

## Asset Management Policy

### 1. Introduction

The Council manages activities and assets on behalf of the ratepayers of the Tararua District to a value in excess of \$ 879.7<sup>1</sup> Million. 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 (LTP).

In broad terms the infrastructure assets of the Council cover the following activities:

➤	Roading	\$742.2m
➤	Water supply	\$43.8m
➤	Storm water	\$11.2m
➤	Waste water	\$32.3m
➤	Land	\$9.2m
➤	Council buildings	\$19.4m
➤	Other operational, restricted and work in progress	\$21.7m

### 2. Asset Management is Important for a Number of Reasons

- The delivery of many of the public services essential to our community relies upon them.
- They represent a significant investment by the community, built up over the last 100 years and more.
- Asset data drives the requirement for depreciation funding and has a major impact on rating levels. Poor data can lead to:
  - insufficient depreciation reserves and possible rating shocks from unplanned renewals of networks,
  - rates funding being too high as assets on average are in better condition than thought and renewal cycles are longer than planned.

The Council has an obligation to manage these assets effectively and this policy sets out the Council's approach to asset management planning.

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<sup>1</sup> Annual Report 2016/2017

### 3. Objectives

- To provide for a consistent approach to asset management planning within the Council and to ensure the plans reflect the strategic direction of the Council.
- To demonstrate to the community that the Council recognises the critical importance of managing the district's assets in an effective and sustainable manner in order to deliver appropriate levels of service to current and future generations.
- To confirm a coordinated process for each significant asset area that reflects Councils strategic direction, and links their contribution to the Council Outcomes with specific levels of service, performance levels and desired improvement priorities and strategies.

### 4. Policy Statement

The Council will manage the district's assets and deliver associated activities in a cost effective, sustainable, well-planned and coordinated manner to provide agreed levels of service. Council will use Asset and Activity Management Plans (AMPs) as the means to fulfil its statutory obligations for compliance with the Local Government Act 2002, Resource Management Act 1991, Building Act 2004, Land Transport Management Act 2003, Health Act 1956 and the requirements of the Office of the Auditor-General for its assets and activities.

### 5. Strategic Context

The strategy for the 2018 draft LTP is to continue the current focus on core network infrastructure, economic development and financial prudence. Council expects to complete the current round of Water and Wastewater upgrades during the period of the 2018-28 LTP. The focus on economic development and promotion will continue to drive an increase in wealth for existing residents, and to increase the long-term population to improve the viability of the district.

The Council Outcome most relevant to the asset management policy is:

#### *Efficient Infrastructure*

Highly efficient, fit for purpose and affordable rural and urban infrastructure

The Council will continue to ensure that infrastructure delivers the agreed levels of service to the community in the most cost effective manner. The strategic focus for infrastructure over the next thirty years<sup>2</sup> will be 'thinking smart' as follows:

- Prudent operation and maintenance of existing infrastructure assets, as outlined in the Council's asset management plans
- Investment in innovative and cost effective infrastructure solutions to replace aging assets and enhance the overall network performance

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<sup>2</sup> Tararua District Council Infrastructure Strategy 2018-2028

- Undertaking regular condition and performance monitoring of assets in order to renew and replace assets in a timely manner and ensure no loss of service
- Honouring the commitment to the Manawatu River Accord by striving to continually achieve improvements to the quality of the district's waterways through innovation in operation and design of the Council's wastewater treatment plants and storm water networks
- Improving resilience by building redundancy or spare capacity into systems, relocating infrastructure that is at significant risk of hazards, strengthening existing infrastructure (e.g. seismic strengthening) to withstand hazards or building assets that are less vulnerable to hazards
- Investment in new infrastructure that provides enhanced levels of service that meets or exceeds environmental and health standards whilst being efficient to operate, maintain and upgrade as needed. This may mean increased expenditure up front in order to reduce whole of life costs
- Managing the scale of infrastructure investment - avoiding a 'one size fits all' scenario where for smaller towns this could lead to over investment in assets that are under-utilised and a waste of the Council's financial resources. Balancing this with ensuring sufficient capacity is maintained in networks to support economic and social development of communities
- Ensuring infrastructure investment scale and timing is consistent with the Strategic focus of financial prudence for Council and affordability for residents.

## **6. Application of the Policy**

The Asset Management Policy applies to:

- All land and improvements owned by the Council, including buildings and associated plant, roads, footpaths, bridges, pipes, pumps, water and waste storage and treatment facilities, swimming pools, playgrounds, public toilets and any other structure owned by the Council with a replacement value exceeding \$1,000.
- This policy does not apply to Council owned furniture, IT equipment and passenger vehicles, or the assets of the Council contractors.

## **7. Roles**

Councillors and Council staff are the custodians of Council assets on behalf of the community.

Councillors are:

- Required to make decisions for the overall benefit of the district (as opposed to the ward they were elected within), not only for the current generation, but for generations to come
- Accountable to third parties including residents and ratepayers, the Auditor-General and other entities for exercising good stewardship over substantial assets
- Operating in an area where the formal legal and administrative responsibility for handling the day to day affairs is vested in a Chief Executive, and the elected member has a largely hands-off or "arms-length" monitoring relationship

The Council's staff is responsible to the Council for:

- Ensuring legal obligations are met
- Providing technical and professional advice to Councillors to enable well informed decisions to be made with regard to the management of assets and the associated activities
- Ensuring the assets are maintained, and the activities are planned for in a manner that allows it to deliver the desired level of service in the most cost effective manner for current and future generations in accordance with the guidance provided in Asset Management Plans
- Ensuring that assets/activities are planned, created, replaced and disposed of/discontinued in accordance with Council priorities as determined by the Long Term Plan
- Ensuring that procurement and operational spending meet the requirements of Council policies and delegations
- To ensure practical systems are in place to collect data necessary to inform future planning and reporting
- Providing regular performance information of asset activities against planned levels of service and Council performance targets

## **8. Principles**

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

- The Council will develop affordable and financially sustainable asset management plans (AMPs) that are to industry standard appropriate for the scale of assets and associated risks being managed;
- AMPs will reflect the strategy and priorities of the Council and will be used to drive the day to day management of assets and the associated services;
- The Council will manage the infrastructure assets in a planned, systemic and sustainable manner;
- Specially, Council will:
  - involve and consult with the community and key stakeholders on determining the levels of service;
  - ensure asset information is accurate and up to date, allowing for appropriate asset planning, both in the short and long-term, and for informed decision-making to occur;
  - allocate appropriate resources to ensure asset management practices can be undertaken and the timely maintenance and renewal of those assets so that "life cycle" costs are optimised (existing and new assets);
  - provide a framework for asset revaluation where infrastructure assets are re-valued at least once every three years;

- ensure that the roles and responsibilities of all asset users are well defined and understood;
- ensure that AMPs are integrated with other relevant planning documents;
- recognise the risks associated with the delivery of agreed levels of service and manage them appropriately;
- recognise the implications of changes in demand and actively manage demand wherever practical;
- develop and implement a framework for the evaluation and prioritisation of capital projects; and
- consider whole-of-life costs before initiating any major works and significant renewal of assets, or before introducing new Council activities

## **9. Asset Management Plan Approval Process**

AMPs will be reviewed three yearly to correspond with the Tararua Long Term Plan (LTP) cycle.

The AMPs are recognised as key documents informing the Infrastructure Strategy and the Financial Strategy, and in turn the details in the draft LTP. The AMPs will be updated prior to the formation of the first draft of the Infrastructure Strategy. The AMPs will provide the Council with the officers' best professional advice on the management of the Council's assets to deliver the agreed levels of service to the community.

The key levels of service and projects arising from these first drafts will be discussed with Councillors in a series of workshops prior to the end of October of the year before the next LTP. Following these discussions officers will amend the AMPs to reflect the political direction of the Council, and the resulting plans will be used to directly inform the Infrastructure Strategy and the asset based activities in the Draft LTP.

The Council will formally adopt the asset management plans at the same time as the adoption of the Infrastructure Strategy and the draft LTP. Variations to the AMPs may be required following the adoption of the final LTP. These variations will be identified to the public in the following Annual Plan where necessary.

## **10. Consultation**

The Council will not undertake a general public consultation on individual asset management plans, but may use a targeted consultation of user/focus groups to test proposed levels of service for key assets/activities. Levels of service will formally be consulted on through the draft LTP. Significant changes to asset activities will be highlighted in the Consultation Document.

## 11. Level of Asset / Activity Management

The table below sets out the level of planning appropriate to each Council AMP.

	<b>Level<sup>3</sup></b>
Transport AMP	Intermediate/Advanced
Water Services AMP	Intermediate
Waste Water AMP	Intermediate
Storm water AMP	Intermediate
Solid Waste AMP	Core
Community Facilities AMP	Core

<b>Adopted by Council</b>	<b>Effective Date: 25 January 2012</b>	
Authorised by: KDT	1st Revision 9 February 2015	
MT	2 <sup>nd</sup> revision May 2017	Next Review Date: November 2018

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<sup>3</sup> Levels of planning as identified in the International Infrastructure Management Manual (2011 edition)