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Responsible Officer	Director Corporate & Financial Services
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Due date of next Review	August 2027

## 1. Purpose

To ensure adequate provision is made for the long-term replacement of major assets by:

- 1.1 ensuring that Council's services and infrastructure are provided in a sustainable manner, with the appropriate levels of service
- 1.2 safeguarding Council assets by implementing appropriate asset management strategies.
- 1.3 meeting legislative requirements for asset management
- 1.4 ensuring resources and operational capabilities are identified and the responsibility for asset management is allocated.

## 2. Policy

### 2.1 Introduction

Council has numerous assets that require ongoing maintenance. To ensure efficient and effective maintenance this policy sets guidelines for implementing consistent asset management processes.

### 2.2 Legislative Requirements

- 2.2.1 Under Chapter 8-Administrative and financial accountability-Part 1 Strategic Management Plans the Council must develop and adopt an infrastructure and asset management plan, relating to the management and development of infrastructure and major assets by the Council for a period of at least 10 years. Promote community pride and participation in the Mid Murray district.
- 2.2.2 There are also other requirements in relation to occupational health and safety together with the minimisation of public liability risks.

### 2.3 Background

- 2.3.1 Council is committed to implementing a systematic asset management methodology in order to apply appropriate asset management best practices across all areas of Council. This includes ensuring that assets are planned, created, operated, maintained, renewed and disposed of in accordance with Council's priorities for service delivery. Asset management plans are to relate directly to the goals and objectives within the Strategic Plan.

- 2.3.2 A strategic approach to asset management will ensure that the Council delivers the required level of service through its assets.

## **2.4 Principles**

- 2.4.1 all relevant legislative requirements together with political, social and economic environments are to be taken into account in asset management
- 2.4.2 an inspection regime will be used as part of asset management to ensure agreed service levels are maintained and to identify asset renewal priorities
- 2.4.3 asset renewals required to meet agreed service levels are identified in infrastructure and asset management plans and long term financial plans will be fully funded in the annual budget
- 2.4.4 asset renewal plans will be prioritised and implemented progressively based on agreed service levels and the effectiveness of the current assets to provide that level of service.
- 2.4.5 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 appropriate best practice and applicable Australian Standards
- 2.4.6 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
- 2.4.7 future service levels will be determined in consultation with the community.

## **2.5 Council Sustainability**

Council is required to report in its Annual Budget, Financial Statements and the Long Term Financial Plan the Asset Renewal Ratio.

### **2.5.1 Asset Renewal Ratio**

- 2.5.1.1 Are assets being replaced at the rate they are wearing out? Capital expenditure on the renewal or replacement of existing depreciable assets compared to the planned renewal of assets in the councils Asset Management Plans.

Calculated as:

(Cash expenditure on renewal/replacement of assets Less Sale of replaced assets)  
/ Asset renewal and replacement expenditure as stated in the Council's Asset Management Plans.

Asset Renewal Ratio target of between 85% to 115% in any one year, averaging over any 5 year period 100%.

- 2.5.1.2 The definition of renewal/replacement as against new/upgraded assets is as follows;

- A new asset is additional to Council's previous asset complement.
- An upgraded asset replaces a previously existing asset with enhanced capability or functionality, where an option existed for replacement without the enhanced capability or functionality. An example of an upgrade would be the widening of a sealed road to include a bike lane or the sealing of a unsealed road.
- Renewal or replacement of an asset occurs where a previously existing asset is replaced - or its service life extended - without enhancement of the service capability except where this is incidental due to current standards and is unavoidable such as the replacement of a male/female toilet with one that has handicap facilities is categorised as a renew.

## **2.6 Reporting**

### **2.6.1 Annual Financial Statements**

The audited annual financial statements are prepared in accordance with Australian Accounting Standards as they apply to not-for-profit entities and in a format that is authorised for use under Regulation 14 of the *Local Government (Financial Management) Regulations 2011*.

## 2.6.2 Annual Review

Each year a report must be prepared by the Chief Executive Officer 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.

## 3. Policy Responsibility

The Director Corporate and Financial Services is responsible for ensuring the proper operation of this Policy.

## 4. Availability/Accessibility

- 4.1** This Policy and Council's Fees and Charges Register are available to be downloaded free of charge from Council's website: [www.mid-murray.sa.gov.au](http://www.mid-murray.sa.gov.au).
- 4.2** This Policy is available for inspection at Council's principal office during ordinary business hours. Hard copies, for a fee in accordance with Council's schedule of Fees and Charges, can be provided upon request.

## 5. Legislative Framework / Other References

[Local Government \(Financial Management\) Regulations 2011.](#)

## 6. Document History

This Policy shall be reviewed at least every four (4) years or more frequently if legislation or Council requires.

Version	Adopted	Minute	Description of Change
1	9 November 2010		Adopted
	14 February 2012		Reviewed by Audit Committee
2	13 March 2012	13153/3	Reviewed by Council
	5 May 2014		Reviewed by Audit Committee
	January 2018		Updated with new Policy format and layout, content unchanged.
3	13 August 2019	20807/5	Alteration- Renaming Asset Sustainable Ratio to be Asset Renewal Ratio, Removal of Asset Consumption Ratio and removal of ref to International Financial Standards, grammatical corrections.
4	8 August 2023		Reviewed by Audit Committee
4	15 August 2023	C08-23/018	Reviewed by Council, content unchanged, updated to new template