QUEENSLAND GOVERNMENT RESPONSE

Local Government Depreciation Taskforce Report

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DELIVERING FOR QUEENSLAND

Queensland Government

General acknowledgements

The Queensland Government acknowledges and thanks the independent Local Government Depreciation Taskforce (Taskforce) for its work. The government also recognises the valuable contribution of Queensland's local government sector, including the hard-working mayors, councillors, council CEOs, council staff, as well as stakeholders, who took the time to provide input to the Taskforce.

This publication has been compiled by the Department of Local Government, Water and Volunteers.

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A message from the Minister



Depreciation is a complex accounting issue, but its impacts are real for councils and communities. Improving how depreciation is understood, reported and managed will support better long-term planning, more informed investment decisions and more sustainable local government services.

This response not only addresses depreciation, it also helps reduce red tape while maintaining accountability. It provides councils with clearer guidance, better tools and stronger support, enabling them to focus on delivering the services their communities need.

Queensland's communities are diverse, and our government's response recognises the different circumstances councils face. Implementation will occur in consultation with the sector and relevant partners.

We are committed to empowering councils, strengthening financial sustainability and strengthening local decision-making. When local governments succeed, communities thrive.

Hon Ann Leahy MP

Minister for Local Government and Water and
Minister for Fire, Disaster Recovery and Volunteers

Our response

The Queensland Government welcomes the Local Government Depreciation Taskforce's Report and is committed to working in partnership with councils to deliver an empowered, strong and sustainable local government sector.

The Taskforce was established to identify and review depreciation challenges affecting councils, with a focus on improving understanding across the sector and ensuring councils are not unfairly burdened.

Addressing these challenges will support more efficient and effective council infrastructure project delivery, deliver value for Queensland ratepayers and enhance long-term council sustainability.

The Taskforce's recommendations aim to enhance depreciation outcomes for councils across financial management and reporting, asset management, grants and funding and capability and capacity building. Key areas of focus include:

- reducing the impact of donated and grant-funded non-critical infrastructure assets on financial sustainability measures, to support clearer reporting and better decision making;
- updating depreciation reporting guidelines in Queensland to improve transparency.
- delivering a statewide training program to help councils improve asset management and depreciation practices, while reducing red tape.

The Queensland Government's implementation approach reflects its commitment to take action in collaboration with the sector to improve outcomes for communities.

Three early priority reforms have been identified, which will be completed by 1 May 2027. Other reforms requiring further planning and coordination across stakeholder bodies will be addressed at a later date to support effective implementation.

The Queensland Government will continue to work with stakeholder bodies on other reforms to deliver meaningful change.

This approach will be subject to Cabinet and parliamentary processes.

Recommendations

The Queensland Government supports the recommendations in the Depreciation Taskforce report either fully, or in-principle, and is committed to reducing inconsistency, improving transparency, strengthening council capability and supporting more sustainable local government financial management.

Financial sustainability and transparency

The recommendations place strong emphasis on improving how council financial sustainability is assessed and reported. This includes reviewing the treatment of donated and grant-funded assets, addressing the impacts of Financial Assistance Grant timing, and enhancing financial statement disclosures so operating results more accurately reflect councils' underlying financial position.

Consistency in financial reporting and asset valuation

A recurring theme in the report is the need for greater consistency across councils. The Government's response commits to clearer guidance, standardised valuation methodologies, common unit rates, improved financial statement formats, and more consistent treatment of obsolete assets, flood recovery works and asset recognition thresholds.

Stronger asset management and data quality

The report also highlights the importance of improving the quality of council asset registers and asset management practices. Reliable asset data is essential to support robust asset management plans, budgets, long-term financial forecasts and evidence-based funding decisions.

Capability building across the sector

Several recommendations focus on strengthening council capability, particularly in asset accounting, valuation, financial sustainability indicators and long-term financial forecasting. Training and guidance are proposed to support councillors and council officers to make better-informed decisions.

Better alignment of planning, budgeting and forecasting

The Government supports closer alignment between asset management plans, corporate plans, budgets and long-term financial forecasts. This will improve the currency and integration of council planning documents and support more sustainable financial decision-making.

Collaboration and coordinated implementation

The response reflects a strong commitment to collaboration with sector partners including:

- Queensland Audit Office (QAO)
- Queensland Treasury Corporation (QTC)
- Local Government Finance Professionals (LGFP)
- Local Government Managers Australia (LGMA)
- Local Government Association of Queensland (LGAQ)

The Government will take a more active coordination role while recognising that some reforms require further consultation, detailed analysis and consideration of practical implementation impacts.

Queensland Government Response

Recommendation	Position	Response
Wholly or partially, grant funded assets and donated assets Reduce the impact of donated and wholly or partially grant funded infrastructure on Financial Sustainability indicators.	Support	The Queensland Government acknowledges councils' concerns that depreciation associated with donated assets and grant-funded infrastructure, including eligible non-critical assets not fully funded by councils, can significantly affect reported operating results and may understate a council's underlying financial sustainability. The Queensland Government will review the methodology for calculating the operating result under the *Financial Management (Sustainability) Guideline*, including the treatment of relevant depreciation and appropriate thresholds for any adjustments. Any amendments to the Guideline will be progressed in accordance with applicable regulatory requirements.
Financial Assistance Grant recognition Consistency in Financial Assistance Grants recognition.	Support	The Queensland Government acknowledges councils' concerns that the timing of revenue recognition for Financial Assistance (FA) Grants can create volatility in reported financial sustainability indicators and may not provide a clear view of councils' underlying financial performance. The Queensland Government will review the definition of the operating result in the *Financial Management (Sustainability) Guideline*, including options to account for timing differences in the recognition of FA Grant revenue. The Queensland Government will also consider enhanced disclosure of FA Grants in councils' General Purpose Financial Statements to improve transparency, support a clearer understanding of councils' operating performance, and enhance comparability of financial sustainability outcomes across councils.
Statement of Comprehensive income format Improve the Statement of Comprehensive Income format.	Support	The Queensland Government will improve the presentation of councils' financial statements to provide greater clarity and transparency of underlying operating performance, including through the separate presentation of depreciation and other asset-related costs from day-to-day operating expenses. The Queensland Government will work with the Queensland Audit Office (QAO) to review and update the format of the Statement of Comprehensive Income and the Operating Result disclosure note to improve clarity, consistency and transparency in councils' financial reporting. Councils will continue to recognise depreciation for all assets in accordance with Australian Accounting Standards.

Recommendation	Position	Response
Property, plant and equipment obsolescence Develop an obsolete asset guideline.	Support	The Queensland Government will support councils to identify and appropriately account for assets that are partially or fully obsolete or no longer required. The Queensland Government will work with the Queensland Audit Office (QAO) to develop guidance on the impairment of partially or fully obsolete assets, supporting consistency between the accounting treatment of obsolete assets and councils' asset management plans.
Cost measurement of miscellaneous property, plant and equipment Develop a guideline for recognition of new asset classes.	Support	The Queensland Government will support councils to consistently recognise, value and report new or separate asset classes, including historical and cultural assets and park equipment and facilities. The Queensland Government will work with the Queensland Audit Office (QAO) to develop guidance to assist councils in determining when new or separate asset classes should be established and appropriately reflected in their financial reporting.
Asset recognition and valuation processes Standardise valuation methodologies.	Support	The Queensland Government will support greater consistency and quality in council asset valuations through more standardised valuation practices. The Queensland Government will develop a standard request for quote template to assist councils when procuring comprehensive asset valuation services, supporting greater consistency in valuation practices and outcomes across councils.
Accounting for and the reporting of disaster relief funding and flood damage asset repairs Develop accounting guidance for flood recovery works.	Support	The Queensland Government will support councils to consistently account for, value and assess infrastructure and other assets following flood recovery works. The Queensland Government will work with the Queensland Audit Office (QAO) to develop practical accounting guidance to support greater consistency in councils' financial treatment and reporting of flood recovery works.

Recommendation	Position	Response
Accounting for and the reporting of disaster relief funding and flood damage asset repairs Enhance flood recovery work reporting transparency and comparability.	Support	The Queensland Government will support greater transparency and consistency in councils' reporting of flood recovery funding and associated expenditure. The Queensland Government will work with the Queensland Audit Office (QAO) to consider introducing a financial statement disclosure note for flood recovery grant revenue and associated operating expenditure. This would improve transparency and support councils to better understand and compare the financial impacts of flood recovery activities.
Reporting of performance against financial sustainability indicators Improve council understanding of the Financial Sustainability Framework	Support	The Queensland Government will provide targeted training and guidance for councillors and council officers to strengthen understanding and application of the financial sustainability framework. Training and guidance will support a more holistic assessment of councils' financial sustainability by helping councils interpret financial sustainability indicators collectively, providing a clearer understanding of their overall financial position and long-term sustainability and supporting informed decision-making.
Consistency across core planning documents Improve consistency between the 5-year corporate plan, asset management plans and budget documents.	Support	The Queensland Government will support stronger alignment between councils' corporate planning, asset management and budget processes to strengthen long-term financial and asset planning. The Queensland Government will consider amendments to the Local Government Regulation 2012 to require Asset Management Plans to align with the same budget year as the five-year Corporate Plan and to be updated annually through a 'State of the Assets Report'. This will help ensure asset information remains current and informs annual budget development, including for the first full budget year of a newly elected council. Any legislative amendments will be progressed in accordance with applicable regulatory requirements.

Recommendation	Position	Response
Consistency across core planning documents Enhance council capability in using the long-term financial forecasting model.	Support	The Queensland Government will support councils to build capability in effectively using the Long-Term Financial Forecast Model to strengthen long-term financial planning and decision-making. Queensland Treasury Corporation (QTC) will deliver targeted training to council officers on the effective use of the model, supporting more accurate and reliable financial forecasting and improved management of councils' long-term financial sustainability.
Consistency across core planning documents Replace the existing long-term financial forecast model.	Support	The Queensland Government supports the replacement of the existing Long-Term Financial Forecast Model with a modern, fit-for-purpose tool to strengthen councils' long-term financial planning. QTC has commenced work to replace the existing model, with the new model intended to improve usability and forecasting capability and support more accurate and effective long-term financial planning by councils.
Consistency across core planning documents Council disclosure of capital expenditure program.	Support	The Queensland Government will support councils to balance transparency in publishing planned capital expenditure with the need to maintain competitive procurement processes and achieve value for money. The Queensland Government will engage with councils to reinforce the importance of considering the level of detail disclosed in capital expenditure programs. While greater disclosure can enhance transparency, overly detailed information may reduce competitive tension in tendering processes, potentially increasing capital costs and associated depreciation.

Recommendation	Position	Response
Asset recognition thresholds and comprehensive valuation frequency Review asset recognition thresholds.	Support	The Queensland Government will support councils to consistently determine when expenditure should be recognised as an asset or treated as an expense through practical guidance on setting appropriate asset recognition thresholds. The Queensland Government has consulted with key stakeholders, including LGFP, LGMA and QAO, and will continue to collaborate with these stakeholders to develop guidance for councils. This will support greater consistency and clarity in asset recognition and financial reporting practices across the local government sector.
Asset recognition thresholds and comprehensive valuation frequency Review comprehensive revaluation cycles.	Support	The Queensland Government will support councils to determine appropriate comprehensive revaluation cycles for different asset classes, helping to improve consistency in valuation practices and support reliable asset valuations and long-term planning. The Queensland Government has consulted with key stakeholders, including LGFP, LGMA and QAO, and will continue to collaborate with these stakeholders to develop practical guidance for councils on determining appropriate revaluation cycles.
Asset recognition thresholds and comprehensive valuation frequency Review the benefits of external comprehensive valuations.	Support	The Queensland Government will support councils to consider when comprehensive asset valuations may be undertaken internally, taking into account their asset management maturity and the quality and reliability of supporting asset information. The Queensland Government will write to councils requesting they self-assess their asset management maturity and consider opportunities to undertake comprehensive valuations internally. Councils with mature asset management systems, robust asset registers, reliable condition assessment data and robust unit rate information may consider undertaking valuations of appropriate asset classes internally.

Acknowledgement of Country

The Department of Local Government, Water and Volunteers respectfully acknowledges the Traditional Custodians of Country. We recognise the ongoing spiritual and cultural connection Aboriginal Peoples and Torres Strait Islander Peoples have with land, water, sea and sky.

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