

Report 99.581

6 October 1999

File: LM/3/1/3

dh:Reports/LC99581.AMA

Report to the Landcare Committee
from Andrew Annakin, Divisional Manager, Landcare

Landcare Division Asset Management Plans

1. Purpose

To support presentations to the Landcare Committee and seek endorsement for the functional area asset management funding “gaps” to be considered through the Long-term Financial Strategy review for 2000-2010.

2. Background

The Landcare Division Asset Management Plans are about ensuring the prudent management of Council assets. Asset management plans use financial, engineering and environmental management tools to ensure cost effective, measurable, service levels to the Regional community. The direct benefits of sound asset management planning are that:

- The cost of owning assets is minimised over their lives (lifecycle costs);
- The risk of asset failure is minimised (risk management);
- Decisions to add to, or replace, components are optimised;
- There is improved accountability over the use of public resources.

3. Progress Through 1998/99

The first “Basic” Landcare Asset Management Plans received general support from Audit New Zealand and the respective Improvement Programmes were commented on. These plans were then reported to the Landcare Committee (Report 98.237).

Since then significant advances have taken place, though the fundamental precepts remain. Further refinement, particularly to do with valuations and databasing, will complete this three-year programme through 1999/00.

This Report contains the key recommendations from the now “Draft” Asset Management Plans for consideration by the Landcare Committee for recommendation through to the Long-term Financial Strategy review (**Attachments 1 and 2**). The substantive Plans will be tabled at the Committee meeting.

The draft Asset Management Plans are about maintaining current service levels - everything hinges off that. We are **not** recommending new service levels. The Council can always vary service levels, but the choices will not be easy ones.

4. **Where Do Service Levels Come From?**

Regional Parks

Regional Parks’ service levels are built around providing and supporting residential Ranger services in the principal Parks, and a mix of Ranger services across the Network and in the forests. Infrastructural, environmental and heritage assets are then maintained to available industry standards. There are significant opportunities to lift service levels in all areas, though this is not the intention of the Asset Management Plans.

Asset management funding gaps in Regional Parks/Natural Forestry are a mix of: inherited run down assets, e.g., Queen Elisabeth Park, and the Rimutaka Incline Recreation Area; a previous management regime based on development above maintenance; funding reductions and reallocation over several years; and a general increase in safety expectations and review system requirements following the Cave Creek disaster.

Infrastructural design, maintenance and surveillance processes in Regional Parks are now at a significant higher level. The Regional Council is now also in a position to show national leadership in environmental asset management.

Flood Protection

Desired service levels, which express community expectations, were determined through various Floodplain Management Plans. Current service levels in Flood Protection were defined from the floodplain management planning investigations and the long-term knowledge and experience of the river managers. There are also linkages to the capital programmes, as these will change levels of service from current to desired. In the past, some capital and flood damage expenditure have tended to artificially, though positively, mask maintenance shortfalls.

Landcare Division

The culture within Landcare has shifted to one now dominated by asset management. This is quite deliberate, reflecting the pressures mentioned above. Our knowledge and expertise in asset management is much higher than it was three years ago. We have also introduced a number of management efficiencies, e.g., from the 1997 Divisional Review. Combined, I believe that the Landcare Division is now as best placed as possible to present itself as sound asset managers. This is something in which we take a lot of pride.

The down-side is that our endeavours now show significant asset management funding shortfalls in the principal functional areas, as per the attached schedules.

5. **Choices Remain**

As Divisional Manager, my strong recommendation through the Long-term Financial Strategy will be to address the asset management funding gaps as a first priority.

Nevertheless, the Council still has choices. Some of these may be in the funding mix. However, should the Council not support the asset management funding gaps, my recommendation through the Long-term Financial Strategy will have to be to substantively reduce service levels. At its simplest, assuming the basic service requirements remain, (e.g., Park Ranger services, an acceptable level of environmental and heritage management, and active river channel management), further adjustments in service levels will come down to:

- Selective withdrawals from amenity and environmental management in Regional Parks and Forests;
- Ceasing other non-asset related service;
- Revisiting the Floodplain Management Plans.

6. **Recommendations**

That the Landcare Committee

- (1) *Receive this report and notes its contents.*
- (2) *Recommend to the Policy and Finance Committee that the asset management funding “gaps” for the Landcare functional areas, Regional Parks/Natural Forestry and Flood Protection (Attachments 1 and 2 respectively), be considered along with all other Council priorities through the Long-term Financial Strategy review for 2000 - 2010.*

Report prepared by:

ANDREW ANNAKIN
Divisional Manager, Landcare

Attachment 1 : Western Rivers Asset Management Plan Draft for Long-term Financial Strategy (LTFS)

Attachment 2 : Regional Parks & Natural Forestry Asset Management Plan Executive Summary