SHIRE OF HARVEY

A Breath of Fresh Air

Policy 2.2.4 – Capitalisation of Assets

1. Policy Purpose

This policy is to provide staff involved in budgeting and expenditure decisions clear guidance when classifying expenditure in the accounting system. It establishes the criteria at the point of recognition of an asset. This policy applies to all physical assets of the Shire of Harvey. This policy does not apply to cash or inventory.

2. Policy Scope

This policy applies to Elected Members and employees of the Shire of Harvey.

3. Policy

Expenditure on items such as land, buildings, furniture and equipment; plant and equipment, and roads and infrastructure, are to be considered material, and shall be capitalised as they meet the requirements below.

Land	All purchases are capitalised, but land resumed for public works will not be capitalised if the resumption cost is less than $5,000.
Buildings	Capital expenses totaling less than $20,000 on any one building in any year towards a specific project need not be capitalised.
Furniture and Equipment	Capital expenses totaling less than $5,000 on any one item in any year will not be capitalised.
Plant, Tools and Equipment	Capital expenses totaling less than $5,000 on any one item in any year will not be capitalised.
Roads and Other Infrastructure	Capital expenses totaling less than $25,000 on any one road or other asset in any year will not be capitalised.

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4. Strategic Objective

The policy aligns with the following strategic objective**:**

Performance
A representative leadership that is future thinking, transparent and accountable.

5. Definitions

- Nil

6. Legislation

- *Local Government Act 1995*
- Local Government (Financial Management) Regulations 1996 r. 17A

7. Related Documents

- Australian Accounting Standards, including AASB 116 Property, Plant and Equipment

Responsible Officer	Director Corporate Services		
Responsible team	Finance		
Responsible area	Corporate Services		
Version control	Date	Resolution	Number
Version 1	24.03.1997	Resolution	
Version 2	12.08.2008	Resolution	08/350
Version 3	15.09.2015	Resolution	15/264
Version 4	22.01.2019	Resolution	19/020
Version 5	23.05.2023	Resolution	23/068
Version 6	28.07.2026	Resolution	26/156