

POLICY BRIEF

Issue Assets - 1 : Land held for future use

Issue :

- *At what point of time is land held for future use subject to Agency control, and thus recorded by the Agency?*

Policy :

- Land is recorded as an asset in the books of the Agency when the asset recognition criteria specified in Treasurer's Directions Section A2.1 (Assets – Overview) are satisfied. The fact that the Agency is not currently using the land or deriving any benefits from it and holds the land for some use in future, does not preclude the Agency's control over the land.
- Each asset, including land, is recorded by the Agency that controls the economic benefits arising from it. In some instances an asset may be controlled by the Territory and thus recorded in the books of the Central Holding Authority. In a practical sense the asset may be administered by an Agency on behalf of the Territory (eg: Crown land administered by the Department of Infrastructure, Planning and Environment).
- An Agency may use land to achieve its current objectives or it may hold the land for some use in future, for example, the Department of Employment, Education and Training (DEET) may hold a block of land to construct a school building sometime in the future.
- Where land held by one Agency is subsequently decided by Government to be assigned a different use, the land will need to be transferred to the recipient. Such a transfer will be recorded through the Central Holding Authority to reflect the Government's decision as owner and will be treated as equity adjustments in both Agencies books. The asset will then appear as an asset in the books of the recipient Agency.
- Example: Vacant Crown land is recorded as an asset by the Central Holding Authority. On 30/09/X2 Cabinet decides the land is to be allocated towards the construction of a school. From the date of the decision the land is transferred and reported as an asset by DEET. This will be the case even if the construction of the building is not likely to commence in the immediate future.
- Assume further that on 01/04/X5 Cabinet decides that this parcel of land is now needed for a health centre rather than a school. The asset is transferred from DEET into the Central Holding Authority (with a reduction in DEET's equity position) and then transferred from the Central Holding Authority to the Department of Health and Community Services (DHCS) with a corresponding increase in DHCS' equity position.

References :

- TD Section A2.1 : Accounting – Assets - Overview