

Asset Management Policy



Record number	D22/1289
Responsible Manager	Manager Finance & Rating Operations
	Director Assets and Environment Director Organisational Services & Excellence
Other key internal stakeholders	Manager Civil Assets Asset Category Owners
Last reviewed	30/3/2022
Adoption reference	Council
Resolution number	1184
Previous review dates	12/02/2019, 9/06/15, 18/09/12, 19/11/08
Legal requirement	NA
Due date next review	2025

1. PURPOSE

The purpose of this policy is to establish a set of guidelines for the management of Council's assets. The existence of this policy will assist to implement consistent asset management processes throughout the City of Tea Tree Gully.

2. POLICY

Council is committed to implementing a systematic asset management methodology in order to apply appropriate asset management best practices across all areas of Council. This includes ensuring that Assets are planned, created, operated, maintained, renewed and disposed of in accordance with Council's priorities of service delivery.

Council owns and uses in excess of one billion dollars of non-current Assets to support its core business of delivery of service to the community.

Asset management practices impact directly on the core business of Council and appropriate asset management is required to achieve our strategic service delivery objectives.

Inspections and review of Assets will be carried out periodically by the appropriate Council officers (frequency will depend on type of Assets).

Sale or disposal of assets and land will be managed in accordance with Council's Land and Assets Policy.

Asset Management Plans will be reviewed and updated after the adoption of the budget each year, as recommended by the Good Governance Assessment Validation in July 2012.

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

- a. Members of the public and employees
- b. Council's financial position
- c. The ability of Council to deliver the expected level of service and infrastructure
- d. The political environment in which Council operates
- e. The legal liabilities of Council.

Council will ensure that adequate provision is made for the long-term replacement of major Assets by:

- f. Ensuring that Council's services and infrastructure are provided in a sustainable manner, with the appropriate levels of service to residents, visitors and the environment
- g. Safeguarding Council assets including physical assets and employees by implementing appropriate asset management strategies and appropriate financial resources for those assets
- h. Creating an environment where all Council employees take an integral part in overall management of Council assets by creating and sustaining an Asset management awareness throughout the Council
- i. Meeting legislative requirements for asset management

- j. Ensuring resources and operational capabilities are identified and responsibility for Asset management is allocated
- k. Demonstrating transparent and responsible Asset management processes that align with demonstrated best practice.

2.1 General Principles

Council will manage its Assets in accordance with the following principles:

- a. A consistent Asset Management Strategy must exist for implementing systematic asset management and best practice throughout all departments of Council
- b. All relevant legislative requirements together with political, social and economic environments are to be taken into account in asset management
- c. Asset management principles will be integrated within existing planning and operational processes
- d. An inspection regime will be used as part of Asset management to ensure agreed service levels are maintained and to identify Asset renewal priorities
- e. Asset renewals required to meet agreed service levels and identified in Infrastructure and Asset Management Plans and Long Term Financial Plans will be recommended to be fully funded in the annual budget development process
- f. Relevant agreed Service Levels adopted and defined in Asset Management Plans will be recommended to be fully funded in the annual budget development process
- g. Asset renewal plans will be prioritised and implemented progressively based on the agreed service levels and the effectiveness of the current Assets to provide that level of service
- h. 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
- i. 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
- j. Consideration of the non-financial benefits of the Assets provided to the current and future community.

3. DEFINITIONS

For the purposes of this policy the following definitions apply:

Asset

According to 49a of the “Framework for the Preparation and Presentation of Financial Statements” published by the Australian Accounting Standards Board (AASB), “an asset is a resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity”

There are three specific elements that define an asset:

- a. Future economic benefits - in the case of public sector entities, future economic benefits (or service potential) are the goods and services to be provided by the asset, whether or not the entity receives a net cash inflow for their provision

- b. Control by the entity - control means the ability of the entity to benefit from the future economic benefits or to restrict the access of others to those benefits
- c. Occurrence of past event - the asset must be in existence. A contract to purchase an asset does not give rise to an asset, nor does the intent to acquire an asset. The asset must have been purchased, acquired or transferred to the control of the entity prior to the date of the financial report.

4. LEGISLATIVE FRAMEWORK

There is no legislative requirement for Council to have a policy relating to this area.

The following legislation applies to this policy:

Local Government Act 1999

Section 99(1)(g) - the function of the Chief Executive Officer includes to ensure that the assets and resources of the council are properly managed and maintained.

Section 122 - Council must develop and adopt plans for the management of its area (i.e. an Infrastructure and Asset Management Plan).

4.2 Other references

Council's document including:

- a. Asset Management Plans
- b. Fees and Charges Register
- c. Land and Assets Policy
- d. Long Term Financial Plan

5. STRATEGIC PLAN/POLICY

5.1 Strategic Plan

The following strategic objectives in Council's Strategic Plan 2025 are the most relevant to this report:

Objective	Comments
Leadership	
<i>Planning considers current and future community needs</i>	Asset Management ensures the Council's assets are maintained and renewed for current and future use of the community.
<i>Decision making is informed, based on evidence and is consistent</i>	Decisions on asset maintenance are based on evidence and aligned to the Strategic goals of the Council.

[remove aspirations that are not relevant]

5.2 Organisation Plan

Our Strategic Plan is supported by an Organisation Plan which focuses on five key themes of customer care, learning & growth, future capability and sustainable operations. The key theme most relevant to this policy is sustainable operations, in ensuring that we make consistent, informed decisions which are evidence based.

6. POLICY IMPLEMENTATION

This Policy will be implemented by the Chief Executive Officer or relevant portfolio director and managed in accordance with Council's scheme of delegations.