



Strategic Asset Management Plan 2019



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Executive Summary

Mackay Regional Council has a responsibility to effectively and efficiently manage the services provided by its assets, to its community. This Strategic Asset Management Plan (SAMP) provides the linkage between the organisational objectives of Council and the asset management objectives to be delivered by the assets. It also provides the portfolio wide asset planning and investment process that considers performance, risk, and cost.

Council has a strong vision for the future of asset management which includes sustainable services delivery, community satisfaction, sustainable financial position and acceptable risk exposure.

Council has developed its organisational objectives to focus its services on the communities it serves. Council owns, operates, and maintains assets valued at more than \$4.5 billion.

The asset management objectives were established to reflect the Corporate Plan where Council commits to delivering quality services to facilitate sustainable growth through inspired leadership, community engagement and sound financial management. Council is governed by the principles of the Local Government Act 2009 of sustainable development and management of assets and infrastructure and delivery of effective services. These requirements are addressed in individual Asset Management Plans (AMPs), as these plans deliver the asset outcomes, within the budgets and with the resources available, while ensuring that appropriate levels of service are achieved.

Purpose

Providing effective and efficient management of assets is a key obligation of Mackay Regional Council (Council). As custodian of community assets, Council has the responsibility for managing these assets in the most cost-effective manner. This is achieved through asset creation, acquisition, maintenance, operation, rehabilitation and disposal. These actions are undertaken in order to continue to provide efficient, safe and reliable services for current and future generations. Asset Management is a widely accepted term to describe this responsibility of Council.

The purpose of this Strategic Asset Management Plan (SAMP) is to:

- Demonstrate that Council's Asset Management System (AMS) is aligned with industry best practice and guided by the international standard for Asset Management: ISO 55001: Management System for Asset Management;
- Describe the role of the AMS in supporting achievement of the AM Objectives, delivering appropriate Level of Service (LOS) cost effectively, and meeting legislative requirements;
- Document information that specifies how organisational objectives have been realised as Asset Management Objectives (AM Objectives); and
- Inform the approach for developing Asset Management Plans (AMP).

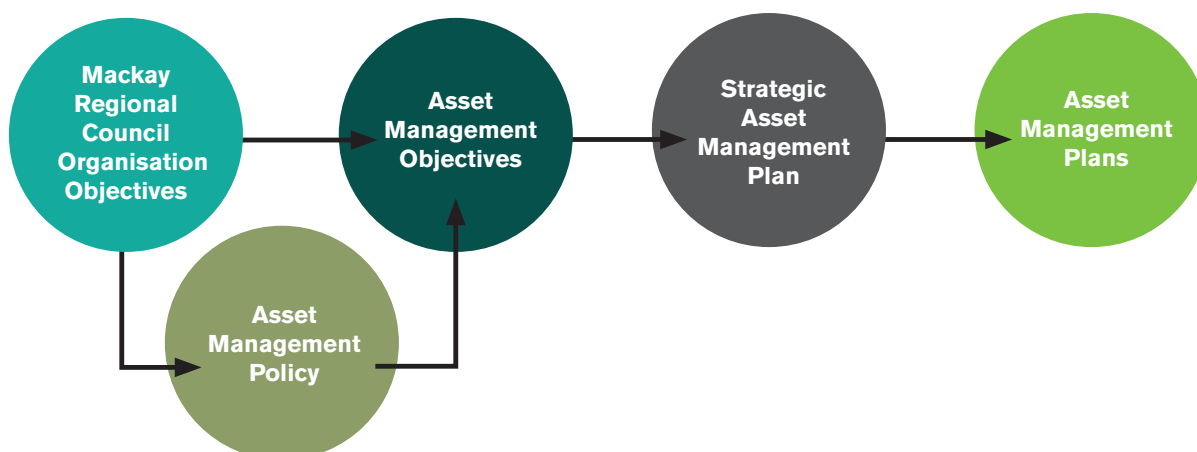
The functional relationship between the SAMP and other organisational leadership documents is shown in the diagram above.

This SAMP is specific to Mackay Regional Council and its AMS. Key fundamental objectives of this SAMP include:

- Setting out the foundations for managing its asset portfolios in a manner which ensures it is able to sustainably deliver services to the community, according to the community's expectations, and to meet legislative requirements;
- Developing the decision-making process that considers costs, human resources, risks, performance and improvement opportunities for Council when managing assets and delivering services to the community;
- Building staff engagement and competency, strong stakeholder engagement, informed and robust asset management decision making processes to support the functionality and sustainability of the AMS;
- Applying the Asset Management Policy

Council continuously considers the current and future needs of the community and Council's ability to provide assets which contribute to meeting these needs. Council also considers the financial implications of maintaining community assets and the balancing of this expenditure and operational realities against other community priorities and regulatory requirements.

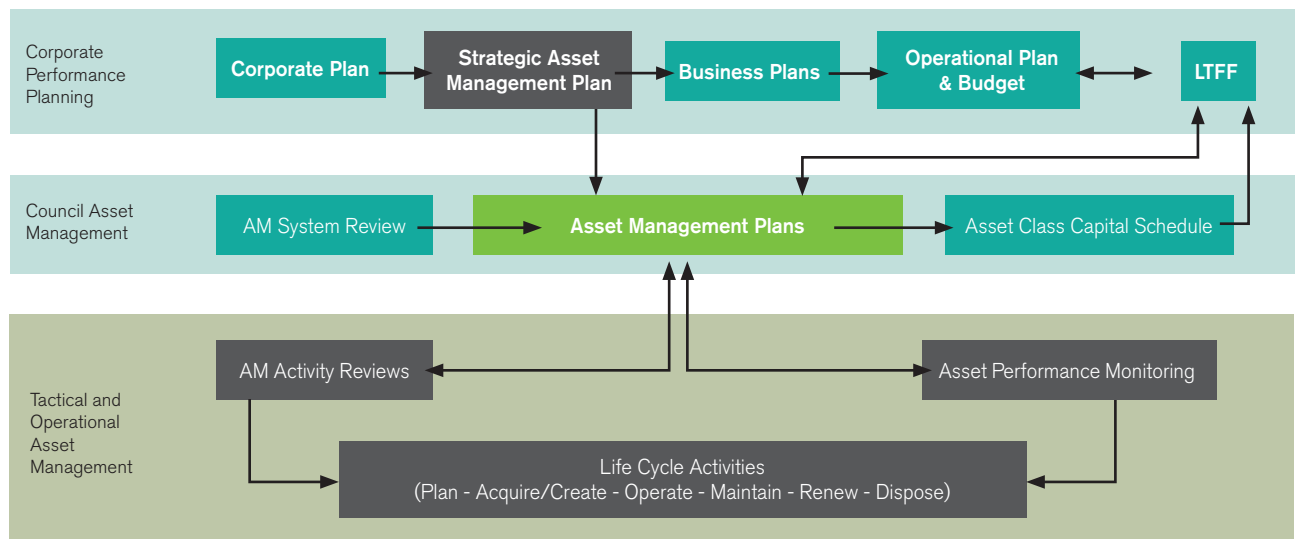
Ongoing development and review of this SAMP will promote the viability and long-term use of assets in line with Council's organisational objectives.



Organisation objectives

An organisation's objectives play a large part in developing organisational policies and determining the allocation of organisational resources.

Council has developed its organisational objectives to focus its services on the communities it serves. Council has produced various documents that illustrate leadership across the organisation, particularly regarding assets. The AMS leadership framework is shown in the following diagram:



Asset Management Links to the Corporate Plan

Parks and open spaces

Provide well designed and maintained parks and open space networks which cater for the changing needs of the community, to promote outdoor social and recreational activities.

Infrastructure

Develop and maintain regional infrastructure that will support a high standard of living.

Asset Management

Council will have robust strategic asset management practices to optimise the planning, delivery and maintenance of public assets.

Better roads

Maintain and improve council's sealed and unsealed network

Drainage networks

Maintain and improve council's drainage networks by delivering priority drainage capital works; and by developing more efficient delivery mechanisms.

Water and sewerage networks

Maintain and improve council's water and sewerage infrastructure by optimising the useful life of assets and by adopting more efficient service delivery mechanisms.

Waste Services

Maintain and improve council's waste facilities and services by adopting improved practices and service delivery.

Planning for growth

Plan for the delivery of public infrastructure and services to match the needs of our changing population.

Asset management Alignment

Ensure that asset management aligns to the council's strategic direction and that effective asset management practices are in place to optimise service delivery.

Financial sustainability and efficiencies

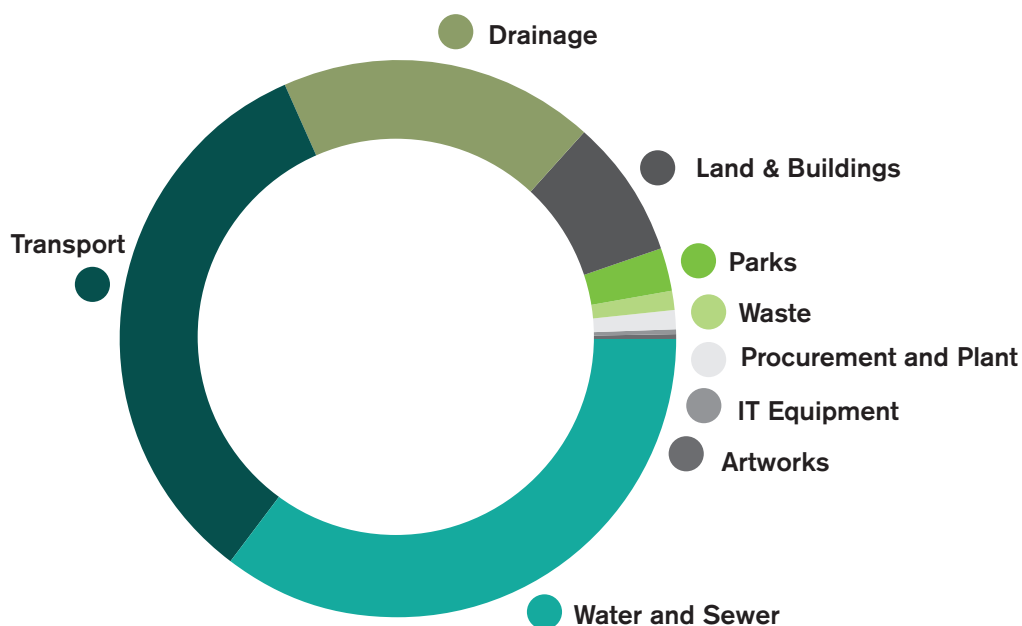
Maintain the financial sustainability of the council by implementing rigorous financial management practices across all council programs.

Smarter technologies

Optimise the use of information and communication technologies (ICT) and other innovations to improve service delivery and operate more efficiently.

Governance and performance

Ensure that council complies with all of its statutory obligations, minimises its exposure to litigation, manages its risk, undertakes targeted internal audits, and meets community expectations of transparency and performance reporting.



Asset Class Summary

Council owns, operates, and maintains assets valued at \$4.5 billion replacement value. This SAMP provides guidance on all Council assets, which are grouped into the following key asset classes:

Asset Class	\$Billion Replacement Value	Percentage
Water and Sewer	1631	36%
Transport	1451	32%
Drainage	803	18%
Land and Buildings	360	8%
Parks	96	2%
Waste	75	2%
Procurement and Plant	44	1%
IT Equipment	17	< 1%
Artworks	2	< 1%



Transport

- Sealed and unsealed pavements
- Bridges
- Kerb and channel
- Traffic Signals
- Footpaths, Bus Shelters and Bicycle Paths
- Traffic management facilities within the road network such as roundabout, median islands, Guardrail and traffic control devices*

Drainage

- Open Drains
- Stormwater Pits
- Road Culverts
- Pipes Network
- Detention Basins
- Gully Pits

Water & Waste Water

- Pipes
- Reservoirs
- Pump Stations
- Treatment Plants

Open Spaces

- Parks
- Environmental Conservation
- Amenities

Land

- Freehold and Reserve

Buildings

- Community
- Commercial
- Residential

Waste

- Transfer Stations
- Landfill

Artworks



Asset Management Policy

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

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

Asset Management Principles

The Asset Management Policy includes the following principles.

-
- | | |
|---|--|
| 1) Asset ownership is driven by service outcomes and each asset's affect on service will be understood. | 1. The most important asset management decisions are made before the realisation of an asset. |
| 2) Because lifecycle cost of an asset is recognised as having the biggest impact on the coast of service delivery, efficient Asset Management is imperative to financial sustainability. | 2. The full cost of service delivery will be understood. |
| | 3. Whole-of-life costs will be used in the asset decision making process. |
| | 4. The ongoing costs of operating, maintaining, disposing and renewing an asset materially impact the whole-of-life cost and must be understood. |
| | 5. The delivery of services requires a balance of risk, cost and service outcomes. |

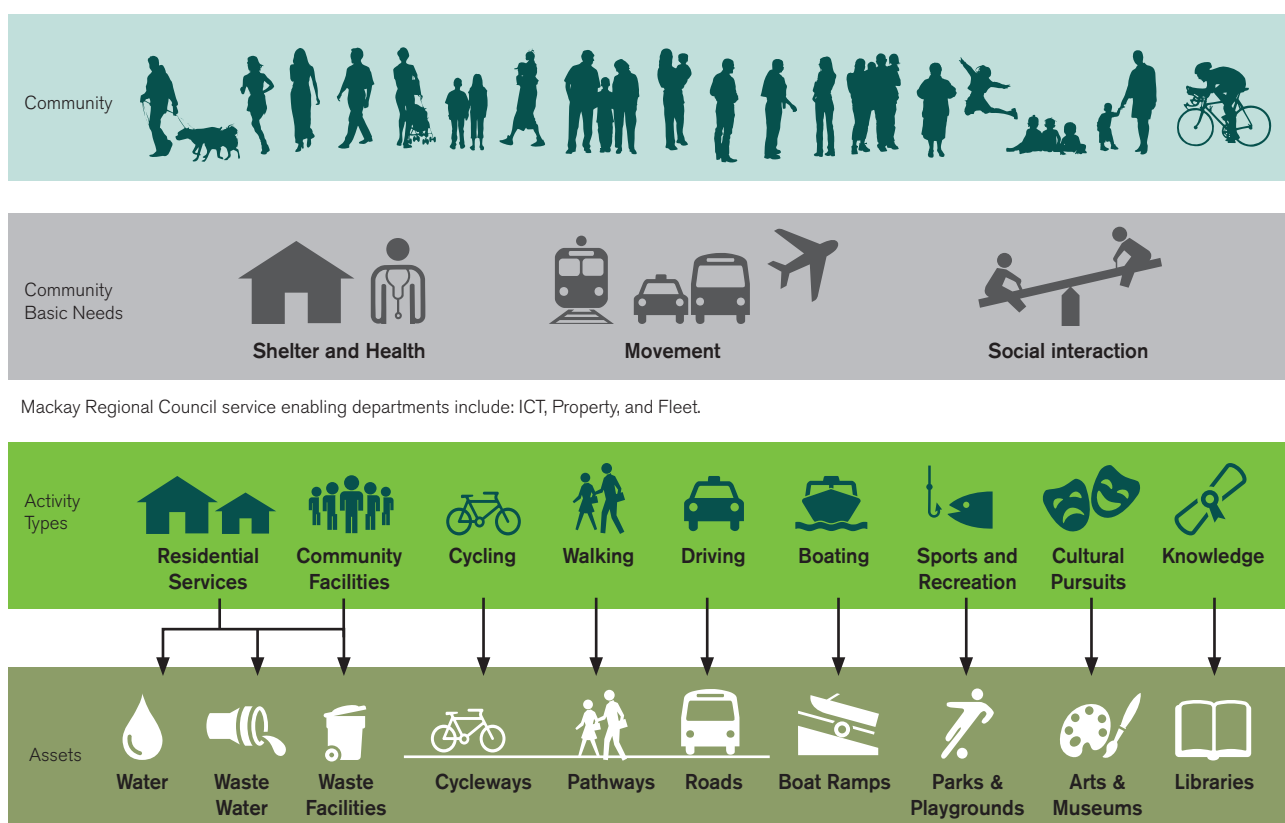
Asset Management Objectives

The AM Objectives, at an organisational level, are created to deliver the community services and the needs of the community. This focus has been mapped in the above diagram.

The AM Objectives were established to reflect the Corporate Plan where Council commits to delivering quality services to facilitate sustainable growth through inspired leadership, community engagement and sound financial management. Council is governed by the principles of the Local Government Act 2009 of sustainable development and management of assets and infrastructure and delivery of effective services.

These requirements are addressed in each of the individual AMPs, as these plans deliver the AM Objectives, within the budgets and with the resources available, and ensuring that appropriate levels of service are achieved.

In establishing the objectives, community consultation was undertaken through Council in Community initiative and the Community Attitudes Survey. In addition, the community can interact with Council through various media types such as the feedback link on the public website, reviewing publicly available reports and various other publications on the Council website.







Asset Management Stakeholders

Internal Stakeholders

Specific internal stakeholders of the AMS and their respective roles and responsibilities are outlined and, in general, these stakeholders fall into the following three key areas:

» **Councillors:**

Responsible for setting strategic direction of the Council's vision, mission, objectives and approval of the Asset Management Policy and objectives;

» **Executives:**

Responsible for strategic management of Mackay Regional Council and ensuring asset management plans are consistent with the strategic direction;

» **Senior Council Officers:**

Responsible for the development and implementation of the asset management and operational plans to deliver the asset outcomes; and

» **Council Officers:**

Responsible for the implementation of the operational plans.

External Stakeholders

The residents and visitors to the community are the primary external stakeholders in the AMS and also the main beneficiaries of the services. They also contribute the bulk of the operating funds through rates, charges and fees.

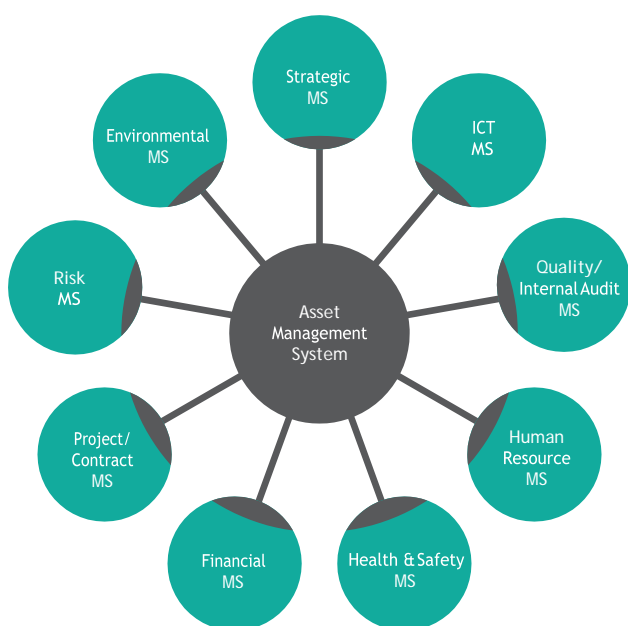
There are other groups with external stakeholder interests including:

» **Goods and services providers to Council;**

» **The Government of Queensland;**

» **Financial Institutions, Insurers, Regulatory Authorities;**

» **Developers;**



Asset Management System Integration

The AMS is part of a suite of management systems used by Council. The diagram to the left and associated table below shows the AMS and its interdependencies on the other Council management systems (see table).

System Description	AMS Interdependencies
Asset Management System: The approach used by Council to ensure that physical assets remain safe, fit-for-purpose and commercially sustainable throughout the whole asset lifecycle.	<ul style="list-style-type: none"> SAMP. AM objectives. AMPs Development of LTFF. Decision making process.
Strategic Management System: The system involves the formulation and implementation of the major goals and initiatives taken by an organisation, based on consideration of the demands, opportunities and limitations of the internal and external environments in which Council operates.	<ul style="list-style-type: none"> Council Vision & Mission. Policies. Executive commitment. Council objectives. LTFF approval. Stakeholder communications /consultation.
ICT Management System: Any software that facilitates the storage, organisation, and retrieval of information within a computer system. The information held may include sounds fragments, images, and video, in addition to textual and numerical information.	<ul style="list-style-type: none"> Information storage and retrieval. Hardware/ Software provision. Technological innovation.
Quality Management System: The system that ensures that the products or services of Council are consistent by the application of quality planning, quality control, quality assurance and quality improvement. Quality management is focused not only on product and service quality, but also on the means to achieve it. A key aspect of the quality system is the auditing of processes and outcomes.	<ul style="list-style-type: none"> Asset delivered/ constructed to the appropriate standards. Continuous improvement in asset service delivery. Health and Safety audits. Quality audits (including ISO9000 & ISO14000 for water business unit). Statutory compliance audits. Internal and External Audit program

System Description	AMS Interdependencies
<p>Human Resource Management System: This system includes the management of human resources and includes suite of software programs for managing business processes related to human resource management. It is the link between the strategy of Council and its people that includes resource planning, recruitment, workplace communication, employee relationship management, career planning and tracking, performance management and employee information.</p>	<ul style="list-style-type: none"> ▪ Position description. ▪ Performance reviews. ▪ Training provision. ▪ Performance management. ▪ Recruitment.
<p>Health and Safety Management System: This system includes the management of all human resources through the use of intelligent software solutions that connect with finance and resource software systems under the framework of human resources policies and procedures. It is the link between the Council Corporate Plan and the delivery of Business, Action and Operational Plan outcomes across organisational culture, workplace relations, workforce capability and planning, talent management and succession planning, performance management, employee data recording and reporting, and health and wellbeing.</p>	<ul style="list-style-type: none"> ▪ Position Descriptions ▪ Workforce Plans ▪ Position and Team Capability Profiles ▪ Training Needs Analysis ▪ Performance Management
<p>Financial Management System: This system is the methodology and software that Council utilises to oversee and govern its income and expenditure and assets to identify and support growth opportunities and accomplish the objectives of the organisation.</p>	<ul style="list-style-type: none"> ▪ Determine funding available for delivery of all aspects of the AMS. ▪ Project budget control. ▪ LTFMP. ▪ Utilities Charges Model. ▪ Rates Income Model
<p>Project / Contract Management System: This system relates to the procurement of various products and services for Council and the implementation of the procedures to ensure budgets are met and products and services are to the required standards.</p>	<ul style="list-style-type: none"> ▪ Asset delivered/ constructed to the appropriate standards. ▪ Continuous improvement in asset service delivery. ▪ H&S audits. ▪ Quality audits (including ISO9000 & ISO14000 for water business unit). ▪ Statutory compliance audits. ▪ Internal and External Audit program
<p>Risk Management System: The system provides the formal process for the identification, assessment and prioritisation of risks, followed by coordinated and allocation of resource to minimise, monitor and control the likelihood and consequence of negative risks or to maximise the realisation of opportunities.</p>	<ul style="list-style-type: none"> ▪ Identification and assessment of risks. ▪ Implementation of process to minimise impact of negative risks.
<p>Environmental Management System: The EMS is a set of processes and procedures that enables Council to reduce its environmental impact. It provides a structured approach to planning and implementing environmental protection measures.</p>	<ul style="list-style-type: none"> ▪ Minimise negative impact assets have on the surrounding/ receiving environment. ▪ Promotes more environmentally sustainable objectives.

People

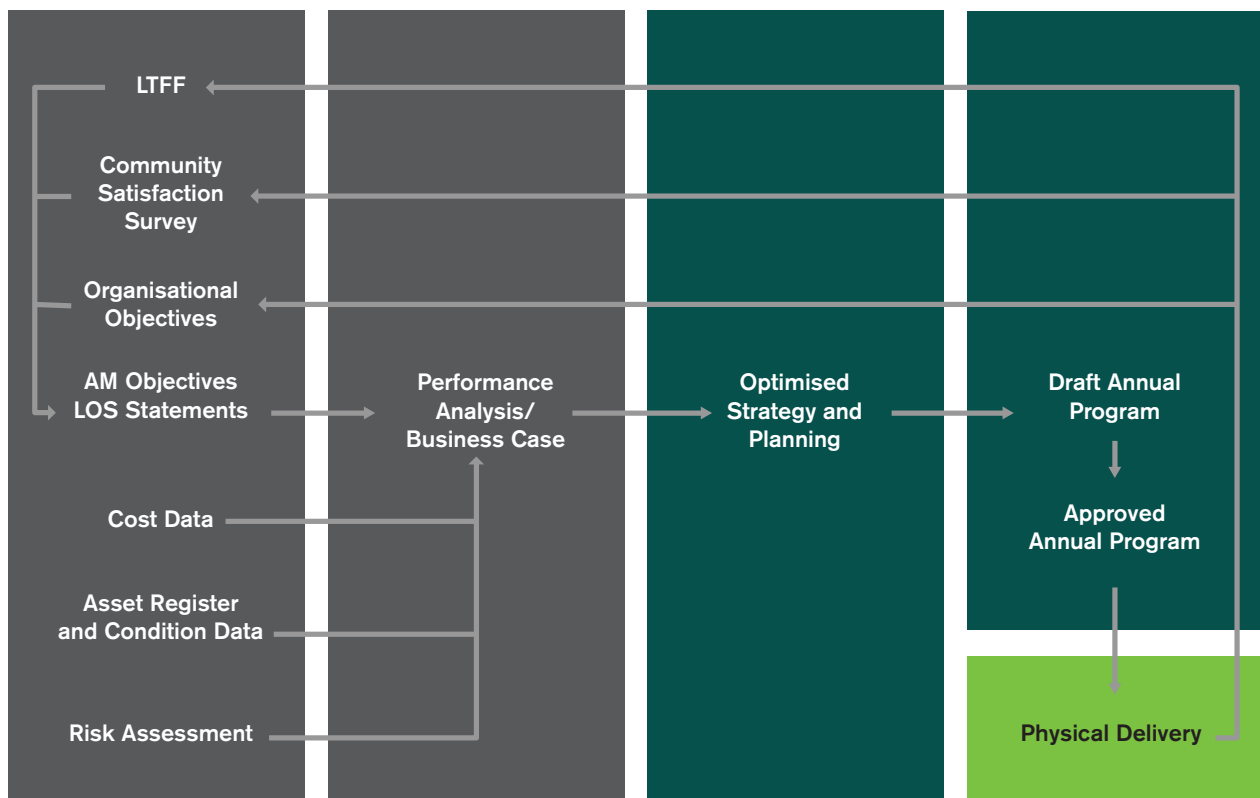
Those whose duties fall under the AMS shall be competent to perform the duties. Council will stipulate the position capability requirements.

At the leadership and management levels a combination of financial and technical skills is required to be able to competently contribute to and assume responsibility and accountability for the AMS, including updating and reviewing AMPs, assisting with the preparation of Works Plans, critically examining asset performance against service delivery requirements, risk management, benefit-cost analyses, performance reporting and examining the system to recognise the effectiveness and improvement opportunities. Individual Position Descriptions will reflect the capability requirements of these functions. The detailed position requirements will be contained in the Training Needs Analysis for the Program, including each individual position. All delegated authorities will be recorded separate to Position Descriptions.

Processes

Within Council the inputs and analysis are generally determined at the operational and tactical levels at an asset component level, with the decision making process being at a strategic level considering the entire portfolio.

The overall AM process is outlined in the diagram below:



Technology

Assetic SaaS provides for Council the asset register and maintenance management system. There are many interdependencies between the asset register and other technology in the council. It is the organisation's intent to rationalise existing data and maintenance practices into the Corporate Asset Register and decommissioning redundant systems. It is also Council's intent to use mobility advancements in technology to drive efficiencies throughout the business.

Risk Management

Council incorporates a risk management approach to all decisions across its activities including asset management. Risk management occurs at different levels from strategic risk through to operational risk.

Council has undertaken an organisational level risk assessment identifying a broad range of risks and has subsequently developed appropriate risk mitigation strategies. The highest risk for asset management is 'Inability to meet stakeholder requirements into the future'.

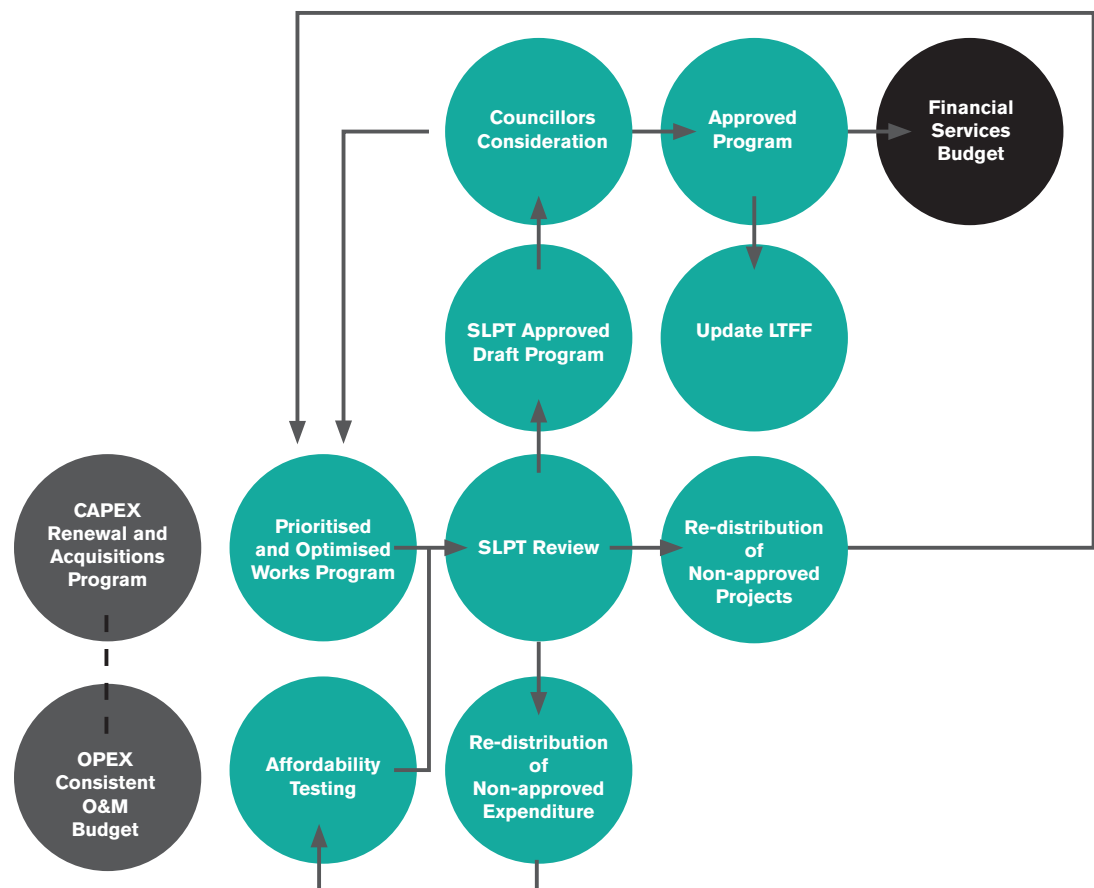
Funding

Funding Constraints / Limitations

Funding constraints and limitations are determined from the Long Term Financial Forecast (LTFF) which is updated annually. In addition, funding constraints and limitations can be driven by changes in borrowing decisions, and political commitments.

Annual Works Funding Approval Process

The annual funding approval process is outlined below:



Asset Management Planning

The objective in managing assets is to meet the agreed level of service in the most cost effective manner for the benefit of the community, both present and future. To help achieve this Council has developed individual Asset Management Plans (AMP) to address each asset class.

The key elements of AMPs are:

- » **Taking a life cycle approach to managing assets;**
- » **Developing a cost-effective management strategy for the long term;**
- » **Providing a defined level of service for assets;**
- » **Providing defined performance monitoring processes;**
- » **Understanding and meeting the demands of growth, legislative change, legal/statutory requirements and infrastructure investment;**
- » **Managing risks associated with the asset;**
- » **Providing long term financial projections for asset sustainability; and**
- » **Continuously improving asset management processes and practices.**

AMPs for each asset class have been prepared in accordance with the relevant industry standards, with guidance provided Council's strategic direction.

Each AMP includes provision for capital, renewal, operational and maintenance works which will provide infrastructure with the necessary resources in an endeavour to meet community expectations for agreed service standards and capacity. The AMPs outline processes and principles used to plan capital, renewal and maintenance works for key assets and prioritise capital works in the asset class throughout the local government area.

The AMPs will help to guide the Council in making decisions within its 10 year objectives. The result is a long-term planning framework, including expenditure forecasts which will assist in making informed decisions on future maintenance programs and renewal and capital projects.

AMPs include documentation on:

- » **Asset data summaries**
- » **Leadership and Structure**
- » **Resources capability reference**
- » **Levels of service – defining the quality of the service to be delivered by the asset;**
- » **Future demand – how this will impact on future service delivery and how this is to be met;**
- » **Life cycle management – how Council will optimise the management of its existing and future assets to provide the required services;**
- » **Prioritised capital, renewal**
- » **Operational and maintenance works;**
- » **How risk is managed;**
- » **Financial summary – what funds are required to provide the agreed service levels;**
- » **Improvements plan.**



Asset Management Planning

The information linkages to the AMPs include:

- » The asset register data on location, size, age, value, condition and remaining life of the asset network;
- » The unit rates for classes of work/ resources and materials;
- » Performance relative to adopted service levels;
- » Projections of factors affecting future demand for services;
- » Correlations between maintenance and renewal, including asset condition/service performance models;
- » Data on new assets developed or acquired by Council;
- » Data on assumed works programs and trends;
- » The resulting budget, valuation and depreciation projections;
- » Lifecycle analysis data;
- » Risk, Performance and Cost data.

This information impacts the Council's LTFF, annual budget and business plans.

Using established criteria, assets in each category are listed in order of priority for capital improvement.



Asset Management Maturity

An Asset Management Maturity Assessment was conducted in FY2018.

The key findings are:

1. Council has a generally low level of asset management maturity across most asset classes when assessed against the ISO 55001 criteria
2. The assessed level of asset management maturity was quite variable across asset classes
3. Council is more mature in the Operations area than in most other facets of asset management.
4. This is characteristic of an organisation where service delivery is prioritised over service planning.
5. The primary implication of this for Council is that the majority of its assets are not being managed to deliver a specified level of service at the lowest possible whole-of-life cost while effectively managing asset-related risk.

Asset Management Maturity assessment against ISO55001 categories: All Asset Classes
June 2017

Maturity	Score
Complete	100
Well Progressed	75
Partially Completed	33
Not Started	0

— Average Current Maturity
— Average Target Maturity

Asset Management Improvement Initiatives

The following initiatives are being implemented as informed by the maturity assessment.

FY2019

- Develop and Prioritise an Asset Management Improvement Program (AMIP) to address stakeholder concerns and address specific aspects of Asset Management guided by the maturity assessment.
- Develop an Asset Custodianship Model and an asset management role allocation process.
- Develop an asset management training needs analysis and resource plan for improving contextual understanding of asset management across Council.
- Identify key workplace culture issues that may impede the implementation of AMIP and develop a plan to address them.

FY2020

- Review and update the Asset Management Improvement Program (AMIP)
- Commence the review of Council's core asset management business processes with a view to standardising and streamlining them wherever possible.
- Develop an asset management data model based on the requirements of each asset class.

FY2021

- Review and update the Asset Management Improvement Program (AMIP)
- Develop an asset management functional model and systems architecture to guide the decision making around asset information management systems.
- Review Council's asset management applications to determine how to best streamline and automate key business processes.
- Repeat the assessment of asset management maturity using the IPWEA ISO 55001 Asset Maturity Assessment Tool to measure progress then refresh the AMIP based on its findings.

Asset Management Priorities

In addition, and complementing the above improvement initiatives, the Asset Management Working Group has identified the following to be the priorities of Mackay Regional Council

- 1) Data Management
- 2) Maintenance Management System
- 3) Asset Management Planning

Data Management

Maximising value of services delivery in local government is primarily achieved by minimising asset lifecycle costs.

This is not possible without optimising:

- 1) Capital Decision Making
- 2) Operations
- 3) Maintenance

All of which requires accurate data as an enabler. Therefore, the first priority of each asset class is to:

- 1) Understand and document what data required for decision making**
- 2) Develop and execute a plan to ensure satisfactory data exists and is maintained.**

Maintenance Management System

Having a deliberate Maintenance Strategy is not efficiently achieved without Planning and tracking of Maintenance Activities. The majority of the work council delivers is not captured by work orders, and is planned in numerous ways in different systems and spreadsheets. Using a modern Maintenance Management System will enable future council-wide optimisation including setting targets for reactive and proactive maintenance.

It has been determined that a single, centralised Asset Register and Maintenance Management System will be used.

Therefore, the second priority of each asset class is to:

- 1) Migrate all maintenance functions and data to the Corporate Asset Management System, and decommission redundant systems.
- 2) Plan and track activities through Work Orders.

Asset Management Planning

An inconsistent approach to Asset Management Planning has historically been the practice at Mackay Regional Council. Long Term Planning is to be a priority with Asset Management Plans to be updated annually as part of the budgeting cycle to inform capital and operational budgets as well as providing sound decision making for the Long Term Financial Forecast.



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