
POLICY TITLE: LEASE FINANCING

FOLDER NUMBER: F2007/00307

POLICY OWNER / DIVISION: Corporate Support Division

POLICY OWNER / BRANCH: Financial Services

FUNCTION: Finance

RELEVANT LEGISLATION:

POLICY ADOPTION/AMENDMENT DATE: 11 May 2022 **REPORT NUMBER:** CS4/22

REVIEW YEAR: 2024

AMENDMENT HISTORY:

- 14 July 1999 (Report CC55/99)
- 10 May 2000 (Report GM10/00)
- 9 March 2005 (Report CC5/05)
- 11 April 2007 (Report CC11/07)
- 8 April 2009 (Report CC12/09)
- 20 April 2011 (Report CC10/11)
- 17 April 2013 (Report GM2/13)
- 8 April 2015 (Report CS6/15)
- 8 August 2018 (Report CSS33/18)

RELATED POLICIES:

POLICY PURPOSE / OBJECTIVES:

To utilise where appropriate, operating lease finance in respect of acquiring equipment which has a significant risk of technological obsolescence and in addition, motor vehicles.

POLICY STATEMENT:

1. Equipment with a significant risk of technological obsolescence includes and is mostly limited to information technology equipment such as personal computers, file servers, printers, telephone equipment, survey equipment, global positioning systems etc. Motor vehicles may be leased in appropriate circumstances.
2. All new leases are to be accounted for in line with the requirements of Australian Accounting Standards Board 16 - Leases. The key requirement of this standard includes the recognition of a right of use asset and a lease liability on the Balance Sheet at lease commencement. As the lease term progresses and payments are made to the lessor these balances decrease and the impact to the Profit and Loss statement is recognised.

3. The Profit and Loss statement impact of lease repayments will be charged directly or indirectly to the cost centre benefiting from the use of the leased equipment.
4. Decisions on the acquisition of plant are made on a case-by-case basis following a proper cost benefit analysis of alternative acquisition strategies, having regard to this policy objective, the level of materiality and utilisation of relevant Restricted Asset Accounts e.g., Corporate Systems Upgrade and Plant Replacement.
5. No items of equipment with a capital cost less than \$30,000 other than information technology equipment and motor vehicles will be leased unless approved by the General Manager.
6. Council's Tendering Policy and Procedures are to be complied with.
7. All proposed lease documentation other than for IT equipment is to be reviewed by Council's solicitor.
8. A Master Lease Agreement has been arranged by Local Government Procurement to facilitate the procurement of information technology equipment by way of an approved, centralised IT operating lease facility.