

	POLICY# 5.27	Version No:	3
	Asset Management	Issued:	Nov 2015
	POLICY AREA	Next Review:	2019
	Finance		

Aims & Objectives

To provide one centralised policy for the treatment of Council owned assets in accordance with Australian Accounting Standards and in line with Council's Internal Controls framework.

Policy Detail

This policy will provide direction on the six critical areas of asset management:-

- Infrastructure & Asset Management Plans
- Capitalisation Thresholds
- Asset Registers
- Asset Revaluations
- Asset Depreciation
- Asset Impairment

Infrastructure & Asset Management Plans

In accordance with Section 122 of the Local Government Act 1999; Council will adopt and maintain infrastructure and asset management plans, relating to the management and development of infrastructure and major assets by the council for a period of at least 10 years.

Infrastructure and asset management plans will include detail outlining the future planning strategies for new and upgraded assets, renewal of assets and as appropriate the replacement of assets.

Asset Management Plans will be reviewed annually following the adoption of the Annual Business Plan with a comprehensive review to be undertaken within 2 years after each general election of the Council.

Each year a report is to be presented to the audit committee on the sustainability of the Council's long term financial performance and position taking into account the provisions of the Council's annual business plan and strategic management plans.

Capitalisation Thresholds

The capitalisation threshold for all Council assets is set at an amount of \$10,000, however in some circumstances lesser amounts of capital construction works will be capitalised where it is considered appropriate for that particular asset.

Capitalisation of assets will take place at 30 June in accordance with Council's "End of Year Procedures".

Asset Registers

The following Asset Registers will be maintained for Council assets:-

*Electronic version on the Intranet is the controlled version. Printed copies are considered uncontrolled.
Before using a printed copy, verify that it is the current version*

- Plant & Equipment – Authority Asset Register – In House
- Land – Authority Asset Register – In House
- Buildings & Structures – Authority Asset Register – In House
- Community Wastewater Management System – Conquest Database – Tonkin Consulting
- Transport & Stormwater – Conquest Database – Tonkin Consulting

Asset registers will be reconciled with general ledger trial balance as at 30 June each year in accordance with “End of Year Procedures”.

Asset Revaluation

The Australian Accounting Standards require that Council report its assets at “Fair Value”. In line with this requirement and to ensure asset values are maintained at acceptable standards Council will revalue its various asset classes as detailed:-

Plant & Equipment

Due to the short life-cycle of most plant items and the total value of this class of assets it is not considered necessary for plant and equipment assets to be re-valued during their useful life to Council.

Land

Council owned land will be re-valued on a 5 year cycle utilising the external services of suitably qualified personnel.

Buildings & Structures

Buildings & structures will be re-valued on a 5 year cycle utilising the external services of suitably qualified personnel.

Community Wastewater Management Systems

Community wastewater management systems will be re-valued on a 3 year cycle and will be carried out by Tonkin Consulting in consultation with Council’s Works Manager and Deputy CEO.

Transport & Stormwater

Transport and stormwater assets will be re-valued on a 3 year cycle and will be carried out by Tonkin Consulting in consultation with Council’s Works Manager and Deputy CEO.

Each year a report is to be presented to the Audit Committee which considers asset values and assets that may no longer have an economic benefit to Council thereby changing their fair value.

Asset Depreciation

The following table depicts a broad outline of the Council’s predetermined service potential periods for their respective assets. A more comprehensive summary of depreciation rates and useful life periods can be found in the respective asset registers maintained by Council

Other than land, all property, plant and equipment assets recognised are systematically depreciated over their useful lives on a straight-line basis which, in the opinion of Council, best reflects the consumption of the service potential embodied in those assets.

The major depreciation periods are as follows:

Plant Items - Small	1 – 8	Years
Plant Items - Major	10 – 25	Years
Site Improvements	15 - 100	Years
Playground Equipment	20 - 25	Years
Buildings	25 - 80	Years
CWMS – Mechanical & Electrical	10 - 25	Years
CWMS – Pump Stations & Tanks	30 - 30	Years
CWMS – PVC Pipes & Earthworks	70 - 100	Years
Stormwater	50 - 100	Years

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Sealed Roads Seal	10 - 22	Years
Unsealed Road Sheeting	10 - 40	Years
Footpaths	25 - 60	Years
Kerb & Watertable	80 - 80	Years
Road Pavements	80 - 120	Years

Depreciation rates and useful life timeframes will be considered as part of Council's annual review of Infrastructure & Asset Management Plans and will also form part of any re-valuation process. Annual reviews carried out by Council staff will be appropriately documented with any recommended changes to depreciation rates to be approved by the Chief Executive Officer prior to implementation.

Each year a report is to be presented to the Audit Committee which details any changes to depreciation rates which have been approved by the Chief Executive Officer.

Asset Impairment

The Australian Accounting Standards require that Council assess at each reporting date whether there is any indication that any assets under its control may be impaired. If any such indication exists, the Council shall estimate the recoverable amount of the asset.

In assessing whether there is any indication that an asset may be impaired, an entity shall consider, as a minimum, the following indications:

- Information that may indicate significant adverse changes have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Council operates.
- Evidence of obsolescence or physical damage of an asset.

If there is an indication that an asset may be impaired, this may mean that the remaining useful life, the *depreciation (amortisation)* method or the residual value for the asset needs to be reviewed and adjusted in accordance with the Accounting Standard applicable to the asset, even if no impairment loss is recognised for the asset.

Each year a report is to be presented to the Audit Committee which considers asset impairment and assets that may no longer have an economic benefit to Council thereby changing their value.

Strategic Link:

Delegation:

Documentation (Legislation & Forms):

Authority: Adopted by Council: 10/11/2015 {Motion 7c/112015}

SIGNED:
Responsible Officer

Date: ____/____/____