Asset Management
Activity Management Plan

Amended Long Term Plan 2016 – 2025
As amended through the FitForFuture restructure
22 April 2016

Quality Assurance Statement

Christchurch City Council Civic Offices 53 Hereford Street PO Box 73015 Christchurch 8154 Tel: 03 941 8999	Version	
	Status	
	Activity Manager:	*[signature]*
	Chief / Director:	
	Asset Manager: Not applicable	
	Business Partner:	

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1 Key Issues for the Asset Management Activity

Christchurch City Council (the Council) has a large, complex and diverse asset base. The importance of Council assets in supporting the community has become clear following the loss or damage of the Council's infrastructure and buildings as a result of the 2010 and 2011 earthquakes.

From a pragmatic business perspective making the right investment decisions in the development, operation and maintenance of Council's asset base is critical to delivering organisational objectives. This has become particularly challenging given the financial constraints that have more recently become clear.

Under the Local Government Act (Schedule 10) Council also has a legislative responsibility for managing its assets and communicating issues about the long term implications that come with alternate asset strategies.

The financial constraints being experienced by Council will create tension that will challenge the analysis of the situation, consultation with the public and decision making required in relation to asset related expenditure. These can be summarised as;

1. Incomplete data and investigations associated with earthquake repairs, seismic strengthening works and changes to the likely remaining economic life of assets as a result of earthquake damage.
2. Insufficient revenue or borrowing capacity to fix, operate, maintain, enhance and develop all the assets Council owns, or desires to own.
3. A strong community and political sentiment to reinstate the city to a pre-earthquake status or better.
4. Uncertainty around the actual timing of occurrence of the growth that is provided for within the Land Use Recovery Plan (LURP).

The discipline of asset management is central to supporting the organisation understand and communicate these issues, resolve the agreed investment and operating strategy and deliver on the works program.

Organisations define asset management in different ways and to varying degrees of sophistication. However, a common definition is

> *'enabling the most cost effective, sustainable, long term Asset Management options to be implemented while meeting agreed levels of service and customer needs, both now and in the future'.*

The Asset Management Policy described the approach, definition and commitment to asset management. This document:

- *provides a long term vision for the practice of asset management;*
- *seeks to ensure this aligns to the wider vision and strategic goals; and*
- *aligns with, supports and informs the rebuild programmes.*

The policy goes on to state that;

> *The Council aspires to apply quality asset management practices across multiple management disciplines and operations over the full lifecycle of its physical assets, so that;*

- *agreed levels of service are supported and maintained;*
- *value for money is delivered;*
- *risks are managed; and*
- *sustainable outcomes are achieved for current and future generations*

To achieve these aspirations, the policy statement:

- *defined the principles and requirements for undertaking asset management across Council;*
- *stated Council's commitment to ensure all parts of the Council work together to improve asset management practices and performance; and*
- *set the direction for developing and implementing asset management strategies for each activity*

The agreed asset management principles are summarised in the by the following statements;

- *Asset management is an essential part of good business planning*
- *Effective asset management requires an organisational wide approach*
- *Levels of service will match customer expectations and ability to pay*
- *Managing risk is integral to managing assets*
- *Asset management planning will provide the financial forecasts which underpin long term budgets*
- *Council's asset management principles will be applied to the design of all capital works*

An expansion of these principles is provided in Appendix 1.

The Asset Management Policy is the guiding document for the Asset Management Strategy and Asset Management Plans as a suite of asset management documents. A new Local Government Act requirement for the 2015 Long Term Plan is the preparation of a 30 year Infrastructure Strategy. A draft Infrastructure Strategy has been prepared and its preparation and maintenance is our responsibility.

The recent restructuring under the Operations Group is a stepping stone to improve clarity over roles and responsibilities for the planning, capital delivery and operating of Council assets.

The Asset Management Unit within the Operations Group is the confirmed internal business model for the Council in respect of delivering on current and future asset and network needs for the organisation.

We have responsibility for

- Working with the Strategy & Planning Group and Service Delivery Units in developing key strategies and interpreting those strategies into detailed investment plans that support the organisational goals.
- Analysing and interpreting the requirements for investment in both infrastructure and facilities that need to be built to support the growth of the City and ensuring that existing assets are maintained and replaced so that they continue to support the required level of service to the Community.
- Developing and delivering the planned capital works programme, ensuring that projects are delivered in line with Annual Plan and Long Term Plan programmes approved by Council.
- Providing technical support and professional advice on Council assets to other internal units and teams as well as to some external parties.

The key issues arising are:

- Ensuring that asset management practices, processes, systems, analysis and documentation meet organisational needs and conform to Council policy and industry standards and guidelines
- Being able to take demand and growth data and interpret where, when and how future infrastructure and facilities should be provided to meet the goals and aspirations of agreed planning documents and plans.
- Identifying, understanding and communicating implications associated with budget reductions or reduced levels of service in response to financial constraints.
- Ensuring that the delivery of the planned capital works programme as a whole is well managed and provides value for money, with projects and programmes delivered on time, to budget and at the right quality.

1.1 Community Outcomes

Everything that the Council does in its day-to-day work is focused on achieving community outcomes. All activities outlined in this plan aim to deliver the results required to achieve these outcomes, contribute to Council strategies and meet legislative requirements. Likewise, all Council capital and operating expenditure is directed towards a level of service that moves the community closer to these outcomes now or at some future point.

Effective Asset Management for Christchurch is linked to the following community outcomes:

Prosperous Economy

· Christchurch's infrastructure supports sustainable economic growth.

Good Governance

· City assets, financial resources and infrastructure are well managed, now and for the future
· Statutory obligations are met by the Council.

Section 4 shows how these outcomes flow down into and influence the Council's activities and levels of service in relation to Asset Management.

1.2 Effects of growth, demand and sustainability

We are responsible on behalf of Council for the planning and delivery of infrastructure and facilities to support the future demand and growth of the City. Growth model data, demand data and strategic planning documents set the scene, quantifying and spatially locating future growth areas.

We are responsible for interpreting this demand and growth in terms of infrastructure and facility requirements so that the growth areas are adequately supported whilst maintaining agreed levels of service and changes in demand are taken into account in the planning for existing infrastructure and facilities.

In some cases changes in demand or alternate ways of delivering services may mean the existing infrastructure or facilities are no longer the best asset solution. We are responsible for exploring alternate asset solutions and providing analysis of the costs and benefits associated with respective options.

Population Growth and Demand

A forecast of population growth is used to assess what increased demands on each of the infrastructure networks and facility services are likely to occur. This data is used to determine where and when Council infrastructure needs to be developed and to what capacity. Council has considered the influence of the earthquake events on the current and future growth areas of the city, changing demographics, community expectations, industrial/commercial demand, technology and legislation on the demand for its services. In response to this, the Council with its strategic partners has developed the Land Use Recovery Plan (LURP) which identifies and articulates the expected level of growth, the spatial distribution of this growth and the expected timing over which the growth may be expected to occur. Key outcomes from the LURP that influence the provision of infrastructure and facilities are:

· Household and business growth in greenfield areas will require the extension of the infrastructure network, while intensification of household and business activity within existing areas of the city need to be assessed to ensure that the network can accommodate additional capacity pressures placed on it by growth.

· A result of the earthquakes and the LURP has meant that expected long term growth demands/expectations have been accelerated especially in Greenfield areas. More greenfield areas have been released sooner than pre-earthquake expectations placing increased demand/pressure on infrastructure provision In addition post-earthquake movement of people in the city has resulted in additional uncertainty moving forward.

Sustainability

The Local Government Act 2002 requires local authorities to take a sustainable development approach while conducting their business. The purpose of the Council's Sustainability Policy 2008 is to clarify what the City Council means by the term sustainability and enable policies and strategies to adopt a consistent point of reference for the term, and for the related concepts and principles to be incorporated with more consistency into Council activities and decision making.

Sustainable development is a fundamental philosophy that is embraced in the Council's Vision, Mission and Objectives, and that in turn shapes the Community Outcomes. The levels of service and the performance measures flow from these inherently incorporate objectives and form the basis for the achievement of sustainable outcomes to which the Asset Management group contribute as set out in this Plan.

In addition to the Council's Sustainability Policy 2008 the following strategies also contribute towards sustainability: The Biodiversity Strategy; Surface Water Strategy; City Transport Strategic Plan; Open space Strategy; Water Supply Strategy and the Wastewater Strategy.

1.3 Key Challenges and Opportunities for Asset Management

The Council faces significant challenges the likes of which no Council in New Zealand has faced in recent times. In working towards the community outcomes it is not only influenced by population growth and demand but also the earthquake recovery initiatives and plans, together with the legacy of damaged assets not likely to be repaired or replaced as part of the rebuild programme following the earthquake. The key challenges and opportunities that have been prioritised by are set out below in Table 1-1.

Table 1-1

Key Issue	Discussion

Providing infrastructure and facilities to support the future growth.	· Current potential for multiple areas developed at the same time all requiring provision of infrastructure and facilities which results in inefficient use of resources.
	· Predicting changes in demand and the rate of growth can be challenging in a recovery period following a natural disaster this can lead to
	  o expectations that cannot be met given that some major infrastructure and facilities projects have long lead in times to plan and design, and
	  o expectations that serve a short term need but result in infrastructure and facilities having excessive or inappropriate capacity over the long term

Earthquake legacy	· Understanding the legacy issues following the earthquake events on both infrastructure and facilities · Having sufficient funding over the long term horizons to meet the increased level of investment required · Understanding and quantifying the damage that will not be repaired during the initial rebuild programme · Understanding the impact of the earthquakes on the short and medium term levels of service and ongoing operational and maintenance expenditure · Meeting community expectations for the speed of the restoration of pre-earthquake levels of service
Supporting Central City Recovery Plan	· Significant investment identified within the cost share agreement for Transport, including Accessible City projects, Public Transport improvements and the construction of a new Bus Interchange, these projects and associated investment puts pressure on the Council's overall financial strategy · Many of the initiatives to support recovery require planning and investigations, these are seen as a high priority and can disrupt normal work programmes and take away finite resources · Understanding the timeframes over which recovery will occur
Other Recovery Plans	· Impacts or changes to the transport networks · Ability to fund all of the initiatives identified in the Recovery Plans · The ability to meet some of the timeframes included in the Recovery Plans
Renewals and replacement of infrastructure facilities	· Having good visibility of rebuild programs and understanding the implications these have on maintenance, renewal and replacement programs for existing assets. · Understanding the condition of assets and how that will impact on current rebuild programs and future investment programmes · Current asset condition and design impacts the Council's ability to meet consent conditions · The current asset condition may mean that changes to level of service are required
Industry capability preparedness and capacity	· Councils rebuild and recovery programme together with its normal day to day capital programme may over heat the local market and drive costs upwards.
Governance arrangements for the City.	· Uncertainties continue during the recovery and rebuild phases until long term future of CERA is provided

Key Issue	Discussion
Funding strategy constraints	· Managing community expectations within the constraints of the Council's funding strategy · The impact on funding constraints on the provision of levels of service particularly in the short to medium term.
Staff	· The recovery and rebuild will provide opportunities and a competitive environment which could impact on staff retention · Good succession planning is needed to ensure continuity and securing experience and expertise given the current age profile of unit
Land Use Recovery Plan (LURP)	· If development follows the plans and timeframes set out in the LURP then the growth pattern for the City can be managed. · Some infrastructure constraints exist that will take time to resolve, which may provide a challenge to meeting the LURP
Rebuild legacy	· More knowledge on asset design and condition has been gained from SCIRT & FIR programmes. This is available to Council's asset system if provided in a format that is compatible and able to be integrated easily. Better and more robust data would help inform future investment decisions. Conversely, if appropriate decisions are not made in time about what information Council can best use or if the information is in a format that is expensive to upload into Council's asset system Council will need to spend further time and money understanding the design and condition of the assets · Opportunities exist to develop and improve Council systems by learning from the systems and processes developed by the SCIRT alliance and FIR. · The SCIRT and FIR rebuild programme has exposed and enhanced external consultants' knowledge and understanding of CCC. · Robustness and accuracy of information from SCIRT and FIR · The core driver for repair or rebuild organisations are timely delivery, cost containment and quality. The first two are easy to measure and therefore tend to attract the most attention by (any) providers. The quality outcome is harder to measure and often does not become obvious for years or decades. As a result greater focus and attention is required to ensure the quality of design and construction of assets that are returned to Council. Failure to do so could result in significant service and financial risk eventuating for future generations.
Delivery of capital programme	· Certainty of programme definition in a dynamic rebuild environment. · Development of a procurement model that provides confidence and certainty to the construction sector in an elevated day to day capital programme environment. · Retention of appropriate design, construction management and project management capability. · Development of efficient end to end processes that facilitate programme delivery to agreed timeframes.
Aligning transport budgets to NZTA requirements	· Opportunity to improve council process and systems to better align funding applications and financial reporting to NZTA

Asset Management

2 Proposed changes to activity

Table 2-1 summarises the proposed changes for the management of the Asset Management activity since the Three Year Plan 2013-16 Activity Management Plan.

Table 2-1 Proposed changes to activity

Key Change	Reason	Level of significance? What investigations are needed?	Options for consultation and engagement
The integration of the design, technical input and delivery of the day to day Capital Programme and Capital Projects	To better align and confirm roles and responsibilities for the planning of new assets, the management of existing assets and the delivery of the investment programmes for both Infrastructure and Facilities	This is an internal activity where the changes made are to the organisation staff structure only, all of the activities previously provided continue to be provided	None required as this is an internal activity
The integration of Project and Contract Management of the day to day Capital Programme and Capital Projects	To better align and confirm roles and responsibilities for the planning of new assets, the management of existing assets and the delivery of the investment programmes for both Infrastructure and Facilities	This is an internal activity where the changes made are to the organisation staff structure only, all of the activities previously provided continue to be provided	None required as this is an internal activity
The integration of Facilities Asset Management and Planning	To better align and confirm roles and responsibilities for the planning of new assets, the management of existing assets and the delivery of the investment programmes for both Infrastructure and Facilities	This is an internal activity where the changes made are to the organisation staff structure only, all of the activities previously provided continue to be provided	None required as this is an internal activity
Provision of technical support for the Facilities and Infrastructure Rebuild programme as required for efficiency, knowledge and expertise.	To better align and confirm roles and responsibilities between the Operations Group and the Facilities and Infrastructure Rebuild Group	This is an internal activity where the changes made are to the organisation staff structure only, all of the activities previously provided continue to be provided	None required as this is an internal activity

3   Activity description

3.1   Focusing on what we want to achieve

Council undertakes activities in order to deliver on the community outcomes for Christchurch.   The outcomes that relate most directly to the management of the city's Asset Management are:

Liveable City

  · Urban areas are well designed and meet the needs of the community.
  · A range of travel options that meet the needs of the community.
  · The Council's water supplies meet the public's reasonable needs.

Strong Communities

  · The Garden city image and Garden Heritage for the district are enhanced.
  · People have equitable access to parks, open spaces, recreation facilities and libraries.
  · Transport and safety is improved

Healthy environment

  · Water quality in rivers, streams, lakes and wetlands is improved.
  · Stream and river flows are maintained.

Prosperous Economy

  · Christchurch's infrastructure supports sustainable economic growth.

Good Governance

  · City assets, financial resources and infrastructure are well managed, now and for the future
  · Statutory obligations are met by the Council.

3.2   How we will know we are achieving the outcomes

We will know we are achieving the above outcomes when we see the following results:

  · The city's infrastructure and facility assets for community use now and in the future are well managed and optimised.
  · A programme of planning and delivery of new, replacement and renewed infrastructure and facility assets is undertaken and managed. This includes community facilities, recreation and leisure, water supply, collection and waste treatment networks, refuse minimisation and disposal, stormwater and flood protection, parks and open spaces, roads, footpaths and transport services.

The activities that follow in section 4 and the levels of service within them are all linked to the above results to ensure Council stays focused on moving towards the community outcomes. This link aims to confirm why Council is doing the activities – that they will realistically move us closer to our goals – and that service delivery remains relevant to strategic direction.

3.3   What services we provide

This activity includes the following services:

  1. Plan and programme the replacement and renewal of existing infrastructure and facilities.

There are no assets associated with this activity.

3.4   Benefits and Funding Sources

3.4.1 Who Benefits?

Who benefits?	
Individual	
Identifiable part of the community	
Whole community	Full

Key:
Full
Majority
Some

Explanatory Comments:

The services covered in this activity management plan are an indirect benefit to the whole community.

3.4.2 Who pays?

Funding - Fees / User Charges	Other revenue Grants & Subsidies	General rate	Targeted rate
1%	9%	90%	0%
Some	Some	Majority	

Note, Funding Split % is derived from the 'Summary of Cost for Activity' (Section 13).

Key:		*Typically*
Full	*All or almost all the cost is funded from that source. If the comment is made in the general or targeted rate columns it does not preclude making minor charges for the service but indicates that the charges are a negligible part of the fund.*	*95%+*
Majority	*The majority of the activity is funded from this source.*	*50%+*
Some	*Some revenue is derived from this source.*	*<50%*

Does this Activity generate surplus funds that can be applied to other areas?   **No**

Explanatory comments:
The majority of the cost of this service is covered by the General Rate.

3.5   Key legislation and Council strategies

A large number of strategies, policy, legislation and regulations need to be understood and applied to the planning, management and delivery of Council Asset Management. These are detailed in Appendix 2.

4   Levels of service and performance measures

Table 4-1 summarises the levels of service and performance measures for the Asset Management activities listed in Section 3.3. Shaded rows are the levels of service and performance measures to be included in the Long Term Plan. Non-shaded rows are non-LTP management level measures, agreed with and reported to Council but not included as part of the community consulted document.

Table 4-1

Proposed Performance Standards Levels of Service	Results (Activities will contribute to these results, strategies and legislation)	Method of Measurement (meeting the level of service will be if…..)	Current Performance	Benchmarks	Future Performance (targets)			Future Performance (targets) by Year 10
					Year 1	Year 2	Year 3	
					2015/16	2016/17	2017/18	2024/25
Plan and programme the replacement and renewal of existing infrastructure and facilities								
13.12.2 Provide Asset Management Processes and Practices across Council that are robust, compliant and appropriate. This extends to the functions of - Strategic Planning - Operational and Capital planning & delivery - Asset Knowledge & Data - Information Systems - Organisational Commitment	Good quality, compliant* and timely analysis and advice is provided for asset planning, programming and delivery to enable effective decision making by management and Council – for current and future stakeholders. * Supports LGA / OAG compliance	**Effectiveness** Appropriate and effective roles, responsibilities and processes are agreed and implemented. **Quality** The results of internal & external audits are compliant with LGA / OAG criteria in relation to - Strategic Planning - Operational and Capital planning & delivery - Asset Knowledge & Data - Information Systems - Organisational commitment **Timeliness** Appropriate	Due to earthquake damage discovery, repair, strengthening and designs still being in progress the asset management forecasts are considered to be of only fair quality. The completeness and quality of input data for modelling is also mixed. Capital work programs & budgets provided to support the 2015 LTP. Completion of: Parks, Facilities, Stormwater, Water Supply and Wastewater Asset Projects - 2006/14 AM policy - 2013 AM Strategy - 2014 COO Restructure - 2014	Maturity of Wellington CC and Auckland CC Asset Management processes. Audit NZ audits Management audits of AM processes, practices & quality on a 3 year cycle (alternate external & internal audits)	Council Strategic Asset Management Practices meet recognised standards. 13.12.2.1 An annual review of the Asset Management Policy will be undertaken 13.12.2.2 An annual review of the Asset Management Strategy will be undertaken 13.1221.3 An annual review of the Infrastructure Strategy will be undertaken. 13.12.2.4 Audit NZ audits analysed and reported to Audit & Risk committee annually	Council Strategic Asset Management Practices meet recognised standards. 13.12.2.1 An annual review of the Asset Management Policy will be undertaken 13.12.2.2 An annual review of the Asset Management Strategy will be undertaken 13.12.2.3 An annual review of the Infrastructure Strategy will be undertaken. 13.12.2.4 Audit NZ audits analysed and reported to Audit & Risk committee annually	Council Strategic Asset Management Practices meet recognised standards 13.12.21 An annual review of the Asset Management Policy will be undertaken 13.12.2.2 An annual review of the Asset Management Strategy will be undertaken 13.12.2.3 An annual review of the Infrastructure Strategy will be undertaken. 13.12.2.4 Audit NZ audits analysed and reported to Audit & Risk committee annually	Council Strategic Asset Management Practices meet recognised standards. 13.12.2.1 An annual review of the Asset Management Policy will be undertaken 13.12.2.2 An annual review of the Asset Management Strategy will be undertaken 13.12.2.3 An annual review of the Infrastructure Strategy will be undertaken. 13.12.2.4 Audit NZ audits analysed and reported to Audit & Risk committee annually

Proposed Performance Standards Levels of Service	Results (Activities will contribute to these results, strategies and legislation)	Method of Measurement (meeting the level of service will be if…..)	Current Performance	Benchmarks	Future Performance (targets)			Future Performance (targets) by Year 10
					Year 1	Year 2	Year 3	
					2015/16	2016/17	2017/18	2024/25
		planning and budget development for LTP and Annual Plan processes associated with asset expenditure is available to management and Council to enable effective, informed and timely decision making. **Risks Managed** The risks and implications of future level of service failure are identified & mitigated (where possible).	Audit NZ audits LTP & AMPs: External 'management' audit (all) - 2007 Internal 'management' audit - (Infrastructure) - 2013 External audit planned (Facilities) – 2015		13.12.2.7 Annual Plan changes to works programs completed by end of March 2015 / 16 13.12.2.8 Risks monitored and reported to Audit & Risk committee annually, along with mitigation recommendations	13.12.2.5 AM management audit undertaken in early 2017 to inform Improvement Plans for up-coming LTP. Outcome & management response reported to Audit & Risk committee 13.12.2.6 Works programmes developed / reviewed for the following LTP by the end of 2016/17 13.12.2.7 Annual Plan changes to works programs completed by end of March 2016 / 17 13.12.2.8 Risks monitored and reported to Audit & Risk committee annually, along with mitigation recommendations	13.12.2.7 Annual Plan changes to works programmes completed by end of March 2017 / 18 13.12.2.8 Risks monitored and reported to Audit & Risk committee annually, along with mitigation recommendations	13.12.2.5 AM management audit undertaken every 3 years (2019/20 & 2022/23) to inform Improvement Plans for up-coming LTP's. Outcomes & management responses reported to Audit & Risk committee 13.12.2.6 Works programmess developed / reviewed for LTP every 3 years (2019/20 & 2022/23) 13.12.2.7 Annual Plan changes to works programs completed by end of March each year 13.12.2.8 Risks monitored and reported to Audit & Risk committee annually, along with mitigation recommendations
13.12.18 Manage the SCIRT Legacy Transition	All of the appropriate infrastructure, information and systems are transferred to CCC	*SCIRT Transition Plan delivered and data systems transferred accordingly*	*New Measure*		13.12.18.1 Plan agreed to and implemented	13.12.18.1 Transitional data embedded into appropriate systems	13.12.18.1 All asset data and systems transferred	*13.12.18.1 Up to date systems operational and asset information available to all relevant parties*

5 Review of cost effectiveness - regulatory functions and service delivery

The Local Government Act 2002 requires local authorities to review the cost effectiveness of current arrangements for delivering its services and regulatory functions.

 A review need not be undertaken if

- Delivery is governed by legislation, contract or other binding agreement that cannot be reasonably altered in the next two years.
- The benefits to be gained do not justify the cost of the review.

A review must be undertaken

- In conjunction with the consideration of any significant change to service levels
- Within two years before the expiry of any legislation, contract or other binding agreement affecting the service
- Not later than 6 years after any previous review.

A review must consider each of options 1 to 9 in the table below. Option 10 is discretionary.

Governance	Funding	Delivery	Option
CCC	CCC	CCC	1
CCC	CCC	CCO (CCC sole shareholder)	2
		CCO (CCC one of several shareholders)	3
		Other local authority	4
		Other person or agency	5
Joint Committee / Shared Governance	Joint Committee / Shared Governance	CCO (CCC sole shareholder)	6
		CCO (CCC one of several shareholders)	7
		Other local authority	8
		Other person or agency	9
Other arrangement	Other arrangement	CCC or other arrangement	10

This section considers reviews for regulatory functions and service delivery.

Service: Plan R & R of Existing Infrastructure/Facilities

Current Arrangements			Estimated Cost
Governance	**Funding**	**Delivery**	
CCC	CCC	CCC	$6.7M

Review of options			
Option	**Date of Last Review**	**Findings**	**Estimated Cost**
1	10/2014	A management review has recently been completed that considered re-structure options to better deliver the services required. The review did not consider delivery options other than Option 1 as the potential benefits did not warrant a broader review.	Not applicable

Service: Planning Provision of Future Infrastructure/Facilities

Current Arrangements			Estimated Cost
Governance	**Funding**	**Delivery**	
CCC	CCC	CCC	$8.6M

Review of options			
Option	**Date of Last Review**	**Findings**	**Estimated Cost**
1	10/2014	A management review has recently been completed that considered re-structure options to better deliver the services required. The review did not consider delivery options other than Option 1 as the potential benefits did not warrant a broader review	Not applicable

Service: Manage & Deliver Infrastructure/Facilities

Current Arrangements			
Governance	**Funding**	**Delivery**	Estimated Cost
CCC	CCC	CCC	$14.1M

Review of options			
Option	**Date of Last Review**	**Findings**	**Estimated Cost**
1	Not applicable	External consultants commissioned on an as need basis when demand and /or skill is required.	Not applicable

Service: Optimise External Funding

Current Arrangements			
Governance	**Funding**	**Delivery**	Estimated Cost
CCC	CCC	CCC	$0.2M

Review of options			
Option	**Date of Last Review**	**Findings**	**Estimated Cost**
1	10/2014	A management review has recently been completed that considered re-structure options to better deliver the services required. The review did not consider delivery options other than Option 1 as the potential benefits did not warrant a broader review	Not applicable

Service: Technical & Professional Advice

Current Arrangements			
Governance	**Funding**	**Delivery**	Estimated Cost
CCC	CCC	CCC	$0M

Review of options			
Option	**Date of Last Review**	**Findings**	**Estimated Cost**
1	10/2014	A management review has recently been completed that considered re-structure options to better deliver the services required. The review did not consider delivery options other than Option 1 as the potential benefits did not warrant a broader review	Not applicable

6   Long Term Infrastructure Strategy

We are an internal unit and no effects have been identified

7   Review of cost-effectiveness - infrastructure delivery

We are an internal unit and no effects have been identified.

8   Significant Effects

We are an internal unit and no effects have been identified.

9   Risk Management

We are an internal unit and no effects have been identified

10 Improvement Plan

We are an internal unit and no effects have been identified

Appendix 1 – Council's Asset Management Principles

1. Asset management is an essential part of good business planning

The Council's public services generally rely on assets to support their delivery. These assets represent a significant investment by the people of Christchurch over many decades that needs to be appropriately managed and protected. Failed or poor performing assets can have social and economic impacts on the wider community and can present a risk to the Council's reputation. Asset management is concerned with the long term physical and financial sustainability of these assets and the services they support. Asset management supports the Council's community outcomes and is considered good business practice.

2. Effective asset management requires an organisational wide approach

Asset management is a multi disciplined process that requires all parts of the Council to work together in a coordinated and consistent way. The ultimate effectiveness of asset management planning is reliant on the relationships and communications between asset owners, activity managers, strategic and tactical planners, finance, operations, procurement and capital delivery. The Executive Team will provide the leadership necessary to coordinate the Business Groups within the Council and champion a culture of asset management across the organisation.

3. Levels of service will match customer expectations and ability to pay

Levels of service are considered to be the driving force behind asset management. It is critical that the Council has confidence that agreed levels of service continue to reflect customer's performance expectations and their willingness to pay. This confidence will be regularly tested via customer consultation to communicate the resource implications of maintaining existing levels of service and provide options for alternate levels. A range of service level measures will be used to ensure the performance of assets and the activity they support are well defined. The adopted levels of service will have clear linkages with performance measures and be clearly understood by the Council and the community. These levels of service will be articulated to the community through the review and development of the Activity Management Plans (AcMPs) and Long Term Plans (LTPs).

4. Managing risk is integral to managing assets

Asset and activity risk need to be recognised and managed in a consistent way. Risk management frameworks will be used across the Council to allow comparison of the risks across services and identify the highest priorities. The risk management framework will consider risk at both a corporate and activity level. Lifecycle forecasting and budgeting will be used to mitigate the risk that 'the right funds are available to do the right thing at the right time'. Outputs of the risk assessment process will be used to provide meaningful direction on managing risk in day to day operations and at a site or asset specific level.

5. Asset management planning will provide the financial forecasts which underpin long term budgets

Financial forecasts will be developed from an asset need perspective that will provide options to inform the Long Term Plan corporate budgets to support decision making by the Council. Where non-asset based criteria influences planned asset expenditure the differences between the profiles will be identified and explained. The reliability of data supporting the forecasts will be clearly explained to enable decision makers to make allowance for accuracy limitations. Quality assurance will be applied to asset data and cost information to improve the accuracy of forecasts. Quality asset based forecasts improve the accuracy of maintenance and renewal expenditure that support levels of service and anticipating future funding forecasts.

6. Council's asset management principles will be applied to the design of all capital works

The initial design phase and significant upgrades of an asset provide opportunities to deliver quality sustainable asset management outcomes. It is also the phase most exposed to the risk that short term deliverables and / or financial constraints dominate decision making. Accordingly, this phase will focus on delivering resilient, fit for purpose assets that align with, or can adapt to, future community needs and that deliver sustainable and cost effective assets through lifecycle optimisation[1].

Appendix 2 – Key legislation and Council strategies

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[1] In response to the 2010 / 2011 earthquakes CPG, SCIRT and FRP (Facilities Rebuild Project) rebuild programmes will be integrated with Council's day to day renewals and works programme. They will adopt Council's asset management principles and practices to ensure delivery of assets and asset information which is consistent with Councils day to day practice. Lifelines lessons learnt will be incorporated into asset design to improve resilience. The unique opportunity will be used to review and improve the configuration and nature of existing asset stock to align with future community needs.

Legislation - General

- Resource Management Act (RMA) 1991
- Resource Management Act 1995;
- Local Government Act 2002 (amendment 2014)
- Health Act 1956
- Fire Service Act 1975
- Canterbury Earthquake Recovery Act 2011
- Public Works Act 1981;
- Human Rights Act 1993
- Privacy Act 1993
- Public Finance Act 1989
- Consumer Guarantees Act 1993
- Social Security Act 1964
- Contractual Remedies Act 1979
- Health and Safety in Employment Act 1992
- New Zealand Bill of Rights Act 1990
- Health and Disability Services (Safety) Act 2001
- Health and Disability Commissioner Act 1994
- Hazardous substances & New Organisms Act 1996

Legislation – Infrastructure

- Land Transport Act 1998
- Land Transport Management Act 2003;

Legislation – Property & Parks

- Reserves Act 1977,
- Reserves and Other Lands Disposal Act 1958
- Land Act 1948
- Land Transfer Act 1952
- Land Transfer (Computer Registers and Electronic Lodgement) Amendment Act 2002
- Property Law Act 1952
- Unit Titles Act 1972
- Rating Valuations Act 1998
- Historic Places Act 1993
- Fencing Act 1978
- Building Act 2004
- Building Amendment Act 2012
- Building Amendment Act 2013
- Fire Safety and Evacuation of Buildings Regulations 2006
- Housing Act 1955
- Social Housing Reform (Housing Restructuring and Tenancy Matters Amendment) Principal Act 1992
- Housing Assets Transfer 1993
- Residential Tenancies Act 1986
- Housing Accords & Special Housing Areas Act 2013

- Affordable Housing: Enabling Territorial Authorities Act 2008
- Weather-tight Homes Resolution Services Act 2006
- Housing Corporation Act 1974
- Earthquake Commission Act 1993

Council Strategies / Policies

- Christchurch Transport Strategic Plan 2012 - 2042
- Greater Christchurch Transport Statement 2012
- Land Use Recovery Plan 2013
- An Accessible City 2013
- Waste Management and Minimisation Plan 2013
- Water Supply Strategy 2009 - 2039
- Surface Water Strategy 2009 - 2039
- Wastewater Strategy 2013
- Biodiversity Strategy 2008 – 2035
- Public Open Space Strategy 2010 - 2040
- Council Bylaws

Government Strategies / Policies

- Government Policy Statement on Transport;
- National and Regional Land Transport strategies and programmes;
- CERA plans

Appendix 3 Asset Management Policy

Asset Management Policy

February 2013

Asset Management Policy

Christchurch City Council (the Council) has a large, complex and diverse asset base. The Canterbury earthquakes in 2010 and 2011 had an adverse impact on these assets and significant rebuild programmes are underway. Under the Local Government Act (Schedule 10) the Council has a legislative responsibility for managing its assets. Different organisations define asset management in different ways and to varying degrees of sophistication. As such, it is appropriate for Council to clearly describe its own particular approach, definition and commitment to asset management.

The purpose of this policy is to:
· provide a long term vision for the Council's practice of asset management;
· ensure this aligns to the wider vision and strategic goals of the Council; and
· align, support and inform the rebuild programmes.

These are encapsulated in the vision statement and supporting the community outcomes as detailed below.

Organisational Strategic Goals:

The Council vision is:

'Our future Christchurch is a world-class boutique city, where people enjoy a sustainable lifestyle, a healthy environment, a strong economic base and the diverse landscapes of the city and peninsula. This vision for our city is a goal that is ongoing and continuous'. [2]

The community outcomes are a set of goals that represent what the community wants from the City. They are structured around five high level themes: good governance; liveable city; strong communities; healthy environment; and prosperous economy. The Strategy and Planning Group lead reviews of the community outcomes every six years and are responsible for defining the linkages with levels of service for adoption across the wider organisation. [3]

Asset Management Policy Statement:

The overarching asset management policy statement is:

The Council aspires to apply quality asset management practices across multiple management disciplines and operations over the full lifecycle of its physical assets, so that;
· agreed levels of service are supported and maintained;
· value for money is delivered;
· risks are managed; and
· sustainable outcomes are achieved for current and future generations.

This policy statement is expanded in the following sections:
· define the principles and requirements for undertaking asset management across Council;
· state the Council's commitment to ensure all parts of the Council work together to improve asset management practices and performance; and
· set the direction for developing and implementing asset management strategies for each activity

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[2] Council's Vision - Christchurch City Council
[3] Community Outcomes - Christchurch City Council

Asset Management Principles

Asset management is an essential part of good business planning

The Council's public services generally rely on assets to support their delivery. These assets represent a significant investment by the people of Christchurch over many decades that needs to be appropriately managed and protected. Failed or poor performing assets can have social and economic impacts on the wider community and can present a risk to the Council's reputation. Asset management is concerned with the long term physical and financial sustainability of these assets and the services they support. Asset management supports the Council's community outcomes and is considered good business practice.

Effective asset management requires an organisational wide approach

Asset management is a multi disciplined process that requires all parts of the Council to work together in a coordinated and consistent way. The ultimate effectiveness of asset management planning is reliant on the relationships and communications between asset owners, activity managers, strategic and tactical planners, finance, operations, procurement and capital delivery. The Executive Team will provide the leadership necessary to coordinate the Business Groups within the Council and champion a culture of asset management across the organisation.

Levels of service will match customer expectations and ability to pay

Levels of service are considered to be the driving force behind asset management. It is critical that the Council has confidence that agreed levels of service continue to reflect customer's performance expectations and their willingness to pay. This confidence will be regularly tested via customer consultation to communicate the resource implications of maintaining existing levels of service and provide options for alternate levels. A range of service level measures will be used to ensure the performance of assets and the activity they support are well defined. The adopted levels of service will have clear linkages with performance measures and be clearly understood by the Council and the community. These levels of service will be articulated to the community through the review and development of the Activity Management Plans (AcMPs) and Long Term Plans (LTPs).

Managing risk is integral to managing assets

Asset and activity risk need to be recognised and managed in a consistent way. Risk management frameworks will be used across the Council to allow comparison of the risks across services and identify the highest priorities. The risk management framework will consider risk at both a corporate and activity level. Lifecycle forecasting and budgeting will be used to mitigate the risk that 'the right funds are available to do the right thing at the right time'. Outputs of the risk assessment process will be used to provide meaningful direction on managing risk in day to day operations and at a site or asset specific level.

Asset management planning will provide the financial forecasts which underpin long term budgets

Financial forecasts will be developed from an asset need perspective that will provide options to inform the Long Term Plan corporate budgets to support decision making by the Council. Where non-asset based criteria influences planned asset expenditure the differences between the profiles will be identified and explained. The reliability of data supporting the forecasts will be clearly explained to enable decision makers to make allowance for accuracy limitations. Quality assurance will be applied to asset data and cost information to improve the accuracy of forecasts. Quality asset based forecasts improve the accuracy of maintenance and renewal expenditure that support levels of service and anticipating future funding forecasts.

Council's asset management principles will be applied to the design of all capital works

The initial design phase and significant upgrades of an asset provide opportunities to deliver quality sustainable asset management outcomes. It is also the phase most exposed to the risk that short term deliverables and / or financial constraints dominate decision making. Accordingly, this phase will focus on delivering resilient,

fit for purpose assets that align with, or can adapt to, future community needs and that deliver sustainable and cost effective assets through lifecycle optimisation [4].

Organisational Commitment

The Council is committed to asset management and delivering on the asset management principles detailed in the previous section.

The Council will take responsibility for adopting the Asset Management Policy
The Executive Team will take responsibility for:
· Achieving a result of good or better (in each category) for the Asset Management Planning Assessment conducted by Audit New Zealand as part of the Long Term Plan three yearly audits.
· Ensuring the Asset Management Strategy and improvement programmes are resourced and delivered

Asset Management Governance

The intended governance framework for the decision-making process associated with the Council's Asset Management Policy and strategies, is based on expanding the role of the existing Asset Management Systems Project structure (as shown in the adjoining diagram):
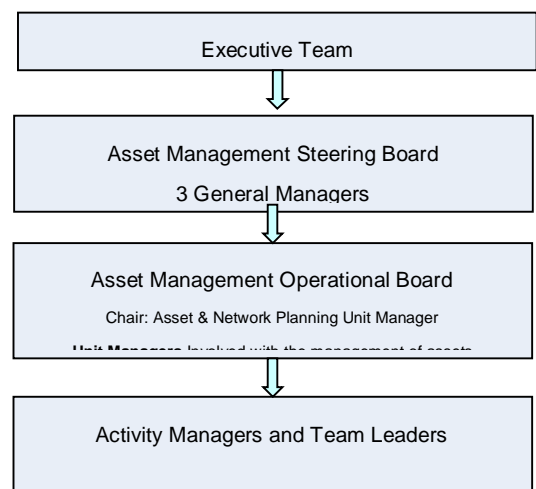
High level process and document hierarchy

Asset Management Plans (AMP) operate simultaneously in several dimensions. They document the history of an asset, the activity associated with it and seek to identify their current condition and performance. This history also underpins forecasts in relation to the assets future performance and the potential for changes in the activity based demand, those in turn give rise to different asset requirements in the future.

In doing this the AMP may incorporate a variety of inputs such as existing business strategies and plans (which could align to the achievement of community outcomes), the current achievement of agreed levels of service, regulatory compliance and financial realities.

Outputs of the AMP may inform a revision of the

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[4] In response to the 2010 / 2011 earthquakes CPG, SCIRT and FRP (Facilities Rebuild Project) rebuild programmes will be integrated with Council's business as usual renewals and works programme. They will adopt Council's asset management principles and practices to ensure delivery of assets and asset information which is consistent with Councils business as usual practice. Lifelines lessons learnt will be incorporated into asset design to improve resilience. The unique opportunity will be used to review and improve the configuration and nature of existing asset stock to align with future community needs.

Asset management and activity related strategies and
will inform the AMP and future LTP[5].

Public consultation and the LTP decision making process may result in decisions that are in conflict with or different from an AMP. Accordingly such variations should be identified and incorporated within a revised AMP so that the AMP reflects reality over the delivery years of an LTP.

Asset Management Process Management Responsibilities

Responsibility for the governing documents, inputs, plan development and plan delivery essential for good asset management is shown in the table below.

Group/Team	Responsibility
Council (elected)	Approve LTP
Executive Team	Approve Asset Management Policy and Strategy Recommend AcMPs and LTP
GM Corporate Services Group GM City Environment Group GM Community Services Group (Asset Owners)	Develop and review AcMPs Approval of AMPs
GM Strategy & Planning Group	Long term city planning
Manager Asset & Network Planning (CEG) - Infrastructure Asset Manager Manager Corporate Support (CSG) - Property Asset Manager	Preparation and review of AMPs Management of the asset management improvement project Management of the asset systems
Manager Transport & Greenspace (CEG) Manager Water & Wastes (CEG) Manager Asset & Network Planning (CEG) Manager Corporate Support (CSG) & Managers for asset owning Business Units within Com SG, CEG and Corp SG Property Asset Manager	Implementation of AMPs Manage maintenance contracts
Manager Transport & Greenspace (CEG) Manager Water & Wastes (CEG) Manager Corporate Support Unit (CSG)	Deliver operations, maintenance and operational works programmes Manage maintenance contracts
GM Capital Programme Group (CPG) Manager Corporate Support Unit (CSG)	Deliver new assets, asset enhancements and capital renewals Deliver low cost, simple capital renewals (facilities management contract)

Asset Management Strategy

The Asset Management Strategy is a companion document to this policy and details how the asset management principles will be delivered.

The strategy will also provide the link between this policy, the AMPs and the activity related strategies.

The strategy will include aspects common to all assets, such as:
- The process for setting levels of service
- The approach to be taken to risk management pending the development of a corporate risk management policy and strategy
- The basis of demand forecasts and demand management
- Asset management enablers – processes, people
- Assessment of asset management maturity and the action plan to achieve the desired level of maturity across all assets.

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[5] In the absence of updated Asset Management Plans Council's 2012/22 LTP has been driven by Activity Management Plans that, in some cases at least, have been amended in an ad hoc way to reflect current circumstances. This is understandable in the present post-earthquake period, but is not good practice in the longer term. The priority is to complete new AMPs which can provide an informed basis for Activity Management Plans ahead of the 2015-2025 Long Term Plan. A further priority is to structure Asset Management Plans so they more seamlessly transition to Activity Management Plans in the future.

Policy Review

This policy will be reviewed every three years as part of the Asset Management Planning Programme as detailed in the Asset Management Strategy.

Delivery of Asset Management Plans

The AMPs are required for the activities in Annex 1. The Asset Owner and Asset Management teams are jointly responsible for ensuring AMPs are complete and ready to inform LTPs. The appropriate degree of asset management planning maturity is detailed for each activity in the asset management strategy.

Annex 1 – Asset Management Plan Schedule

Activity	Asset Owner (Business Unit)	Asset Management Planning	AMP Review
Water Supply	City Water & Waste Unit Manager	Asset & Network Planning Unit (Asset Management Team)	June 2013
Wastewater			October 2013
Solid Waste			December 2012
Transport	Transport & Greenspace Unit Manager		June 2013
Parks			December 2013
Land Drainage			December 2013
Marine Structures			October 2013
Parking Buildings	Transport & Greenspace Unit Manager	Corporate Support Unit (Property Asset Management Team)	Draft June 2014 Final July 2015
Social Housing	Community Support Manager		
Community Facilities	Community Support Manager		
Libraries	Libraries & Information Unit Manager		
Aquatic Facilities	Recreation & Sport Unit Manager		
Recreation/Sport Facilities	Recreation & Sport Unit Manager		
Art Gallery	Art Gallery Director		
Corporate Accommodation	Corporate Support Unit Manager		
Commercial Portfolio	Corporate Support Unit Manager		
Heritage Buildings (CCC owned)	Corporate Support Unit Manager Transport & Greenspace Unit Manager		
Greenspace Buildings	Corporate Support Unit Manager		
IM&CT	IM&CT Manager	IM&CT Unit	October 2014

Under table 1 – AMPS are required for the above activities.