

## 6. ASSET MANAGEMENT PLANNING FOR WATER SUPPLY AND WASTEWATER

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The purpose of this report is to inform Councillors of the findings of an external review of Water Supply and Wastewater Asset Management.

### BACKGROUND

The Local Government Amendment Act (No. 3) 1996 requires local authorities, in part, to improve Local Government accountability and transparency by outlining the reasons and alternatives associated with funding decisions, so ratepayers/communities can better understand and participate in decision-making. Asset Management Plans (AMPs) are an integral part of complying with the legislation and provide the basis for determining the long-term financial strategies associated with infrastructure assets. The first generation Wastewater AMP was prepared and presented to the Council in 1997 and the updated version in 2000. Similarly, the Council endorsed the first Water Supply AMP in 1998 and a revised plan is to be presented to elected members in April 2002. Part of prudent asset management is to continually review the processes, practices and techniques used to manage the assets, with the aim of reducing the overall total life cycle costs (and/or to improve levels of service), and updating the AMP to reflect the changes introduced.

In mid-2001 the Operations Directorate commissioned Meritec Ltd to undertake an external audit of all eight of the Council AMPs. This report, internally referred to as the Meritec Review, was released in 2001.

### REVIEW FINDINGS

The Meritec review findings for the Water Supply and Wastewater AMPs were similar. It concluded that they were of a higher standard than some of the Council's other AMPs, they met the present minimum requirement expected by Audit NZ, and in general terms they were of a typical standard average when compared with other New Zealand AMPs. The report also noted, however, that Audit New Zealand is presently reviewing (upwards) its minimum acceptable criteria and this is a trend that is likely to continue for a number of years. An underlying flavour of the report was that, while these AMPs were satisfactory now, unless considerable further improvements were made they would be rated as unsatisfactory and below average in the future. There was also an underlying flavour that perhaps, given its strategic objectives, size and prominence, Christchurch should be utilising asset management practices that are at, or near, best New Zealand practice.

In particular, the review identified the following areas as requiring enhancement:

- Asset registers and valuation data (incomplete and fragmented locations and non-uniform formats)
- Data management (IT) systems (several non-integrated systems are utilised)
- Risk assessment
- Documentation of:
  - operational activities
  - maintenance activities
  - design/construction standards
  - Service Level Agreements with Internal Service Providers
- Contract monitoring and auditing (particularly maintenance contracts)
- Project identification and prioritisation
- Failure prediction
- Asset Management Plan presentation/availability (to elected members and stakeholders).

It is to be noted that a number of the areas identified above were already receiving attention at the time the review was taking place.

### OUTCOME OF REVIEW

As a result of this review there has been a commitment to raise the standard of asset management across all the Council's main asset areas over the next three years. To this end a steering group has been formed to overview, co-ordinate and monitor the work. However, it is recognised that responsibility and funding for the work needs to lie within the relevant Unit. It is also recognised that asset management improvements should not just be undertaken so as to achieve "best practice status". Potential improvement projects must be evaluated to ensure there is true benefit to be gained from its implementation.

## **SUMMARY**

An external review of all the Council's asset management planning has been undertaken. While the Water Supply and Wastewater plans are presently rated as satisfactory, it is clear that further improvements are required to match the higher standards that will be demanded (by regulators) in the future. A three-year improvement plan has been commenced in order to achieve this.

### **Chairman's**

**Recommendation:** That the information be received.