

Keywords: *Asset Management*

Corporate Plan:	<u>Corporate Services</u> - Asset Management
Classification:	Executive Services – Financial Management – “Asset Management”
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Responsible Officer(s):	Manager Corporate Services
Council File Reference:	Motion AC/15/09 8/12/2009
Applicable Legislation:	Local Government Act 1999 Accounting Standards Accounting Regulations
Relevant Policies:	Asset Accounting
Related Procedures:	(In accordance with relevant Legislative Acts)
Delegations:	Chief Executive Officer/Manager Corporate Services

1. Purpose

The purpose of this policy is to demonstrate Council's commitment towards the management of community assets to provide the desired level of service in a structured, co-ordinated, cost effective and financially sustainable manner across the whole organisation for present and future generations.

2. Principles

The following key principles will define Council's approach to asset management:

- Assets exist to support the delivery of services.
- Asset management decisions are integrated with Council's Strategic Plan and other existing planning and operational processes.
- Asset planning decisions are based on an evaluation of alternatives which consider life cycles, costs, benefits and risks of ownership.
- Systematic and cyclic reviews will be applied to all classes of assets to ensure that they are managed, valued and depreciated in accordance with appropriate best practice and applicable Accounting Standards.
- Disposal decisions are based on analysis of the methods which achieve the best available net return (lowest whole of life cost).
- Asset renewal plans will undergo a separate annual approval process by Council, taking into account required service levels and the effectiveness of the current assets to provide that level of service.
- Council will maintain a Long Term Asset Management Plan to identify future asset management requirements within the context of a Long Term Financial framework.

3. Financial Indicators

The Local Government (Financial Management) Regulations 2011 require a Council to use three specific indicators within the Council's long term financial plan, annual budget and mid year review of the annual budget. These indicators are:

- An operating surplus ratio;
- A net financial liabilities ratio; and
- An asset sustainability ratio.

The financial indicator applicable to this policy is the Asset Sustainability Ratio.

The Asset Sustainability Ratio indicates if Council is renewing or replacing existing non-financial assets at a level that is needed to cost-effectively maintain service levels. It is measured relative to the optimal level of that proposed by Council's Infrastructure and Asset Management Plans

Council's target for this indicator is to maintain capital outlays on the renewal and replacement of assets at 100% of the level proposed in the Infrastructure and Asset Management Plans.

4. Summary

A strategic approach to asset management will ensure that Council delivers the highest appropriate level of service through its assets. This will provide positive impact on:

- Members of the public and staff;
- Council's financial position;
- The ability of Council to deliver the expected level of service;
- The political environment in which Council operates; and
- The legal responsibilities of Council.

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