



1. ACQUISITION AND DISPOSAL OF ASSETS

Policy 1.2

ASSET ACQUISITION

Version 4

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1.2 ASSET ACQUISITION

OBJECTIVE:

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

This Policy relates to Council's infrastructure assets, and excludes acquisition of Council's land assets.

INTERACTION WITH OTHER POLICIES

- Asset Management Policy 1.5
- Asset Disposal Policy 1.3

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 \$1Million (GST exclusive) but expenditure is still expected to be significant, the Guidelines should be considered.
 5. The full details (both technical and financial) of any new assets acquired by Council will be added to the applicable Asset Register, and included in Council's corporate Asset Management Systems.

Maintained by Department:	Operations	Approved by:	Council	Exhibition	
Reference:	Dataworks: Policy Register	Council Policy No:	1.2	Effective Date:	8/5/2017
Min No:	06-349 V1 P08-136 O09-67 V3 - 13-432 V4 – 17-133	Version No:	4	Reviewed Date:	February 2009 August 2013 April 2017 May 2021
Attachments:					