



ASSET MANAGEMENT POLICY

| POLICY TYPE | POLICY ADOPTED (DATE) | MINUTE NUMBER | POLICY DOCUMENT NUMBER (TRIM) |
|--------------------------------|--|---|-------------------------------|
| Council | 26 August 2019 | 173/19 | D613965 |
| DOCUMENT CONTROLLER | RESPONSIBLE MANAGER | STRATEGIC PLAN 2009-2030 (STRATEGY REFERENCE) | DATE OF NEXT REVIEW |
| Infrastructure & Works Manager | Deputy General Manager | 2.3.1 Develop and maintain long term Strategic Asset Management Plans | July 2021 |
| PURPOSE | <p>To set guidelines for implementing consistent asset management processes throughout Devonport City Council.</p> <p>To ensure adequate provision is made for the long-term replacement of major assets by:</p> <ul style="list-style-type: none"> • Ensuring that Council's asset-based services are delivered in a financially and environmentally sustainable manner, meeting the needs of the community. • Safeguarding Council assets by implementing disciplined asset management strategies and sufficient financial resources to maintain those assets. • Creating a culture where Council employees understand the importance of supporting the disciplined management of Council's assets. • Meeting legislative requirements for asset management. • Ensuring resources and operational capabilities are identified and responsibility for asset management is allocated. • Providing quality reporting on asset and asset management performance. • Demonstrating transparent and responsible asset management processes that align with demonstrated best practice. | | |
| SCOPE | <p>This Policy applies to all asset classes which are owned and maintained by Council. This includes:</p> <ul style="list-style-type: none"> • Roads, Stormwater, Buildings, Public Open Space, Plant and Fleet, Land, Office and equipment, Art and Cultural assets. | | |
| POLICY | <p>1. Background</p> <p>1.1. Council is committed to implementing a systematic asset management methodology in order to apply disciplined asset management practices across all areas of the organisation. This includes ensuring that assets are planned, created, operated, maintained, depreciated, renewed and disposed of in accordance with Council's priorities for service delivery.</p> <p>1.2. Council owns and uses assets with a written down value of approximately \$448 million to support the delivery of asset based services to the community.</p> <p>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.</p> | | |

- 1.4. Adopting asset management principals will assist Council in achieving its Strategic Plan and Long Term Financial objectives.
- 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 appropriate level of service and infrastructure.
 - The political environment in which Council operates.
 - The legal liabilities of Council.

2. Policy Details

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 being 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.

2.2. Asset Operations and Maintenance:

To ensure Councils 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.

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 the 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 capitalisation and disposal procedures.

3. Principles

- 3.1. A consistent Asset Management Strategy must exist for implementing systematic asset management and disciplined asset management practices across all operational areas of Council.
- 3.2. All relevant legislative requirements together with political, social and economic environments are to be considered as important to effective asset management.
- 3.3. Asset management principles will be integrated within existing planning and operational processes.
- 3.4. Asset Management Plans will be developed and maintained for major service/asset categories. The plans will inform financial planning and reporting.
- 3.5. An inspection regime will be used as part of asset management to ensure agreed service levels are maintained and to identify asset renewal priorities.
- 3.6. 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.
- 3.7. Service levels defined in adopted asset management plans will form the basis of annual budget estimates.
- 3.8. Asset renewal plans will be prioritised and implemented progressively based on agreed levels of service provision and the effectiveness of the current assets to provide that service.
- 3.9. Asset renewals should consider climate change impacts and adhere to Council's Climate Change Adaptation Plan 2018-2023
- 3.10. 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 applicable Australian Accounting Standards and industry guidelines.
- 3.11. 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.
- 3.12. Level of asset-based service provision will consider the expectations of the community, financial and environmental sustainability consideration and legislative requirements.
- 3.13. Training in asset and financial management will be provided for Councillors and employees.

Councillors are responsible for adopting the policy, allocation of financial resources, providing high level oversight of the delivery of the organisation's asset management strategy and plan and maintaining accountability mechanisms to ensure that

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| | <p>organisational resources are appropriately utilised to address the organisations strategic plans and priorities.</p> <p>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.</p> | | | |
| LEGISLATION AND RELATED DOCUMENTS | <p><i>Local Government Act 1993 – S70C (1) and (2).</i> Local Government Division, 2014. Local Government (Contents of Plans and Strategies) Order 2014, Clause 8 (2) Local Government Association Tasmania – Practice Summary 2.Strategic Plan 2009-2030 Asset Management Strategy Asset Management Plans Asset Management Manual AASB 13 Fair Value Measurement AASB 116 Property, Plant and Equipment Long Term Financial Plan Asset Capitalisation Procedure D317037 Asset Depreciation Procedure D317035 Asset Revaluation Procedure D317034 Asset Disposal Procedure D317036</p> | | | |
| ATTACHMENT/S (IF APPLICABLE) | N/A | | | |
| TRAINING REQUIREMENTS (IF APPLICABLE) | Is training required as result of this Policy | | YES | NO |
| | Training required by: | Councillors | Staff | Department |