

Regional Parks & Natural Forestry Asset Management Plan Executive Summary

Stage II

Stage II of the Regional Parks & Natural Forestry Asset Management Plan (completed during 1998/99) focused on:

- Further identification of assets (recreation, environmental and heritage assets) and development of the database started in Stage I;
- Assessment of values – the *Signature Values* framework;
- Development of service levels, standards and condition gradings for asset types;
- Assessment of criticality and prioritisation of assets;
- Zero based costings; and
- Belmont Regional Park pilot Life Cycle Plan.

Of particular note was the development of the *Signature Values* framework – a method for assessing the three core values – recreation, environment and cultural heritage values– within the Parks and Forests. The *Signature Values* are not a prescription for managing particular assets. However, the *Signature Values* have led to a set of asset management principles that help prioritise work within a risk averse framework, and help set service levels (e.g. assets contributing to multiple values are given priority over single value assets).

The inclusion of environmental and cultural heritage “assets” makes the Stage II Plan more comprehensive than Stage I, and represents the increasing importance being attributed to these types of assets.

Asset maintenance works have been prioritised on the basis of:

- Meeting safety requirements;
- Meeting legislative obligations/responsibilities;
- Meeting environmental criteria (e.g. KNE’s);
- Meeting experiential/amenity requirements (i.e. assets needed for a particular activity or experience).

The Life Cycle Plan for Belmont forms the basis for plans for the other Parks and Forests. (Plans for the other areas were updated during Stage II but will be finalised during Stage III).

Key Findings

Stage II of the Asset Management Plan has highlighted an average funding gap of \$275,000p.a. to maintain *current* service levels and an additional funding gap, to cover deferred maintenance, of \$120,000p.a. for 3 years. (This is the gap between existing budgets and the zero-based costings derived using asset management methodology.)

Regional Parks & Forests Current Budget/Zero Based Costs

Year	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08
Current Budget (\$M)	2.805	2.875	2.782	2.914	2.887	2.968	2.868	2.864
Average Budget (\$M)	2.821			2.900				
Zero Based Costs (\$M)	3.215	3.215	3.215	3.175	3.175	3.175	3.175	3.175
Variance (\$M)	0.410	0.340	0.433	0.261	0.288	0.207	0.307	0.311
<i>Average Variance</i>	0.395			0.275				
<i>Average % Increase</i>	12.3%			8.7%				

Key funding variances include bridges, roads and tracks where new maintenance and monitoring standards, deferred maintenance and increased use appear to be having an impact. Consultants (involved in reviewing many of the assets) noted :

“A backlog of maintenance works is evident in each of the Parks, with some of the work requiring urgent attention.” (Duffill Watts & Tse)

“The asset survey identified a pressing need to have a more formal regime for structural monitoring, maintenance, upgrade and renewal.” (Connell Wagner)

Inheriting new areas and additional functions, and the introduction of the new asset management framework have also had an impact on costs.

Other findings include a need for capital works funding (loan funded) of \$1,132,000 over 3 years and \$445,750 over the following 5 years. This expenditure relates entirely to refurbishment and replacements and does not include any new works.

“Current expenditure levels are inadequate to fund either routine maintenance needs or to allow comprehensive renewals programmes to proceed.” (Duffill Watts & Tse)

Long Term Financial Strategy Review

Key findings from the Asset Management Plan will be submitted to Councillors as part of the Long Term Financial Strategy (LTFS) review (due to commence later this year). In order to verify the asset management process and costings beforehand, an independent review of the Plan was undertaken by John Easter (Optimx). He concluded that:

“It is unlikely that further refinement of the component estimates for park infrastructure would change the budgets by a sufficient margin to have a material effect on the overall LTFS deficits as they are currently reported.”

Over the last few years, the structure and processes of the Regional Parks and Natural Forestry Group have been reviewed in order to gain maximum efficiencies. There is now a pool of motivated and highly skilled people in the areas of policy and marketing, environmental management, ranger services and maintenance management. The team is well structured and organised.

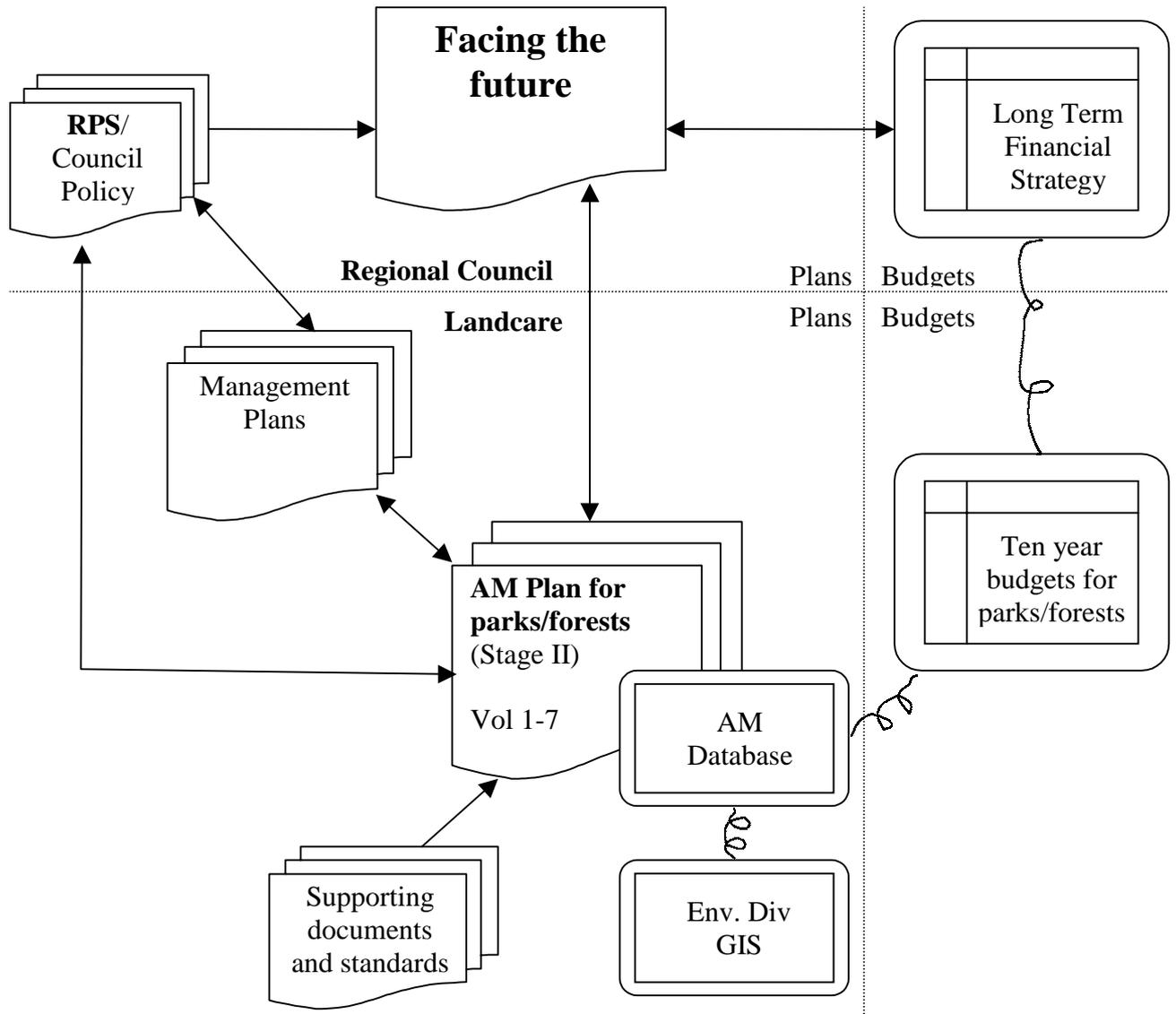
However, over those years the Group also inherited new areas and additional functions (e.g. Queen Elizabeth Park, Forest Lands, Water Group areas) and absorbed many of the associated costs; absorbed the cost of the structures upgrade project (by deferring other maintenance); managed environmental issues (such as animal pest control and forest health monitoring); and dealt with the impacts of multiple use of tracks and an increase in motorised recreation. As noted, the introduction of the asset management framework also had and will continue to have, costs associated with it. Economies of scale are now being compromised and service levels (particularly in secondary recreation areas) are beginning to decline. Essentially we have “squeezed the lemon” to the point where little more than pith remains!

Once the Asset Management derived costings have been presented, (costings based only on maintaining *current* service levels) Councillors will need to decide whether to fund the maintenance gap identified and “halt the decline”, or to allow the lowering of service levels to continue in the Parks and Forests.

Officers will be in a better position to refine budgets and service levels further, once the review of the LTFS has been completed.

Links to Other Council Documents

The link between the AM Plan and other Council documents is illustrated below:



Improvement Plan

An Improvement Plan Summary for the third and final stage of the Asset Management Plan has been prepared. Improvements will involve:

- Completing the data base & links to GIS;
- Undertaking valuation & depreciation work;
- Refining costings & feeding those into the LTFS process;
- Refining service levels;
- Undertaking public consultation;
- Monitoring progress.

The Asset Management Plan will be sent to the Audit New Zealand for review. Officers will review last year's Improvement Plan against Stage II performance and detail the work and timetable for Stage III (to be completed during the 1999/2000 financial year).