Far North District Council
Te Kaunihera o Tai Tokerau ki te Raki

HE ARA TĀMATA
CREATING GREAT PLACES
Supporting our people

# ARF004 Asset Management Risk

## Risk Status Progress Report June 2019

### Description of risk and impact

Full Asset Life Cycle Asset Management requires a "system thinking" integrated approach to optimizing the whole life cycle of our assets. This ensures fit for purpose, cost effective assets are designed, constructed, maintained and disposed of in a sustainable manner, to the benefit of our communities, ensuring kaitiakanga and enduring resilience.

FNDC asset management processes are currently compromised by:

- No current Asset Management Information System
  - Resulting in Piecemeal asset information (including number of assets)
- Incomplete condition assessment information
- Informal Asset Management Plans
- Under resourced in asset management and project scoping / business casing.
  - Resulting in poor forecasting, business casing, project planning for critical assets
- A financial model based on a depreciation schedule, reporting on total value of spend
  - The current renewals programme is typically based on age rather than condition.
- Affordability challenges with increasing maintenance costs
- Lack of integrated performance and reliability data from operations
- Operating run to failure of assets rather than programmed maintenance based on:
  - Asset class
  - Failure mode
  - Life cycle cost modelling
  - Predictive, preventative, risk based maintenance
- The lack of integration of asset growth impacts when considering asset renewal. (we need to operate in a "systems" approach.
- Lack of a robust project management frame work covering:
  - Long term plan
  - Project Concept
  - Project Initiation
  - Project planning and design
  - Delivery and monitoring
  - Handover and closeout

### Existing Treatments

High level treatment plan:

- Implementation of a New Asset Management Information System (Infor IPS) – in progress
- Asset condition assessment program - planned
- Integration of operational performance and reliability data from operations – being developed
- Establishing a project management frame work – in progress
- Creating Asset Management Plans for all asset classes, (LAMP) – being developed
- Projects identified within CouncilMark Improvements:
  - 18. Asset Management Improvement
  - 19. Three Waters Alliance Improvement
  - 34. Process Management Framework Improvement
  - 29. Capital Project Life Report Improvement

## Where are the gaps? / what more could we be doing?

Thorough planning, analysis and timely execution to allow appropriate data-driven decision-making to occur and enable life cycle asset management to deliver:

- Optimised operating and maintenance strategies
- Organisational structure and Staffing requirements
- Reliability engineering processes
- Work control/planning and scheduling processes
- Equipment criticality and hierarchy (in the Asset Management Information System)
- Obsolescence and decommissioning plans
- Long term program of identified sustaining capital Projects and consents renewals life cycle allowing for the full project lifecycle to be completed (including consents, consultation, Iwi liaison, district growth impacts, new technologies and innovation) pulling from and informing the LAMP and ultimately the LTP.
- Robust Long Term Plans, funding and rating impacts trajectory .

EM information and data visibility: IAM need to be able to clearly articulate the tranche of projects into the future complete with costs, risks, controls, contingencies, mitigation and consequences of inaction. This will enable informed discussions and robust prioritization when finalizing financial commitments within the LTP.

Consultation:

Our open and transparent policy for consultation with all stakeholder particularly Iwi, impacts the time it takes to renew consents and implement projects. This risk needs to be reflected in all project timelines particularly within our LTP commitments. In the past this time and resource commitment has been significantly underestimated.

| **Inherent Risk:** | **Trend** | **Residual Risk:** | **Accountable:** | CEO | **Date raised:** | 29/11/18 | **Report frequency:** |
|---|---|---|---|---|---|---|---|
| | – | | **Responsible:** | GM IAMs | **Date accepted:** | 30/05/19 | Six monthly |