



**Kaupapa Here  
Whakahaere Rawa**

# **Asset Management Policy**





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# Purpose

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”.

The policy is set by Governance and delivered operationally. This policy defines the principles, requirements and responsibilities for undertaking asset management across Tararua District Council. It is intended to provide staff with an understanding of management expectations regarding asset management outcomes; and provides direction for the development of an Asset Management Plans.

# Scope

This policy applies to the areas of the organisation that manage and operate tangible, physical assets for the purpose of delivering services to the residents of Tararua district. The assets are part of the district’s physical infrastructure and are essential to the delivery of services to meet the community’s needs and for the Tararua District Council to achieve the levels of service outlined in the Long Term Plan.

Applicable assets include those managed as part of the Transport, 3-Waters, Solid Waste, and Facilities activities. This policy does not apply to Council owned furniture, IT equipment and passenger vehicles, or the assets of Council suppliers.

# Benefits

The benefits of complying with this policy are expected to be:

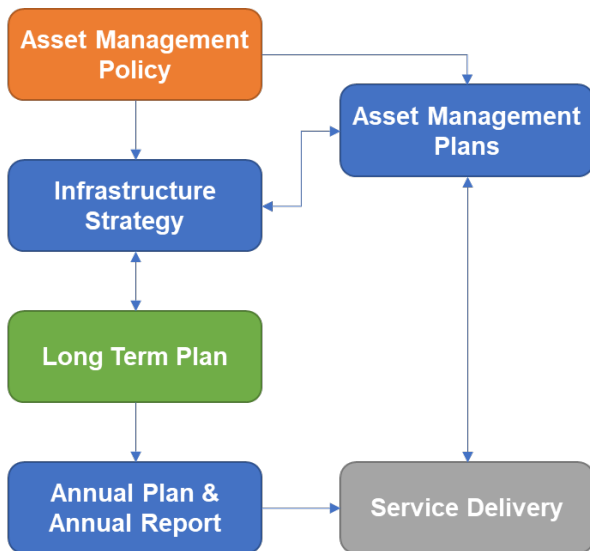
- The active management of assets enables prudent and optimal investment, data driven decisions at the right time in an asset’s lifecycle to minimise the risks to the public and council and ensure continuity of delivery especially for critical services.
- By understanding the lifecycle of our assets, we can intervene in a planned and structured way. This way, we minimise reactive responses and create a “no surprises” environment using appropriate risk, criticality and good management practices.
- The assets we manage on behalf of the public are essential to a functioning society and as such, we have an obligation to achieve the required customer service levels through active renewal and maintenance activities.
- Through better asset data maturity we can, with a higher level of confidence, allocate depreciation funding to reflect upcoming renewal programmes and reduce rating shocks events as well as ensuring rates are not over committed towards infrastructure.



# Strategic Alignment

There are a number of internal strategic and statutory documents that specify the functions, services and activities of the Council. These documents need to be compatible and inform each other with the intention of delivering asset related functions, services and activities in an efficient and effective manner.

The relationship between this Asset Management Policy, the Infrastructure Strategy, Long Term Plan and the various levels of asset management is set out below.





# Principles

Tararua District Council will adhere to the following principles in its asset management planning:

## **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 Tararua over many generations. Poor performing assets may have significant cultural, 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 will consider ratepayers' expectations and ability to pay**

- It is critical that Council has confidence that agreed levels of service consider 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.

## **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.



# Policy Statement

The following statements apply to Asset Management practice at Council and must be adhered to. They, by design, give effect to the intent of the Policy and should be enacted in alignment with the Principles.

## Asset Management Plans (AMPs)

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 the Outcomes, Council's vision, District Plan, key Assumptions, and other key documents.

The AMPs will be drafted by December in the year preceding the delivery of the Council Long Term Plan (3-yearly), after consultation with Council and, if appropriate, the community.

An improvement plan will be developed for each AMP with the overall coordination of the improvements being led by the Asset managers.

## Levels of Service and Performance Management

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.

A performance management framework linking outcomes, goals, levels of service and Key Performance Indicators will be in place for all activities and approved by Council.

The performance management framework will specify the frequency and type of reporting.

The process for determining levels of service and performance targets will be transparent and documented and should incorporate:

- Customer/stakeholder expectations
- Council's strategic objectives
- Compliance requirements.

## Demand Management

Demand forecasts will be included in AMPs. Assumptions will be clearly stated regarding the basis for the forecasts, source data and confidence levels.

Demand management initiatives will be stated in the AMPs, along with the rationale, cost and expected achievements.

## Risk Management

Council's 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.

Council will identify critical assets in the asset register and have a process for managing these assets and responding to their failure.

## Asset Operations and Maintenance

An operations and maintenance strategy and programme will be documented, including asset condition and performance monitoring programmes.

Council will seek to identify the optimal balance of planned and unplanned maintenance in order to minimise whole-of-life costs.

## Asset Investment Decisions

Council will seek to identify the optimal balance of maintenance and renewal in order to minimise whole of life costs.





## **Financial Management**

Assets will be revalued generally in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS). The methodology will generally be consistent with the NAMS Valuation and Depreciation Guidelines. Any deviations from the standards and the guidelines will be explicitly noted in the AMP.

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.

## **Asset Management Systems and Data**

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.

Asset management systems will provide the functionality to automate the delivery of the requirements of this policy.

The information in the asset management systems will reconcile with information in other Council systems.

## **Asset Management Maturity Improvement Planning**

AMPs will include an improvement plan that outlines the tasks, resources and deliverables required to achieve or maintain core-plus maturity levels as per the International Infrastructure Management Manual.

