Asset Management Policy
Flood protection, river management, land drainage and open space infrastructure assets

September 2017
HBRC Publication No. 4950 Report No. AM 17-12
Engineering

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1 Purpose, Objectives and Scope

Hawkes Bay Regional Council (HBRC) manages flood and river control, drainage, and open space infrastructure assets on behalf of the ratepayers of Hawke’s Bay with a replacement value for insurance purposes in excess of $200,000,000. These assets are fundamental to the economic prosperity of the region, and vital for a vibrant community. They are also fundamental in enabling HBRC to deliver the services to the Hawke’s Bay community outlined in the Long Term Plan.

The intent of this policy is to set out the broad framework under which these assets are managed. These assets are essential if the levels of service outlined in HBRC’s current Long Term Plan are to be achieved. The policy covers the maintenance and operation of existing assets and their improvement or modification over time to meet the changing expectations of the community relative to quality, time and value for money now and into the future. The geographic location of the various HBRC flood control and drainage schemes are shown in Figure 2.

The assets represent a considerable investment over time by the community and the effective management of these assets is important for a number of reasons;

- They are relied on by the community to enable them to carry on their day to day lives in an environment with a low risk of flooding, and with opportunities for recreation in open space areas.
- They represent a significant investment by the community, and central government, built up over the long history of regional government, providing long term certainty and security to scheme beneficiaries.

HBRC has an obligation to manage these assets efficiently and effectively. This policy outlines HBRC’s approach to asset management planning. This Asset Management Policy applies to the following infrastructure assets:

- River management, drainage and flood protection assets, (including natural assets, such as river channels, which may have no defined value, but which form an integral part of a flood protection and/or river management system.)
- Open space assets including HB Trails cycleway network and regional parks and forests owned by HBRC.

This policy does not apply to HBRC offices and depots (owned and leased) and associated land, vehicle fleet, information, technology, furniture and fittings, and other equipment. In addition, it does not include those soil conservation assets that are subject to Land Improvement Agreement or similar memorandum/covenant where they are under the ownership of other parties.

1.1 Asset Management Hierarchy

The key parts of the asset management hierarchy are set out in the figure below. This document sets out the Asset Management Policy.
Organisational Strategic Plan: Organisational vision, goals and objectives, as set out in Strategic Plan and/or LTP

AM Policy: Principles, requirement and responsibilities for AM, linked to organisational strategic objectives.

30 Year AM Strategy (Strategic AM Plan) AM objectives, AM practices, action plans, for AM improvement, budgets for LTP, audit and review processes.

AM Plans: Asset description, levels of service, demand forecasts, lifecycle activities, and budget forecasts.

Operational Plans and Work programme guide day to day activities.

Figure 1 – Asset Management Hierarchy
Figure 2 – HBRC Rivers and Drainage Schemes
1.2 Definitions

**Infrastructure assets:** Facilities such as stopbanks and drains that together form part of a number of flood control and drainage schemes established under the Soil Conservation and Rivers Control Act 1941 to reduce the risk of flooding to land and property and enhance the productivity of the land; and pathways and regional parks managed and maintained by HBRC for the benefit of Hawke’s Bay communities.

**Infrastructure Management Strategy:** The Local Government Act 2002 requires councils to prepare an infrastructure management strategy. The strategy must identify the issues that may impact on infrastructure management over the coming 30 year period and the strategies that are in place to address those issues.

**Asset Management:** The combination of management, financial, economic, engineering and other practices applied to infrastructure assets with the objective of determining and providing a service in the most cost effective manner.

**Asset Management Plans:** Documented information specifying and defining levels of service to be provided by the infrastructure assets and including activities, resources and timescales associated with the provision of those levels of service, to inform and achieve Councils management objectives set out in the Long Term and Annual Plans.

2 Strategic Alignment

Asset management activities contribute to HBRC’s strategic outcomes in the following ways.

Resilient Communities

- **Our people and businesses feel safe from natural hazards** – by reducing the risk of flooding to the community, our homes and productive land, and providing safe waterway environments.

- **Quality services for a healthy, connected community** – by providing for public access to HBRC managed waterway environments for recreation and enjoyment and enhancing amenity values where appropriate; and by providing access to the coast, open spaces and safe off road pathways/cycleway opportunities for recreational enjoyment.

Resilient ecosystems

- **Active management linking biodiversity, land, freshwater and our coastal marine area** – by managing and enhancing the river environment by mechanically opening river mouths, active river control; enhancement of waterways with a holistic management philosophy; implementation of an environmental strategy and compliance with codes of practice; and by ensuring activities are sustainable.

Resilient economy

- **Quality future focussed infrastructure** – by providing first class asset management principles to the design, construction and maintenance of the flood protection and drainage schemes.

In accordance with the Local Government Act 2002, HBRC has published a 30 year Infrastructure Strategy which forms part of its current Long Term Plan (LTP). This document is reviewed every three years. The 30 year Infrastructure Strategy sets out the proposed future investment in infrastructure and how that investment will be delivered and funded. The infrastructure investment for the LTP period is set out in that LTP.
HBRC has Asset Management Plans for each of its 25 river control and drainage Schemes, and open space areas and management plans for its forest assets. These are reviewed on a 3 yearly cycle leading to the preparation and updating of the 30 year Infrastructure Management Strategy and LTP process.

HBRC is at a ‘Core’ compliance level with Asset Management Plans. This level of planning is considered appropriate for the assets at this stage, however ongoing improvement to asset management systems and processes continue to be sought to enable more effective management and monitoring of assets.

2.1 HBRC Strategic Direction
This Asset Management Policy recognises HBRC’s strategic goals set out in its current Strategic Plan.

HBRC is reviewing the current Strategic Plan, developing a document for the period 2017 – 2021. This document is structured around four focus areas, being:

- Water safety, quality and certainty;
- Smart, sustainable land use;
- Healthy and functioning biodiversity; and
- Sustainable services and infrastructure.

The focus area relevant to this Policy is the Sustainable services and infrastructure category, however all elements of the strategy have a focus on sustainable development and use and protection of resources. The Strategic document identifies a number of desired outcomes and actions with the strategic outcome for Sustainable services and infrastructure being “The region has resilient physical, community and business infrastructure to unlock potential growth and prosperity from our resource base.”

A strategic goal specific to this policy document is “By 2030 flood risk is being managed to meet foreseeable climate change risks out to 2100.”

2.2 Our Strategy ‘At a Glance’

2.2.1 Our Vision
- We want a healthy environment, a vibrant community and a prosperous economy.

2.2.2 Our Purpose
- We work with our community to protect and manage the region’s precious taonga of rivers, lakes, soils, air, coast and biodiversity for health, wellbeing and connectivity.

2.2.3 Our Focus
We prioritise;

- Healthy and functioning biodiversity
- Smart, sustainable landuse
- Sustainable service and infrastructure
- Water safety, quality and certainty
2.2.4 Our Values

- **Partnership and collaboration** – we work with our community in everything we do.
- **Accountability** – we hold ourselves to account to deliver results, be responsive to community expectations, and the best use of ratepayers funds and assets.
- **Transparency** – we report on what we do and the value this delivers for our community.
- **Excellence** – we set our sights and expectations high, and never stop looking to do better.

3 Policy Statement

HBRC will manage its infrastructure assets and deliver associated activities in a cost effective, sustainable, well planned and coordinated manner to provide agreed levels of service.


HBRC will adhere to the following principles in its asset management planning and implementation.

- Streams and drains administered as part of an HBRC flood control or drainage scheme flowing through public land are managed using a multi-value approach which, where appropriate, creates improved ecological, recreational, heritage, cultural, landscape and drainage values within the waterway network.
- Communities are encouraged to take ownership of, and have pride in, their waterways.
- Infrastructure assets that form part of a river or flood control scheme are managed as a system. The system is designed to convey a specified flood safely to the sea. Levels of service for these systems include the use of the land or assets for other benefits including biodiversity, public recreation, landscape, or aesthetic enhancement. Where public recreation opportunities are provided associated with these assets, activities are assessed and managed in accordance with the HBRC Regional Park Network Plan.
- Assets are managed by a team of appropriately qualified and experienced staff.
- Asset Management Plans are affordable and financially sustainable to implement, are based on good local government practice and appropriate for HBRC assets and risk associated with those assets where appropriate implementation includes compliance with relevant Hawke’s Bay Regional Council Reserve Management Plans and Pest Management Plans.
- Levels of service are developed through consultation with key stakeholders and the wider community. Public and stakeholder expectation, tolerance and opinion change over time and changes are made to levels of service from time to time to account for this, balanced against their affordability.
- Infrastructure assets are replaced as required with assets that are determined to be the modern day equivalent of existing assets. Whole of life costs for any asset are considered as part of the planning process for any new or replacement asset.
- Funding for maintenance and improvement of assets necessary to continue to deliver the agreed levels of service is sourced from beneficiaries of the assets and the services that they deliver.
The risk of infrastructure asset damage or destruction from natural hazard events is insured against in the most cost effective manner.

4 **Asset Management Strategy Framework**

The following Plans make up the suite of documents and databases that are utilised to manage the HBRC infrastructure assets;

<table>
<thead>
<tr>
<th>Document/database</th>
<th>Brief statement of purpose</th>
<th>Review timing/period</th>
<th>Position Responsible</th>
<th>Approver</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 year infrastructure strategy</td>
<td>30 year operations, maintenance, capital and renewal expenditure for HBRC assets</td>
<td>November 2017 then 3 yearly</td>
<td>Group Manager Asset Management</td>
<td>Council</td>
</tr>
<tr>
<td>Long Term Plan</td>
<td>Includes 10 year operations, maintenance, capital and renewal expenditure and funding arrangements for HBRC assets expenditure for HBRC assets, plus non-financial performance indicators</td>
<td>February 2018 then 3 yearly</td>
<td>Group Manager Asset Management together with Executive team</td>
<td>Council</td>
</tr>
<tr>
<td>Annual plan</td>
<td>Includes any changes from LTP resulting from changes in circumstances since LTP prepared</td>
<td>Annual for changes from LTP only</td>
<td>Group Manager Asset Management together with Executive team</td>
<td>Council</td>
</tr>
<tr>
<td>Annual report</td>
<td>Reports against LTP financial and non-financial performance criteria</td>
<td>Annually in August</td>
<td>Group Manager Asset Management together with Executive team</td>
<td>Council</td>
</tr>
<tr>
<td>Document/database</td>
<td>Brief statement of purpose</td>
<td>Review timing/period</td>
<td>Position Responsible</td>
<td>Approver</td>
</tr>
<tr>
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</tr>
<tr>
<td>Scheme asset management plans</td>
<td>Details scheme background, levels of service and associated operations, maintenance, capital and renewal costs and funding arrangements for Schemes for up to 50 years. Review of asset condition is required as part of each asset management plan review.</td>
<td>November 2017 then 3 yearly</td>
<td>Manager Regional Assets</td>
<td>Council</td>
</tr>
<tr>
<td>Scheme engineering reviews</td>
<td>Review of Scheme design against current levels of service and assessment of Scheme fitness for purpose.</td>
<td>As needed with maximum period between reviews 12 years</td>
<td>Manager Regional Assets</td>
<td>Council</td>
</tr>
<tr>
<td>River Ecological Plans</td>
<td>Includes environmental issues to be considered in development of asset management plans, capital works, and annual maintenance contracts.</td>
<td>Every 12 years</td>
<td>Manager Regional Assets</td>
<td>Group Manager Asset Management</td>
</tr>
<tr>
<td>Regional Parks Network Plan</td>
<td>Guides Regional Park development</td>
<td>Every 6 years – next review December 2020</td>
<td>Team Leader Open Spaces</td>
<td>Council</td>
</tr>
<tr>
<td>Individual Regional Park Plans</td>
<td>10 year operations, maintenance, capital and renewal plans for individual park areas</td>
<td>November 2017 then 3 yearly</td>
<td>Team Leader Open Spaces</td>
<td>Council</td>
</tr>
<tr>
<td>Document/database</td>
<td>Brief statement of purpose</td>
<td>Review timing/period</td>
<td>Position Responsible</td>
<td>Approver</td>
</tr>
<tr>
<td>-------------------------------------------</td>
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</tr>
<tr>
<td>Annual operations and maintenance contracts</td>
<td>Contract with HBRC Works Group to complete specific works necessary for scheme to deliver level of service set out in AMP.</td>
<td>Yearly May/June</td>
<td>Team Leader Schemes and Team Leader Open Spaces</td>
<td>Group Manager Asset Management</td>
</tr>
<tr>
<td>Regional Gravel Management Plan</td>
<td>Framework for the management of river bed gravel resources in HB</td>
<td>2017 then 12 yearly</td>
<td>Manager Regional Assets</td>
<td>Council</td>
</tr>
<tr>
<td>Tangoio Soil Conservation Reserve Management Plan</td>
<td>Management Plan for this Reserve with particular focus on commercial tree crop.</td>
<td>2016, then December 2020 and then 12 yearly</td>
<td>Team Leader Natural Assets</td>
<td>Council</td>
</tr>
<tr>
<td>Forest block management plans, Waipawa, Waipukurau, Waihapua, Tutira and Mahia</td>
<td>Management Plan for HBRC forest assets and associated land</td>
<td>December 2017 then 3 yearly</td>
<td>Team Leader Natural Assets</td>
<td>Council</td>
</tr>
<tr>
<td>Scheme financial forecasts</td>
<td>Financial models for scheme expenditure and income through asset lifecycles</td>
<td>December 2017 then 3 yearly</td>
<td>Manager Regional Assets</td>
<td>Group Manager Asset Management but incorporated into AMP for Council</td>
</tr>
<tr>
<td>Scheme asset renewal database</td>
<td>Schedule of Scheme assets, renewal dates and renewal proposal and estimated cost</td>
<td>December 2017 then 3 yearly</td>
<td>Team Leader Schemes</td>
<td>Group Manager Asset Management but incorporated into AMP for Council</td>
</tr>
<tr>
<td>Document/database</td>
<td>Brief statement of purpose</td>
<td>Review timing/period</td>
<td>Position Responsible</td>
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</tr>
<tr>
<td>Basis for Scheme rating reports for each Scheme</td>
<td>Rating basis for allocation of targeted rates for Scheme funding</td>
<td>As necessary</td>
<td>Manager Regional Assets</td>
<td>Council</td>
</tr>
<tr>
<td>Disaster risk management review</td>
<td>Reviews infrastructure disaster damage response covering self-insurance and risk transfer to external insurers.</td>
<td>Last completed 2014, reviewed 6 yearly.</td>
<td>Group Manager Asset Management</td>
<td>Council</td>
</tr>
</tbody>
</table>

## 5 Policy Guidelines

### 5.1 Roles and Responsibilities

Elected members and Council staff are the custodians of Council assets on behalf of the Hawkes Bay community.

#### 5.1.1 Elected members:

Through the Environment and Services Committee of Council, elected members will have the authority to raise rates, consider and recommend adoption of Plans, Policies and Strategies by Council. They will also receive documents where identified as the approver in the above table.

Elected members;

- Will ensure legal obligations are met.
- Will determine funding and rating implications for the Schemes as part of Long Term and Annual Planning processes.
- Are required to make the best and most cost-effective decisions for the current and future benefit of the households and businesses in the Region, ensuring that asset management decisions meet communities’ needs for good quality local infrastructure and local public services.
- Will ensure that asset management decisions provide for good quality local infrastructure and local public services that are efficient, effective and appropriate for current and future needs. Are accountable to third parties including stakeholders, residents and ratepayers, the Auditor General, and other entities for exercising stewardship over substantial assets. Will provide governance oversight for asset management planning which includes considering and approving impacts of collective Draft Asset Management Plans as inputs into long-term strategic planning processes.

#### 5.1.2 Council Staff

Council staff:
- Will operate under delegated authority to ensure legal obligations are met.
- Will provide high quality technical and professional advice to elected members to enable well-informed and best-practice decisions in relation to assets and associated activities.
- Will ensure that assets are maintained and levels of service are delivered in a cost-effective manner for current and future generations in accordance with guidance provided in Asset Management Plans and budget provisions in Annual Plans. HBRC’s Long Term Plan determines the way assets are planned, created, replaced and disposed of or discontinued, and staff manage these processes as well as ensuring practical systems are in place to collect, record and audit data to inform scheme performance and future planning.

The accountability for implementing this policy sits with the Group Manager Asset Management and to achieve this policy the following key roles and responsibilities apply:

<table>
<thead>
<tr>
<th>Role</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>HBRC Chief Executive and Executive Team</td>
<td>Lead direction and coordination of Asset Management functions with other Council activities. Coordination of inputs to LTP, Annual Plan and Annual Report processes and establishment of financial limitations.</td>
</tr>
<tr>
<td>Group Manager Asset Management</td>
<td>Overall responsibility for ensuring the ‘whole of organisation’ development of asset management policy and procedures. Responsible for overseeing the implementation of asset management policy, review of asset management outcomes against implementation planning.</td>
</tr>
<tr>
<td>Respective Asset Managers, by Activity</td>
<td>Responsible for developing and maintaining the assets and insuring appropriate budget provision are made for asset management.</td>
</tr>
<tr>
<td>Asset Specialist/ Module Coordinator</td>
<td>Responsible for maintaining the data and providing relevant information to Asset Managers.</td>
</tr>
</tbody>
</table>

5.1.3 Iwi Relationships

Iwi relationships form a significant component of Councils responsibilities and obligations. Cultural significance and awareness are paramount to achieving Councils objectives and policies, with particular
relevance to managing water, protecting the land, environmental enhancement and ensuring protection for future generations.

Treaty of Waitangi settlements will facilitate increased kaitiakitanga over the rivers and their environs by Maori and therefore increase HBRC’s involvement with Maori. Cultural values impacted by activities associated with the ongoing operation, maintenance and improvement of flood control and drainage Schemes and their environment will be of greater importance. As financial settlements and redress occur in Hawkes Bay Iwi will be more empowered and better positioned to provide shared input into scheme management.

HBRC has a Joint Planning Committee with both elected and Tangata Whenua representatives involved in environmental decision making.

5.2 Asset Management Complexity

HBRC uses the International Infrastructure Management Manual (IIMM) as the basis for asset management, for assessing asset maturity and for continual improvement. Asset Management systems can be complex. For assets delivering essential services to large numbers of people, and which will immediately create significant community disruption and/or economic loss in the event of an unplanned failure, then an advanced and detailed asset management plan focussing on preventative maintenance and system redundancy may be justified. Similarly for relatively simple assets providing a non-essential service a very basic asset management plan may be justified.

The asset management continuum is illustrated in Figure 3.

![Asset Management Complexity Continuum](image.png)

**Figure 3 – Asset Management complexity continuum**

HBRC AM systems are currently developed to a “Core” level of complexity. The larger Flood Control and Drainage Schemes have considerably more complex assets, larger asset databases with more asset components, considerably larger capital and renewals programmes and greater consequence of any scheme.
failure and would be managed at an “intermediate” level. The much smaller individual schemes have less complex assets and considerably less risk associated with their operation and would generally be at a “Core/Basic” level which is considered appropriate for the respective assets being managed and the resources allocated to managing those assets.

5.3 Asset Management Plan Approval Process

Asset Management Plans are recognised as key documents informing the HBRC’s Long Term Plan cycle on infrastructure management, and are reviewed three-yearly to correspond with the Long Term Plan cycle. Asset Management Plans provide Council with advice on the management of assets, including agreed levels of service, maintenance and operational regimes, capital and renewals programmes and scheme performance measures, to deliver the agreed levels of service to the community. Asset Management Plans, along with this Policy document and the 30 Year Infrastructure Strategy are all adopted and approved by Council on a three yearly basis.

5.4 Consultation

HBRC consults directly with the beneficiaries of flood control and drainage schemes on levels of service where these schemes have liaison committees. However for those schemes with no liaison committees consultation is undertaken through the Long Term Plan process. Consultation is also undertaken on an as required basis as unplanned specific issues arise and these are accommodated as necessary into the planning and delivery cycle, subject to the size and scale of any particular issue.

Council will not undertake a general public consultation on individual AMPs reviews unless a significant change to a level of service or funding needs for a Scheme is proposed. Asset Management Plans are public documents and are available to the public through the HBRC website, or in hard copy form at HBRC offices.

5.5 Monitoring and Implementation (Policy Review)

This policy will be reviewed every three years prior to the three yearly review of Asset Management Plans leading into the development of each Long Term Plan. This policy and each asset management plan will also be considered and approved by Council during this three yearly review.

Within the various schemes there is an approach of continuous review as part of annual audits and developing annual work programmes, that may be influenced by seasonal weather patterns, new technologies, accommodating issues that may evolve from environmental codes of practice or reviews of ecological plans or general ratepayer feedback. Any or all of these issues can impact the schemes at any given time so the approach taken by HBRC is to be adaptable and flexible, acknowledging the constraints around budget and planning processes.