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|  | POLICY – ASSET MANAGEMENT | Version 1 Version 2 Version 3 Version 4 | April 2007 March 2009 May 2014 April 2020 |
| Minutes Dated 28/04/20 | Approved By: Council Decision. No.: 132/20 | Review Date No later than April 2024 | |

1. PURPOSE

To set guidelines for implementing consistent asset management processes throughout the Glamorgan Spring Bay municipal area.

2. OBJECTIVE

To ensure adequate provision is made for the long-term replacement of major assets by:

- Ensuring that Council's services and infrastructure are provided in a sustainable manner, with the appropriate levels of service to ratepayers, residents, visitors and the environment.
- Safeguarding Council assets including physical assets and employees by implementing appropriate asset management strategies and appropriate financial resources for those assets.
- Creating an environment where all Council employees have an integral part in overall management of Council assets by creating and sustaining asset management awareness throughout the organisation by training and development.
- Meeting legislative requirements for asset management.
- Ensuring resources and operational capabilities are identified and responsibility for asset management is allocated.
- Demonstrating transparent and responsible asset management processes that align with demonstrated best practice.

3. SCOPE

This policy applies to all asset classes which are owned and maintained by Council.

4. POLICY

4.1 Background

- 4.1.1 Council is committed to implementing a systematic asset management methodology in order to apply appropriate asset management best practices across all areas of the organisation. This includes ensuring that assets are planned, created, operated, maintained, renewed and disposed of in accordance with Council's priorities for service delivery.
- 4.1.2 Council owns and uses approximately \$120 million dollars (30/6/19) of non-current assets to support its core business of delivery of asset based services to the community.
- 4.1.3 Asset management practices impact directly on the delivery of asset based services to the community. and disciplined asset management is required to achieve our strategic service delivery objectives.
- 4.1.4 Adopting asset management principles will assist Council in achieving its Strategic Longer-Term Plan and Long-Term Financial objectives.

- 4.1.5 A strategic approach to asset management will ensure that the Council delivers a sustainable level of service through its assets. This will provide positive impact on;
- Community and employees;
 - Council's financial position;
 - The ability of Council to deliver the expected level of service and infrastructure;
 - The political environment in which Council operates; and
 - The legal liabilities of Council.

4.2 Policy Details

4.2.1 Asset Planning and Budgeting:

Council is committed to implementing asset management practices to ensure that all assets are planned, created, operated, maintained, renewed and disposed of in accordance with identified priorities and in line with the objectives of the adopted Long-Term Financial Plan and Asset Management Plans by:

- Ensuring the asset renewal and maintenance programs will be met prior to any new or additional assets considered.
- Effective asset life-cycle management whereby all capital investment expenditure is approved in conjunction with a clear understanding of the impact on recurrent operational expenditure budgets.
- Undertaking preventative maintenance programs to ensure that the lowest life-cycle cost is achieved, and asset values are maintained.

4.2.2 Asset Operations and Maintenance:

To ensure Council's assets are maintained and operated properly Council will:

- Undertake appropriate planned maintenance regimes to assist its assets in meeting their expected design lives in the most cost-effective manner
- Ensure maintenance plans are designed to incorporate a cost benefit approach.
- Capture information about the activities undertaken to assist it in the analysis of current and/or future expenditure requirements.

4.2.3 Asset Accounting and Costing

The asset accounting and costing arrangements, at Council, will allow:

- Maintenance of detailed asset registers on all assets owned or under control of Council;
- Effective economic lives will be given to each of Council's assets with the written down value and depreciation value determined in accordance with current accounting standards and requirements;
- Depreciation will be calculated on an appropriate basis with the objective being to use a method that best reflects the consumption of the asset or provides an indication of future cash flows necessary to sustain the asset condition to the required level of service;
- Assets to be revalued in accordance with the Australian Accounting Standards;
- Planned asset acquisitions, modifications or disposals will proceed in accordance with the Council's capitalization and disposal procedures.

4.3 Principles

4.3.1 A consistent Asset Management Strategy must exist for implementing systematic asset management and appropriate asset management best-practice throughout all departments of Council.

- All relevant legislative requirements together with political, social and economic environments are to be considered as important to effective asset management.
- Asset management principles will be integrated within existing planning and operational processes.
- Asset Management Plans will be developed for major service/asset categories. The plans will be informed by community consultation and financial planning and reporting.
- An inspection regime will be used as part of asset management to ensure agreed service levels are maintained and to identify asset renewal priorities.

- Asset renewals required to meet agreed service levels and identified in adopted asset management plans and long-term financial plans will form the basis of annual budget estimates with the service and risk consequences of variations in defined asset renewals and budget resources documented in budget documentation.
- Service levels defined in adopted asset management plans will form the basis of annual budget estimates
- Asset renewal plans will be prioritised and implemented progressively based on agreed service levels and the effectiveness of the current assets to provide that level of service.
- Systematic and cyclic reviews will be applied to all asset classes and are to ensure that the assets are managed, valued and depreciated in accordance with appropriate best practice and applicable Australian Standards.
- Future life cycle costs will be reported and considered in all decisions relating to new services and assets and upgrading of existing services and assets.
- Future service levels will be determined in consultation with the community.
- Training in asset and financial management will be provided for councillors and relevant staff.

5. LEGISLATION

Local Government Act 1993
AASB 13 Fair Value Measurement
AASB 116 Property, Plant and Equipment

6. RELATED DOCUMENTS

Asset Management Strategy and associated Asset Management Plans
Long Term Financial Plan

7. RESPONSIBILITY

Councillors are responsible for adopting the policy, allocation of resources, providing high level oversight of the delivery of the organisation's asset management strategy and plan and maintaining accountability mechanisms to ensure that organisational resources are appropriately utilised to address the organisation's strategic plans and priorities.

The **General Manager** has overall responsibility for developing an asset management strategy, plans and procedures and reporting on the status and effectiveness of asset management within Council.

8. REVIEW DATE

This policy has a life of 4 years