

# Asset Rationalisation



<b>Council Policy Number</b>	<b>118</b>
Date adopted	16 July 2019
Scheduled for review	July 2023

## 1. Purpose

To set out the standards Campaspe Shire Council ('Council') uses to determine when an asset is realised.

## 2. Definitions

Asset	A resource controlled by the Council from which future economic benefits or service potential are expected to flow to the municipality or its community.
Condition Assessment	The process of inspection, assessment, measurement and interpretation of the resultant data to indicate the condition of a specific asset to determine the need for some remedial action.
Level of Service	The defined service quality for a particular service/activity against which service performance may be measured. Service levels usually relate to need, quality, quantity, reliability, responsiveness, environmental impact, satisfaction and cost.
Service Manager	The manager in Council that leads the provision of services for an activity or service. (e.g.: Asset Manager leads the provision of road services to the community.)

## 3. Policy Statement

Council should only own, provide, operate, maintain and renew assets which are sustainable to meet agreed service levels thus freeing up renewal funding for other priority assets. Council owns many fixed assets, such as roads, drains, buildings and land, with a total value of over \$875 million. These assets place a substantial financial obligation on the community and Council. Competing priorities exist between funding asset maintenance and renewal versus other community identified needs. Any reduction in this financial obligation will allow other community priorities to be accommodated.

Service Planning processes may identify certain assets as being surplus to requirements as the services they support are no longer required or no longer exists, the service can be delivered differently, or an asset is at the end of its useful life. In these circumstances it may be appropriate to dispose of the asset or provide the service through other means.

Assets that need to be replaced are to be evaluated in accordance with the needs of the service/s supported by the asset.

This Policy should be read in conjunction with Council Policy 091 – Sustainable Asset Management, Council Policy 054 – Requests for Upgrades to the Road Network, and Council Policy 155 – Campaspe Service Planning.

### 4.1 Principles

- 4.1.1 Assets will not be automatically replaced at the end of their useful life. The reasons can include but are not limited to:
- Assets that do not provide, or are not required to provide, a minimum Level of Service.
  - Assets that are beyond Council's reasonable financial capacity to maintain or renew.
  - Critical or statutory services will be prioritised over optional or tertiary services.

- i. Council’s finite capital resources must be used firstly to meet its legal and statutory obligations as well as requirements for critical services before other uses.
- d. Assets delivering a service which demonstrate a declining or finite need in the future.
- e. Alternative methods of delivery of either the service the asset provides, or the asset itself are available, or would be available if Council withdrew it.
- f. Assets for which the long term provision of a service the asset is related to is unlikely to last the term of a renewed assets life. (e.g.: a renewed community hall with a remaining life of 25 years in an area whose reasonable use or need would terminate at or around year 10.)
  - i. The minimum acceptable use hurdle is 90%. That is the asset must be reasonably considered to be required at sustainable levels for 90% of the renewed assets life. (So, the hall has a 25 year life, the service should be expected to last at a sustainable level for at least 22.)
  - ii. The hurdle has been set at that rate as the life of many Council assets is measured in decades and the cost of disposing or upgrading is significant. Supporting assets whose use is less than 90% adds cost and risk which detract from Council’s sustainability.

4.1.2 The need for an asset will be reassessed when:

- a. The Service Manager undertakes a review of the service provided.
- b. It is found that an asset is at or near the end of its useful life following a condition assessment.
- c. The service supported by the asset is no longer required or is diminishing to unsustainable or uneconomic levels.
- d. A number of services are aggregated to operate using one asset rather than a number of assets.

4.1.3 If an asset is to be considered for disposal, change of use or reconfiguration relevant stakeholders will be consulted by Council. This will include consideration of the existing and proposed levels of service, alternative service delivery options and/or the impact of non-replacement.

**Exclusions**

Nil

**4. Human Rights**

This report has considered and complies with the Human Rights and Responsibilities contained in the Victorian Charter of *Human Rights and Responsibilities Act 2006*.

**5. Related Legislation**

*Local Government Act 2020*

**6. Related Policies, Procedures and Strategies**

- Council Policy 091 – Sustainable Asset Management
- Council Policy 054 – Requests for Upgrades to the Road Network
- Council Policy 155 – Campaspe Service Planning

**7. Attachments**

Nil

**8. Review Period**

Four years

**Responsible officer**

Strategic Asset Coordinator

**9. Administrative Updates**

It is recognised that, from time to time, circumstances may change leading to the need for minor administrative changes to this document. Where an update does not materially alter the policy, such a change may be made administratively. Examples include a change to the name of a Council department, a change to the name of a Federal or State Government department, and a minor update to legislation which does not have a material impact. However, any change or update which materially alters this document must be by resolution of Council.

**10. Approval History**

Adopted	21 October 2008	Minute Book Reference No 12868 (item 9.5)
Revised	18 August 2009	Minute Book Reference No 14208 (Item 9.1)
Revised	21 September 2010	Minute Book Reference No 16407 (Item 12.6)
Revised	18 October 2011	Minute Book Reference No 18261 (Item 13.3)
Revised	14 December 2016	Executive Management Group
Revised	29 November 2017	Executive Management Group
Revised	16 July 2019	Minute Book Reference No 2684 (Item 7.1)
Revised	4 September 2020	Administrative Change (5. <i>Related Legislation</i> )
Revised	24 February 2021	Administrative update to apply consistent reference to Campaspe Shire Council ('Council')

Chief Executive Officer: ..... 

Date: ..... 24/2/2021