

# Infrastructure Makers and Takers:



Sharing the Benefits  
and Costs

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# Takers and Makers

- A focus water infrastructure
- We look at the traditional approach to depreciation
- We consider intergenerational changes:
  - The building blocks
  - Legislation
  - Time, Changing Use and Depreciation
  - Changing Levels of Service

# The Building Blocks 1/4

We need understand our “blocks” respective to our environment

- i) Makers and Takers “outlook”
- ii) Needs and Wants
- iii) Core infrastructure – why and when
- iv) Professional basis



# The Building Blocks 2/4

Who are the Makers and Takers?

Makers = Baby Boomers + Generation X

Takers = Generation Y + Generation Z



# Building Blocks <sup>3/4</sup>

Core Infrastructure = TAFM

Needs and Wants = basics c.f. luxuries

... and their relevance to depreciation?



# Building Blocks <sup>4/4</sup>

The Professional basis for provision of  
infrastructure

Engineers = linear thinkers, timespans and  
backgrounds

... and their relevance to depreciation?



# Legislation

Local Govt. Act 2002 “ a balanced budget”

– S100 (2)(c.)



*“the equitable allocation of responsibility for funding the provision and maintenance of assets and facilities throughout their useful life”*

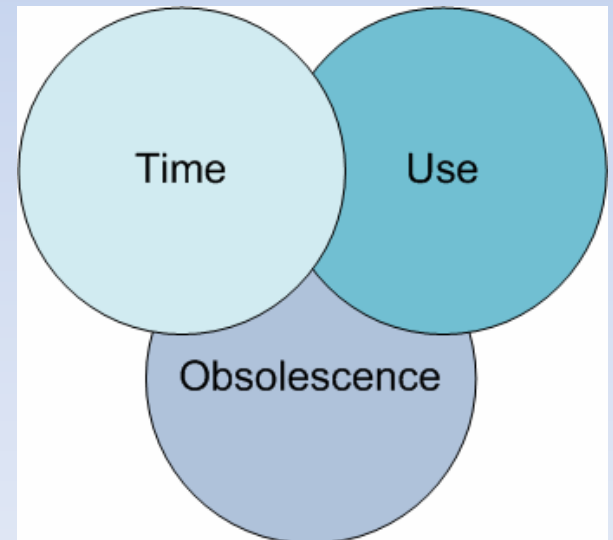
Who knows what the useful life is....?

# Depreciation

As we know it :

*“the measure of the consumption of the economic benefits embodied in an asset whether arising from use, the passing of time or obsolescence”*

(Financial Reporting Standards 16)



# Examples

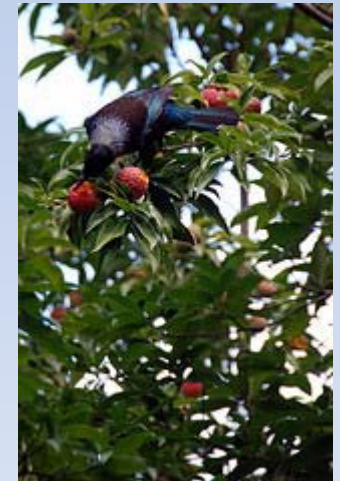
- Karori Dam - Wellington NZ
- Stockwater - Canterbury NZ
- Pipe Network



Karori Dam - Past



Karori Dam - Present



# Where have we come?

The 4 Drivers

Legislation – LGA Balanced Budget

Depreciation As We Know It

Some Examples

More Questions Than Answers

# What do I do about it?

1. Understand the purpose of the infrastructure  
(Not just the form but the function it provides)
2. Understand who has built that infrastructure  
and how it's consumption is being  
acknowledged (and funded).

# What do I do about it?

3. Understand changes in use and what infrastructure will be needed in the future. Think about alternative uses for the infrastructure that becomes obsolete in terms of it's original purpose.
4. Look at YOUR RENEWAL STRATEGY and the funding models you have to support it through your Asset Management Plan.