

# Report for the FERC on Asset Management Planning

## Water Supply Parks and Forests

### 1. Water Supply Asset Management

#### 1.1 Principles and Objectives

The objective of infrastructure asset management planning is to provide the level of service desired by the community in a cost effective and affordable manner for present and future populations.

The main principals include:

- Identifying the level of service desired by the community and which it can afford.
- Identifying future changes in demand for services through population growth (or decline), behaviour change or changes in statutory requirements.
- Identifying the most cost effective way of providing the desired level of service over the long term.

The general intent is that Asset Management Plans (AMPs) should provide the basis for council LTCCPs.

#### 1.2 Basis of preparation

The current, 2004, Wholesale Water Asset Management Plan was based on population projections published by Statistics NZ in 2002. Unfortunately it was out of date almost as soon as it was published because Statistics NZ revised their population projections upward by approximately 5% in February 2005. This change had a considerable impact on our strategic planning and created an urgent need to reduce water use or provide additional water.

A minor revision of the AMP is planned for 2008, prior to the preparation of the 2009/19 LTCCP. However, since the major issues are associated with the new sources versus meters debate, which is unlikely to be resolved before mid 2009, it will be difficult to write a clear, unambiguous AMP in time for it to be incorporated into the LTCCP. A new AMP will be prepared in 2008/9.

### **1.3 Levels of Service (LOS)**

For wholesale water supply the levels of service are either defined by statute or negotiated with the customer TAs. The key LOS are:

- Comply with the Drinking Water Standard for NZ:2005, (DWSNZ:2005) including aesthetic requirements. [Note that the recently passed Health (Drinking Water) Amendment Act requires drinking water suppliers to take all practicable steps to comply with DWSNZ:2005].
- Provide sufficient water to meet the reasonable needs of the community. This LOS incorporates:
  - Restrictions on the use of sprinklers in summer.
  - A 1 in 50 year risk of shortfall.
  - Keeping city reservoirs at least 70% full for 90% of the time and at least 60% full for 98% of the time.

### **1.4 Time scale**

The first formal Wholesale Water AMP was written in 1998 by council staff. A major update was prepared in 2004 with assistance from consultants Maunsell Ltd. A second revision is proposed for 2008, but it will not be able to address the significant new source issue in other than a general way.

### **1.5 Review and Evaluation**

Audit NZ audit AMPs. The Greater Wellington Water (GWW) 2004 AMP was criticised quite heavily by Audit NZ in 2006 because it contained out of date population projections, even though considerable sums were being spent at that time investigating new sources required to meet new population projections.

### **1.6 Self Insurance**

GWW self insures a number of its assets, in particular pipelines, dams, tunnels and lakes. Each year \$750,000 is put into a self insurance fund. The fund is currently \$11 million, the maximum probable loss from a seismic event is \$30 million. The difference is covered by other deposits and credit lines.

### **1.7 General comment**

GWW regard asset management planning as an on-going process, not easily constrained by the imposition of a three yearly update time frame, particularly where large amounts of capital investment is involved.