



Implementing s101 of the LGA

A Case Study in Developing an Infrastructure Strategy

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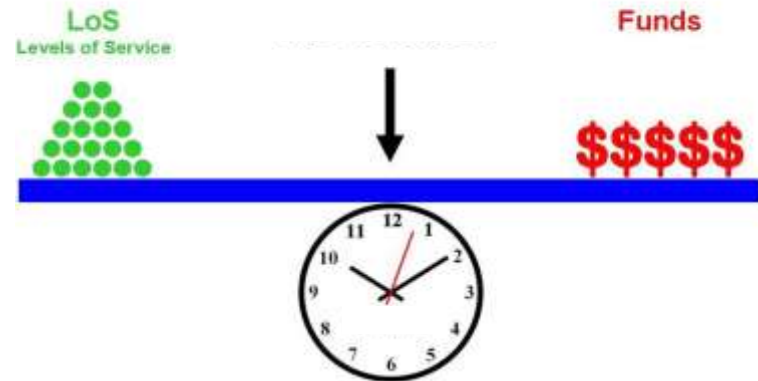


Revised LGA Requirements

- Section 101 of LGA, 2013 → Aug 2014
 - 30 Year (Core) Infrastructure Strategy
- Initial thought: More work!
- 2nd thought: Don't paddle against the current
 - QLDC start paddling! (adopt early)
 - Trial and error, limited guidance
 - Grab a paddle, let the journey begin!

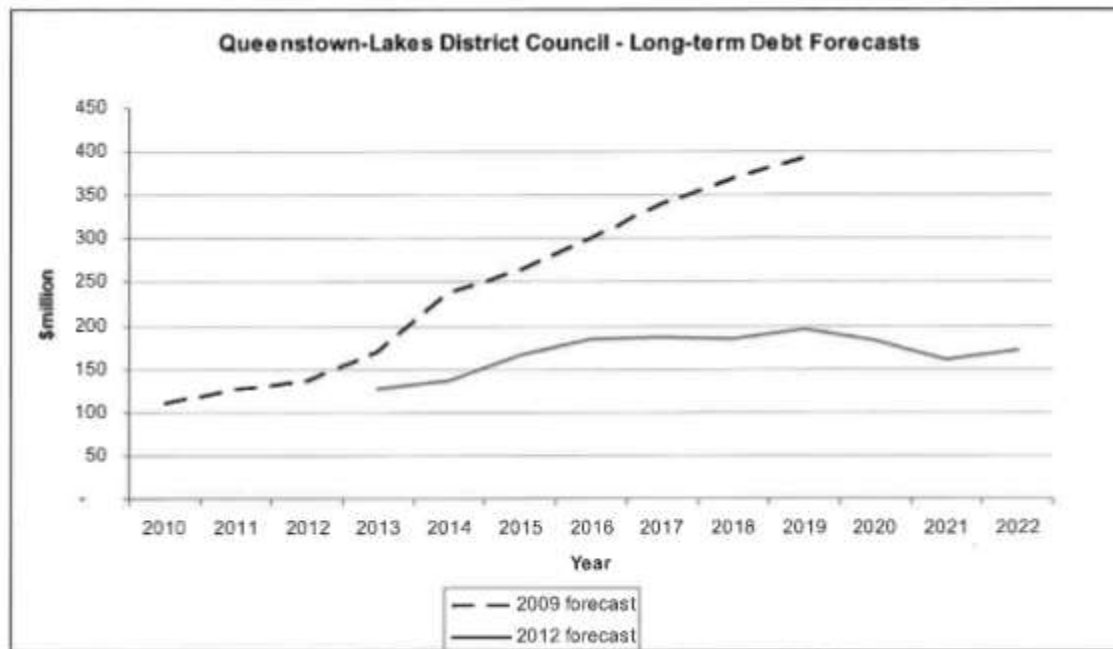
Asset Management

- Custodians of 'long life' public assets
 - They will likely be here, still in service, long after we all retire
- LGA reforms stress importance of asset management planning as part of prudent stewardship
 - Ministers Report, August 2013
- Balancing the needs and wants
 - Ensuring there are no surprises for community
 - Now and in the future (moving goal posts)



LG Ministers Report, Aug 2013

- Pages 9 – 10, QLDC gets a mention



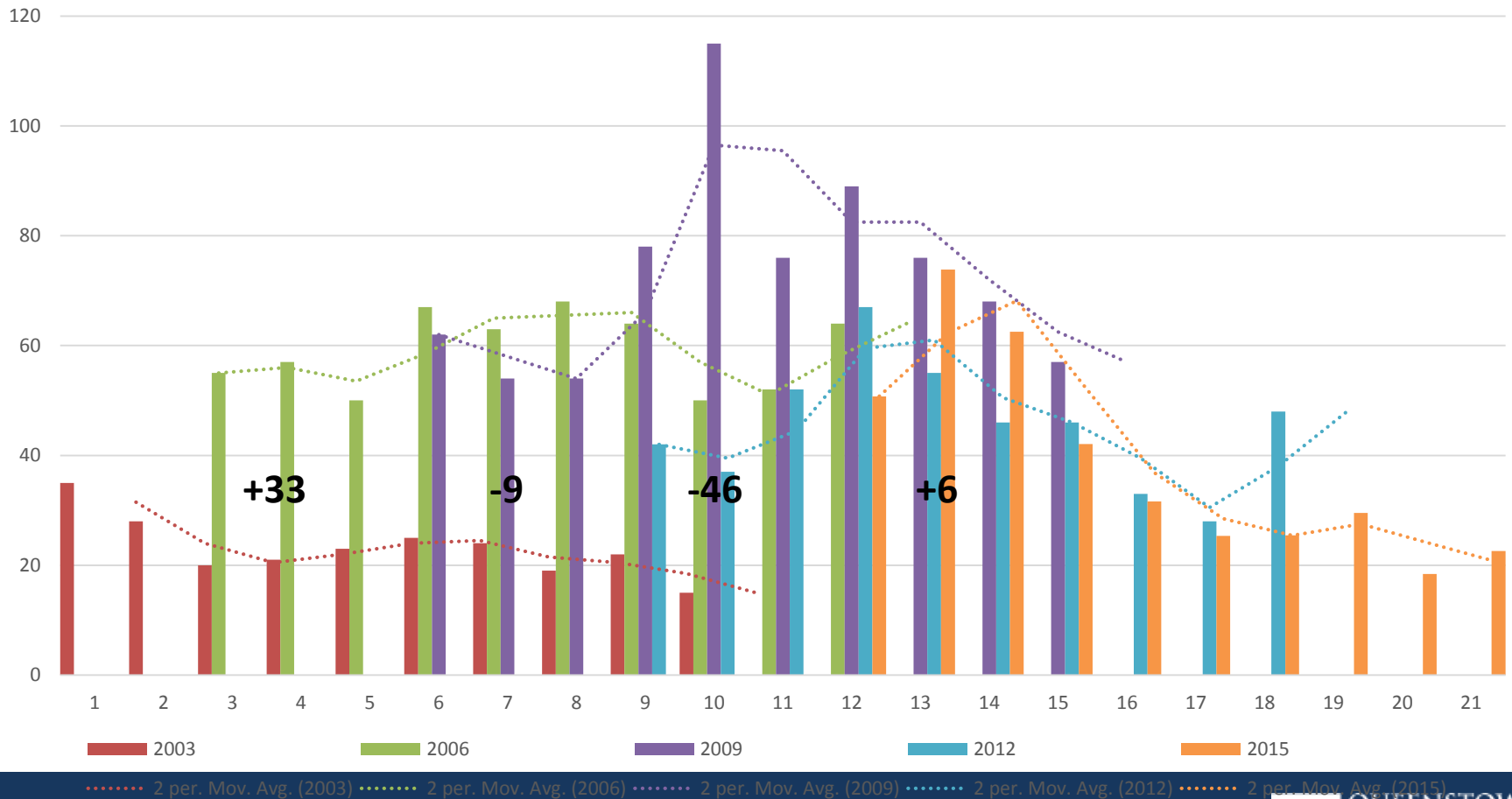
Source: Department of Internal Affairs analysis of the Council's 2009 and 2012 long-term plans

30-Year Infrastructure Strategy

- Critical assets are planned and managed well
 - Failures impact economic, environmental and social goals
- Shortcomings in LTPs - hidden investment / gaps
 - Flip flop investment plans
- Aim to improve delivery of core infrastructure services
 - Undertake asset management planning
 - Develop long term infrastructure strategies
 - AMPs informed by and give effect to strategies

Investment Plans 2004 - 2018

QLDC LTP Programmes



Strategy Process in Concept

1

3

10

15

30yrs



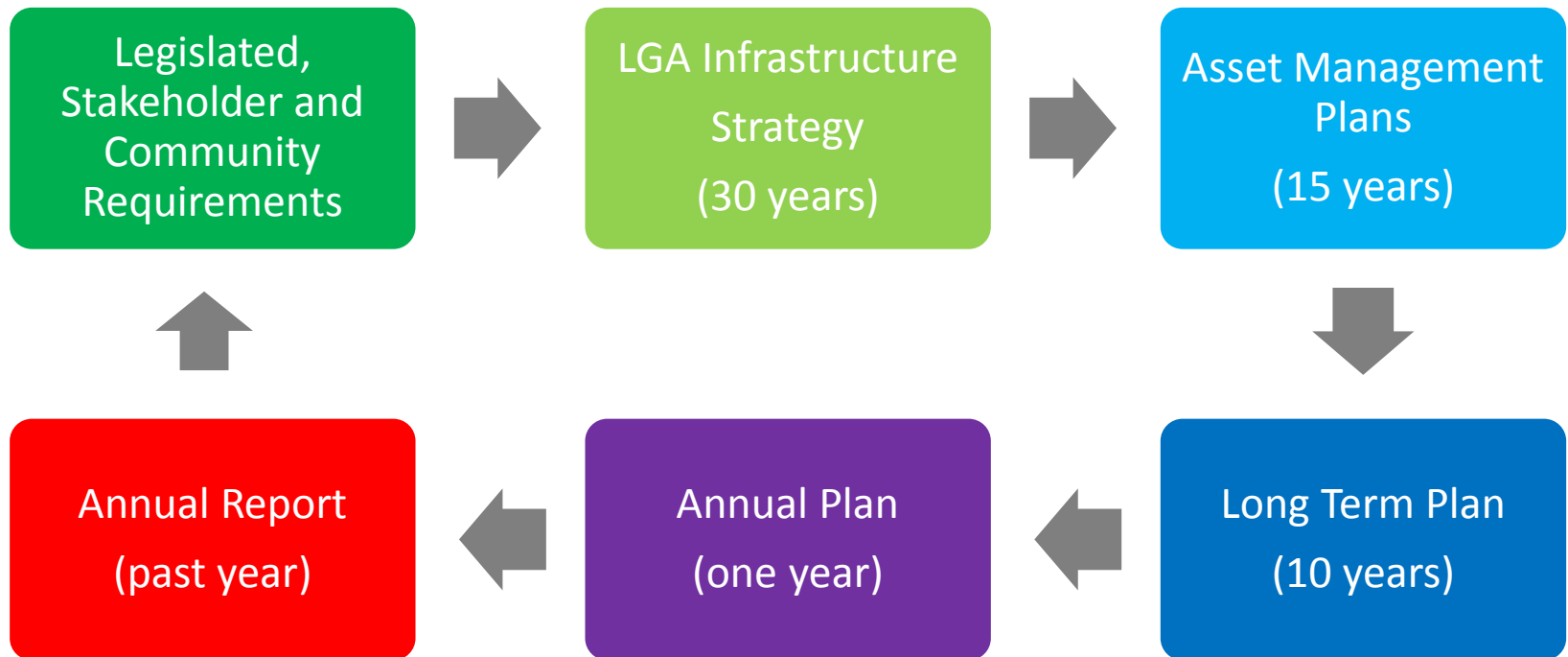
Our Approach

- Collate legacy investment strategies / investment programmes
- Lots of workshops
 - Review year 1 – 3 from 2012 LTP
 - Better Business Case Model (Treasury)
 - Top down years 4 – 30
- Capture Improvement opportunities
 - Do basics well, build foundation

Understanding the Requirements

- New requirements
 - Staff confused, didn't understand
- Held internal briefings to staff and councillors
 - Attended workshops, session in Wellington, user sessions
- How it all fits into the LTP process?
 - Messy, especially timing
- Develop a process / assumptions
 - Trust it works

Concept Asset Management Cycle



Our Engagement

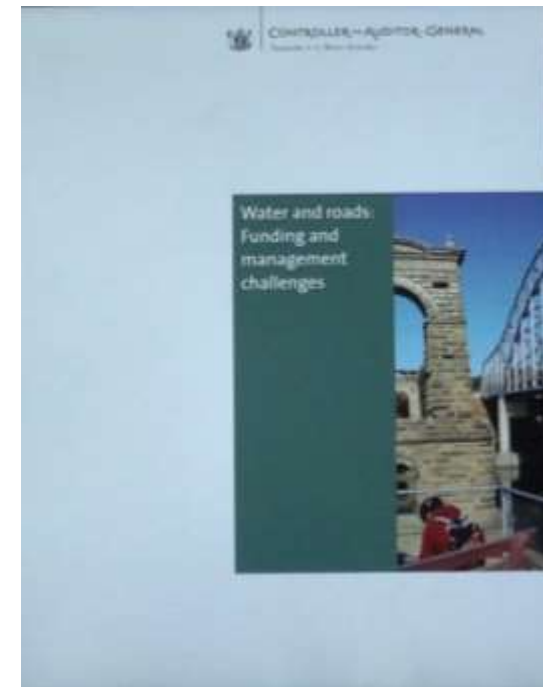
- Late 13 – changes announced
- Jan 14 – Presentations, meetings & workshops
 - Staff, executive, infrastructure councillors
- May 14 – Peer involvement, external seminars
 - find out what we had missed, could do better
- Jun 14 – Additional Councillors brought in
 - more people talking about it and asking questions
 - Emphasis on “thinking forward”
- Nov 14 - Auditors for comment

Initial QLDC Findings

- Accepted DIA template
 - developing our own template AND having to think would have been too much as 1st generation
 - “Thinking” was the most important piece
- Thinking is new/hard
 - very day to day focused (reactive)
- Data sources not good & systems unhelpful
- Multiple entries of same text / \$
 - Backwards and forwards information flow

Data Issues

- Asset Data
 - Blanks and conversion issues
 - Strategies out of date
- Models
 - Never invested properly
- Levels of service (minimum)
 - No scenarios or affordability checks
- Demand - population vs usage



OAG Findings

- Infrastructure funds need to be used more effectively and efficiently
 - Better manage infrastructure and capital needs to meet the challenges ahead
 - Better consider the effects of life cycle costs
- TAs consistently spend less than planned on capital and renewals
- Improve information to make the right calls
 - Not necessarily used well or the best data to support decision making

The DIA Template

- Template not easy to read (flow), difficult to update any changes
 - Text and numbers mixed and repeated
 - state “thing” once only
 - multiple manual updates which means multiple opportunities for human error
- Project timeline diagram
- Summary map to s101 requirements
- Keep strategy high level only

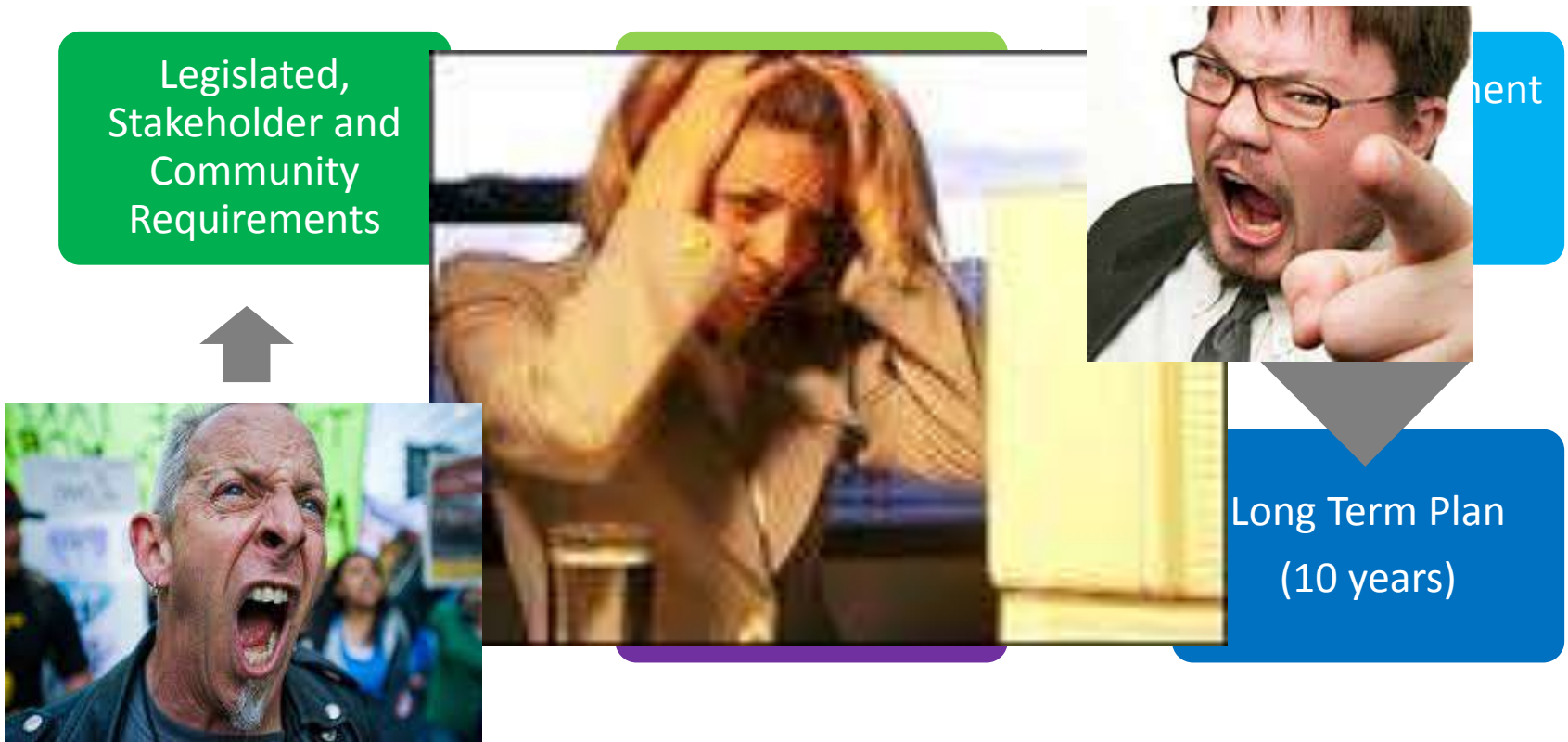
Financials

- (Way) too much detail in the financials
- The years should be a range/not specific:
 - So not \$2.786M in 2018, instead \$3M within next 5 years
- Inflation index
 - Reduces transparency
 - Hides true increases in pricing/expenditure
- \$'s of the day
 - more transparent for person in the street
- Projects need UID for ease of look up / changes later

Theory vs Reality

- In “theory” information flow was one way
- But naive assumption: \$’s in Strategy / AMPs / LTP had to be identical
- Very painful, lots of opportunity for human error (only occurs in LTP year)
- Solution: Set timeline and lockdown (adoption)
 - Strategy 30 June, AMP 1 Dec, LTP 1 July (& repeat)

~~Core Asset~~ Anger Management Cycle



Summary

- QLDC on a journey
 - Set your AM process timelines AND hold them
 - Agree the rules upfront:
 - \$ don't need to align perfectly
 - Less detail in strategy, esp. \$
 - Seek feedback
 - Make the template work for you
 - Aim for continuous improvement, not nirvana





Thank you for your attention
Good luck on your journey



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