Asset Management Policy

Strategic Reference	Outcome 2 – Infrastructure Strategy 3.1 – Review, update and deliver Asset Management Plans for Council's major asset classes.
File reference	AR18/17603
Responsibility	Roads & Infrastructure Department
Revision Number	6
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Next review date	March 2029
Applicable Legislation	Local Government Act 1999 Local Government (Financial Management) Regulations 2011 Australian Accounting Standards
Related Policies	Asset Accounting Policy Procurement Policy
Related Procedures/Plans	Asset Registers Capital Works Program (annual) Risk Management Plan Long Term Financial Plan Asset Management Plans – major asset classes Asset Management Strategy

1. Purpose

The purpose of this policy is to guide the sustainable management and protection of Council's asset portfolio to ensure compliance to legislative requirements and that services and infrastructure are provided in a sustainable manner with appropriate levels of service to residents, visitors and the environment.

The application of this policy will ensure adequate provisions are made for the long-term replacement of assets, including physical assets by implementing appropriate asset management strategies and providing appropriate financial resources for those assets.

Council will adopt the following principles:

- Assets will be managed using a "life-cycle cost" approach and in accordance with best practice asset management techniques
- Assets will be utilised to achieve their fullest potential to maximise usage and economic performance

- The asset portfolio will be continually monitored and reviewed to ensure it is responsive to service delivery requirements in terms of community needs and expectations
- Assets will be properly maintained to ensure they continue to function effectively for the duration of their economic life
- Funding for the purchase, maintenance, rehabilitation and replacement of all assets will be guided by Council's Asset Management Plans and included in the annual Business Plan and Budget and Long-Term Financial Plan
- Exposure to risk is managed through the application of sound operational principles and practices
- Legislative and regulatory requirements are met

2. Policy Objectives

Council is responsible for providing services to the community through the provision of assets under its care and control. Council has a responsibility to manage its assets to ensure cost effective delivery of its services based on sound asset management principles.

Council will acquire, dispose and optimise the use of these assets to ensure that the overall asset base meets appropriate service standards for the current day while still maintaining generational equity into the future.

This policy will be implemented across all Council sites (ie. works depots) and applies to the creation, acquisition, operation, maintenance, rehabilitation and disposal of all Council assets including but not limited to:

- Road and transport infrastructure (roads, kerbs, footpaths)
- Buildings and community facilities (building, open space, sports and recreation, marine)
- Water and wastewater infrastructure
- Stormwater assets
- Plant and fleet

Council will develop and maintain:

- Detailed asset registers of all assets owned or under Council's control
- An organisational Asset Management Strategy
- Infrastructure & Asset Management Plans for all categories
- Alignment with and contribution to Council's Long Term Financial Plan
- Asset Operational and Maintenance Plans based on service levels
- Intervention and Service Standards based on sound risk management principles

3. Definitions

"Asset" is a resource controlled by an entity as a result of past events; and from which future economic benefits are expected to flow to the entity, with an economic life of greater than twelve (12) months.

"Asset Management" means the combination of management, financial, economic, engineering and other practices applied to physical assets with the objective of providing the required service level in the most cost effective manner.

"Asset Register" means a record of assets including information such as construction, technical and accounting details about each.

"Asset Renewal Funding Ratio" means the ratio of net capital expenditure on the renewal and replacement of existing assets and excludes new capital expenditure on the acquisition of additional assets.

"Asset Sustainability Ratio" means the ratio of asset replacement expenditure relative to depreciation for a period, which measures whether assets are being replaced at the rate they are wearing out.

"Best Practice" means the most effective, efficient and proven approach to delivering asset management activities. Best practice mechanisms are informed by industry standards, contemporary evidence and methods that demonstrate optimal performance, cost effectiveness and risk management across the asset life cycle.

"Economic Life" means the period between acquisition of the asset and the time when the asset while physically able to provide a service, ceases to be the lowest cost alternative to satisfy a particular need.

"Lifecycle Cost" means the total cost of an asset throughout its life including planning, design, construction, acquisition, operation, maintenance, rehabilitation and disposal costs.

"Non-Current Asset" means an asset which is not easily convertible to cash or not expected to become cash within the next year.

"Replacement Value" means the cost of replacing the service potential of a particular asset, by reference to some measure of capacity, with an appropriate modern equivalent asset. This includes disposal costs.

"Residual Value" means the estimated amount that the Council would obtain from the disposal of an asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

"Useful Life" means the period over which an asset is expected to be available for use.

4. Principles

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

1. Assets exist to support the delivery of services

2. Managers and staff are the responsible custodians for Council assets assigned to their respective operational areas, including the efficient use of those assets
3. Asset management decisions are integrated with strategic planning
4. Asset Planning decisions are based on an evaluation of alternatives which consider life cycles, costs, benefits and risks of ownership
5. Systems are developed to provide accountability for asset conditions, usage and performance
6. An effective internal financial control structure is established
7. Council will maintain Asset Management Plans to identify future asset management requirements within the context of a Long Term Financial Framework
8. Asset renewal requirements will be separately identified from the provision of new assets and will undergo a separate annual approval process by Council
9. Council recognises the need to maintain its asset base and will target a long term asset sustainability ratio in the range of 90 – 110 per cent.

5. Roles & Responsibilities

5.1 Mayor and Elected Members

Adopts the policy and asset management principles and ensures that asset management requirements (as outlined in the asset management plans) are appropriately considered in decision making and provided for in Council's planning and financial management, so that Council's assets meet the needs of the community now and into the future.

5.2 Chief Executive Officer and Senior Leadership Team

Responsible for the allocation of resources for the development and implementation of sound asset management practices and systems across the Council. Responsible for ensuring that all asset management planning is consistent with the objectives of Council's Community Vision Plan, while incorporated into the annual business plan and budgeting process.

5.3 Finance Manager

Ensure the financial projections in the asset class management plans are reflected in Council's long-term financial planning and include sustainable maintenance, operations, renewal and upgrade costs of current and future assets. Ensure asset values are accurately recorded and reported.

5.4 Roads & Infrastructure Leadership Team

Ensure the day-to-day maintenance and operational requirements for Council's assets are planned, budgeted for and implemented in alignment with the asset management principles identified in this Policy. Ensure asset maintenance and inspection programs are aligned to the individual asset class management plans and that relevant asset data s maintained and updated as required.

6. Availability/Accessibility

This Policy is available for inspection at Council's offices during normal business hours & Council's website and will be emailed to interested parties on request (please lodge request in writing via email to council@coorong.sa.gov.au)

7. Document History

This Policy shall be reviewed at least every three (3) years or more frequently if legislation or Council requires.

Version	Adopted	Minute No	Description of change(s)
1	12 December 2011	392/11	Original version
2	18 February 2014	017/14	Cyclical review
3	17 May 2016	103/16	Cyclical review
4	16 October 2018	208/18	Cyclical review
5	15 March 2022	049/22	Policy title amended to reflect broader principles of asset management Policy scope refined, supported by holistic principles Policy objectives refined and aligned with all stages of asset management (acquisition, operation etc.) Policy review date now aligns with that of other corporate policies (three years)
6	17 March 2026	062/26	Minor formatting Definitions refined Asset Sustainability Ratio referenced as a long-term target in clause 4, rather than an annual figure New clause inserted – Roles & Responsibilities