



1. ACQUISITION AND DISPOSAL OF ASSETS

Policy 1.2

ASSET AQUISITION

Version 3

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1.2 ASSET AQUISITION

OBJECTIVE:

To ensure Council considers the full life cost of all asset acquisitions prior to entering into any process to acquire/develop future assets.

POLICY:

1. When considering the acquisition and/or development of assets, Council will take into consideration:
 - The comparative long term ownership costs of the asset
 - Evidence of community demand for the provision or retention of the asset
 - Whether the land is suitable for its intended use in accordance with the strategy "ensuring Council land is suitable for its intended use", in the Operational Plan and Delivery Program
 - Whether the land is suitable for its intended use in terms of levels of contamination
 - The strategic worth of the asset and its community benefit
 - Whether the asset provides Council a positive return on the investment
 - The extent to which the asset is subsidised by the community, through the use of general rate revenue.
2. The long term ownership costs of the asset acquisition and/or development must take into account;
 - Acquisition and/or development costs
 - The cost of providing finance (i.e. opportunity costs and interest charges)
 - Any warranty period applicable
 - The length, value and cost of any applicable maintenance agreements
 - The lifetime maintenance profile and costs
 - Energy consumption and projected costs
 - Any residual value (where applicable)
 - An investigation of alternative acquisition arrangements, eg. Purchase, lease, rent, public partnership or resource sharing
 - An investigation as to alternative financing arrangements, eg. User pay, grants, loan funds or private sector
 - Taxation issues under competition policy.

3. Reports to Council on the acquisition and/or development of assets must include commentary on the above points as well as including details of;
 - Community demand
 - Strategic worth to the community
 - Asset return
 - A comparison of long term ownership costs.

4. Guidance from the Division of Local Governments Capital Expenditure Guidelines and Circular 10.34 should be applied where applicable. Where projects are less than \$1 million (GST exclusive) but expenditure is still expected to be significant the Guidelines should be considered.

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