



DEPARTMENT OF
CORRECTIONS
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Asset Management
Operational Strategy
2008-2013



Asset Management Operational Strategy 2008-2013

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Executive Summary

The Department of Corrections' total physical assets are valued at approximately \$1.8 billion and, because of the size of this investment, it has an obligation to the Crown and the taxpayer to apply industry best practice to their management.

In 2008 the Department has 21 operational prison facilities, 45 Community Probation & Psychological Services (CPPS) service centres and 100 residential houses, and leases 68 community and other properties. It also owns other assets including information technology (IT) equipment, motor vehicles, plant and equipment, furniture and fittings, forests, livestock and other miscellaneous assets associated with the Department's secondary and tertiary industry activities.

Owning assets enables the Department to provide specifically designed buildings, infrastructure, community centres and land areas for custodial operations, the support of programmed initiatives, prisoner employment opportunities, community services and accommodation. The effective management of assets enables the Department to provide a safe, humane physical operating environment that assists the operational groups in their management and rehabilitation of offenders.

This document sets out the Department's operational strategic goals and objectives for asset management.

Asset management processes, systems and data should provide clear justification for future works programmes and associated funding bids. They also enable the Department to plan future asset-based expenditure in capital works and planned maintenance and spread peak funding demands in the long term.

Good asset management practice relies on sufficient funding, not only for general maintenance but also for the planned renewal of existing facilities at the appropriate time, as indicated by obsolescence, condition monitoring or end of economic life.

The management of the Department's property assets and infrastructure is the responsibility of Systems & Infrastructure, which is responsible for the progressive upgrading of Departmental facilities to address daily and preventive maintenance, expansion, compliance, infrastructure, security and operational needs.

The Department is now moving towards the whole-of-life analysis model in its assessment of maintenance and infrastructure upgrades, in lieu of the whole-of-life cost model. This allows factors such as environmental sustainability and social and economic drivers to be included in the decision-making process. It also means that projects are not solely governed on the basis of initial cost, but on the cost/benefit analysis applied over the whole of life, including eventual disposal at end of life and recycling of materials where practicable.

The Department's maintenance strategy is to implement a planned preventive maintenance regime moving away from (higher-cost) reactive emergency maintenance. This will enable Systems & Infrastructure to allocate resources appropriately to ongoing maintenance activities (within funding limits). This is centred on the Reliability Centred Maintenance approach to its maintenance and renewal strategy, where an asset's functions are considered in its operating context to determine what it does within the system and ensure that it is capable of performing the desired tasks in assessing the consequences of potential failure.

The Department must comply with all relevant statutory legislation, regulations and standards (including environmental) with respect to the management and development of the asset and infrastructure portfolio. These requirements set the minimum service standards that will be provided for compliance. Relevant technical standards, both legislative and recommended best practice, manufacturers' specifications, the Facilities Standards and facilities operating manuals are also used to ensure that all compliance requirements are met.

This Strategy, in conjunction with the Asset Management Plan, creates a framework under which the demand on assets brought about by changes in business needs, growth and approach can be managed in a structured way through the asset management lifecycle. Changes in demand in asset use are managed in a structured and proactive manner as these needs are identified through policy and business initiatives. This links to the Treasury Capital Asset Management initiatives for external funding as well as internal funding models.

Purpose of Asset Ownership and Management

The overall purpose of asset management and planning in the Department is to facilitate the development and management of facilities and assets to support the organisation's vision and to contribute to the outputs and initiatives for the five departmental outcomes:

- Sentences and orders are complied with
- Offenders are managed safely and humanely
- Re-offending is reduced
- Sentence options are used effectively
- Victims of crime are supported.

Strategic Goals

Owning property assets enables the Department to provide specifically designed buildings, infrastructure, community centres and land areas for custodial operations, the support of programmed initiatives, prisoner employment opportunities, community services and accommodation.

The Department's strategic goals for its asset portfolio are to:

- ensure that the development of facilities and new infrastructure projects, including the application of new facility technologies, support the Department's outcomes
- manage economically the maintenance of existing facilities and other assets, prioritising work around statutory compliance requirements, seismic risk, upgrade of facilities, urgent maintenance and operational issues
- demonstrate by its positive relationships with communities that the Department is a good neighbour.

Strategic Objectives for Asset Management

The Department's strategic goals for asset management will be achieved through the following strategic objectives:

- Providing and maintaining property and infrastructure services in an effective operating condition and to a high level of reliability, determined by risk
- Providing building services to meet the legislative requirements for the humane containment of prisoners, the effective management of community-based sentences and orders, and the health and safety of all occupants, staff and visitors
- Providing flexible facilities (and services) that can, wherever practicable, be adapted to accommodate changes in user operational requirements
- Delivering high-quality asset management using recognised best practice, and reviewing current practices to ensure that they are the most appropriate and effective
- Ensuring that all new building development is produced cost effectively
- Encouraging operators to utilise the assets in accordance with best current practice to ensure cost-effective operation and prolonged lifecycles
- Providing strategies and plans to meet future capacity requirements
- Having in place strategies and plans for each facility/ location (or part of) for the end-of-life replacement.

The effective management of assets, therefore, enables the Department to provide a safe, humane physical operating environment that assists the operational groups in their management and rehabilitation of offenders.

The consequences of poor management of assets is that poorly maintained facilities may adversely affect the wellbeing, attitudes and safety of offenders, staff and the public. It can also lead to failure of assets and facilities as well as service delivery.

In addition, the Department has an obligation to manage its asset base prudently and effectively to ensure that taxpayer funding is not wasted. It will do this by ensuring that decision-making considers the long-term best interests of the Crown and the taxpayer and utilises industry best practice.

Strategic Asset Management Planning

Strategic asset management planning addresses the Department's safety, security and obligations to staff and offenders in all facilities and community centres, in the most cost-effective and efficient manner, through the:

- adoption of the appropriate safety, acceptable build and compliance standards for new assets
- specification of works to maintain assets in an acceptable condition
- development of facilities that meet the needs of operators
- development of risk management practices. This includes incorporating a risk integration approach to asset management practices by providing a 'best practice platform' such as Qualitative Risk Analysis
- maintenance of as-built plans for all buildings and services
- maintenance of future capacity plans including Resource Management Act 1991 (RMA) requirements and site infrastructure capability
- development of practical asset management procedures and processes to enable the consistent development of site operational plans
- developing standard plans for specific building types, eg gatehouses, at-risk units
- ensuring that relationships are established with other jurisdictions for the exchange of prison and building design plans and standards.

Financial Responsibility

Asset management processes, systems and data should provide clear evidence and justification for future works programmes and associated funding bids. They also provide the Department with the ability to plan future asset-based expenditure in capital works and planned maintenance and spread peak funding demands in the long term.

The principles of the Treasury initiative 'Towards stronger Capital Asset Management (CAM)' will also be met by these processes and addressed through the framework provided by the Asset Management Plan (AMP).

Economic Efficiency

The Department will ensure that the returns on its investment are maximised within the boundaries of its Crown obligations by:

- monitoring asset performance and utilisation
- enabling asset managers to anticipate, plan and prioritise asset maintenance and replacement/ refurbishment expenditure
- identifying funding requirements for asset maintenance and replacement
- quantifying risk so as to minimise high-impact (financial and service-level) failures and environmental effects
- extending the life of an asset by optimising maintenance programmes and demand management, including asset disposal at the end of useful life rather than beyond it
- developing construction and management standards that minimise delivery costs
- setting out the anticipated site developments in the form of as-built and future capacity plans, consulted and agreed with all key stakeholders, to avoid the replication or premature obsolescence of assets
- encouraging innovation and performance excellence.

Environmental Sustainability

The Department is committed to reducing waste and improving the energy efficiency of all its facilities. In making this commitment, it has taken account of the principles of the Energy Efficiency and Conservation Act 2000, which promotes the efficient use of energy and the uptake of renewable energy in order to create a sustainable energy future for New Zealand.

The Department also supports the Government's Sustainable Development Programme (Ministry for the Environment, Govt³ programme). Low-performing facilities and components are identified through analysing monthly energy use data, water and waste flows and on-site environmental and energy audits.

Such reviews enable the facilities' systems to be properly set up and fine-tuned for ongoing efficient operations. Environmental, waste, water and energy audits have recently been undertaken at the recently completed new facilities, enabling the systems to be fine-tuned further to ensure they are operating as efficiently as possible.

All core government departments, including the Department of Corrections, have been tasked with achieving carbon neutrality by the end of 2012. They will demonstrate this by:

- measuring their greenhouse gas emissions associated with energy use, transport (including air travel) and waste to landfill
- developing plans for emission reduction
- having in place 'carbon-neutral plans'
- offsetting emissions 'from now on' through New Zealand-based projects, including forestry-related projects.

Through comprehensive asset management planning, the Department will demonstrate that it is addressing the sustainable management of its physical resources while enhancing the protection of the environment as required under the provisions of the RMA.

Corrections Inmate Employment Opportunities

The AMP recognises the need to provide constructive employment opportunities for prisoners. The standards and approach in the AMP will apply to assets developed for Corrections Inmate Employment (CIE) activities. Note that CIE activities will also have to be carbon neutral by 2012 as per the environmental standards above.

Relationship of the Asset Management Operational Strategy to other Departmental Strategies

The Asset Management Operational Strategy supports the Department's Strategic Business Plan in which the overall vision, outcomes and strategic priorities are laid out for the next five years.

The Asset Management Operational Strategy does this through highlighting areas of focus that will help us to consolidate what is already in place for asset management and to contribute to the outcomes and strategic priorities as they exist in the Strategic Business Plan and other strategic plans.

Like the Strategic Business Plan and other strategic plans, the Asset Management Operational Strategy does not outline detailed activity. Instead, this Strategy gives direction on where to focus attention and efforts in order to improve the Department's asset management. The groups and services will need to work together across the Department to ensure that the Strategy can deliver on its potential and support the Strategic Business Plan.

The Departmental documents to which the Asset Management Operational Strategy links are:

- Strategic Business Plan, 1 July 2008 – 30 June 2013
- Information Technology – Operational Strategy, 1 July 2008 – 30 June 2013
- Māori Strategic Plan, 1 July 2008 – 30 June 2013 through its links with the Strategic Business Plan
- the Pacific Strategy, 1 July 2008 – 30 June 2013 through its links with the Strategic Business Plan.

Relationship of the Asset Management Operational Strategy to the AMP

This Strategy is the overarching document that drives the AMP and work plans for the Department's asset management.

The structures of this Strategy and the AMP are based on the structure suggested in the International Infrastructure Management Manual, Version 2006 (IIMM).

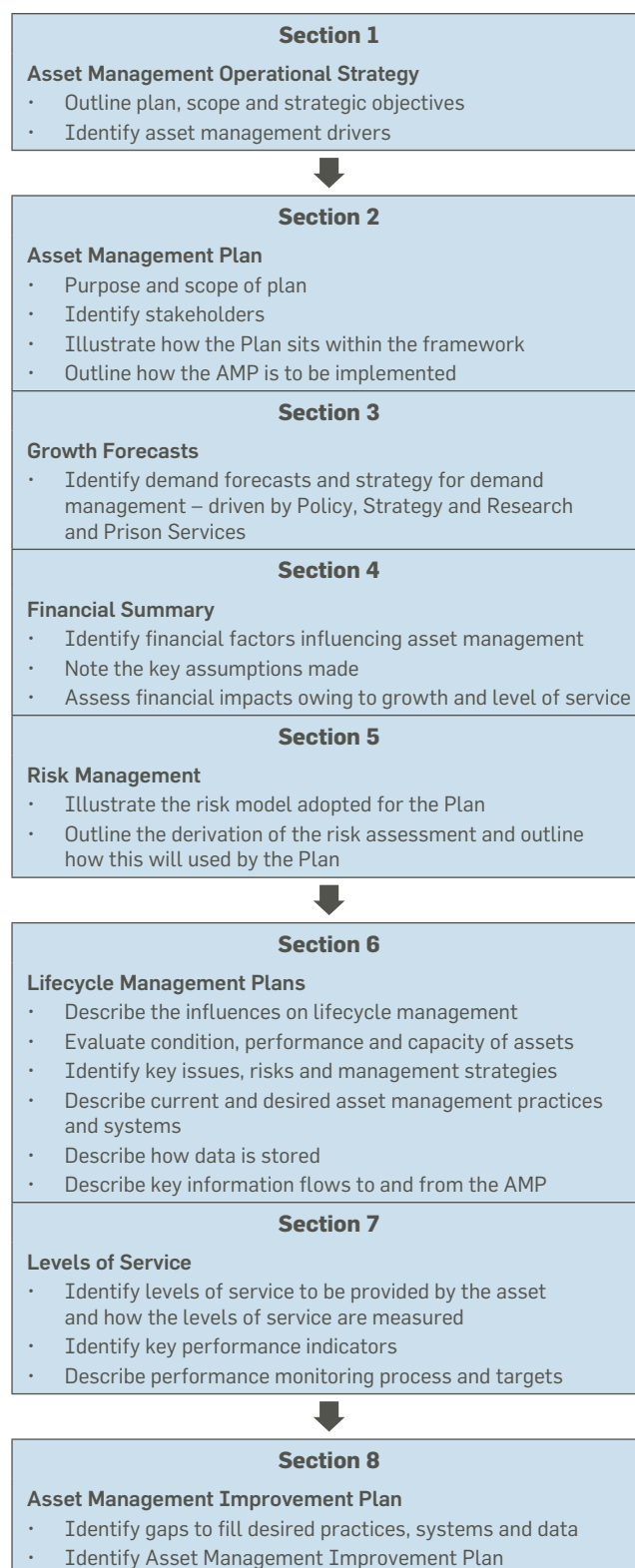
The Asset Management Operational Strategy forms Section 1 of the IIMM structure. The requirements of Sections 2 to 7 of the IIMM structure are contained in the AMP.

Each section of the AMP details the performance levels that the Department's facilities and management practices should attain. The AMP describes how these practices are to be defined and measured, the potential future growth and risks associated with the operations and asset information, data collection and recording systems and process reviews. It focuses on current management methods and improvement measures to be incorporated in the future management of the assets, including financial and other implications.

The AMP also identifies perceived gaps in the Department's existing systems when compared with industry best practice, and presents information that focuses on the strategic decisions required for the best future management of the assets. A detailed improvement programme is incorporated to increase and maximise confidence in the AMP, with a corresponding improvement in the information that forms the basis for strategic decision-making.

The AMP will be monitored annually, with Systems & Infrastructure conducting formal reviews and updates every two years.

The following diagram provides the International Infrastructure Management Manual suggested structure:



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