

	COUNCIL POLICY	
	Asset Management	
POLICY NO	042	
DEPARTMENT	Engineering & Commercial Infrastructure	
PROGRAM	Asset Management	
ENDORSED BY COUNCIL	22 July 2020	Resolution: ORD-2020-188

1.0 Scope

This policy applies to all Mackay Regional Council's (MRC) activities.

MRC recognises the fundamental importance of delivering consistent, reliable and sustainable service outcomes. Sustainably delivering services to the community is impossible without effective asset management. This responsibility for understanding service standards and delivering services to the community requires strong leadership from MRC and its officers to ensure the assets are managed effectively.

2.0 Purpose

The MRC owns assets to provide services. The purpose of this policy is to ensure assets are managed in such a way that service outcomes are delivered and are sustainable. The lifecycle cost of assets is recognised as having the biggest impact on the cost of service delivery, and it is therefore imperative to ensure assets are managed effectively and efficiently.

3.0 Reference

- *Local Government Act 2009*
- *Local Government Regulations 2012*
- Australian Accounting Standards Board – Relevant Australian Accounting Standards
- International Standard ISO 55000 *Asset Management*

4.0 Definitions

To assist in interpretation the following definitions shall apply:

Asset shall mean an item, thing or entity that has potential or actual value to an organisation.

Asset Management (AM) shall mean the coordinated activity of an organisation to realise value from assets by delivering outcomes.

Asset Management Plan shall mean documented information that specifies the activities, resources and timescales required for an individual asset, or a grouping of assets, to achieve the organisation's asset management objectives

Asset Owner shall mean the MRC officer accountable for management decisions, performance, and condition of the MRC asset.

Business Case shall mean a document that demonstrates the advantage and value of a proposed service/asset including consideration of alternative delivery methods and a recommended option.

Level of Service shall mean the parameters, or combination of parameters, which reflect social, political, environmental and economic outcomes that the organisation delivers.

MRC shall mean Mackay Regional Council.

The Strategy shall mean the Strategic Asset Management Plan being a guide to prioritise MRC's activities to ensure a coordinated effort in data, maintenance and asset management.

5.0 Background

The overall intent of this policy is encapsulated in the following statement:

By delivering service outcomes, maximising value, and managing risk, Asset Management shall ensure social, environmental and financial sustainability for current and future stakeholders.

6.0 Policy Statement

6.1 Principles

MRC will apply the following principles for the development and delivery of its Asset Management Policy:

6.1.1 **Asset Ownership**

Each asset will have a designated Asset Owner.

6.1.2 **Service Outcomes**

The sole purpose for owning an asset is to provide one or more services.

For all services MRC delivers, Service Outcomes will be defined and measured.

Service Outcomes impact the wider community and include:

- Safety;
- Public Health;
- Environment;
- Service Levels;
- Cost of Service; and
- Relationships Between Services

6.1.3 **Importance of Asset Management**

- The lifecycle cost of assets is recognised as the biggest impact on the cost of service delivery.
- MRC has a replacement value in excess of \$4 billion.

6.1.4 **Document Hierarchy**

- An Asset Management Framework will be applied across all of MRC to leverage economies of scale and scope and ensure standardisation.
- The Strategy will be developed and applied for the organisation.
- The effect of each asset on service outcomes will be understood and included in the Asset Management Strategies.
- All assets will be covered by an Asset Management Plan.
- The Asset Management Plan will align with the Long Term Financial Forecast.

6.1.5 **Decision Making**

- The decisions with the largest impact to whole-of-life costing are made prior to the acquisition of the asset.
- Alternative Service Delivery options will be considered before the acquisition of an asset including:
 - Outsourcing;
 - Leasing;
 - Demand Management;
 - Modification of existing Asset Base; and
 - Adjusting Service Levels.
- New assets add new costs to the business which alters the operating result. The effects of the following costs will be understood and included in the business case for capital budget:
 - Operating;
 - Maintenance;
 - Depreciation; and
 - Disposal/Replacement.
- During the life of an asset, the demand and service required of the asset is likely to have changed, making like-for-like replacement of an asset potentially unsuitable. It is therefore necessary to include for replacing an asset as procuring a new asset.
- The full cost of service delivery will be understood.

- Whole-of-life costs will be used in the Asset Decision Making process.
- The ongoing costs of operating, maintaining, disposing and renewing an asset materially impact the Whole-of-life cost and must be understood.

6.1.6 ***Relationship between Risk, Cost and Service Outcomes***

- The impact of changing service levels on cost is understood and communicated.
- Services outcomes are reviewed to ensure alignment with community expectations and the operating environment.
- The delivery of services requires a balance of risk, cost and service outcomes.
- The responsibility of the Asset Owner is to meet service levels, manage risk to the prescribed risk appetite, while maximising long term value.

6.1.7 **Climate Change**

- Council recognises that climate change is likely to affect asset life and functionality. Asset planning and analysis will examine this risk and consider appropriate mitigation.

6.2 **Processes**

This Policy and its associated principles will be embedded into the MRC processes including:

1. Asset Management Plans will be the responsibility of the Asset Owner.
 - Asset Management Plans will work in conjunction with the corporate performance planning and reporting framework which includes:
 - Corporate plan
 - 3-year Business Plans,
 - Operational Plan
 - Annual Action Plans
 - Asset Management Plans will be updated annually and will cover a rolling 5-10-year period.
 - Asset Management Plans will inform the Long Term Financial Forecast and the Operational Budget.
2. Services will be delivered through coordination of employees, contracts and assets.
3. Asset Management Strategies will be applied within a continuous improvement context.

4. Fit for purpose governance processes will be used to ensure the effective management of assets across MRC programs and across MRC departments.

7.0 Review of Policy

This policy will be reviewed when any of the following occur:

1. The related documents are amended or replaced.
2. Other circumstances as determined from time to time by a resolution of Council

Notwithstanding the above, this policy is to be reviewed at intervals of no more than three (3) years.

Version Control:

Version	Reason / Trigger	Change	Endorsed / Reviewed	Date
1	To be review		Council	22.03.17
2	Review of Policy	Updated	Council	22.07.20