

## **NEW ZEALAND ASSET MANAGEMENT TOUR – JUNE 2004**

### **EXECUTIVE SUMMARY**

The Institute of Public Works Engineering Australia Asset Management Tour to New Zealand was an extremely beneficial and interesting tour to undertake, not only for the knowledge gained from the New Zealand Councils, but through information gained through discussions with fellow tour members.

The tour included visits to four local authorities of varying size, being Wellington, Palmerston North, Manawatu and Wanganuwi. This also demonstrated varying asset management techniques and systems which varied from detailed asset management documentation and asset management software through to basic reporting and asset registers. However, common themes were that there was much more to be documented and that asset management is an evolving process that gradually improves with increased data capture.

Whilst the asset management process in New Zealand is required through legislative requirements, the quality and information varies enormously. However, the legislation had resulted in a review of assets and a trend towards improved financial reporting and increased levels of funding of asset renewal away from capital improvements.

Detailed copies of all presentations and examples of asset management plans from each of the four local authorities visited during the trip can be found at [www.ipwea.org.au](http://www.ipwea.org.au)

## INTRODUCTION

The New Zealand Asset Management tour was a 7 day technical tour of New Zealand arranged by IPWEA in June 2004. The aim of the tour was to learn first hand about the experiences of asset management implementation from several New Zealand Local Authorities. The stated aims of the tour were to:

- See case studies of asset management plans and their various elements
- Defining and costing levels of service
- Understanding customer value
- Projecting infrastructure financial needs
- Strategies for funding the renewal gap
- Asset management and long term financial planning.

On the tour we would hear from leading asset management practitioners discussing all issues relating to various asset classes, including roads, parks, water, drainage, sewer, buildings and waste management. The four local authorities were:

- Wellington City Council
- Palmerston North City Council
- Manawatu District Council
- Wanganui District Council

The tour also included a special presentation from the New Zealand Auditor General on the role of the audit function in local government asset management. To complete the tour, delegates attended the INGENIUM national conference being held in Palmerston North.

The tour contingent included 15 members from around Australia from various size cities and country towns, with a range of asset management systems and knowledge. Members ranged from project engineers, directors to a financial accountant. A photograph of the team is below and more details of the tour can be found on the IPWEA national website at [www.ipwea.org.au/nams/nz\\_tour](http://www.ipwea.org.au/nams/nz_tour).



**Compilation photo of the study team**

Names of the various tour members are detailed below:

<b>Name</b>	<b>Representing</b>	<b>Position</b>
Chris Champion	IPWEA National	National CEO (Tour Leader)
John Howard	IPWEA National	NAMS.AU Project Manager
John Anderson	Hume City Council	Mgr Asset Management
George Angelis	City of Canada Bay	Manager Assets & Infrastructure
David Banks	Alexandrina Council	Director Technical Services
Mike Butcher	Gatten Shire Council	Director Constrn & Mtce
Brian Edwards	Hobart City Council	Grp Manager Surveying & Assets
Brad Harris	City of Gosnells	Manager Technical Services
Stephen Hegesus	Dalby Town Council	Mgr Engineering Services
Chris Lawson	Beaudesert Council	Dir Civil Operations
Wal Lawson	Hume City Council	Dir City Infrastructure
Walter Petschler	Liverpool City Council	Manager City Assets
Gary McQuillan	Cardinia Shire Council	GM Corporate Services
Warren Sharpe	Eurobodalla Shie Council	Works Manager
Ian Woodyard	Warwick Shire Council	Dir Technical Services

## WELLINGTON CITY COUNCIL

Being the country's capital city, the asset management planning was by far the most advanced and an appropriate starting point for the tour. At the Wellington City Council, the New Zealand Auditor General provided his overview of the asset management legislative requirements and the shift towards the requirements of Long Term Community Consultation Plans. This was an hour long presentation and set the scene of why there had been such huge advances in asset management in New Zealand, due to the significant auditing requirements.

Significant features of the Wellington asset management proposals were the structured Closed Circuit Television (CCTV) inspection they were undertaking of all of their sewer and drainage assets and the replacement programs that were being developed. Drainage reviews were being progressively undertaken on a catchment basis based on incidents of flooding and new capital programs or renewal programmes were developed from these drainage reviews.



**Community Art was a significant feature in Wellington**



**Water features were also prevalent in open spaces in many areas of Wellington**

## **PALMERSTON NORTH CITY COUNCIL**

Palmerston North is a reasonably large City, similar in size to Bunbury. As such it had a high level of resources and advanced asset management process in place. It was very impressive with seven asset management plans for the various Council functions well developed. Of particular note was the Parks and Property areas which were much further developed than others we would see on the tour, in some cases non existent, as this was not yet an Auditor General requirement.

Palmerston North is New Zealand's University town, and as such has a high student population. As such the provision for cycling and walking were of a high standard as the photograph shown below demonstrates. The intersection is on the main street through the City and has several of the best practice or innovative pedestrian and cycle provisions including, zebra crossing on left slip lane, green painted cycle lanes, at grade pedestrian cut throughs at island, tactile paving, on road Give Way linemarking upgraded lighting and pedestrian signals. A road safety auditor's dream.



**Intersection treatments in Palmerston North**

## MANAWATU DISTRICT COUNCIL

The Manawatu District has several townsites but was predominantly rural, with a population of just over 27,000 people. It had been devastated by flooding in 2003, where significant infrastructure along the river were destroyed by floods. Like many local authorities in New Zealand, Manawatu contracted out both Professional Services and Road Maintenance. This they believed helped in recovery after the floods due to the ability of the Contractor to bring in additional resources immediately to address the emergency rehabilitation requirements for the community.

The asset management planning was not as advanced as the larger local authorities of Wellington and Palmerston North, with limited resources available to develop the basic asset management plans into those that better defined community levels of service and detailed renewal programs.

The topography of the country also made many issues that we take for granted in western Australia, with steep mountainous areas, with severe restrictions on road widths and safety.



**Entry to the town centre. Note the lack of Give Way Signage and islands that do not detract from the impressive streetscape.**



**An example of the roads typical throughout the area**

## **WANGANUI DISTRICT COUNCIL**

Wanganui District Council has a population of just over 43,000 people, with approximately 90% urban and 10% rural split. However, large areas of the district were rural areas with forestry and dairy industries a significant part of the economy. This is represented in the length of roads, with 220 km urban and 615 km rural, with only approximately half of those sealed roads.

Being slightly larger than Manawatu and higher levels of urbanisation, the asset management planning was more advanced, with well structured plans and resources available to progress their development. Wanganui were at the early stages of community consultation on service levels for their long Term Community Consultation Plans and described the need for detailed consultation processes consisting of focus groups and community meetings. They were at a level of planning between that of Palmerston North and Manawatu.



**A view of Wanganui City**

## **INGENIUM CONFERENCE**

Generally the overall quality of the technical content of the conference was only average, with technical sessions often an opportunity on updates on existing processes and projects. However, the several keynote speakers (all Australian) were of high quality and challenged the way we think about issues such as the environment, thinking “outside the box”, and staff retention.

Of particular interest to myself was the new Transit New Zealand road safety audit policy being launched, requiring all road improvement projects undertaken by Local Authorities to require a Road Safety Audit. This is effective as of July 2004 and can be enforced in New Zealand, as the National Government, through Transfund, contribute funding to all road expenditure in New Zealand (typically around 50%).

A copy of the New Zealand RSA policy has been distributed to the IPWEA Road Safety Panel for review and consideration. The implementation will be followed with interest over the next year as this will have significant impact on some of the more rural Councils we saw on the tour.

Technical tours were also conducted as part of the conference, with a visit to the wind farms one of the options. The wind farm technology is a growing industry in New Zealand with the mountainous topography and strong winds. We were fortunate to see the construction phase of a new wind farm in Wanganui

Detailed information and papers presented at the Ingenium 2004 conference can be found at [http://www.ingenium.org.nz/conference/Presentations\\_2004](http://www.ingenium.org.nz/conference/Presentations_2004)



**Wind farm at Wanganui**

## SUMMARY

Some of the main issues/observations to come from the tour are listed below:

- Asset Management Plans have an important role to play in Western Australia local authorities to ensure that we can document our assets and put plans and systems in place to address the renewal of those assets. In New Zealand, the funding of whole of life costs or depreciation ensured that maintenance issues were placed ahead of new capital works. **Depreciation of assets was fully funded and used to meet the cost of the renewal program.**
- There was a strong shift to increased funding for engineering works following the adoption of asset management plans in each local authority.
- The Federal Government was involved in part funding of all road projects through the Transfund subsidy and there was need for Transfund approval of the program. Additionally, new policies just adopted in New Zealand at that time required a road safety audit for all roading projects, independent of dollar value.
- It is best to start an Asset Management Plan with whatever information you have and then gradually gather this information over time. It is a gradual improvement process. Additionally the first cut AMP should be used to identify gaps in your information and set processes in place to address these gaps. **Gradual Improvement is the key.**
- The Asset Management plans developed and then focused on defining Levels of Services that the community wanted and in most cases improved levels of service.
- Coordinated National/State direction would be of significant benefit, particularly in areas of depreciation. Note: in New Zealand, legislation forced this issue.
- Typically Asset Management Plans were divided up into seven activity areas, being:
  - Roads (includes footpaths, lighting, street furniture, lines and signs)
  - Drainage
  - Water (NZ Council's responsible)
  - Wastewater (NZ Council's responsible)
  - Waste Management
  - Property
  - Recreational (only some Councils addressed this)
- Asset Management Plan quality and information updates was linked to resources given.
- Asset Management software varied from simple excel databases to specialised software such as Hansen for water and drainage to dTIMMS for roads.
- The Asset management process was shifting from recording assets and renewal programs to defining Levels of Service through Long Term Council Community Plans (LTCCP). It should be noted that the New Zealand Auditor General was about to introduce new legislation requiring the development of LTCCP's which was a further step beyond the asset management plans.
- Strong links between Strategic Direction and Asset Management Plans is required and whilst it appears is not the initial focus, becomes greater as the asset management plans develop over a period of years.

- Need a champion for each specific asset area to facilitate the development of asset management plans and programmes for each asset.
- The significant improvement in Asset Management in New Zealand has come from the legislative requirements and the auditing by the Auditor General for compliance. In Western Australia, audits are undertaken by independent auditors, not the State Government and as such the compliance is varied with regard to many asset management issues such as depreciation, record keeping, asset management systems etc.
- Borrowing funds was typical in most of the local authorities to fund renewal programmes and new capital works. Borrowing between various asset renewal reserve accounts was also a common occurrence to overcome peaks in renewal requirements.
- Ensure your AMP's are updated on a regular basis.
- Involve the community in setting your levels of service for asset management.
- The red wine in New Zealand is not good.

## **RECOMMENDATION**

I would recommend to the Foundation that it strongly support future proposals for any future Asset Management tours as the format was excellent for understanding the requirements, degree of asset management being undertaken, and most importantly, networking with other Australian States in discussing methods across the country. Preferably there would be significant value in two members being sent from Western Australia, one from the metropolitan area and another from a country region due to the significant differences in asset management functions between the two areas.

I would also strongly encourage IPWEA to support a similar model to the Victorian STEP model or South Australian Step by Step model of Asset Management Planning. This provides a uniform framework for Western Australian Local Authorities to progress through the asset management process.

## **ACKNOWLEDGEMENTS**

I would like to extend my appreciation to the IPWEA Foundation for the opportunity for taking part in the New Zealand Asset Management Tour. It has enabled myself to gain a better appreciation for the area and enabled this to be reflected in my role at the City of Gosnells and input into the asset management area through the IPWEA Asset Management Committee's pilot Step project.

I would also like to thank Chris Champion for his excellent organisational skills and programming of the tour and the other members on the tour. It was a diverse bunch of blokes who got on extremely well and secured friendships or contacts for many years to come.

## KIWI TERMINOLOGY

Some new phrases picked up along the way:

“roading”	-	the area of looking after road assets.
“across the ditch”	-	in Australia
“tobies”	-	water valves
“OE”	-	overseas experience
“CAPEX”	-	capital expenditure
“OPEX”	-	operational expenditure
“vested assets”	-	new assets from new subdivisions
“lifestyle blocks”	-	special rural housing
“berm”	-	grassed verge between kerb and footpath
“sump”	-	side entry pit
“chups”	-	chips
“fush”	-	fish