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Report to the Landcare Committee
from Andrew Annakin, Divisional Manager, Landcare
and Greg Schollum, Chief Financial Officer

Landcare Division Asset Management Plans

1. Purpose

- To inform the Landcare Committee of the further progress on Asset Management Planning for the 1999/00 financial year; and
- To gain the Landcare Committee's endorsement of the processes used to produce the plans and their acceptance as management documents.
- To gain the Landcare Committee's agreement to the work outlined in the Asset Management improvement plans.

2. Why Asset Management Plans?

The Landcare Division Asset Management Plans (AMPs) ensure prudent management of Council assets, being a defacto requirement of the new financial management provisions in the Local Government Act 1974. Financial, engineering and environmental management tools are used to ensure that cost effective, measurable Levels of Service are provided to the Regional Community. The direct benefits of sound asset management are:

- The level of service requested by the community is ensured;
- 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;
- Maintenance and replacement of assets is programmed to avoid unbudgeted/unexpected expenditure.

Budgets approved for the Capital Works programmes are shown in the table below.

Capital Works Budgets 2000-2010 (\$000)

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Parks and Forests	545	361	204	193	40	745	295	170	-	-
Flood Protection	1,805	1,434	2,341	3,253	3,557	3,420	2,251	2,120	2,148	2,091

5. The Asset Management Database

The reporting requirements of Landcare assets are comparatively simple, but the variety of hard and soft assets is complex. As a result it was decided that 'in-house' development, using existing resources and Microsoft Access, provided the most cost-effective and flexible solution. Murray Waititi did an excellent job developing the database. The alternative was an expensive proprietary system designed for 'hard' infrastructural assets such as roads and pipe networks, not particularly suited to our business.

The asset management databases currently contain physical asset data, i.e.

- Location
- Dimensions
- Date of acquisition
- Replacement costs
- Expected life-span

In the future the asset management databases will contain information regarding asset conditions and maintenance priorities in line with the Long-term Financial Strategy. The databases have been designed to allow the integration of existing data with that from the Council's financial systems, i.e. SAP and its budgeting tool ESSBASE.

This information will be used to:

- provide input into the Long-term Financial Strategy process.
- create and monitor work programmes.
- measure performance standards.

6. Asset Management Improvements

Further development and improvements are needed to the AMPs in both functional areas. Improvement activities are outlined in **Attachments 1 and 2**. Some of the improvement activities that are common to Parks and Forests, and Flood Protection are:

- Reconcile valuations and assets with corporate valuations and asset listings on Council's balance sheet. This work will be completed once the valuations of water supply assets are complete.
- Develop reporting procedures using the database to monitor progress against the AMP programmes.

- Resolve valuations, procedures and balance sheet issues for land owned by Council, and dedicated to functional activities.
- Develop a method to assess cultural heritage assets managed by Parks and Forests.
- Develop methods to assess and record amenity, planting and other environmental assets in Flood Protection areas.

7. Recommendations

That the Landcare Committee:

- (1) *Receive the report and note the contents.*
- (2) *Receive the Landcare Division's functional area Asset Management Plans.*
- (3) *Note the progress made in preparing Asset Management Plans that enable asset management processes to become operational.*
- (4) *Note the links between Asset Management Plans and the Long-term Financial Strategy process and that the funding gaps identified in October 1999 have been funded through the Long-term Financial Strategy process.*
- (5) *Note the work outlined in the Asset Management improvement plans.*
- (6) *Note that Volume 4 of the Parks and Forests Asset Management Plan will substitute for the Forest Working Plan for the Natural Forest areas.*

Report prepared by:

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Attachment 1 : Flood Protection, Western Rivers Asset Management Plan Summary

Attachment 2 : Parks and Forests, Asset Management Plan Summary