

Summary of Mandatory Treasury Policies

Purpose

The purpose of this document is to provide a summary of the Queensland Treasury (QT) specific policies contained within the Non-Current Asset Policies for the Queensland Public Sector (NCAPs), which **apply to reporting periods beginning on or after 1 July 2024**. In many instances, the policy arises from QT mandating a specific option (or closing off other options) allowed under an Australian Accounting Standard.

This summary does not include QT guidance material provided in the Non-Current Asset Policies for the Queensland Public Sector. It complements (but does not replace) existing Australian Accounting Standard requirements which must be referred to when preparing the annual financial statements.

Subject to certain specified exceptions, QT specific policies are mandatory for departments and statutory bodies.

		Compliance		
Ref	Policy	Yes	No	N/A
NCAP 1: RECOGNITION OF ASSETS				
1.3.3	<ul style="list-style-type: none">For <u>for-profit agencies</u>, assets acquired free of charge or for nominal consideration by way of government grant must be recognised at fair value.<ul style="list-style-type: none">This policy is an extension of paragraph 23 of AASB 120 <i>Accounting for Government Grants and Disclosure of Government Assistance</i>.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<ul style="list-style-type: none">For <u>for-profit agencies</u>, government grants are not to be deducted from the carrying amount of the related asset – government grants related to assets are to be presented in the Statement of Financial Position as deferred income, recognised as income on a systematic and rational basis over the useful life of the asset.<ul style="list-style-type: none">This policy is an extension of paragraph 24 of AASB 120.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.4.4	<ul style="list-style-type: none">Third Party Costs - It is Queensland Treasury policy that the cost of reconstructing third party assets disturbed or relocated in the process of constructing an agency asset, including the construction of new assets for a third party, <u>shall be expensed</u> where the agency determines that the construction costs would	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Non-Current Asset Policies for the Queensland Public Sector

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	<p>not be incurred again when the asset is replaced in the same location. The expense classification is to reflect the nature of the costs (most commonly a capital grant).</p> <p>However, it is Queensland Treasury policy that capitalisation of costs incurred on constructing a third-party asset is permitted in the following situations:</p> <p>(a) If the third party is a Queensland Government entity consolidated into the whole-of-government financial statements, <u>and it is agreed the costs incurred by the agency will be subsequently transferred to the third party via a complying equity transfer mechanism</u>, the costs are to be capitalised during construction and subsequently derecognised at the time of transfer.</p> <p>(b) Where there is <u>genuine uncertainty</u> regarding who has ultimate ownership and control of an asset being constructed, the constructing agency is permitted to capitalise the third party construction costs as work-in-progress pending a future decision around ownership and control being made.</p> <p>(c) Where the agency is constructing an asset for an external third party, and is expecting to receive consideration for the work performed, the agency should apply AASB 15 and assess whether a contract asset should be recognised.</p> <p>(d) Where the recipient entity who controls the asset is <u>not</u> a Queensland Government entity consolidated into whole-of-government financial statements, but the agency has obtained approval from Queensland Treasury to capitalise construction costs as work-in-progress.</p>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

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		Yes	No	N/A
1.4.5	<ul style="list-style-type: none"> Demolition and/or restoration costs are included in the value of the <u>original asset</u> only when there is a Provision for Restoration. Demolition and/or restoration costs are to be expensed in all other circumstances. 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.5	<ul style="list-style-type: none"> All agencies must adopt the asset classes specified for Property, Plant and Equipment and Intangibles in Appendix 1.1 (with 'Major Plant and Equipment being an optional class'). <ul style="list-style-type: none"> This policy is an extension of paragraph 37 of AASB 116. 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.6	<ul style="list-style-type: none"> Not for-profit agencies consolidated into the whole-of-Government financial statements must adopt the recognition thresholds specified for Property, Plant and Equipment and Intangibles in Appendix 1.1. <ul style="list-style-type: none"> This policy is an extension of paragraph 7 of AASB 116. Exception: <i>For-profit</i> statutory bodies <u>and</u> agencies <i>not consolidated</i> into the whole-of-Government financial statements have the discretion to determine alternative asset recognition thresholds in consultation with their internal and/or external auditors. 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.7.2	<ul style="list-style-type: none"> All land under roads (to which the <i>Land Act 1994</i> applies) acquired on or before 30 June 2008 must be recognised at fair value. Land under roads acquired on or after 1 July 2008 is to be recognised in accordance with AASB 116. 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.7.6	<ul style="list-style-type: none"> <ul style="list-style-type: none"> This policy is an extension of paragraph 8 & 9 of AASB 1051. Buildings that are leased principally to other Queensland State Government agencies are not to be classified as investment property, unless the asset is surplus to requirements and held specifically to earn income. <ul style="list-style-type: none"> This policy is an extension of AASB 140 <i>Investment Property</i>. 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.8.1	<ul style="list-style-type: none"> Library collections are to be classified into one of the following three categories: <ul style="list-style-type: none"> ✓ Common use collections 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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		Yes	No	N/A
1.8.2	✓ Reference collections			
	✓ Heritage collections			
	• The basis upon which library items are classified must be documented	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	• <u>Common use collections</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	✓ Common use items must be expensed on acquisition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.8.5	• <u>Reference collections</u>			
	✓ Library reference collections have a \$1,000,000 recognition threshold per Appendix 1.1			
	✓ In cases where there are multiple copies of the same item, only one of the items per location is to be capitalised.			
	✓ The fair value determined during revaluation is to be applied to only one copy of multiple holdings per location.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	• <u>Heritage collections</u>			
	✓ Heritage collections form part of the “Heritage and Cultural Assets” asset class, which has a recognition threshold of \$5,000 per Appendix 1.1			
	✓ If fair value cannot be determined it is not to be recognised on the Statement of Financial Position, but rather disclosed as a note to the financial statements, stating:			
	a) description of the nature of the collection;	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	b) purposes for which it is held;			
	c) reason why its heritage value cannot be reliably estimated; and			
	d) to the extent practicable, the annual costs of maintenance/preservation.			
	• <u>Additional disclosures required:</u>			
	✓ basis on which collections are classified;			
	✓ whether collections are capitalised or expensed, including basis for the determination;	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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	<ul style="list-style-type: none"> ✓ if capitalised – how fair value is determined; ✓ if capitalised – whether depreciation is applied, including basis for the determination; ✓ if fair value cannot be determined for a heritage collection – the reason. <ul style="list-style-type: none"> • Disclosure must be made of the insured value of the expensed common use collection, and the fact that although it does not necessarily equate to replacement cost, it provides an indication of replacement cost. 			
1.9	<ul style="list-style-type: none"> • Similar or like-natured assets (including personal computers) which do not meet the definition of a network (<i>a chain of interconnected but dissimilar assets connected for the provision of the one simultaneous service</i>) are not to be grouped for capitalisation. <ul style="list-style-type: none"> – The term ‘network’ is a QT definition. – The policy is an extension of AASB 116. 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.10	<ul style="list-style-type: none"> • The frequency of physically verifying the existence of property, plant and equipment assets should be determined by the agency after considering the risk profile and materiality of each class of property, plant and equipment. Property, plant and equipment assets may be verified on a rolling basis provided all assets are verified at least once every three years. <ul style="list-style-type: none"> – This is a QT policy supporting s.18 of the <i>Financial and Performance Management Standard 2019</i>. For more information refer Volume 3 (s. 3.8) of the Financial Accountability Handbook. • Subject to materiality, property, plant and equipment assets not located during a stock-take are to be written off in that year, in accordance with the agency’s accounting policies and procedures, and authorised by an appropriately delegated officer. <ul style="list-style-type: none"> – This is a QT policy supporting s.18 of the <i>Financial and Performance Management Standard 2019</i> 	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>

NCAP 2: COMPLEX ASSETS

Non-Current Asset Policies for the Queensland Public Sector

Ref	Policy	Compliance		
		Yes	No	N/A
2.3	<ul style="list-style-type: none"> A complex asset is a physical asset capable of disaggregation into significant components which must each: <ul style="list-style-type: none"> ✓ be separately identifiable and measurable and able to be separated from the complex asset; ✓ require replacement at regular intervals during the life of the complex asset to which it is related; ✓ exceed the asset recognition threshold for the agency (N.B. agencies <u>must not</u> establish an additional mandatory threshold for identifying whether a component is significant); ✓ have a significant value in relation to the total fair value or cost of the complex asset; and ✓ have a different estimated useful life from the complex asset so that failure to depreciate it separately would result in a material difference in the annual depreciation expense for that asset. - The definition for 'complex asset' is a QT definition and the policy is an extension of AASB 116 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.4	<ul style="list-style-type: none"> Significant components are to be accounted for as a separate asset and depreciated separately from the complex asset. <ul style="list-style-type: none"> - This policy is an extension of AASB 116. The remaining components of a complex asset are to be depreciated over the estimated useful life of the complex asset itself. <ul style="list-style-type: none"> - This policy is an extension of AASB 116. 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.7	<ul style="list-style-type: none"> Significant components are to be disclosed in the same class as the complex asset to which they relate. <ul style="list-style-type: none"> - This policy is an extension of AASB 116. 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>NCAP 3: VALUATION OF ASSETS</u>				
3.2	<ul style="list-style-type: none"> Plant and equipment (other than major plant and equipment) and work in progress must be carried at cost. <ul style="list-style-type: none"> - This policy mandates an option in paragraph 29 of AASB 116 and removes the option to measure these assets at fair value 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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	<ul style="list-style-type: none"> Intangible assets for which there is no active market are to be carried at cost. <ul style="list-style-type: none"> This policy clarifies QT's interpretation of paragraph 72 of AASB 138. 			
3.3	<ul style="list-style-type: none"> After initial recognition, not-for-profit agencies consolidated into the whole-of-Government financial statements are to carry all land, buildings, infrastructure, heritage and cultural assets and major plant and equipment at fair value. <ul style="list-style-type: none"> This policy mandates an option in paragraph 29 of AASB 116 and removes the option to measure these assets at cost Intangible assets that have an active market are to be carried at fair value. <ul style="list-style-type: none"> This policy clarifies QT's interpretation of paragraph 72 of AASB 138. Not-for-profit agencies consolidated into the whole-of-Government financial statements are to record investment property at fair value except in exceptional circumstances where fair value cannot be measured reliably. <ul style="list-style-type: none"> This policy closes the option to carry these assets at cost in AASB 140. Exception: <u>For-profit</u> statutory bodies <u>and</u> agencies not consolidated into the whole-of-Government financial statements have the discretion to measure property, plant and equipment and investment property at fair value <u>or</u> cost. 	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
3.4.3	<ul style="list-style-type: none"> Agencies are to follow Appendix 3.2 for the fair value level recommended for various types of assets. Where an agency has an asset that it believes should be categorised differently, that agency should consult with QT stating their preferred categorisation and justification for that. 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.5.2	<ul style="list-style-type: none"> For financial reporting purposes, the value of the Regulatory Asset Base (RAB) is not to be assumed to be the measure of fair value for the asset group – however, many of the inputs and assumptions may be an appropriate basis for determining fair value using the income approach. 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.6.1				

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3.6.1	<ul style="list-style-type: none"> Asset classes that are measured using the revaluation model (as identified in NCAP 3.3 and Appendix 1.1 of NCAP 1) are to be revalued on an annual basis, where there is a material change to the value of the class. <ul style="list-style-type: none"> This policy is an extension of paragraph 31 of AASB 116. 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<ul style="list-style-type: none"> The annual revaluation of land, buildings, infrastructure, heritage and cultural, and major plant and equipment may incorporate either or both of the following methodologies: <ul style="list-style-type: none"> ✓ appraisals undertaken by independent professional valuer or internal expert; ✓ use of appropriate and relevant indices This policy is an extension of AASB 116. 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<ul style="list-style-type: none"> Specific appraisals by an independent professional or internal expert are to occur at least once every five years, or if the asset class has experienced a significant and volatile change in fair value and <ul style="list-style-type: none"> ✓ the significant and volatile change results wholly or partially from a change in the service potential / capacity of the asset, or ✓ application of indexation would not result in a materially correct estimation of fair value This policy is an extension of para 31, 34 and 36 of AASB 116. 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<ul style="list-style-type: none"> A “significant” change in value means a change of 20% or more. 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.6.3	<ul style="list-style-type: none"> Revaluations based on the application of indices must result in a valid estimation of the asset’s fair value, and the process of ensuring this is evidenced includes (but not limited to): <ul style="list-style-type: none"> ✓ seeking assurance that the index used is robust, valid and appropriate; ✓ testing of the application of the index to an asset for reasonableness; ✓ documenting this process of assurance, including the assumptions and findings. 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.6.4	<ul style="list-style-type: none"> Indices do not change the fair value level applied as at the last specific appraisal. Where an agency does not believe this is appropriate, that agency should consult with QT, stating their preferred categorisation and justification for that. <p>These policies are an extension of AASB 13 and AASB 116.</p>			

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3.8	<ul style="list-style-type: none"> Letters issuing valuation instructions at a minimum must include the content in Appendix 3.3 Content Required from Valuers (or Other Relevant Professionals). 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.9	<ul style="list-style-type: none"> For the purpose of restating accumulated depreciation/amortisation at the date of an asset's revaluation via either a specific appraisal or indexation: <ul style="list-style-type: none"> the <u>gross method of revaluation</u> is to be used for depreciable assets valued using a cost approach (e.g. current replacement cost); and the <u>net method of revaluation</u> is to be used for depreciable assets valued using a market or income approach. <ul style="list-style-type: none"> This policy is an extension of paragraph 35 of AASB 116 and paragraph 80 of AASB 138. Subsequent indexation should not cause a change in the method of revaluation used in the last specific appraisal. 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.10	<ul style="list-style-type: none"> Where the values of heritage and cultural assets cannot be measured reliably, they are not to be recognised in the Statement of Financial Position but disclosed as a note to the financial statements. <ul style="list-style-type: none"> This policy is an extension of paragraph G1 Australian Implementation Guidance of AASB 116. 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.10	<ul style="list-style-type: none"> For-profit statutory bodies and agencies not consolidated into the whole-of-Government financial statements have the discretion to choose the cost or revaluation model for heritage, artworks and cultural assets 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.10.1 1	<ul style="list-style-type: none"> The 'renewals accounting' approach is not permitted. <ul style="list-style-type: none"> This policy is an extension of paragraph 8 (d) of Interpretation 1030 <i>Depreciation of Long-Lived Physical Assets: Conditions-Based Depreciation and Related Methods</i>. 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.10.1 2	<ul style="list-style-type: none"> Where library collections are valued using in-house expertise, an independent review of the valuation methodology and assumptions is required at least once every five years. 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

		Compliance		
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NCAP 4: IMPAIRMENT OF ASSETS				
4.5	<ul style="list-style-type: none">Where Community Service Obligations are received, these are to be included in the calculation to determine an asset's recoverable amount.<ul style="list-style-type: none">This policy is an extension of AASB 136 <i>Impairment of Assets</i>.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.6	<ul style="list-style-type: none">When an asset is revalued using either a market or income valuation approach, accumulated impairment losses are to be eliminated against the gross amount of the asset<ul style="list-style-type: none">This policy is an extension of paragraph 35 of AASB 116 and paragraph 80 of AASB 138.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
NCAP 5: DEPRECIATION AND AMORTISATION				
5.5	<ul style="list-style-type: none">Re-living of an asset that is carried at cost and that still has some useful life after it has been fully depreciated is not permitted.<ul style="list-style-type: none">This policy is an extension of paragraph 51 of AASB 116.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
NCAP 6: DISPOSAL OF NON-CURRENT ASSETS				
6.1	<ul style="list-style-type: none">The asset revaluation surplus does not transfer when assets are transferred between agencies but remains with the transferring agency.Once amounts are transferred from the asset revaluation surplus to other equity accounts, they generally cannot be transferred back to the asset revaluation surplus and are not available to be applied against revaluation decrements for other asset classes of the agency.<ul style="list-style-type: none">This policy is an extension of Interpretation 1038 <i>Contribution by Owners Made to Wholly-Owned Public Sector Entities</i>.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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6.2	<ul style="list-style-type: none"> The return of proceeds from the disposal of a non-current asset to the Consolidated Fund must be treated as an equity withdrawal and adjusted against contributed equity or, to the extent that this would result in negative contributed equity, accumulated surplus/deficit. 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<ul style="list-style-type: none"> If a transfer of an asset between wholly-owned State Government agencies meets the criteria in FRR 4F, and is accounted for as a non-appropriated equity injection/withdrawal, no gain or loss is to be recognised. <ul style="list-style-type: none"> This policy is an extension of Interpretation 1038. 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>