



# ASSET AND SERVICES MANAGEMENT POLICY

## 1. POLICY OBJECTIVES/PURPOSE

The purpose of this policy is to set guidelines for implementing consistent asset management processes throughout the McKinlay Shire Council area.

## 2. SCOPE

This policy applies to all Council departments, officers, employees and contractors.

## 3. POLICY STATEMENT

- A consistent Asset Management Strategy must exist for implementing systematic asset management and appropriate asset management best practice throughout all Departments of Council.
- All relevant legislative requirements together with political, social and economic environments are to be taken into account in asset management.
- Asset management principles will be integrated within existing planning and operational processes.
- An inspection regime will be used as part of asset management to ensure defined service levels are maintained and to identify asset renewal priorities.
- Assets will be managed at the lowest possible cost to meet defined levels of service and risk.
- Asset renewals required to meet defined service levels and identified in infrastructure and asset management plans and long term financial plans will be fully funded in the annual budget estimates.
- Asset renewal and upgrade plans will be prioritised and implemented progressively based on defined service levels and the effectiveness of the current assets to provide that level of service.
- Service levels agreed through the budget process and defined in Infrastructure and Asset Management Plans will be fully funded in the annual budget estimates.
- Systematic and cyclic reviews will be applied to all asset classes to ensure that the assets are managed, valued and depreciated in accordance with appropriate best practice and applicable Australian Standards.
- Yearly reviews will be applied to specific asset attributes such as depreciation rates, remaining useful lives and residuals to ensure that the asset valuations remain relevant.
- 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.
- Future service levels will be determined in consultation with the community
- 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.

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#### **4. ROLES AND RESPONSIBILITIES**

Councillors adopt the policy and provide leadership and stewardship of asset Management principles and long term planning. The Chief Executive Officer has overall responsibility for developing asset management business processes, systems, organisational policies and procedures and reporting on the status and effectiveness of asset management within Council. Directors and Managers are responsible for developing asset management plans, implementing asset management business processes, systems, organisational policies and procedures. They will form the base of the Asset Management Steering Committee, with input from other officers as required. Employees with management or supervisory responsibilities will be held accountable for the management of assets within their areas of responsibility as determined under the asset management plans. Employees will be tasked based on the relevant Core Asset management Plans and will be responsible for the timely completion of allocated events.

#### **5. BACKGROUND AND/OR PRINCIPLES**

Council is committed to implementing a systematic asset management methodology in order to ensure that all Council assets are planned, constructed, operated, maintained, replaced and disposed of in accordance with Council's priorities for service delivery and financial sustainability. Asset management practices impact directly on the core business of Council and appropriate asset management is required to achieve our strategic service delivery objectives. 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 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;

- Members of the public and staff;
- Council's financial position;
- The ability of Council to deliver the expected level of service and infrastructure;
- The political environment in which Council operates; and
- The legal liabilities of Council

#### **6. LEGISLATION**

Local Government Act 2009

Local Government Regulation 2012

#### **7. Definitions**

Assets - Non current assets are defined as

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- A physical item of significant value;
- Possessing service potential or future economic benefit;
- Controlled by the entity; and
- Originating as a result of a past transaction or event.

Asset Management - The process of guiding the acquisition, use and disposal of assets to make the most of their service delivery potential and manage the related risks and costs over their entire life.

Service Management - The supply of appropriate services to the community, which is consistent with the Council's corporate goals and community needs.

Capital Renewal - expenditure on an existing asset, which returns, restores, rehabilitates the service potential or the life of the asset up to that which it had originally. As it reinstates existing service potential, it has no impact on revenue, but may reduce future operating and maintenance expenditure if completed at the optimum time, e.g. resurfacing or re-sheeting a material part of a road network, replacing a material section of a drainage network with pipes of the same capacity, resurfacing an oval.

Capital Upgrade - Expenditure, which enhances an existing asset to provide a higher level of service or expenditure that, will increase the life of the asset beyond that which it had originally. It will increase operating and maintenance expenditure in the future because of the increase in the council's asset base, e.g. Widening the sealed area of an existing road, replacing drainage pipes with pipes of a greater capacity, enlarging a grandstand at a sporting facility.

New – expenditure that creates a new asset providing a new service to the community that did not exist beforehand. As it increases service potential, it may impact revenue and will increase future operating and maintenance expenditure.