as reassessing remaining useful life and residual value.
Future economic benefits	With respect to not-for-profit entities such as Council, future economic benefits refer to the ability of an asset to provide goods or services in accordance with the organisation’s objectives.
Gross carrying amount (or gross value)	The amount at which an asset is recorded (either at cost or fair value) within the financial asset register, excluding any deduction for accumulated depreciation or accumulated impairment losses.
Highest and best use	The use of a non-financial asset by market participants that would maximise the value of the asset or the group of assets and liabilities (for example, a business) within which the asset would be used.
Impairment loss	The amount by which the carrying amount of an asset exceeds its recoverable amount.2 Note, *AASB 136 Impairment of Assets* does not apply to assets regularly revalued under the revaluation model in *AASB 116 Property, Plant and Equipment (AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash- Generating Specialised Assets of Not-for-Profit Entities).*

Infrastructure assets	Typically large, interconnected networks or programs of composite assets. The components of these assets may be separately maintained, renewed, replaced or disposed of, so that the required level and standard of service from the network of assets is continuously sustained. Generally, the asset components have long lives. They are fixed in place and rarely have any market value.
Initial cost	The cost incurred to enable a new asset to be in the location and condition necessary for it to operate in the manner intended.
Intangible asset	An identifiable non-monetary asset without physical substance.
Interim revaluation	Desktop review of unit rates whereby all asset values within an asset class are adjusted by an indexation factor.
Market value	The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgably, prudently, and without compulsion.
Materiality	Omissions or misstatements of items are material if they could individually or collectively influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.
Modern equivalent	The asset an entity would acquire or construct today if it was deprived of an existing asset using modern material, techniques and design that embodies equivalent service potential.
Network	A set of interconnected assets that rely on each other for the provision of a service. Network assets are defined as a group of separately identifiable assets, which, when considered together, are operating to achieve the objectives involved in the provision of a particular service. All assets, which are deemed to form part of a major network within Council (for example roads and stormwater), will be recorded as an asset regardless of the cost of the individual asset.
Net book value	The amount at which an asset is recorded (either at cost or fair value) within the financial asset register after deducting any accumulated depreciation and accumulated impairment losses. This is the same as an assets carrying amount or written down value
Nominal consideration	Nil or minimal cost for which an asset has been acquired.
Obsolescence	Obsolescence is a loss in an assets value as a result of physical deterioration or external factors including functional or economic obsolescence. Functional or technological obsolescence occurs when the service utility of an asset may be reduced if technology has advanced to produce alternatives that provide better or more efficient service. Economic obsolescence occurs when the asset still maintains the same service potential, but demand for that service has ceased.
Off maintenance	Point in time that the period of "On Maintenance" applicable to contributed assets either expires or ceases.
On maintenance	Point in time that Council accepts control of an asset handed over by a property developer and assets are recognised in Council's accounts. The term 'On Maintenance' refers to an effective warranty period whereby the responsibility for rectifying defects associated with the contributed assets rests with the developer.
Pattern of consumption	The pattern on which an assets future economic benefits are expected to be consumed.
Property, plant and equipment	Council's recognised physical non-current assets which are tangible items that: a) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes. b) are expected to be used during more than one period.
Recognition threshold	The value an asset should exceed on acquisition before it is recognised within the financial asset register and Council balance sheet as a non-current asset.
Recoverable amount	The higher of an assets fair value, less costs of disposal and its value in use (carrying amount).
Renewal	Capital works that reinstate some or all of the original service potential of an asset.

Remaining useful life	The estimated time remaining until the asset ceased to provide the required level of service or reaches the end of its economic usefulness.
Reproduction cost	Establishes the current cost of reproducing every component of an asset in a style and form of construction that closely resembles the original – this typically applies to heritage assets.
Residual value	The estimated consideration receivable from the disposal of an asset, after deducting the estimated costs of disposal, if the asset were already of the age and condition expected at the end of the assets useful life
Revaluation model	An accounting policy that may be applied for the measurement of an entire asset class. After recognition as an asset, an item of property, plant and equipment whose fair value can be measured reliably shall be carried at a revalued amount. An item's revalued amount is its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.
Segment	A discrete unit of a linear asset such as a road or pipe.
Service capacity	An assets capacity to achieve its owner's objectives. Service capacity is synonymous with service potential and economic benefits.
Unit rates	Asset unit construction rates based on replacement cost principles that exclude specific asset management costs to fully comply with accounting standards and to avoid the potential for double counting of costs
Useful life	The useful life of an asset can be either: a) the period over which an asset is expected to be available for use by an entity; or b) the number of production or similar units expected to be obtained from the asset by an entity.
Value in Use	Normally refers to assets that generate some form of cash inflow. Where assets have no cash inflow, value in use is deemed to be depreciated current replacement cost.
Written-down value	The amount at which an asset is recorded (either at cost or fair value) within the financial asset register after deducting any accumulated depreciation and accumulated impairment losses. This is the same as an assets carrying amount or net book value.

ROLES AND RESPONSIBILITIES

Councillors
Councillors will consider and adopt the Policy.

Chief Executive Officer (CEO) and Executive Team
The CEO and Executive Team will endorse for Council adoption and provide leadership and commitment in complying with the Policy and relevant legislation and documents.

Financial Services Manager
Policy Owner.

Council Officers
Financial asset management requires a whole of Council approach and is the responsibility of the Executive Team, Management, Asset Custodians, Asset Management team, the Asset Accountant and the Financial Accounting Coordinator.

RELEVANT LEGISLATION AND POLICY

Local Government Act 2009
Local Government Regulation 2012
Australian Accounting Standards and Interpretations
Noosa Council Financial Sustainability Policy
Noosa Council Asset Management Policy

NCA Organisational Guidelines – Depreciation and Amortisation
NCA Organisational Guideline – Derecognition of Non Current Assets
NCA Organisational Guideline – Impairment of Non Current Assets
NCA Organisational Guideline – Recognition of Non Current Assets
NCA Organisational Guideline – Revaluation of Non Current Assets

HUMAN RIGHTS COMPATIBILITY STATEMENT

In developing this Policy, the subject matter has been considered in accordance with the requirements of the Human Rights Act 2019. It is considered that the subject matter does not conflict with any human rights, including the right to property and the right to freedom of movement, and supports a human rights approach to decision making by Council. This policy should be read in conjunction with the Human Rights Act 2019 and Council's Human Rights Policy.

Version control:

Version	Reason/ Trigger	Change (Y/N)	Endorsed/ Reviewed by	Date
1.0	Create new		Financial Accountant	January 2016
2.0	Review	Y – para 12	Manager Financial Services	May 2016
3.0	Review	Y	Financial Accountant	May 2017
4.0	Review	Y	Council	30/06/2023
5.0	Review	Y	Council	28/06/2024
6.0	Review	Y	Council	30/06/2025
7.0	Review	N	Council	23/06/2026