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		Asset Management			

Asset Management

Document Status

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Revision Record

Revision	Date Issued:	Description of change:
A	28/7/2012	Reviewed
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Preamble

The NSW Government endorsed a Sustainable Rail Heritage Asset Management Strategy in 2006 to ensure the State's rail heritage assets are conserved for current and future generations to appreciate and enjoy.

The Strategy aims to encourage the ongoing care of the State's most significant items of rail heritage by volunteer run organisations that are committed to sharing our rail story with the general public.

The National Rail Safety Accreditation Package (NAP 2005) outlines the requirements for Asset Management as part of the Safety Management System (SMS) and the NSW Rail Safety (General) Regulation 2008 - Schedule 1 (Safety management system content) sets out the requirement in section 18 for "An asset management policy and procedures that address all phases of the asset lifecycle of the rail infrastructure or rolling stock operations."

Policy

Oberon Tarana Heritage Railway Inc. (OTHR) has developed an Asset Management Policy that addresses all phases of the Asset life cycle of the Rail infrastructure and Rolling Stock operations.

Definition

Asset management is the process of guiding the acquisition, use and disposal of assets to make the most of their service delivery potential and manage the related risks and costs over their entire life.

Objectives

The principal objective of asset management is to enable OTHR to meet its service delivery objectives efficiently and effectively

Effective asset management also:

- makes the most of the service potential of assets by ensuring they are appropriately used and maintained
- reduces the demand for new assets and saves money through demand management techniques and non-asset service delivery options
- achieves greater value for money through economic evaluation of options that take into account life cycle and full costs and value management techniques
- reduces unnecessary acquisition of assets by making OTHR aware of the full costs of holding and using assets; and
- Focuses attention on results by clearly assigning responsibility, accountability and reporting requirements.

Procedure

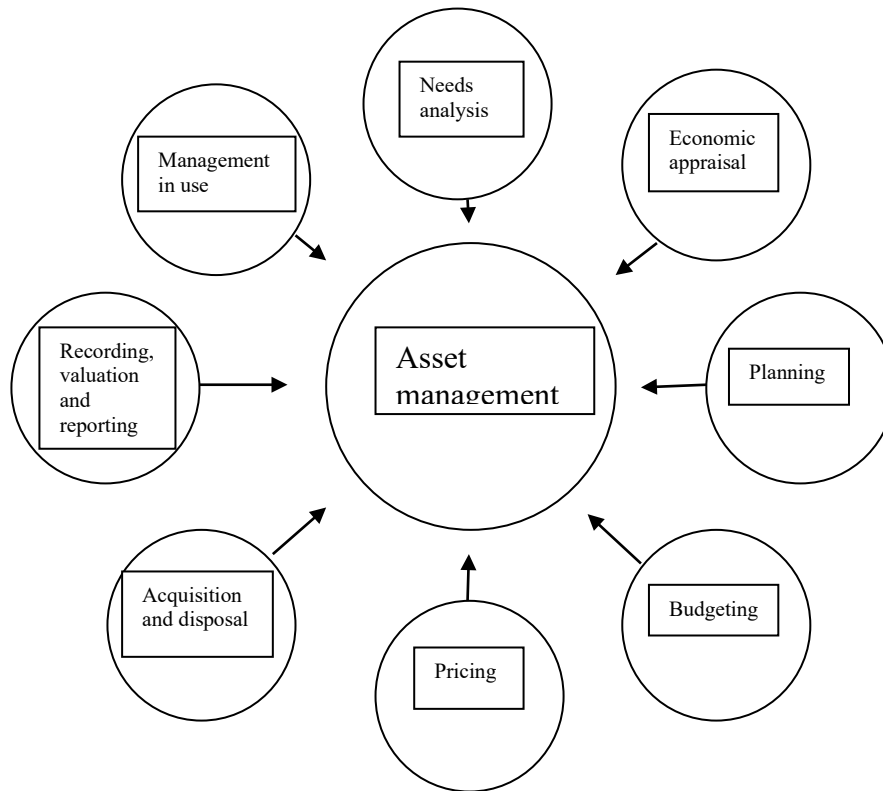
OTHR is developing an asset management policy which includes separate policies for:

1. Purchasing - procedures for acquisition of assets
2. An asset register - including all buildings, critical infrastructure, plant and engineering equipment, likely asset life, performance requirements, related expenditure etc;
3. Disposal of asset - procedures for disposal of assets
4. Asset risk management - to define possible impacts on service delivery, management of business continuity, contingency planning and uncertainties of the asset procurement and operating strategy
5. Environmental impact of assets - which may include meeting energy efficiency targets, greenhouse gas minimising policy and green power requirements, water management planning, waste management planning, recycling and procurement issues, maintenance and operational monitoring including fuel and consumable items and instituting appropriate reporting and monitoring systems.

6. Asset funding - operation and maintenance of the normal business of a heritage railway; predictable upgrades; major refurbishments; methods of raising funds including asset sales
7. Asset lifecycle management
8. Document and Data Control

Key Activities

Asset Management is a continuous process covering the whole life of the asset. OTHR's asset management program should encompass all the activities illustrated below.



Accountability

The Management Committee, line managers and members have defined levels of responsibility: The Management Committee is ultimately responsible for the implementation of a functional asset management system. It is the duty of the President to oversee procedures to ensure that the assets of OTHR are protected, preserved and managed in a manner which will limit financial and environmental liability. The Management Committee may delegate asset management tasks to a designated asset controller and/or to the line managers.

Line Managers are in the best position to assess the assets under their control and are required to use the procedures laid out in this policy to implement the Management Committee's procedures. Members of OTHR have a responsibility to assist in the care and preservation of railway assets and should report any matters which may impact on the asset(s) to their line manager or team leader.

Responsible Persons

The Management Committee will identify and appoint persons who are technically qualified and competent to be responsible for asset assessment and management implementation. This may include persons drawn from the membership or seconded from outside OTHR who are identified as having appropriate skills.

Many assets may consist of essentially mechanical elements and require assessment and monitoring by persons with an engineering, trade or industry background. All assets will also involve economic management over their life cycle with OTHR and many will require assessment and monitoring of their impact on the environment.

The provision of appropriate skills may require input from a number of persons with the necessary skills.

The Financial Manager will need to be involved in planning the economic viability of assets during their life cycle with OTHR so that budgeting implications for the future are carefully considered.

1. Acquisition of Assets

Assets may only be purchased by following the procedures laid down in OTHR Purchasing Policy (POL-009).

a. Authority to raise orders

When purchasing is required of rail safety related parts or other equipment the following shall occur:

1. Due consideration must be given to safeguarding OTHR's limited funds as we are a not-for-profit volunteer organisation.
2. Check with several sources of supply and with other OTHR management to obtain the most favourable pricing, consistent with good quality. Other Heritage Rail groups may be able to assist with advice.
3. Advise your section manager, or the President, or the Secretary of your decision and reason for selection before raising a Purchase Order (F-007) or using the Order Book.
4. OTHR must purchase services and products that conform to safety requirements. Such products or services will be assessed to ensure safety requirements are met before being accepted or used.
5. Only those persons nominated on the Authority to Raise Order form (R 0198) may raise a Purchase Order

Where appropriate, traceability of supplies will be maintained through batch or other identification

b. Fuel

Storage and handling of liquid flammable fuel is in accordance with guidelines laid down in Work Cover's "Storage and Handling of Dangerous Goods Code of Practice"

c. Records

In order to standardise asset control specific data must be recorded. It is important to identify categories of assets as there will be considerable differences in the application of control of those categories of assets.

(Acquisition refers to the recording of items already on-site eg. existing buildings and infrastructure, as well as the recording of additional assets now and in the future.)

CATEGORIES:

- Consumables
- Buildings
- Fixed Infrastructure
- Plant
- Hand Tools
- Rolling Stock
- Office Equipment
- Catering Equipment

All items must be correctly recorded and entered into the Asset Register (R-015 Asset Register) or suitable record system in the case of consumable catering items.

In the case of items which have been purchased under authority on Form F-007 Purchase Order, a copy of that form must be sent to the Document Controller for entry onto the Register.

REFERENCES

OTHR POL 009
OTHR F 007

2. ASSET REGISTER

- The Asset Register is document no. R-015 and is stored in the central office under the control of the Document Controller (DC).
- The DC must forward updated versions to the Secretary and Systems Manager when changes are made.
- The register is to be maintained as an electronic register with a printed summary copy available on request.
- A current copy of the printed register summary is to be kept in the Safe Working Office.
- The Committee of Management will utilise data on this register to make decisions regarding acquisition and disposal of assets.
- Managers may request a copy to facilitate planning.

REFERENCES

OTHR AM 001

3. DISPOSAL OF ASSETS

Assets will only be disposed of by the authority of the President in conjunction with the Management Committee. The only assets which can be disposed are those which have been purchased by OTHR.

Items on loan or contract which are to be disposed of must be returned to the donor, owner or lessor.

Every attempt must be made to realise the best return for OTHR's investment in the asset.

Assets which are disposed of must have all details recorded in R-015 Asset Register. The Management Committee must advise the Document Controller so that R-015 Asset Register can be updated.

4. ASSET RISK MANAGEMENT

Funding sources must be treated as an asset in the same way as the physical items listed above.

For OTHR to commence and continue public passenger carrying the Management Committee will need to consider the likely impacts on service delivery if there is a funding shortfall. The Committee under the guidance of the Financial Manager and Finance Sub Committee will need to carry out contingency planning to ensure adequate funds are available to continue operations.

To effectively implement this, the Financial Manager will need to construct a Risk Assessment based on possible variations in funding in the same manner that Systems Operations need to consider safety management. The following matters need to be incorporated in this sequence:

1. The objective of the project or portion of the project.
2. The possible financial problems that may occur.
3. The risks that could flow from that problem.
4. The inherent Risk that would follow in terms of the Likelihood of it occurring, the Consequences of that risk and a calculation of the Risk Exposure.
5. List of Controls that could be implemented to overcome the risk.
6. Readjustment of the residual risk to arrive at a risk to assets that is as low as reasonably practical.
7. Arrive at a finding as to whether or not to adopt the controls and detail any issues or problems which may arise.
8. Assign a person(s) to carry out the controls and assign an action timeline.

5. ENVIRONMENTAL IMPLICATIONS

Environmental issues are important on what is, in effect, an industrial site. Environmental implications need to be considered when assessing assets which are in use or may be purchased for use on OTHR:

- a. Asset procurement should be based on meeting improved energy efficiency ratings.
- b. Green power options may be considered for electricity supply.
- c. Greenhouse gas minimisation may be achieved by using appropriate lighting technology and by managing the power usage of electrical appliances.
- d. Remote applications may be suitable for solar power (e.g. security cameras, communication equipment).
- e. Assets which are potentially dangerous pollutants (petrol, oil, lubricants, chemicals etc) need to be handled and stored with care to avoid environmental problems and subsequent financial penalties.
- f. Implications of emissions from locomotives need to be considered. Small scale diesel power will be suitable for the Oberon, Hazelgrove section and will be useful for operating in fire ban periods. Steam operation is desirable for a heritage railway but offsetting diesel oil usage is increased pollution from coal burning.
- g. OTHR should try to offset emissions by actively revegetating areas within the corridor, subject to fire risk.
- h. Recycling of material assets should be encouraged.
- i. All new items purchased must be accompanied by a Materials Safety Data Sheet (MSDS)

Levels of accountability for asset management by the Management Committee, line managers and members;

Identification of persons who are technically qualified and competent to be responsible for asset assessment and management strategies which may include aspects relating to engineering management, economic viability and environmental issues;

Procedures for acquisition of assets;

Procedures for disposal of assets;

An asset Register - including all buildings, critical infrastructure, plant and engineering equipment, likely asset life, performance requirements, related expenditure etc;

Definition of *standard procedures* during all phases of the asset lifecycle including:

- a. Design and Construction (if applicable);
- b. Inspection;
- c. Operation;
- d. Maintenance;
- e. Monitoring (including inspection and testing);
- f. Modification (if applicable);
- g. Disposal or Demolition.

An asset financial/funding plan covering - operation and maintenance of the normal business of a heritage railway; predictable upgrades; major refurbishments; methods of raising funds including asset sales

An asset risk management plan - to define possible impacts on service delivery, management of business continuity, contingency planning and uncertainties of the asset procurement and operating strategy

Any environmental implications for the asset - which may include meeting energy efficiency targets, greenhouse gas minimising policy and green power requirements, water management planning, waste management planning, recycling and procurement issues, maintenance and operational monitoring including fuel and consumable items and instituting appropriate reporting and monitoring systems.

6. ASSET FINANCIAL/ FUNDING PLAN

For the successful operation of a Heritage Railway, it is important to carry out sound financial planning with regard to the large number of assets required to maintain and operate such a railway. This is a multi-million dollar project and the Management Committee has the responsibility of overseeing the effective expenditure of time and money.

Budgeting in the early stages continues to focus on the rebuilding of the permanent way which effectively means the replacement of all sleepers. This then needs to be followed by ongoing maintenance which, in the case of sleepers, amounts to approximately 80 sleepers per kilometre per year.

Sources of funding also need to be found for the restoration and maintenance of rolling stock in order to move into passenger carrying services. This will provide some revenue but the Management Committee will need to look for various methods of fund raising. Some of these may involve asset sales where possible.

7. STANDARD PROCEDURES THROUGH THE ASSET LIFECYCLE

All OTHR assets will proceed through a normal lifecycle appropriate to the item. In some case the asset may be designed and constructed “in-house” but in most cases the item will be procured, inspected and placed into operation. During its lifecycle, the asset will require maintenance, inspection and testing. In some cases the asset may require modification. Ultimately, some assets may be disposed of or require demolition and disposal. Some assets may be sold (section 4 above).

a. **Design and Construction** (if applicable)

all design projects must be preceded by a **Risk Assessment** which must be submitted to the Management Committee and approved before the project proceeds.

Minor assets (such as track gauges) are constructed in-house by persons with appropriate engineering or industrial skills.

Major assets such as buildings will require the services of professional builders, architects, tradespersons etc. In all cases the Project Manager needs to document the process; maintain detailed records and ensure those records are kept on file with the Document Controller. Major asset design and construction requires the formal submission of a Project Plan to the Management Committee and subsequent approval by that committee.

b. **Inspection** may be in three forms:

- i. Some assets may be inspected prior to acquisition to ensure that they will meet OTHR’s operating requirements
- ii. Some assets may require inspection and grading prior to use (eg, second hand sleepers)
- iii. All assets will require inspection during their operating lifecycle

Line Managers will be responsible for drawing up inspection policies for submission to the Management Committee for endorsement.

c. **Operation**

The operation of all assets is controlled by a variety of procedures:

- i. Common assets such as hand tools, office equipment, photocopiers etc. may be controlled by volunteers who have -
 1. prior knowledge of the equipment and its use;
 2. on the job training by a team leader or other qualified person;
 3. appropriate professional or trade qualifications;
 4. attended a course or other acceptable training;
 5. provided evidence to allow recognition of prior learning
 6. documented skills from another quality heritage railway
- ii. More complex assets may require a training course to gain appropriate competencies - refer to COM-002 Worker Competence.

d. **Maintenance**

Most assets will require ongoing maintenance. Line Managers will be responsible for drawing up maintenance policies for submission to the Management Committee for endorsement.

- e. **Monitoring** (including inspection and testing)
Monitoring regimes will depend on the asset. Rollingstock will require a strict procedure of monitoring by qualified inspectors and examiners. Permanent Way inspections will be regularly required. Responsibility for drawing up monitoring policies rests with Line Managers who must submit them to the Management Committee for endorsement.
- f. **Modification** (if applicable)
all modifications must be preceded by a **Risk Assessment** which must be submitted to the Management Committee and approved before the modifications proceed.

Most assets will require little modification during their lifecycle. Some simple assets such as gauges may require modification in use and this can be carried out by procedures such as those listed in c. i. above.

More complex engineering change is a different matter and requires implementation of OTHR's Change Management Policy (POL-006).

All modifications of a significant nature require prior approval by the Management Committee.

- g. **Disposal or Demolition.**
Disposal of assets must follow procedures outlined in section 4 above.

Demolition brings with it environmental consequences. All demolition work must be preceded by a **Risk Assessment** which must be submitted to the Management Committee and approved before work proceeds.

8. Document and Data Control

a. Scope

OTHR has a document and data control system (**POL 005**) to make sure all documents and data that may affect rail safety are identified, controlled, reviewed, authorised, retained and distributed to volunteers who need them.

Documents and data that are controlled by this process include:

- OTHR policies, procedures and forms
- Drawing and design documents
- Technical standards and manuals.

Storage and control responsibility for each internal document is assigned to the Document Manager.