

# POLICY 5.27

## Finance Asset Management

Version: 4 | Next Review: Following Next Council Election



DISTRICT COUNCIL of TUMBY BAY

### AIMS AND 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

#### 1. Infrastructure and 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 following review of Council's Infrastructure Asset Management Plans a report will be presented to the Audit Committee detailing any changes adopted by Council; along with a report detailing the financial outcomes in Council's revised Long Term Financial Plan.*

#### 2. 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".

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### 3. Asset Registers

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

- 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”.

### 4. 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.*

### 5. 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.

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The major depreciation periods are as follows:

Plant, Furniture & Equipment	
Office Equipment & Equipment	3 years
Vehicles and Road-making Equip	2 to 13 years
Other Plant & Equipment	3 years
Building & Other Structures	
Airstrip Seal	20 years
Airstrip – Pavement	80 years
Airstrip – Formation	240 years
Boat Ramps & Pontoons	25 to 40 years
Buildings – Masonry	50 to 60 years
Buildings – Other Construction	20 to 40 years
Building Components – Structure	60 to 80 years
Building Components – External Fabric	60 years
Building Components – Roofing	40 years
Building Components – Internal Fabric	15 years
Building Components – Services	50 years
Carparks	25 to 40 years
Memorials	100 years
Park Structures – Fencing, Shades, Sundry	25 to 50 years
Playground equipment	20 to 25 years
Benches, Seats, etc	10 to 20 years
Infrastructure	
Sealed Roads – Upper Seal	10 to 30 years
Sealed Roads – Lower Seal	30 to 90 years
Sealed Roads – Pavement	30 to 132 years
Unsealed Roads - Surface	10 to 40 years
Footpaths – Sealed	25 years
Footpaths – Paved	45 to 50 years
Footpaths – Concrete	80 years
Kerb & Watertable	80 years
Bridges – Structures	50 to 100 years
Bridges – Surface	12 to 50 years
Cross Drains – Pipes	70 to 100 years
Cross Drains – Headwalls	50 to 70 years
Floodways	60 years
CWMS – Pipes	70 to 100 years
CWMS – Pump Stations	15 to 30 years
CWMS – Treatment Plant	10 to 50 years
CWMS – Lagoons	50 years
CWMS – Irrigation Systems	10 to 100 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 will be appropriately documented; with any material changes to depreciation rates to be included in the annual review process.

## 6. 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.

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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.*

## POLICY REVIEW

This policy will be reviewed following Council Election (4 yearly).

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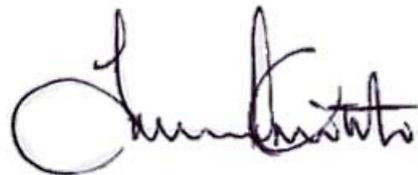
**Strategic Link:** Nil.

**Delegation:** Nil.

**Documentation (Legislation & Forms):** Nil.

**Authority:** Adopted by Council: 10/11/2015 {Motion 7c/112015}  
Amended by Council: 12/05/2020 {Motion 3c/52020}

SIGNED:



Responsible Officer

Date: 14/05/2020

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