Moira Shire Council
Asset Management Policy

Policy type	Council
Policy Number	PR-03
Version Number	6.1
Responsible Director	Infrastructure Services
Responsible Officer	Manager Property and Assets
Date adopted by Council	30 June 2025
Scheduled for review	This policy will be reviewed two years from the date of adoption, or sooner if required.

1. PURPOSE

The purpose of this policy is to provide a structured framework for the lifecycle management of Council managed assets including acquisition, ongoing maintenance and renewal, valuation, revaluation, capitalisation, and disposal. It ensures that all asset-related activities maximise best value, deliver appropriate and financially sustainable service delivery and minimise risks through alignment with Council's strategic objectives, financial standards, and legal requirements.

2. SCOPE

This policy applies to all Councillors, employees, contractors, volunteers of Council.

This policy provides the overarching principles for Council's Asset Management Framework which incorporates a suite of asset management documentation including:

- Asset Management Plans, which are specific to the management of individual asset classes.
- Asset Plan, which is a strategic umbrella documents that establishes a consistent approach to the management of individual asset classes. The Council Asset Plan also establishes the Asset Management objectives and goals that govern the overall practice.

This policy applies to all Council-owned physical and intangible assets and provides guidance on:

- **Condition inspections and revaluation programs:** Defining expected timeframes between each round of condition inspections and subsequent revaluations.
- **Capitalisation thresholds:** Determining when expenditure for a particular asset is capitalised or expensed to the operational budget.
- **Disposal:** Defining Council's approach to asset disposal. assets from Council's active asset and financial records once they are no longer beneficial or viable.
- **Asset renewal:** Documenting Council's prioritisation approach to maintaining financial sustainability and best practice in ensuring assets are maintained to the appropriate service level.

This policy applies to all Council-owned physical and intangible assets and includes asset acquisition, inspection and maintenance, valuation, revaluation, capitalisation thresholds, and disposal methods:

Insurance valuations are not included in this policy.

3. DEFINITIONS

Term	Definition
Acquisition	The gifting, purchase, or construction of asset which are added to Council's fixed asset register to maintain and renew.
Asset	Any Council-controlled physical resource required to deliver future benefits or services. Assets are generally categorised as physical (e.g., land, buildings, infrastructure) or intangible (e.g., intellectual property, software) and are those that are expected to provide value over a useful life greater than one year.

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Asset capitalisation	The process of recording expenditure as a capital investment (an asset) within Council's financial statements rather than as an expense on the income statement. Capitalisation occurs when asset-related costs exceed defined monetary thresholds, and the asset provides a long-term benefit. Once capitalised, the asset is subject to depreciation over its useful life and is on the fixed asset register.
Asset Class	Groups of assets with a similar nature, purpose, or function within Council operations to streamline management and reporting processes, allowing for the organisation to disclose similar assets collectively in financial reports. Examples of asset classes include land and buildings, plant and equipment, roads, footpaths.
Capitalisation threshold	A specific dollar amount for each asset class to determine whether asset-related expenditures are capitalised or expensed. Expenditures that meet or exceed the threshold are added to the fixed asset register, while those below the threshold are considered operational expenses. Thresholds are established to ensure materiality and compliance with financial reporting standards.
Councillor/s	Has the same meaning as the definition in the *Local Government Act 2020.* In accordance with the *Local Government (Moira Shire Council) Act 2023,* Moira Shire Council has a Panel of two Administrators appointed. Administrators fulfill the role of Councillors, and the Chair Administrator fulfills the role of Mayor. While under Administration, any reference to the term Councillor/s can be deemed to be a reference to Administrator/s.
Depreciation	The systematic allocation of an asset's capital value over its total useful life. Depreciation reflects the consumption of the asset's economic benefits over time, reducing its recorded value annually. Council applies depreciation to all non-current physical and intangible assets, aligning with Australian Accounting Standards for accurate financial reporting.
Disposal	The process of permanently removing an asset from Council's ownership and asset lists, through sale, donation, recycling, or decommissioning in a transparent and financially sustainable process once it is no longer economically viable, the service is no longer aligned with Council service provisions, or the asset has reached the end of its useful life. Disposed assets are removed from the fixed asset register.
Fair Market Value	The market value of an asset at disposal. Fair market value reflects the market conditions at the time of valuation and is used in asset revaluation to ensure Council's asset values are accurately represented in financial statements.
Fixed asset register (FAR)	A register that maintains detailed records of all Council-owned non-current assets, including acquisition costs, capitalisation details, valuation, revaluation, and depreciation. The FAR provides a basis for financial reporting and asset management activities.

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Revaluation	The process of updating the value of an asset or asset class to reflect its current fair market value. Revaluation is conducted periodically, usually based on market conditions to ensure that asset values remain accurate in financial records. Revaluation frequency varies by asset class and is governed by Council's revaluation schedules included in this policy.
Service potential	The capacity of an asset to provide services that meet the Council's objectives and the community's needs. Service potential is a key consideration in asset acquisition, maintenance, and renewal, ensuring that assets are managed to provide optimal public benefit over their useful life.
Useful life	The estimated period over which an asset is expected to last before requiring replacement due to its condition. The useful life influences depreciation schedules and helps determine replacement and maintenance strategies to maximise the asset's service potential.

4. POLICY STATEMENT

Asset Management is: "The coordinated activity of an organisation to realise value from assets." (see IPWEA's standard definition). Asset Management must help to understand the trade-offs between cost, risk, and performance over the short, medium, and long term when making decisions about community-owned infrastructure assets. The goal is to ensure the delivery of services that communities value today while providing certainty for future generations.

Asset Management therefore is the combination of financial, economic, and engineering and other practices applied to physical assets with the objective of providing an agreed level of service in a financially sustainable manner. It includes the management of the whole life cycle (acquisition, design, construction, commissioning, operating, maintaining, repairing, modifying, replacing and decommissioning/disposal) of physical and infrastructure assets.

Council will manage its assets to maximise their service potential, safety, and reliability while meeting community needs. In fulfilling its these objectives, Council is committed to:

- Adopting a "renew before new" approach to ensure that funding is prioritised to meet 100 percent of current asset renewal needs each financial year. Ensuring alignment of the Asset Plan with the requirements of the *Local Government Act 2020* including a rolling 10-year capital works program that provides direct input to Council's Long Term Financial Plan prioritised by asset renewal, disaster mitigation requirements, development and economic growth support and externally funded commitments.
- Ensuring that Asset Management practices are service driven, align with the strategic objectives of Council and local government financial reporting guidelines.
- Maintaining the currency of Council's fixed asset register, review asset condition and valuations in accordance with appropriate best practice.
- Ensuring assets are managed, valued, and depreciated in accordance with appropriate best practice.
- Ensuring that the roles and responsibilities of all asset owners, managers and users are well defined and understood.

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4.1 Asset Capitalisation, Condition Inspections, and Revaluation programs

Investment in Council's assets will be capitalised and depreciated according to the Australian Accounting Standards, ensuring long-term investments are classified, managed, and reported accurately with Council's financial statements.

To ensure accuracy in financial reporting, Council will periodically revalue non-current assets to reflect fair market value, aligning with Australian Accounting Standards. Valuation updates will follow the revaluation schedule frequencies and will include independent condition assessments.

4.2 Asset Acquisition and Disposal

Assets may be acquired by Council in several ways including construction through a Council approved contract or inherited from developer's works, purchasing, or receiving gifted assets from community groups or the State Government.

Assets on Council's fixed asset register may also be disposed of if they are no longer required for service provision, are not financially viable to operate or cost-effective to maintain or have reached the end of their useful life in relation to the condition of the asset.

Decisions of this nature will:

- Require a formal decision according to the below responsibility and authorisation matrix;
- Ensure asset valuation and asset register are updated at the time;
- Follow transparent and documented process;
- Align with Council's strategic objectives, such as reinvesting proceeds in new or upgraded assets;
- Ensure environmental considerations, prioritising recycling or repurposing wherever feasible; and,
- Follow data security protocols where applicable.

<table>
<tr><th colspan="4">Responsibility and authorisation matrix</th></tr>
<tr><th>Method of acquisition or disposal</th><th>$1- $20,000</th><th>$20,001 - $100,000</th><th>$100,001 +</th></tr>
<tr><td>Trade in
Expression of interest
Open tender
Sale
Public auction
Demolish/Recycle</td><td>Responsibility: Asset Managers

Authority: Director Infrastructure Services</td><td>Responsibility: Asset Managers

Authority: Chief Executive Officer (CEO)</td><td>Responsibility: Asset Managers

Authority: Council resolution</td></tr>
<tr><td>Charity gifting</td><td>CEO</td><td>CEO</td><td>Council resolution</td></tr>
<tr><td>Land exchange or sale</td><td>Council resolution</td><td>Council resolution</td><td>Council resolution</td></tr>
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6. RESPONSIBILITIES

Councillors	• Endorsing the Asset Management Policy. • Endorsing the 10-year asset plan and long-term financial plan • Endorsing the annual capital works budget in alignment with policy priorities

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	• Approving acquisition and disposal of assets as per the responsibility and authorisation matrix
Council	• Setting the strategic direction for asset management in alignment with community needs and legislative requirements • Issuing the Asset Management Policy and Framework to guide decision-making and resource allocation. • Overseeing the development and implementation of the 10-year asset management plan and long-term financial plan • Ensuring asset sustainability and service delivery by monitoring performance against policy objectives • Providing governance and accountability for asset-related decisions, ensuring transparency and responsible stewardship of public assets
Chief Executive Officer (CEO)	• Primary responsibility for compliance with the Asset Management Policy and Asset Plan throughout the organisation. • Ensuring that an effective asset management system is established and maintained.
Executive and Senior Leadership Teams	• Complying with legislation and Council policies and practices. • Receiving reports relating to suspected events or instances of breaches of this policy. • Ensuring staff understand their responsibilities through adequate supervision, acting within their delegated powers, written procedures, and position descriptions. • Ensuring that appropriate corporate systems, procedures, and processes are in place and managed within their departments and operational units. • Responding positively to matters raised and advice given by internal and external audit and implementing agreed recommendations in a timely manner. • Ensuring that staff implement recommendations to eliminate or reduce the impact of deviation from the policy.
Manager Engineer	• Coordinating the review of Council's Asset Management Policy and Asset Plan • Coordinating a periodic Asset Management Risk Assessment, in line with Council's Risk Management Framework. • Ensuring regular updates are provided (including assurance of controls) in line with Council's Risk Management Plan.
Employees, Contractors, and Council Volunteers	• Acting with propriety in all Council activities and not using their position with the Council to gain personal advantage or to confer advantage, or disadvantage, on any other person. • Safeguarding Council assets against theft, misuse or improper use and reporting incidents.

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	• Conducting themselves with honesty, accountability, and integrity and in line with the Employee Code of Conduct and Corporate Values.
Audit & Risk Committee	• Reviewing reports of breaches of this policy.
Internal and External Audit	• Playing an important role in the improvement of asset management activities by independently reviewing systems, procedures, and controls to ensure there are adequate safeguards to prevent, detect and respond to policy deviations; with particular attention paid to areas where there is a significant risk. • Providing findings and recommendations to Council for consideration. • Certifying that Council's accounts represent a true and fair view of the Council's financial position (undertaken by External Auditor – Victorian Auditor General's Office).

5. MONITORING AND EVALUATION

Monitoring and reporting of asset management risks will be undertaken in accordance with Council's Risk Management Framework.

The Asset Management and Governance, Risk & Performance teams will monitor compliance with this policy and in instances where a deviation from the policy is detected, Council will reassess the adequacy of controls and determine whether remedial actions are required.

6. RELATED DOCUMENTS

Related Legislation

Local Government Act 2020
Local Government (Planning and Reporting) Regulations 2020
Road Management Act 2004

Related Council Policies and Procedures

Employee Code of Conduct
Administrator/Councillor Code of Conduct
Competency Framework
Disciplinary Procedure
Gifts, Benefits and Hospitality Policy
Conflict of Interest Guide
Risk Management Policy
Purchase Card Policy
IT Security Policy
Budget and Financial Reporting
Community Strengthening Grants Policy
Procurement Policy
Records Management Policy
Motor Vehicle Policy
Instruments of Delegation

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Standards, Guidelines, and other supporting information

Australian Accounting Standards – specifically but not limited to:

- *AASB 116 Property, Plant, and Equipment: This standard outlines the accounting treatment for most types of property, plant, and equipment. It includes guidelines on recognition, measurement, depreciation, and impairment of assets.*
- *AASB 138 Intangible Assets: This standard provides guidance on the accounting treatment for intangible assets, including their recognition, measurement, and amortisation.*
- *AASB 13 Fair Market Value Measurement: This standard defines fair Market value, sets out a framework for measuring fair Market value, and requires disclosures about fair Market value measurements.*

International Infrastructure Management Manual
Infrastructure Design Manual
Moira Shire Council Plan
Moira Shire Council Long Term Financial Plan
Moira Shire Council Asset Management Plan(s)
Local Government and Planning Ministers' Council, Local Government financial sustainability nationally consistent frameworks, Framework 2 – Asset planning and Management (May 2009)
Australian Centre of Excellence for Local Government – National Assessment Framework
Australia Local Government Association – State of the Assets 2015

7. DOCUMENT REVISIONS

Version	Summary of Changes	Approved by	Date
1	Original Asset Management Policy adopted	Council	07/07/2003
2	Policy review	Council	21/03/2011
3	Policy review	Council	18/03/2013
4	Policy review	Council	22/03/2017
5	Policy review	Council	23/10/2019
6	Review included combining Asset Management Policy, Revaluation and Valuation Policy, Asset Capitalisation Policy and incorporating disposal and acquisition.	Council	30/06/2025
6.1	Administrative amendment: Removal deviation approval from Section 5. Responsibility and Authorisation Matrix defines approval requirements so this eliminates confusion.	CEO	27/02/2026

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