

**QLDC Council**  
**18 December 2014**

**Report for Agenda Item: 11**

**Department**  
**Infrastructure**

**11: Adoption of Infrastructure Strategy and Asset Management Plans**

**Purpose**

- 1 To adopt the Infrastructure Strategy and Asset Management Plans to enable them to inform the 2015 Long Term Plan.

**Recommendation**

- 2 *That the Council:*
  - a. **Adopt** the infrastructure strategy;
  - b. **Adopt** the four asset management plans, namely, Community Transportation, Community Water Services, Community Open Spaces and Community Facilities; and
  - c. **Authorise** the Chief Executive to make the infrastructure strategy and asset management plans available on the QLDC website.

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26/11/2014

Reviewed and Authorised by:



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4/12/2014

**Background**

- 3 Changes in the Local Government Act (LGA) 2002 in August 2014, place a greater emphasis on local authorities undertaking asset management planning and ensuring that investment decisions are effective and efficient in meeting the existing and future needs of their communities.

- 4 Section 101B(1) of the LGA requires that a local authority must, as part of its long-term plan, prepare and adopt an infrastructure strategy for a period of at least 30 consecutive financial years.
- 5 The purpose of an infrastructure strategy is to: (a) identify significant infrastructure issues for the local authority over the period covered by the strategy; and (b) identify the principal options for managing those issues and the implications of those options.
- 6 In 2013, the Minister of Local Government expressed concerns regarding 'bow wave' or hidden investment outside the published 10-year planning horizon of the local authority Long Term Plans.
- 7 The QLDC 2014/15 Work Programme requires the Chief Executive to have "*Asset Management Plans complete*" by 1 January 2015. At a Council workshop on 16 September 2014, this delivery date was deferred until 1 February 2015.
- 8 The infrastructure strategy and the draft AMPs were presented in summary at the Council Workshop on 16 September 2014.
- 9 Since then, the Community Transportation AMP has been updated to address latest New Zealand Transport Agency (NZTA) requirements as part of the upcoming transition to the One Network Road Classification (ONRC).
- 10 Due to the size of the documents, copies of the infrastructure strategy and the AMPs were made available to the elected members through the OneDrive file sharing system.

## **Comment**

### **Infrastructure Strategy**

- 11 Following guidelines from the department of Internal Affairs, QLDC has prepared a 30-year infrastructure strategy which covers the core infrastructure areas of transportation and the three waters services.
- 12 The infrastructure strategy was developed through a series of workshops with Council staff, from across the organisation.
- 13 The emerging issues identified included:
  - Projected increases in road congestion (growth),
  - Increased public safety issues associated with increased congestion,
  - Effects of climate conditions on asset performance and life,
  - Challenges and costs associated with providing safe, reliable drinking water from unprotected water sources,
  - The Council's obligations to remedy failed or unmaintained private water and wastewater schemes,
  - Opportunities to defer investment through demand management and education programmes, and

- Managing adverse effects on environment from the Council's operations.
- 14 The infrastructure strategy outlines an projected investment programme over the next 30 years of \$872M of capital investment and a 30 year operational spend totaling \$533M.
- 15 Through the Asset Management Plans (AMPs), the Council will further investigate, refine and prioritise these projected programmes, prior to consultation and adoption through the Long Term Plan. A diagram of how these documents relate to each other is provided as Attachment 1.

### **Asset Management Plans**

- 16 QLDC has prepared draft AMPs covering the areas of transportation, water services, facilities and open spaces. These AMPs have a planning horizon of 15 years.
- 17 The 15-year length of the AMP planning horizon ensures the Council has visibility over the investment projections immediately beyond the Long Term Plan. This provides the Council with the ability to demonstrate clearly that it is managing its assets well within the Long Term Plan, and there is no deferred or bow wave investment hidden outside the Long Term Plan.
- 18 The AMPs give effect to the matters identified in the infrastructure strategy, and in addition serve as the repositories for asset planning detail regarding key assumptions, asset knowledge, asset performance expectations, investment programmes and areas for improvement.
- 19 Specifically the AMPs document QLDC information about:
- a. What service and performance standards are sought, why these standards have been adopted and how the Council has been performing against these targets;
  - b. How user demand (usage) is likely to change over the period of the plan, the impact of changes in demand on the assets and services and where the demand-sensitive areas are;
  - c. How the Council operates, maintains, renews and upgrades its assets to ensure the competing needs of business risk, achievement of performance standards and community affordability are best delivered;
  - d. What the total investment costs are planned to be and the impact on user charges over the plan period (15 years).
- 20 To meet the Chief Executive's requirement to have "*Asset Management Plans complete*", it is proposed that the four AMP documents would be made available on the QLDC website prior to 1 February 2015.
- 21 Work began in January 2014 with asset management workshops held with general managers and staff from the operations and infrastructure departments.

- 22 Further workshops from February 2014 through to September 2014 produced programmes of investment for both capital and operational activities.
- 23 These programmes have been built up from legacy asset investment programmes, revised for the Council's current objectives, and have been provided in draft to inform the Long Term Plan development process.
- 24 A summary of the financial projections of the AMPs is presented in Attachment 2.
- 25 A continuous improvement plan process and review has been scheduled covering the next three years.

### **Financial Implications**

- 26 The financial projections (investment programmes) from the AMPs have been provided in draft to inform the 2015-25 Long Term Plan.
- 27 The AMPs will be updated in late 2015 to reflect any amendments in financial projections which have been adopted following public consultation and adoption of the Long Term Plan.

### **Local Government Act 2002 Purpose Provisions**

- 28 The author has reviewed Section 10 of the LGA. The matter gives effect to the purpose of local government because:
- The activity in question relates to the provision of local infrastructure.
  - The Council is seeking to improve the quality of its asset management practices to enable it to provide good quality infrastructure in a timely manner that will meet the current and future needs of the community through updating its AMP documents in accordance with legislation requirements and Council objectives; and
  - The proposed AMPs seek to provide updated financial projections with regards to the Council's planning and delivery of infrastructure to provide the most cost effective solution for households and businesses.

### **Council Policies**

- 29 The following Council Policies were considered:
- Asset Management Policy (draft) – provided clarity on staff roles and accountabilities in the asset management process, including outlining asset management principles
  - QLDC Asset Management Plans (2001 – 2011) – provided a historical basis for understanding asset management activities at QLDC including providing direction on historical asset data, key assumptions, proposed improvement areas and financial forecasts
  - QLDC 2012-22 Long Term Plan – provided historical future programmes and financial forecasts for comparison against the draft 2015 Long Term Plan.
  - Policy on Significance – provided clarity about how and when the community can expect to be engaged in decisions.

## **Consultation**

30 No consultation has been undertaken as part of this agenda item.

31 Consultation on the first 10 years of the AMPs will be undertaken through the procedures and processes required prior to the adoption of the Long Term Plan.

32 This consultation is planned for the first half of the 2015 calendar year.

## **Attachments**

1. Diagram of the Asset Management Cycle
2. Summary of AMP Financials

# (Core) Asset Delivery Cycle



## Summary of Draft AMP Financial Projections and Comparison to LTP 2012

	Capex (First 10 Years)	Opex (First 10 Years)	Capex (Change on 2012 LTP Capex)	Opex (Change on 2012 LTP Capex)	Capex Total (15 Years)	Opex Total (15 Years)
Community Transportation	\$134,213,234	\$66,658,432	-\$99,625,566	-\$172,832,568	\$182,114,522	\$99,672,648
Community Water Services	\$157,466,392	\$110,978,831	+\$38,842,198	-\$167,782,169	\$270,759,004	\$168,045,789
Community Facilities	\$55,804,377	\$142,060,730	+\$7,392,377	-\$18,245,270	\$77,115,824	\$213,091,095
Community Open Spaces	\$16,133,696	\$155,320,000	-\$31,502,464	-\$38,897,000	\$23,860,896	\$232,630,000
<b>TOTALS</b>	\$363,617,699	\$475,017,993	-\$84,893,455	-\$397,757,007	\$553,850,246	\$713,439,532