

QUEENSLAND TREASURY

Non-Current Asset Policies for the Queensland Public Sector

**For reporting periods beginning on or after
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1.0 Overview

This Introduction to the Non-Current Asset Policies for the Queensland Public Sector (NCAP) discusses the purpose and scope of the NCAPs.

2.0 Background

The efficient and effective management of Queensland's public sector non-current assets is essential to the delivery of the Government's fiscal obligations as set out in its *charter of fiscal responsibility*.

For the purposes of these policies such assets may be under the control or stewardship of:

- *departments* - which carry out general government, shared service provider and commercialised business unit functions; or
- *statutory bodies* - which carry out general government, trading and public finance activities.

The policies apply both to assets controlled by agencies and those administered on a whole-of-Government basis.

3.0 Scope

Section 18(1) of the *Financial and Performance Management Standard 2019* (FPMS) requires departments and statutory bodies to manage assets in accordance with the asset management system established under section 11(1) of the FPMS.

This system must provide for identifying, acquiring, maintaining, disposing of, valuing or revaluing, recording and writing-off assets in accordance with the *Non-Current Asset Policies for the Queensland Public Sector*.

Departments and all statutory bodies (including for-profit statutory bodies) must apply the policies set out in this document, as per section 18(3) of the FPMS.

These policies also apply to **controlled entities** of the above agencies to the extent necessary to ensure consistency in accounting policies in accordance with AASB 10 *Consolidated Financial Statements* and AASB 127 *Separate Financial Statements*.

This policy document does not consider financial assets, tax assets, agricultural assets or inventories.

4.0 Purpose

The purpose of these policies is to provide a framework for identifying, valuing, recording and writing-off non-current physical and intangible assets.

In particular, the policies aim to:

- clarify the definition of, and accounting recognition concepts for, assets;
- provide guidance on determining the periodic cost of using assets (depreciation/amortisation);
- specify a basis for valuing non-current assets; and
- set out the approach to be adopted in regularly reviewing the carrying amount of assets and, where appropriate, writing down or revaluing assets.

5.0 Prescribed Requirements

Under section 61 of the *Financial Accountability Act 2009*, each accountable officer and each statutory body is responsible for managing the agency efficiently, effectively and economically. Agencies are to develop linkages between the asset management systems and financial reporting processes to ensure assets are appropriately valued, managed and recorded in agency financial statements. Section 18 of the FPMS requires each department and statutory body to establish an asset management system that provides for identifying, acquiring, managing, disposing of, valuing, recording and writing off assets.

A prerequisite of sound asset management is relevant, reliable and timely information about those resources. This information is necessary to:

- assess whether particular assets are being utilised in the manner that most effectively meets the goals and objectives of the organisation;
- assess whether assets controlled by the organisation are properly maintained, enabling the agency to meet its current and future requirements;
- plan for the future replacement of assets;
- identify and plan for the disposal of surplus or under-utilised assets;
- effectively manage the risks associated with asset control;
- determine the cost of the outputs, products and services provided by the agency; and
- assess, where appropriate, the commercial competitiveness of the agency.

The *Non-Current Asset Policies for the Queensland Public Sector* contains both Queensland Treasury specific policy and guidance in unison with some of the pertinent requirements of the Australian Accounting Standards and pronouncements. All requirements of applicable accounting standards, however, are not repeated within these policies. Accordingly, these policies must be read and

interpreted in conjunction with the relevant Australian Accounting Standards and are not intended to be read in substitution for them.

Specifically, the policies must be read in conjunction with the accounting and disclosure requirements contained in:

- the Financial and Performance Management Standard 2019;
- the Framework for the Preparation and Presentation of Financial Statements (the Framework);
- AASB 5 Non-Current Assets Held for Sale and Discontinued Operations;
- AASB 13 Fair Value Measurement;
- AASB 16 Leases;
- AASB 101 Presentation of Financial Statements;
- AASB 116 Property, Plant and Equipment;
- AASB 120 Accounting for Government Grants and Disclosure of Government Assistance;
- AASB 136 Impairment of Assets;
- AASB 138 Intangible Assets;
- AASB 140 Investment Property;
- AASB 1059 Service Concession Arrangements: Grantors; and
- relevant AASB Interpretations.

Requirements of the Standards have not been reproduced in full in this document.



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Queensland Treasury
1 William Street, Brisbane, Q 4000
treasury.qld.gov.au