



Asset Management Policy

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Policy Objective

Asset Management ensures that the Shire's assets support the community's vision and aspirations, deliver sustainable service outcomes, and provide appropriate service levels for present and future stakeholders.

Scope

This Policy applies to all assets required to be managed by the Shire that have a life of more than 12 months and a replacement cost of more than \$5,000.

Legal and Regulatory Framework

The Shire's asset management shall be managed by implementing the Department of Local Government's Integrated Planning and Reporting framework. This includes having a current Strategic Asset Management Plan (SAMP) that reflects the existing Long Term Financial Plan (LTFP).

As a minimum, the SAMP will

- Address recommendations and improvement actions from asset valuations and ongoing operational reviews.
- Model own source funding for renewal over ten years, ensuring the strategy offers financial autonomy and stability. Hence, the Shire is not reliant on external lenders or grant providers to meet asset renewal targets.
- Outline the major capital works projects for ten years and the connection to the Strategic Community Plan.
- Report on the condition rating outcomes for each asset class and key segments.

Asset identification and classification

The Shire considers assets to be any that support the delivery of Shire services. These can broadly be considered as:

- Parks and Reserves Assets – Parks, ovals, reserves, playgrounds, foreshores etc.
- Property Assets – Buildings, freehold land and associated ancillary infrastructure.
- Transport Assets – Roads, paths, culverts, drainage, aerodrome, street furniture etc.
- Plant and Equipment – Vehicles, tools, plant, IT, communication equipment etc.

Roles and Responsibilities

The Council shall periodically review and refine the asset management guiding principles to ensure their alignment with the Shire's strategic objectives. Furthermore, the Council will be requested to formally endorse the SAMP upon presentation by the Chief Executive Officer (CEO), contingent upon its adherence to the specific requirements outlined in this policy.

The CEO, in turn, shall be responsible for preparing the SAMP, which will be conducted as needed and in conjunction with the LTFP.

Risk Management Principles

To ensure that management identifies, assesses, and mitigates risks associated with asset management, the following guiding principles are established to advise and shape decision-making and guide the administration in the development of the SAMP.

- LTFP outlines the structure by which the Shire will manage our asset base to meet community needs as identified in the Strategic Community Plan.
- A 'whole of life' view of asset management is utilised.
- Asset management prioritises the sustainable and equitable utilisation of resources, ensuring that decisions align with community priorities and values.
- Plan and prioritise the maintenance, renewal and replacement of existing assets with a prioritising of 'renew' over 'new'.
- Revenue and expenditure are structured to achieve the future renewal of assets within a planned useful life.
- Debt funding may be used for capital works or the purchase of assets but is not to be utilised to finance operational activities or recurrent expenditure.
- Asset disposal will be in line with the LTFP.
- Grant funding, as a significant element of the funding equation for asset management, carries a risk. Funding streams may not eventuate, be highly competitive, or result in a lesser amount than expected.
- Depreciation of assets is valued at Fair Value in the Balance Sheet of the Shire and depreciated at rates set out in the LTFP.
- The council will be responsive to prevailing economic conditions and adjust capital project timeframes to support the local economy.

Financial Management

The Council's financial management of assets is critical to ensuring the sustainable stewardship of the Shire's resources. The Council recognises the inherent interconnection between long-term financial planning and asset management strategies, understanding that changes in one area can significantly impact the other. As such, any triggers prompting a review of the financial planning or asset management documents necessitate a simultaneous review to maintain alignment and effectiveness.

To accurately assess the value of assets and incorporate them into the LTFP, the administration will oversee that each asset class undergo a revaluation at least every five years. This revaluation process considers changes in market values, fair asset values, and depreciation schedules, providing essential data to inform budget allocations, financial forecasts, and strategic decision-making for the Shire's sustainable development and service delivery initiatives.

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