



| ASSET MANAGEMENT POLICY | | ACTIVITY GROUP: | SERVICE DELIVERY |
|--|--|--------------------------|------------------|
| Policy Type: | Council | | |
| Approved by: | Council | | |
| Department: | Service Delivery | | |
| Date Approved: | 12 December 2019 | Next Review Date: | 1 July 2025 |
| Relevant Legislation: | Local Government Act 2002 (LGA 2002) | | |
| Clutha District Council Documents referenced: | Risk Management Framework 2017 Long Term Plan | | |

BACKGROUND

Clutha District Council (Council) owns and operates extensive networks of water, sewerage and stormwater (Three Waters), transportation infrastructure assets, community facilities and housing that are used to provide services to residents, businesses and visitors. The costs associated with creating, operating, maintaining, renewing, and disposing of these assets make up the largest part of overall Council expenditure. Asset Management functions, practices, and systems are established to ensure long-term sustainable delivery of services to the community from these assets and Council is seeking to improve its performance in this area by further developing its Asset Management capabilities.

PURPOSE

The purposes of this asset management policy are to provide a defined management structure and approach for the creation, operation, maintenance, renewal, and disposal of infrastructure and assets; to provide guidelines for asset and activity management; and to achieve the aims of Council.

Council aims to adopt good practice asset management which maintains compliance with the Local Government Act 2002 (LGA 2002) and other relevant legislation, supports co-investment funding from the New Zealand Transport Agency (NZTA) for roading assets, and achieves the best value level of service.

By adopting good practice asset management, Council will be better able to deliver infrastructure, services and performance that are of Good-Quality and enable the achievement of Community Outcomes Council as required by the aims specified in the LGA 2002.

Good practice asset management is also well aligned with recent changes to the LGA 2002 that emphasise a sustainable development approach, taking account of the social, economic, and cultural well-being of people and communities, and the need to maintain and enhance the quality of the environment and the reasonably foreseeable needs of future generations.

SCOPE

The scope of this policy applies to the following groups of assets and related types of assets which are owned or controlled by Council, including:

1. **Transportation Assets** – including roads, bridges, street-lighting, signage and footpaths.
2. **Three Waters Assets** – including water supply distribution networks (urban and rural), water treatment facilities, wastewater collection networks, wastewater treatment facilities, stormwater drainage and control infrastructure, pump stations, outfalls, water takes, ponds, tanks, SCADA, telemetry, telecommunications systems, flood management assets including drains, stop banks and related infrastructure owned or controlled by Council.
3. **Community Facilities** – including buildings and related infrastructure owned by Council that are utilised for offices, libraries (and their collections), community centres and halls, community housing, recreational facilities, toilets, pools and change facilities, and cemeteries.
4. **Solid Waste Management** – including landfill sites, closed landfill sites, waste bins and related waste collection assets, recycling plant, and waste transfer stations.
5. **Fleet** – including vehicles and mobile mechanical equipment owned or controlled by Council.
6. **Office and Telecommunications** – including IT and telecommunications equipment, power supplies, office furniture, and file storage.
7. **Greenspace and Property** – including parks and reserves, road reserves, cemeteries, rights of way, easements, leases, and property held and/or used for the delivery of commodities and services and includes properties associated with roads, networks, facilities, buildings, offices, services, landfill sites, quarries, housing, and toilets.
8. **Resource Consents** – including permits to construct and operate transportation, Three Waters, facilities, plants and assets that are used to provide commodities and services to communities, stakeholders and customers.
9. **Asset Data and Information** – including asset history and condition, plans, maps, drawings, manuals, photographs, digital and physical records and data, GIS data, logs, operational and maintenance records, certifications, and quality control information.

Third Party Assets – This policy also applies to the capture of data and information relating to third party assets which, though not owned by Council, have potential or actual value to Council and/or have a direct relationship to the delivery of commodities or services and/or use and maintenance of Council-owned or controlled assets. For the avoidance of doubt, the inclusion of third-party assets in the scope of this policy is limited to those that affect the application of asset management practices to Council-owned or controlled assets and the related delivery of commodities and services by Council. These third-party assets include, but are not limited to:

1. **Laterals and related assets connected or directly related to Council owned infrastructure** – including sewer laterals, water distribution tanks and lines, wastewater pump systems and septic tanks, stormwater lines and drains, roads, access ways, rights of way and easements.
2. **Plant and equipment utilised within or necessary for the use of Council-owned facilities** – including chemical storage tanks, buildings, machinery.
3. **Utilities and related assets** – including those which are incorporated within Council-owned assets and infrastructure or which are specifically addressed in the District Plan, including power and telecommunications lines and related infrastructure, buildings and plant.
4. **Housing, buildings and commercial premises** – including those privately held assets which are connected to or serviced by Council installed infrastructure. This include properties for which Council has a direct interest in the context of the Service Delivery and/or District Planning Teams, and/or are directly affected by asset management of Council infrastructure.

DEFINITIONS

| | |
|--------------------------|---|
| Activity Management Plan | A document used by NZ local councils to detail how a particular council activity will be delivered to the community. See also Asset Management Plans. |
| Annual Plan | Annual Plans are produced for each of the two years between each Long Term Plan. They contain any variations to the Long Term Plan and confirm arrangements for the subsequent year. |
| AMIS | Asset Management Information Systems, e.g. RAMM, AssetFinda databases and asset registers. Used to capture, store, analyse and use Asset Management data and information. |
| Asset | A resource controlled by an entity as a result of past events and from which future economic benefits are expected to flow to the entity. It is the result of a past event or transaction. Assets can be tangible, intangible or monetary. |
| Asset Management Plan | A planning document with a time horizon of 10-30+ years that outlines future asset activities and programmes of work for each infrastructure type and service area and defines the resources required to be applied to provide a defined level of service in the most cost-effective way. In the context of NZ local councils, Asset Management Plans are also used to guide Activity Management Plans, budgets, LTPs, and related documents including the Infrastructure Strategy. |
| Community Outcomes | Community outcomes means the outcomes that a local authority aims to achieve in order to promote the social, economic, environmental, and cultural well-being of its district or region in the present and for the future. |
| Good-Quality | In relation to local infrastructure, local public services, and performance of regulatory functions, means infrastructure, services, and performance that are efficient, effective, and appropriate to present and anticipated future circumstances as defined in the LGA 2002. |
| Groups of Activities | Council-provided services are categorised into activity groups in Council's Long Term Plan. For example, Roading, Water Supply and Sewerage, and Community Facilities. |
| IIMM | The International Infrastructure Management Manual. A comprehensive industry standard guide for infrastructure management. |
| Infrastructure | The physical structures, facilities, and networks of interrelated systems and assets used to provide commodities and services to the community and the public that enable the achievement of Community Outcomes. |
| Infrastructure Strategy | The Infrastructure Strategy is a document required by the LGA 2002 that is required to cover a period of at least 30 consecutive financial years and is to identify significant infrastructure issues and options for managing them over the period covered by the strategy. |

| | |
|----------------------|--|
| ISO 55000 | <p>The international standard covering management of assets of any kind which includes:</p> <ul style="list-style-type: none">• ISO 55000:2014 Asset management – Overview, principles and terminology• ISO 55001:2014 Asset management – Management Systems – Requirements• ISO 55002:2018 Guidelines for the application of ISO 55001. |
| Level of Service | <p>The minimum amount of outputs or objectives an organisation or activity provides or intends to provide to achieve the needs and expectations of communities, stakeholders, and customers.</p> |
| Long Term Plan (LTP) | <p>A planning document reviewed and updated every three years by NZ local authorities, in consultation with their community and stakeholders, which sets out goals, projects it intends to deliver over a 10-year period, and how these will be funded. Councils are required to adopt LTPs by the (LGA 2002) including an Infrastructure Strategy.</p> |
| Maturity Index | <p>A five-point scale from 'Aware' to 'Advanced' used to describe an organisation's level of Asset Management maturity. It can be applied to separate Asset Management activities and is defined within IIMM.</p> |
| Risk | <p>An issue that has been identified that may or may not occur and for which mitigation has been considered as part of Asset Management Plans. To own and operate an asset is to take a risk. Managing risk is integral to managing assets.</p> |
| Whole-of-Life Cost | <p>Consideration of the total cost of ownership of an asset over its entire life from planning and acquisition/purchase to decommissioning/disposal.</p> |

ASSET MANAGEMENT POLICY

1. Asset Management Objectives, Practices, and Standards

- 1.1. Council is committed to a comprehensive strategic and structured approach to the management of Council-owned assets that enables Council's asset management decisions, activities, and outcomes, including to:
 - a) Develop, maintain, utilise, and manage the assets in a manner consistent with generally accepted good business practices;
 - b) Deliver a specified Level of Service to Customers (and meet related requirements of Regulators) at an optimal whole-of-life cost and an acceptable level of risk;
 - c) Incorporate health and safety requirements at all stages of asset life;
 - d) Provide for the sustainability and reliability of assets to desired levels of performance;
 - e) Provide for the current and forecast future Level of Service needs of the Council;
 - f) Align asset management practices and outcomes with the provision of services required to achieve Community Outcomes as required by the LGA 2002;
 - g) Support the development of an Infrastructure Strategy that identifies significant infrastructure issues and options for managing them; and
 - h) Justify and secure co-funding from the NZTA and from other entities for the cost of delivering assets and related services.
- 1.2. All activity undertaken in the context of Asset Management shall be aligned with the requirements of the LGA 2002.
- 1.3. Council is committed to complying with legislation, and with good practice, guidelines and regulatory requirements governing the application of asset management standards to the planning, procurement, design, construction, establishment, operation, use, maintenance, and disposal of Council owned or controlled assets.
- 1.4. Council will be guided by the asset management approach detailed by the International Infrastructure Management Manual (IIMM) with an aim to achieve alignment with ISO 55000/55001 and enable future certification to that standard should Council determine to adopt it
- 1.5. This Policy adopts the approach described in IIMM as it is the industry standard for Asset Management in New Zealand that is promoted by the New Zealand Transport Agency and is recognised by the Office of the Auditor General. Council will review this policy and its specific approach to Asset Management towards maintaining good industry practice.

2. Policy for Asset Management Enablers

To enable Council to achieve its asset management practices and standards effectively, it is committed to developing, supporting, and maintaining the following asset management enablers at targeted levels sufficient to support the policies and purposes set out in this policy.

- 2.1. **Asset Management Teams:** Council supports an organisational structure, adequately resourced, that provides the capability to deliver the Asset Management practices to the targeted level of achievement. Council's current organisational structure includes the Infrastructure Strategy Team which is principally responsible for Asset Management and the delivery of Asset Management Plans and Infrastructure Strategies, and the wider Service Delivery Team which includes the Capital Delivery and Operations Teams that are responsible for creating, maintaining, using, and disposing of assets.

- 2.2. **Asset Management Plans:** To plan future management of assets, Council is committed to supporting the development and updating of Asset Management Plans which will be used to develop Asset/Activity Management Plans for each of the Groups of Activities defined by LGA 2002. The level of details provided in an AMP will be consistent with IIMM, Audit NZ, and the criticality of specific assets.
- 2.3. **Asset Management Systems, Data and Information:** Council is committed to the resourcing and maintenance of Asset Management Information Systems (AMIS) appropriate for the type of assets it owns for the purpose of capturing and analysing asset management data. This includes data and information related to the design, construction, condition, age, value, maintenance, planned renewals and/or replacements of Council assets and which is used to support asset management planning and budgeting of future works. The capture, storage and use of Asset Management data and information will also be supported by systems and tools, including databases, GIS, SCADA and telemetry, field tablets, cameras, sensors, instruments, meters, and devices used for measuring asset performance, status, use and condition.
- 2.4. **Asset Management Service Delivery:** A systematic approach to developing and implementing strategies for efficient and effective delivery of services (as recommended by IIMM) will be adopted by Council and the most appropriate strategy in the operating environment of each asset class will be developed and implemented progressively by staff and contractors.
- 2.5. **Quality Management and Continuous Improvement:** Council will regularly review its asset management practices and activities utilising a process of continuous improvement as recommended by IIMM. This will include the establishment of quality management principles where required towards ensuring that targeted outcomes are achieved.

3. Policy for Asset Management Processes

- 3.1. Council will provide for strategic control of its asset management capability by:
 - a) developing and maintaining asset management data, plans and related strategic documents;
 - b) developing and maintaining an up-to-date copy of its asset management data in a secure location at all times; and
 - c) developing and maintaining key strategic resources for asset management activities.
- 3.2. Council will require that contractors and other service providers involved with Council's asset management activities will capture and provide Asset Management data and information regarding their activities on new or existing assets to the Council in an electronic format. The capture, storage and delivery of data and information is to be compatible and integrated with the Council's AMIS such that the required data and information can be efficiently uploaded, reviewed and incorporated into the AMIS promptly during each stage of work and upon completion of works. The data is to be provided such that investments in new or existing asset can be capitalised at least annually.
- 3.3. The Council's planned Asset Management activities and targets will be reviewed in conjunction with Council's Long Term Planning cycle. This review is in addition to normal policy reviews and provides Council a mechanism to reset performance targets for each area of asset management based on current requirements and associated resource requirements. The scope of this review will include:

- a) Reviewing and setting the current targeted level of achievement for asset management activities, including systems, plans and documentation;
 - b) Assessing the current level of achievement against the targeted level;
 - c) Planning for the desired level of achievement of asset management performance to be attained over the next 3-year cycle;
 - d) Reviewing the target level of asset management performance against the overall targets of the Council with reference to the Infrastructure Strategy;
 - e) Developing a programme setting out the activities and additional resources required to achieve the revised targets; and
 - f) Utilising specialist resources to provide an independent review and audit of the above requirements, resources, plans, and targets.
- 3.4. The current level of asset management achievement in each asset area as independently assessed is contained in Schedule 1. This Schedule will set out the current targeted levels to be achieved, the corresponding activities and resources which will be required to maintain and improve performance, and the programme for implementation. Schedule 1 is to be reviewed, updated, and submitted to Council for approval of targets and funding approval as part of the Council's 3-year LTP cycle, or as required where material changes in service levels and/or performance (including regulatory and funding requirements) initiate the need for a review and change.
- 3.5. The asset management status of each of the Groups of Activities will be aligned with Asset Management Plans and audited against the target, and against appropriate best practice. The outcome of this will be reported to management and incorporated into the LTP as part of the review process.
- 3.6. Asset Management Plans will be updated, and the planned works, budgets and timings revised to ensure that they are consistent with the projects, programmes and budgets adopted by Council as part of the LTPs and Annual Plans.
- 3.7. The targeted level of achievement for asset management practices will take into consideration each asset type, the importance of those assets to the Council and to achieving Community Outcomes, and the relative level of investment that the Council has determined is required to deliver the targeted Level of Service. Asset management practices aimed at optimising the timing of maintenance, replacement and upgrades of assets and components will aim to set the right level of investment required to support the business.
- 3.8. Health and Safety by Design principles will be applied throughout the lifecycle of the asset being designed. Health and safety requirements will be addressed and incorporated into asset planning at each stage of asset life from initial design and construction, to operations and maintenance, and including decommissioning and disposal of assets. Asset planning will address health and safety risks associated with existing and future to the extent reasonably practicable.
- 3.9. As part of the review process the Council will consider and select a range of Key Performance Indicators (KPIs), aligned with the LTP, to be measured and reported regularly for each of the asset types and activities. These will primarily focus on, but not be limited to, the achievement of Community Outcomes and the targeted Levels of Service.

4. Review of Policy

Changes to the targets set by this policy shall be identified as part of the 3-year cycle of Asset Management activity aligned with the generation of the LTP (as set out in Section 3.3). Proposed amendments to this policy will be considered for adoption by the Council as part of the LTP cycle and otherwise, at least every 6 years.

5. Version Control

| Version History | | | |
|------------------------|--|---------------------|-------------------------|
| Date: | Action: | Name: | M-Files Version: |
| 18 September 2019 | Proposed policy submitted to Audit and Risk Committee for adoption by Council. | Gregory Borichevsky | 68 |
| 12 December 2019 | Policy adopted by Council | Gregory Borichevsky | 71 |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |