



Asset Management Policy 2024



Owner: Executive Manager
Infrastructure

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1. Policy Objectives

- 1.1 The purpose of this policy is to guide the strategic management of Ruapehu District Council's (Council) infrastructure assets.
- 1.2 This policy outlines the principles, requirements, and responsibilities for the on-going management of Council's assets, so that Council services meet community expectations in relation to timeliness, quality, and value for money now and in the future.
- 1.3 The objective of this policy is to ensure adequate provision is made for the long-term management of Council's assets by:
- (a) Promoting best practice and consistent asset management across the Council.
 - (b) Enabling improvement in planning and budgeting of assets at all levels.
 - (c) Enabling cost effective management of assets throughout their lifecycle.
 - (d) Ensuring that Council's services and infrastructure are provided in a sustainable manner, with the appropriate levels of service to residents, visitors, and the environment.
 - (e) Demonstrating transparent and responsible asset management processes that align with documented best practice.
 - (f) Identifying asset management roles and responsibilities to create a transparent link between asset ownership and performance.
 - (g) Aligning and embedding risk management practices into asset management practices.
 - (h) Meeting legislative requirements for asset management.
 - (i) Actively considers hapū, iwi, community and relevant stakeholders associated with the delivery of services and the management of infrastructure assets.

2. Definitions

2.1 ACTIVITY MANAGEMENT PLAN

A plan developed to manage Council's activities, to deliver an agreed level of service.

2.2 ASSET MANAGEMENT PLANS (AMPS)

A plan developed for the management of one or more infrastructure assets that combines multi-disciplinary management techniques (including technical and financial) over the lifecycle of the assets in the most cost-effective manner to provide a specified level of service. A significant component of the plan is long-term cash flow projection for the activities in line with the Local Government Act 2002 and Government Policy Statement requirements.

2.3 ASSET MANAGEMENT SYSTEMS

As defined in ISO55000 as a management system and not a computer system.

2.4 INFRASTRUCTURE ASSET

Infrastructure assets are typically large, interconnected networks or portfolios of assets, comprising components and sub-components that are usually renewed or replaced individually to continue to provide the required level of service from the network. Some examples are:

- (a) Roads
- (b) Footpaths
- (c) Cycle ways
- (d) Bridges
- (e) Water networks; and
- (f) Community buildings.

2.5 KEY PERFORMANCE INDICATOR (KPI)

A quantifiable measure used to determine whether a Level of Service is being met.

2.6 LEVEL OF SERVICE (LOS)

Defining and meeting community expectations (within budget constraints) and legal requirements in relation to the quality and quantity of assets and services delivered by Council. In the context of asset management, this applies to assets such as roads, parks, and buildings etc.

2.7 NAMS

New Zealand Asset Management Support.

2.8 HAPŪ

Is a sub-tribe of people in Māori society, comprising of whānau who descend from a shared ancestor. Hapū hold customary and tribal rights as the people at place.

2.9 IWI

Is a tribe of people in Māori society that affiliate to related hapū across shared territories.

3. Principles

3.1 This policy seeks to uphold Council's Wellbeing Framework with a focus on the following community outcomes:

- (a) Our infrastructure assets and services are resilient and fit for purpose.
- (b) Our local communities are thriving and enabled to pursue their aspirations.
- (c) Our natural and built environment is healthy, strong, and safe.

3.2 The principals of this policy are:

- (a) To observe best practice.
- (b) Maintain continuous improvement (of planning, budgeting, and overall management).
- (c) Ensure financial, social, and environmental sustainability.
- (d) Demonstrate transparency and accountability.
- (e) Appropriately manage risk.

4. Background

4.1 Policy Scope.

4.1.1 This policy applies to the following assets:

- (a) Water Supply
- (b) Wastewater
- (c) Storm Water
- (d) Land Transport
- (e) Community Facilities
- (f) Community Property
- (g) Solid Waste

4.2 Council is committed to implementing a comprehensive asset management methodology to ensure best practices are applied across all areas of Council.

4.3 Implementing a comprehensive methodology will ensure that assets are planned, created, operated, maintained, renewed, and disposed of in accordance with Council's priorities for service delivery.

4.4 Council owns approximately \$420M of assets to support its delivery of services to the community. Asset management is required to achieve Council's strategic and service delivery objectives in conjunction with legislative requirements.

4.5 A strategic approach to asset management will ensure the Council delivers the highest appropriate level of service through its assets. This will provide positive impacts on:

- (a) Members of the public and staff
- (b) Council's financial position
- (c) The ability of Council to deliver the expected levels of service and infrastructure
- (d) The political environment in which Council operate
- (e) The legal liabilities of Council

4.6 ASSET MANAGEMENT PLANS AND ACTIVITY MANAGEMENT PLANS

4.6.1 Asset and Activity Management Plans are intertwined and interdependent. All of Council's service delivery relies on assets and activities taken as a combination. Historically, Council has presented all of its planning under the headline of Asset Management Plans. Previously, each plan has contained a mix of asset-centric considerations and activity-centric considerations.

4.6.2 Council continually reviews this approach as part of its Long Term Planning process. As most of its activities are asset-centric it should continue to title base planning documents Asset Management Plans.

4.6.3 Waste minimisation built assets will be included as part of the Community Property Asset Management Plan.

4.6.4 This policy does not apply to Information Technology (IT) assets.

5. Policy Statement

5.1 ASSET MANAGEMENT PLANS (AMPS)

- 5.1.1** AMPs will be consistent with other Council strategies and planning documents. Inconsistencies will be highlighted where these are unavoidable. The AMPs should demonstrate the links between Council's Wellbeing Framework, District Plan, Growth Assumptions, and other key documents.
- 5.1.2** The AMPs will be drafted in the year preceding the delivery of the Council Long Term Plan (3-yearly), to be adopted by 30 June of the year the plan will begin. This will be after consultation with Council and, if appropriate, the community.
- 5.1.3** Any material changes to demand forecasts, Levels of Service, strategies, and financial forecasts will be covered in Annual Plans and noted in the Appendix as they occur.
- 5.1.4** AMPs will be updated completely in the 3-yearly review if there are significant changes.
- 5.1.5** Complex and critical assets will be developed towards core-plus in areas of priority agreed by Council.
- 5.1.6** An improvement plan will be developed for each AMP with the overall co-ordination of the improvements being led by the Asset Managers.

5.2 LEVELS OF SERVICE AND PERFORMANCE MANAGEMENT

- 5.2.1** The levels of service set the performance goals for the documented assets. They need to be clear, explicit, measurable, and sensible to staff and the community.
- 5.2.2** A performance management framework linking outcomes, goals, levels of service and Key Performance Indicators (KPIs) will be in place for all activities.
- 5.2.3** The performance management framework will specify the frequency and type of reporting.
- 5.2.4** The process for determining levels of service and performance targets will be documented and should incorporate:
 - (a) Customer/stakeholder expectations
 - (b) Strategic and corporate goals
 - (c) Compliance requirements

5.3 DEMAND MANAGEMENT

- 5.3.1** Demand forecasts and population projections will be included in AMPs. Assumptions will be clearly stated regarding the basis for the forecasts, source data and confidence levels.
- 5.3.2** Demand management initiatives will be stated in the AMPs, along with the rationale, cost and expected achievements.

5.4 RISK MANAGEMENT

- 5.4.1** A risk management framework will be used to identify Council's strategic and asset risks. High or extreme risks will be analysed in more detail and mitigation actions identified and managed.
- 5.4.2** Council will identify critical assets in the asset register and have a process for managing these assets and responding to their failure.

5.5 ASSET OPERATIONS, MAINTENANCE, AND INVESTMENT DECISIONS

- 5.5.1** An operations and maintenance strategy and programme will be documented, including asset condition and performance monitoring programmes.
- 5.5.2** Council will seek to identify the optimal balance of maintenance and renewal in order to minimise whole-of-life costs.

5.6 FINANCIAL MANAGEMENT

- 5.6.1** Assets will be revalued in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS). The methodology will be consistent with the NAMS Valuation and Depreciation Guidelines. Any deviations from the standards and the guidelines will be explicitly noted in the AMP.
- 5.6.2** Financial forecasts in the AMP will be prepared at the level required for a minimum of ten years with underlying assumptions and confidence levels clearly stated.

5.7 ASSET INFORMATION MANAGEMENT SYSTEMS AND DATA

- 5.7.1** Asset registers will be maintained for all Council assets, to an appropriate level of detail and accuracy to achieve the level of maturity defined in this policy.
- 5.7.2** Asset Management Systems will support the delivery of the requirements of this policy.
- 5.7.3** The information in the asset management systems will reconcile with information in other Council systems.

5.8 ASSET ALLOCATION

- 5.8.1** Built assets (over plant and equipment) will be managed within the Community Property AMP rather than within the AMP of the operational activity housed inside that built asset. The Three Waters users are responsible for budgeting the costs associated with depreciation and maintenance for Three Waters buildings.
- 5.8.2** Operational budgets will be set within the Community Property AMP but will be attributed to the activity housed within to ensure that the true cost of that activity is understood.
- 5.8.3** Capital projects and the proportion required for built assets over plant and equipment will be provided for by the activity housed within.
- 5.8.4** Operational readiness will allow for the handover of the new assets to the appropriate Asset Information Management System. Capital Projects will consider the built asset component and seek advice from the Property Asset Manager during the design phase for the asset.

5.9 ASSET MANAGEMENT IMPROVEMENT PLANNING

- 5.9.1** AMPs will include an improvement plan that outlines the tasks, resources and deliverables required to achieve or maintain core-plus asset management levels as stated in this policy.

6. Roles and Responsibilities

6.1 COUNCIL

6.1.1 Council will:

- (a) Act as stewards of the infrastructure assets.
- (b) Provide strategic input to the AMP preparation such as stating key objectives, issues that need to be addressed and financial constraints.
- (c) Approve AMPs, as they are the basis for the draft Long Term Plan, including the levels of service, performance targets and budget forecasts.
- (d) Ensure funds and resources are available to deliver the AMP programme.

6.2 CHIEF EXECUTIVE OFFICER

6.2.1 The Chief Executive Officer (CEO) will:

- (a) Act as leader and advocate of asset management with staff, Council, and the community.
- (b) Work with senior management to foster a multi-discipline approach to asset management.
- (c) Oversee the implementation of policy.

6.3 ASSET MANAGEMENT TEAM

- 6.3.1** The Asset Management Team fosters a multi-disciplinary approach to asset management.

They will:

- (a) Develop, coordinate, and monitor an AMP development and improvement programme.
- (b) Ensure that Group members contribute the relevant inputs in time for AMP development, including:
 - (i) Population forecasts and locations of new development.
 - (ii) Funding impacts of expenditure forecasts.
 - (iii) Leading community consultation around levels of service and costs.

6.4 ASSET MANAGERS AND STAFF

6.4.1 Asset managers will ensure their teams:

- (a) Provide appropriate, senior representation on the Asset Management Team.
- (b) Develop, implement, and review AMPs and practices consistent with this policy and the NAMS International Infrastructure Management Manual.
- (c) Work collaboratively with other departments to promote a multi-disciplinary approach to asset management, and specifically:
 - (i) Provide level of service options/costs and other asset management information to support community consultation processes.
 - (ii) Provide AMPs and forecasts to meet the LTP programme.
- (d) Continually seek innovative ways to manage assets and deliver services more effectively.

- (e) Build asset management capability through mentoring and training.

7. Relevant Legislation and Related Documents

7.1 Relevant legislation is as follows:

- a) Asset Management Industry Standards (ISO 55000, 55001 and 55002)
- b) Building Act 2004
- c) Civil Defence Emergency Management Act 2002
- d) Climate Change Response (Zero Carbon) Amendment Act 2019
- e) Fire and Emergency New Zealand Act 2017
- f) Hazardous Substances and New Organisms Act 1996
- g) Health Act 1956 and Health (Drinking Water) Amendment Act 2007
- h) Health and Safety at Work Act 2015
- i) International Infrastructure Management Manual
- j) Land Transport (Road Safety and Other Matters) Amendment Act 2011
- k) Land Transport Management Act 2003 and Land Transport Amendment Act 2013
- l) Local Government Act 2002 and the Local Government Act 2002 Amendment Act 2014
- m) Resource Management Act 1991
- n) Taumata Arowai - the Water Services Regulator Act 2020
- o) Water Services Entities Act 2022
- p) Water Services Entities Amendment Act 2023

7.2 Related Council Documents are as follows:

- a) Individual AMPs for specific asset classes
- b) Financial Strategy
- c) Infrastructure Strategy
- d) Long Term Plan
- e) Risk Management Policy and Procedures

8. Annotations

| Date | Description |
|------------------|--|
| 29 November 2017 | Policy created and adopted |
| 11 December 2020 | Policy reviewed and adopted. Noticeable change; inclusion of 5.9 |
| 27 March 2024 | Policy reviewed and adopted as part of LTP process |

9. Policy Version Control

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| Policy drafted by | The Policy Team |
| Policy reviewed by | The Infrastructure Team |
| Policy reviewed and recommended by the Information System Governance Group (ISGG) | N/A |
| Policy reviewed and recommended by the Audit and Assurance Committee | N/A |
| Policy reviewed and adopted by Council | 27 March 2024 |

