

POLICY

ASSET MANAGEMENT

ASSET MANAGEMENT POLICY

1 Introduction

This policy defines the principles, requirements and responsibilities for undertaking asset management across the Waimakariri District Council. It is intended to provide asset managers with an understanding of management expectations regarding asset management outcomes; and provides direction for the development of an infrastructure strategy, activity management plans, and an asset management strategy.

Asset management is an integrated approach for informed investment decisions and effective stewardship of infrastructure assets. The objective of asset management is *'to meet a required level of service, in the most cost effective manner, through the management of assets for present and future customers'*.¹

This aligns with the purpose of local government set out in the *Local Government Act 2002* Section 10 (1) (b) *'to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future'*.

Section 101B (1) of the *Local Government Act 2002* requires local authorities to adopt an infrastructure strategy for a period of at least 30 consecutive financial years and Section 101B (3) states this strategy must outline how infrastructure assets are to be managed. Section 101B (6) defines the infrastructure assets that must be included in the strategy, and also provides for any other assets that the local authority, in its discretion, wishes to include.

The Council has a diverse asset base (both infrastructural and non-infrastructural) and these assets are managed by different Council departments. There is an organisational imperative that asset management is consistent across the various Council departments, taking into account that different activity areas require different approaches to be taken at times. There is also a need to ensure asset management is integrated to inform the 30 Year Infrastructure Strategy and Financial Strategy required in each Long Term Plan.

*'An integrated asset management approach is a strong organisational success factor. Asset management planning should not be done in isolation from other planning in the organisation; it is the means of driving strategic goals through the day-to-day activities of the organisation. All staff have a role in ensuring services and assets are managed effectively.'*²

This policy covers all infrastructural assets, as set out in Section 101B of the *Local Government Act 2002*, that support the following groups of activities: the reticulation and treatment of water supply, sewerage and the treatment and disposal of sewage, stormwater drainage and treatment, flood protection and control works, solid waste, and the provision of roads and footpaths. Other infrastructural assets covered by this policy include, but are not limited to, all Council owned and leased buildings used to deliver Council services including service centres, office accommodation, pensioner and community housing, camping ground structures, swimming pools, library buildings and community halls. It also includes the non-infrastructural assets of community green spaces, camping grounds and forestry.

¹ International Infrastructure Management Manual – international edition 2011

² International Infrastructure Management Manual – international edition 2011

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Asset groups not covered by the policy at this stage include information technology assets (including software models), office furniture and chattels, library collections, the vehicle fleet, property held for parking and future transport requirements, property identified as surplus and currently being sold, assets not owned by Council but fixed on Council owned land, and assets owned by Council Controlled Organisations.

2 Policy Context

- 2.1 The Council's stated vision is *'to make Waimakariri a great place to be, in partnership with our communities'*. The effective management of infrastructural and some non-infrastructural assets is an essential component of this.

The Council's vision for infrastructure outlined in the 2021 Infrastructure Strategy is as follows:

'Providing well maintained infrastructure that meets the needs of today's community and caters for the projected growth in the District's population in a manner that is sustainable and anticipates a changing environment by:

- *Providing appropriately for a fast growing District*
- *Responding nimbly to a changing operating environment*
- *Meeting levels of service and community expectations*
- *Planning for natural hazards and climate change*
- *Transitioning to a sustainable future*
- *Renewing infrastructure in a timely manner.'*

The effective management of infrastructure and other non-infrastructural assets is an essential component of achieving both of these visions.

- 2.2 This policy adopts the following asset management principles:

- **Asset management is an essential part of good business planning** – the provision of good public services relies on quality local infrastructure to support their delivery. This represents a significant investment by the people of the District over many generations. Poor performing assets may have significant social, economic and environmental consequences and present a risk to Council meeting its obligations to the public. Asset management is therefore concerned with the long term physical and financial sustainability of these assets and the services they support.
- **Effective asset management requires an organisation-wide approach** – all departments of Council need to work together in a coordinated and consistent way. This will help to ensure the benefits arising from synergies, and improvements in asset management practice implemented in one Department will be able to be realised across Council, where appropriate.
- **Levels of service need to match rate-payers' expectations and ability to pay** – it is critical that Council has confidence that agreed levels of service match the community's performance expectations and capacity to pay. This is tested in the consultative process for each Long Term Plan and through other targeted consultative processes.
- **Managing risk is an integral part of asset management** – asset and activity risk need to be recognised and managed in a consistent way, including the need to take into account global trends, changing demographics, the changing climate and climate change initiatives, natural hazards, building resilience and health and safety considerations.

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- **Asset management planning will inform the Financial Strategy** – financial forecasts will be informed by asset management planning and supported by the application of quality assurance processes to asset data and cost information to ensure confidence in the accuracy of forecasts.
- **Life cycle optimisation principles** will be applied to capital and operational expenditure taking into account agreed levels of service and differing levels of asset management maturity.

3 Policy Objective

- 3.1 The purpose of the Asset Management Policy is to outline the principles that govern the Council's approach to asset management and the way it will apply asset management to achieve its organisational objectives.
- 3.2 It also aims to develop a consistent approach to asset management across the Council by:
- Integrating asset management practice across Council departments
 - Defining the roles and responsibilities for asset management within the Council
 - Supporting the application of the asset management policy principles to asset management planning; and
 - Supporting continuous improvement of asset management.

4 Policy Statement

4.1 Integration of Asset Management Practice

- 4.1.1 The strategic directions outlined in the 30 Year Infrastructure Strategy and priorities outlined in the Financial Strategy must be reflected in Council's asset management practice, including the development and review of relevant Activity Management Plans. Priorities identified through the application of good asset management practice will, in turn, inform the Infrastructure and Financial strategies.
- 4.1.2 An Asset Management Steering Group (AMSG), established in accordance with the terms of reference, will meet at least quarterly to ensure asset management practice is co-ordinated and consistent across the different activity groups.
- 4.1.3 All assets covered by this policy will be included in the 30 Year Infrastructure Strategy and Financial Strategy.
- 4.1.4 An Activity Management Plan must be prepared for each of the activity or asset groups covered by the policy.
- 4.1.5 Activity Management Plans will align with Council's Asset Management Policy, Asset Management Strategy and the asset management system and processes, agreed via the Asset Management Steering Group or its replacement.
- 4.1.6 All Activity Management Plans must be updated every three years in time to inform the Long Term Plan and accompanying 30 Year Infrastructure Strategy and Financial Strategy. Regular review and/or updating is also required to refresh forecasts, levels of service standards and changing demands; and to track the implementation of continuous improvements.
- 4.1.7 Draft Activity Management Plans must be sufficiently advanced by September in the year preceding the adoption of the Long Term Plan to enable draft budgets to be supplied to the Finance Unit, and the inputs provided for the Infrastructure Strategy, as

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agreed by the Long Term Plan Project Control Group (LTP PCG). The draft plans must be completed by November to enable completion of a peer review, and calibration with any changes in other Council policies, plans and strategies by the end of December.

- 4.1.8 Public consultation and the Long Term Plan decision making process may result in decisions that are in conflict with or vary from an Activity Management Plan. Key variations should be identified and incorporated within a final Activity Management Plan, which may be by the insertion of an addendum. Final Activity Management Plans must be completed prior to the adoption of the Long Term Plan.

4.2 Defining Roles and Responsibilities

- 4.2.1 Council's Management Team is responsible for:

- Appointing a L2 manager as an asset management sponsor
- Ensuring organisational commitment to the implementation of the policy
- Ensuring sufficient resources are available to implement the agreed asset management system and continuous improvement activities
- Overseeing the development of the business requirements and support systems necessary to enable asset management planning to be carried out in an efficient and consistent manner
- The timely flow of information between the Management Team Operations, Management Team Strategy and Asset Management Steering Group.

- 4.2.2 Policy and Strategy is responsible for:

- Ensuring the asset management policy and effectiveness of the Asset Management Steering Group is reviewed every 3 years in conjunction with the LTP cycle and results are reported to the Management Team Operations.
- Developing additional asset management related policy as required
- Coordinating the work of the Asset Management Steering Group
- Coordinating the development of the Council's 30 Year Infrastructure Strategy in conjunction with the Long Term Plan and Financial Strategy
- The timely flow of information between the Asset Management Steering Group, Management Team Operations and Management Team Strategy.

- 4.2.3 The Asset Management Steering Group is responsible for:

- Overseeing the implementation of the asset management policy and strategy, and providing input to the 3 yearly policy and steering group effectiveness review
- Overseeing the development of an asset management strategy which sets out the long-term approach the Council will follow to implement its asset management policy and principles, and to manage its assets.
- Making recommendations to the Management Team regarding other asset management related policy and processes
- Where necessary, developing a 3 yearly work programme for the Asset Management Steering Group after each LTP cycle, and overseeing its implementation

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- Providing input to the development of the Council's Infrastructure Strategy
- Ensuring an Asset Management Maturity Assessment (AMMA) is carried out for all activity areas after each LTP cycle
- Maintaining an overview of progress made on achieving AMP improvement plans
- Helping to identify any gaps in Council's asset management system, and providing input to the development of Promapp processes as appropriate
- Encouraging inter-departmental information sharing, collaboration and support, including utilising available asset management expertise to build organisational capability.

4.2.4 Each Unit Manager either directly or indirectly managing assets covered by this policy is responsible for:

- Ensuring they, or a suitable asset management representative, contributes to the work of the Asset Management Steering Group
- Ensuring their Unit's asset management practice reflects Council's Asset Management Policy and is consistent with any relevant asset management standards, quality systems and processes
- Ensuring their Activity Management Plan/s meet an appropriate standard for the activity and are peer reviewed prior to completion
- Ensuring their Activity Management Plan/s and agreed inputs to the LTP and Infrastructure Strategy are delivered within the required timeframe, including the completion of business cases and justification forms for new capital works as required
- Ensuring improvements identified in Activity Management Plan/s are achieved in a timely manner
- Ensuring their asset management staff have access to relevant asset management training opportunities
- Communicating their asset management system and resourcing requirements to all relevant parts of the organisation, including the Asset Management Steering Group.

4.2.5 Other related projects:

- The AMIS programme manager, or equivalent, will provide regular reports to the Asset Management Steering Group about AMIS progress
- The Development Planning Unit will provide growth updates, including government policy changes, and population forecasting updates from time to time. A Corporate Population Scenario will be signed off by MTS in the year preceding the adoption of the Long Term Plan to inform Activity Management Plan updates and the development of the Infrastructure Strategy
- The Policy and Strategy Unit will provide climate change updates, including government policy changes, and ICCP forecasting reports as significant changes occur. A Corporate Climate Change Scenario will be signed off by MTS in the year preceding the adoption of the Long Term Plan to inform Activity Management Plan updates and the development of the Infrastructure Strategy

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- The Project Delivery Unit will provide renewals modelling inputs in the year preceding the adoption of the Long Term Plan to inform Activity Management Plan reviews and the development of the Infrastructure Strategy
- The Finance Unit will provide budget spreadsheets to asset managers in the year preceding the adoption of the Long Term Plan to inform Activity Management Plan updates.
- The timeframe for the above deliverables will be agreed between the AMMSG, LTP PCG and the units concerned.

4.3 Application of Asset Management Policy Principles

- 4.3.1 The asset management strategy will establish asset management objectives and describe the high level asset management practices, plans and programmes to be implemented to achieve the objectives. It will describe where the organisation is currently positioned in terms of its asset management practice and where it needs to be to achieve 'best appropriate practice' and include an action plan for achieving this over a ten year planning horizon.
- 4.3.2 Lifecycle forecasting will be used as part of programming maintenance, operations and renewals works. Life cycle analysis will be undertaken for capital works commensurate with the size, complexity and stage of the project.
- 4.3.3 Council's infrastructure planning will seek to align with the Council's Community Outcomes, the four wellbeings in the *Local Government Act 2002* and the United Nations Sustainable Development Goals.

4.4 Supporting Continuous Improvement of Asset Management

- 4.4.1 Council's values statement includes a commitment to service through doing better every day, thus continuous improvement is a fundamental component of Council's day-to-day business. An improvement programme is required to be included in every Activity Management Plan to ensure the effective management of assets. This will reduce incidents of asset failure and deterioration of the services the assets support.
- 4.4.2 The aim of the above improvement plans is to raise the standard of Council asset management practices to a level that is appropriate to each activity, as measured by the NZ Treasury Asset Management Maturity Assessment Tool (AMMA).
- 4.4.3 Each Activity Management Plan will be subject to professional peer review and an AMMA assessment at the end of each LTP cycle.
- 4.4.4 There are a number of industry guidelines around best practice for asset management (refer to 5.2 for a list of these). The Asset Management Steering Group will determine which elements it will adopt and incorporate these into the Asset Management Strategy.
- 4.4.5 Achieving a consistent standard of asset management planning is essential in delivering continuous improvement of asset management practice across the Council. Standard Council templates have, and will continue to be developed, for asset managers to use as appropriate, bearing in mind that the assets managed are diverse and do not always have the same components and imperatives.
- 4.4.6 Unit managers responsible for assets covered by this policy are required to continually look for better ways of doing things, and ensure they are not just managing an asset solely inside their field of influence; keeping corporate asset management in mind to

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see where there are opportunities for synergies, cooperation, and integration across Council departments.

5 Links to Legislation, Other Policies and Community Outcomes

5.1 Legislative Context

Council's asset management practice is influenced by government priorities and the legislative environment the organisation works within and in particular, the *Local Government Act 2002* (sections 101B and 111) and the *Financial Reporting Act 2013*. The Health and Safety at Work Act 2015 and regulations also have a significant impact on the way the Council carries out its business. A comprehensive list of activity specific legislation will be provided in Activity Management Plans.

5.2 Other Strategies, Policies and Standards

The Waimakariri District Council's Infrastructure Strategy identifies key infrastructural issues the Council needs to face over a thirty year period and the principal options for addressing these. It also outlines how Council intends to manage its assets including its planned approach to the renewal of assets.

Other relevant strategies, policies and standards will be identified in Activity Management Plans. Industry guidelines for best practice include, but are not limited to:

- International Infrastructure Management Manual 2020 edition (NAMS);
- Property Asset Management Guide (NAMS);
- Optimised Decision Making (NAMS);
- Developing Levels of Service and Performance Management Guidelines (NAMS);
- Infrastructure Asset Valuation & Depreciation Guidelines (NAMS);
- Insuring Public Infrastructure Assets Against Damage Caused by Natural Disaster Events (IPWEA);
- ISO 55000 series Standards for Asset Management;
- The NZ Treasury Guidance and Instructions on the Public Sector Performance and financial Management System. The treasury – Investment Management;
- Generally Accepted Accounting Principles (GAAP).

5.3 Community Outcomes

The majority of Waimakariri community outcomes statements are supported by asset management.

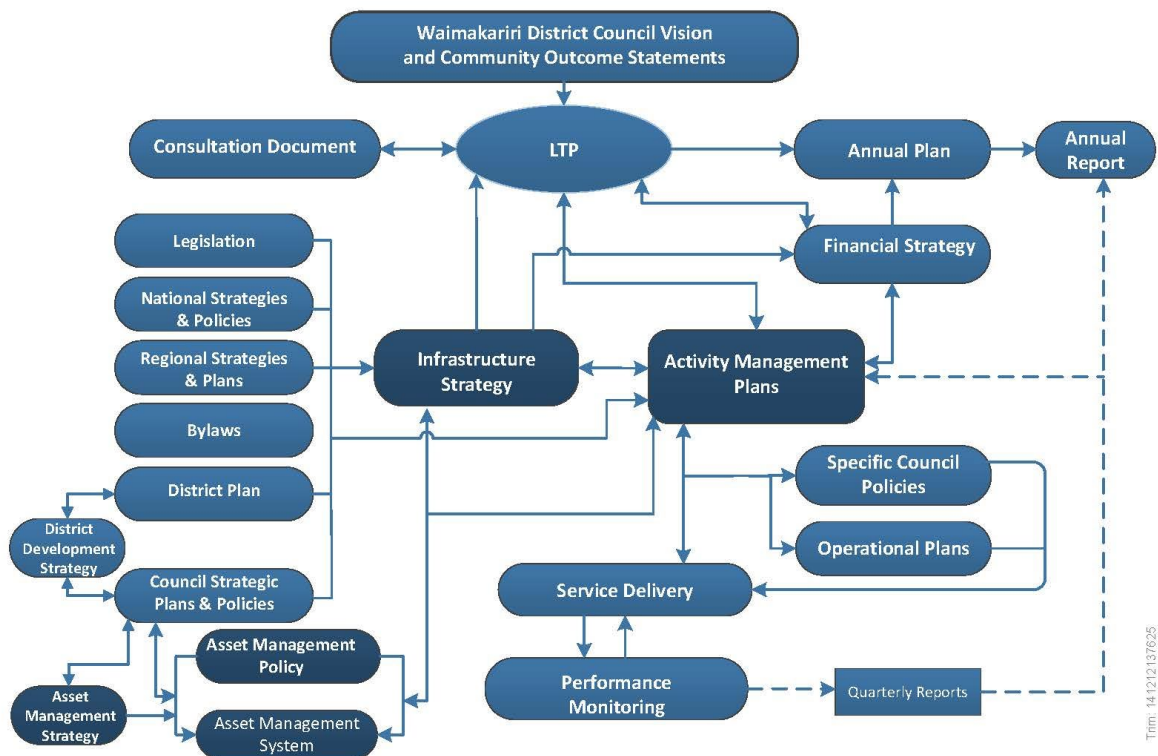
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5.4 Linkages with Other Key Processes and Documents

The following diagram depicts the relationships between the various processes and levels of planning within the Council required to support the achievement of identified community outcomes.



6 Glossary of Terms

Asset Management

The combination of management, financial, economic, engineering and other practices applied systematically to physical assets with the objective of providing the required level of service in the most cost-effective and sustainable manner.

Asset Management framework

The asset management framework typically includes an asset management policy, asset management strategy and activity management plan. These documents drive the implementation of asset management in line with the Council's strategic objectives as outlined in the Long Term Plan, 30 Year Infrastructure Strategy and Financial Strategy.

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Asset Management Policy

The Asset Management Policy broadly outlines the principles and requirements for undertaking asset management across the organisation in a systematic and co-ordinated way.

Asset Management Information System

A system (usually computerised) for collecting, analysing and reporting data on the utilisation, performance, lifecycle management and funding of existing assets.

Asset Management Strategy

A high level action plan that gives effect to an organisation's Asset Management Policy.

ISO55000 definition: Documented information that specifies how the organisational objectives are to be converted into AM objectives, the approach for developing AM Plans, and the role of the AM system in supporting achievement of the AM objectives.

Asset Management System

A set of interrelated or interacting elements of an organisation, including the AM Policy, AM objectives, AM strategy, AM plans, and the processes to achieve these objectives. It may include guidelines covering processes and techniques for asset creation, operation, maintenance, renewal, disposal, risk management and performance monitoring to ensure that the desired levels of service and other operational objectives are achieved at optimum cost. It is a part of the whole organisation's formalised management systems.

Activity Management Plan (AMP)

Activity management plans are key strategic documents that describe all aspects of the management of assets and services for an activity (including technical and financial) over the lifecycle of the asset in the most cost-effective manner to provide a specified level of service. The documents are an information source for the Council's LTP and Infrastructure Strategy, and place an emphasis on long term financial planning, community consultation, and a clear definition of service levels and performance standards.

7 Adopted By and Date

This policy was approved by the Management Team Operations on 12 July 2021.

8 Review

This policy is to be reviewed after the completion of each LTP process or sooner on request to ensure it remains relevant to changing legislative and local circumstances.