



Looking After What We Have, Better

A Smarter Approach to
Asset Management in New Zealand



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Beca and Infrastructure New Zealand

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Executive Summary

Asset management is looking after what we have to get the best out of that investment right now and into the future. The right assets, in the right place, at the right time, managed by the right people.

Just two decades ago New Zealand was considered a world leader in asset management. Now other OECD countries have caught up and left us behind. In 2023, New Zealand was ranked fourth lowest out of 33 countries for governance of infrastructure and last for asset management accountability and professionalism.

Today, asset management practice by both public and private asset owners continues to be variable. According to The New Zealand Infrastructure Commission | Te Waihanga's National Infrastructure Plan (NIP), central government assets are wearing out faster than they are being renewed. Many of our public assets are outdated, deteriorated, or no longer fit for purpose.

The Problem: Our Infrastructure is Not Performing as it Should

Across the country, councils and government agencies are grappling with broken pipes, undermaintained roads and rail, ageing hospitals and public facilities well past their use-by date. Despite billions of dollars in infrastructure investment in our current assets, levels of service are declining as those assets are not properly maintained.

A core reason is simple: we have not been looking after the assets we already own.

Maintenance and renewal funding is vulnerable to reprioritisation. Asset condition and performance data are incomplete or poorly integrated into decision-making. Accountability for long-term outcomes is weak which mean budget constraints push long-term stewardship to the margins.

More than half of New Zealand's public infrastructure is at or near the end of its useful life. At the same time, most of the infrastructure we will rely on in 30 years is already built.

We cannot build our way out of this challenge. We must manage and maintain what we own far better than we do today.

'Infrastructure is not just a cost or source of deficit. It is a long-term investment in productivity, resilience and economic prosperity.'



The Opportunity: A More Responsible Way Forward

New Zealand once led the world in asset management practice. We have strong guidance, capable professionals and examples of sectoral excellence. Now, we are falling behind – we are lacking technical capability, efficient system design and consistently applied discipline.

This is a solvable problem.

By embedding asset management as a mandatory, performance-driven function, we can shift from reactive crisis response to proactive stewardship. Doing so will reduce service failures, improve resilience, extend asset life and improve value for money from infrastructure investment.

Most importantly, it will restore confidence that public infrastructure is being managed responsibly for current and future generations.

This report sets out five reforms to reset New Zealand's approach to infrastructure stewardship.

The Five Reforms: Looking After What We Have Better

1 Make Asset Management Mandatory	Asset management must move from guidance to obligation. Clear statutory requirements should apply to central government, including minimum standards for asset registers, lifecycle planning, performance monitoring, and renewal strategies. Compliance should be independently regulated and monitored. The truth is existing guidance and expectation-setting have not delivered the results we need to manage our growing infrastructure deficit. If we keep doing the same thing, we'll continue to get the same results. Stewardship cannot rely on goodwill alone.
2 Prioritise Renewal and Maintenance	Maintenance and renewal must be treated as core infrastructure investment, not discretionary spending. Before expanding the asset base, the system must ensure we optimise the use of what we already have. Renewal budgets are often underfunded and vulnerable to reallocation toward new capital projects, creating a structural bias toward expansion over optimisation. Establishing ring-fenced renewal funding, aligning depreciation settings with true replacement costs, and prioritising risk-based asset management will ensure maintenance, renewal and resilience investment keeps pace with asset deterioration and hazard exposure.
3 Change the Way We Think About Asset Management	Asset management must be recognised as a core planning discipline that supports economic outcomes, not simply a technical maintenance function. Infrastructure is not just a cost or source of deficit. It is a long-term investment in productivity, resilience and economic prosperity. Deferred maintenance is not prudent savings – it transfers cost and risk to future budgets and communities. Good stewardship ensures both existing assets and new major projects deliver value over their full lifecycle. Infrastructure success should be measured not only by what we build or its cost, but by how well assets perform, how efficiently they are utilised, and the long-term value they deliver to communities and the economy. This requires a shift in mindset toward kaitiakitanga or intergenerational stewardship – recognising our shared responsibility to care for infrastructure assets for future generations.
4 Invest in Stewardship and Culture Change – Systems, People and Processes	Stronger rules alone will not fix the problem. Reform must be matched with deliberate investment in capability and cultural change across systems, personnel and governance. Government should directly support capability uplift in agencies to strengthen asset data, lifecycle planning, and performance monitoring. Asset management roles should require recognised accreditation or qualification. Without cultural change, reform becomes a temporary relief. Without capability, mandates become compliance exercises. Without consequences, behaviour will not change.
5 Lift the Lid on Asset Performance	Reform must begin with transparency. There must be consistent, nationally comparable reporting on asset performance across all publicly owned infrastructure – not just condition, but service levels, criticality, utilisation, risk exposure, renewal backlogs, funding adequacy and whole-of-life performance. New Zealand already spends heavily on infrastructure, yet efficiency and value-for-money outcomes remain weak. Without verified asset inventory and credible performance data, underinvestment and non-delivery remain hidden.

1

How Did We Get Here?

“New Zealanders know that while we had great decades of building, our schools, hospitals, water and transport networks have not been maintained. This lack of care affects us negatively in the present, but unless we change our approach to funding better asset management, it’s going to be worse for coming generations. 60% of what is considered our significant “infrastructure deficit,” is where we have failed to invest in our existing assets.”

**— Nick Leggett, Chief Executive,
Infrastructure New Zealand**

A ‘set and forget’ mentality has taken hold in parts of the system. Assets are built, then insufficiently monitored, maintained or optimised over their lifecycle. As asset condition declines, the cost of remediation escalates. Meanwhile, continued investment in new infrastructure expands the overall asset base, increasing the future maintenance burden.

Looking Back – What Changed?

Over the past 200 years or so, New Zealand has invested heavily in public and private infrastructure to support population growth and economic development. Much of what was built reflected the needs of the time.

In the early 2000s, we made meaningful progress. Asset management planning became mandatory for local authorities through amendments to the Local Government Act, and central government shifted toward more structured stewardship of roads, housing, health, education, and justice infrastructure. Renewals and maintenance were increasingly recognised as essential to sustaining long-term economic and social value.

The Global Financial Crisis disrupted that momentum. Fiscal pressures led to deferred maintenance and a ‘sweat the asset’ approach across much of the public sector. While local government retained asset management discipline due to legislative requirements, central government did not maintain the same level of consistency.

As a result, many assets built in earlier waves of development are now at the end of their useful lives. It is estimated that over 50% of New Zealand’s public assets are already in this position. Without a renewed focus on stewardship, the infrastructure legacy of past generations risks becoming a liability for future ones.



Case Study:

Health New Zealand's New Asset Management Programme

Over half of New Zealand's hospitals are over 40 years old and failing. Middlemore Hospital has been under the spotlight having suffered wastewater intrusion and mould in its medical wards and Nelson and Dunedin Hospital redevelopments have been beset by project scoping issues and cost overruns.

Health New Zealand is embarking on a prioritised investment programme (Health Infrastructure Plan) plus the adoption of the National Asset Management Strategy (NAMS). The NAMS strategy directs Health New Zealand to better understand what they own, what condition these assets are in, and where they can focus their attention in a planned way to improve the performance of those assets.

Through this process Health New Zealand and media coverage has identified the organisation's lack of asset management expertise and the poor state of its asset management generally.

Improvement is going to take time under the new approach. In the meantime, Health New Zealand will continue to invest in new assets through its prioritised investment programme. But how will they know which new assets to prioritise and how can they manage a build programme focused towards 'new stuff now'?

What Assets Do We Have and How Are They Performing?

The main infrastructure assets included in this report are what we would term ‘critical infrastructure.’ These include health, transport, energy, telecommunications, education, defence, justice, and water services. They are owned by central government, local government, and sometimes the private sector. Those assets that provide social and/or economic benefit to New Zealanders. Together, these assets, worth \$393 billion (not including Kainga Ora housing and forestry) are vital to New Zealand’s economic and social wellbeing.

Sector	Asset Importance to Service Function	Specific Asset Management Regulation	Asset Value (\$ billion)	Majority Ownership
Energy	High	Yes	44.2	Private
Telecommunications	High	Mixed	14.9	Private
Water	High	Mixed	30	Local govt
Transport	High	Yes (local roads only)	182	Local govt- Central govt
Health	Medium-high	Yes	23.3	Central govt-private
Community	Medium-high	Some	39.1 (social housing only)	Mixed
Education	Medium-high	Yes	42.5	Central govt-mixed
Justice	Medium	Yes	7.1	Central govt
Defence	High	Yes	10.2	Central govt
Land and Forestry	Medium	Yes	N/A	Mixed

Source: Table adapted from Te Waihangā State of Play report 2024 and excludes Kainga Ora Housing and land and forestry holdings.

Who Owns and Funds Our Infrastructure?

Of the estimated \$393B of assets, central government owns the largest portion of New Zealand’s infrastructure assets (about 44%). Local government is responsible for around 25%, and private or commercial owners make up the remaining 31%. This means that most of the responsibility for managing and maintaining these assets – about 69% – falls to the public sector. As a result, strong public sector asset management is key to New Zealand’s success.

New Zealand’s infrastructure is funded through a combination of public and private sources, including taxes, user charges, rates, levies, and public-private partnerships. The government, local councils, and private entities all contribute to infrastructure projects. These same sources also fund maintenance.

Different funding options to used to pay for asset maintenance

Taxation	The government's main revenue streams, including income tax, GST, and corporate tax, are used to fund infrastructure projects.	Y	Used to Fund Maintenance
Rates	Local councils primarily rely on rates (property taxes) to fund infrastructure within their districts.	Y	
User Charges	Best use of existing systems through optimised levels of service across networks and public transport services, and allocation of network capacity.	Y	
PPP	In some cases, private companies are involved in infrastructure projects, and their revenue streams are used to fund their share of the project.	N	
Loans and Equity Investments	Infrastructure projects can be financed through loans and equity investments, allowing for up-front costs to be repaid over time.	N	
National Infrastructure Funding and Financing Limited (NIFFCo)	Consider investment in new infrastructure, matching the levels of service provided against affordability and This government agency provides expertise and support for infrastructure funding, including through PPPs and capital markets.	N	
National Land Transport Fund (NLTF)	This fund, supported by user charges and other sources, specifically finances land transport infrastructure projects.	Y	
Third-Party Funding	External funding can be accessed for councils and central government agencies facing borrowing constraints.	Y	

Source: Funding Sources Table, Beca (2025).

2

Make Asset Management Mandatory

According to the National Infrastructure Plan (NIP), much of the infrastructure we need over the next 30 years already exists. However, as a nation, we just don't allow enough money for operations, maintenance and renewals over the life of an asset.

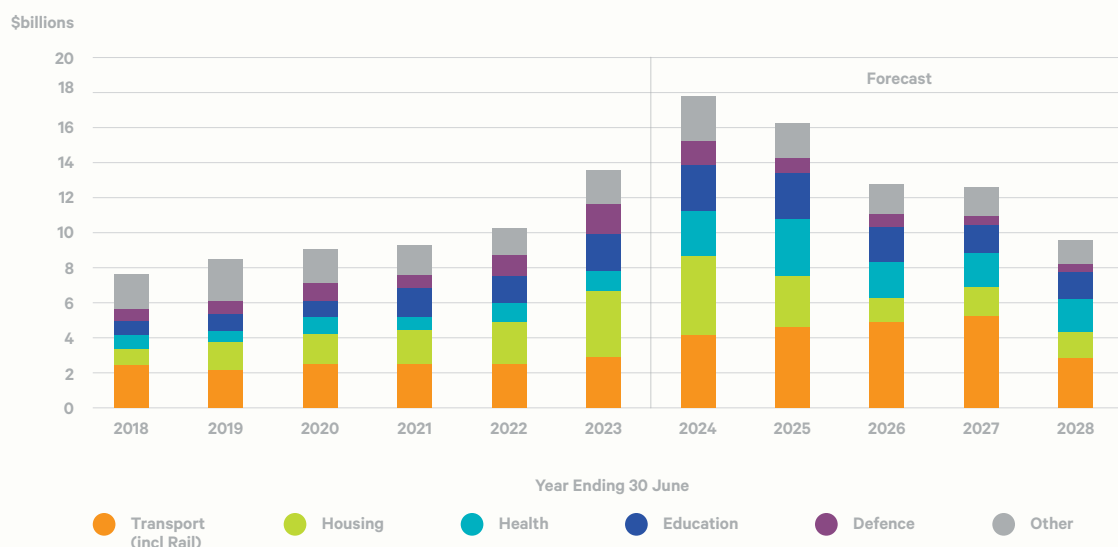
In 2024, Treasury signalled¹ significant new infrastructure spending over the next four years – \$44 billion of projects under construction, and over \$15 billion more in procurement or near construction in 2025.

While recent estimates value our infrastructure deficit at over \$200 billion, our own estimates – which incorporates the full spectrum of lifecycle costs, such as operations, maintenance and renewals – places this number at closer to \$1 trillion dollars.

If we don't make asset management a mandatory part of the overall planning, funding and delivery system now, our infrastructure deficit will only continue to be compounded.

There will be a significant increase in future infrastructure spending

Treasury forecast conducted for Budget 2024



Source: Fixing New Zealand's Infrastructure Deficit. Media release, Hon. Chris Bishop. 30 May 2024.

¹ <https://www.beehive.govt.nz/release/fixing-new-zealand%E2%80%99s-infrastructure-deficit>

Depoliticising Infrastructure Asset Management

While asset management itself is not inherently political, infrastructure decisions are inevitably shaped by politics because it involves the appropriation of public funds. Increasingly, this can introduce uncertainty, short-term decision-making and shifting regulatory settings as goalposts shift between political cycles. Building bipartisan consensus around infrastructure maintenance and long-term asset management is critical in protecting the performance and value of public assets now and for future generations.

“The heart of the politics of infrastructure is around funding, which will remain political. We need to recognise that reality. However, we must drive the right framework and system disciplines that provide independent project and asset advice, along with greater multi-year funding certainty. The role of political leadership should be in strategic priority setting, system stewardship and appropriation of capital budgets to build the infrastructure our nation needs. In the first instance, we need there to be political consensus built that recognises the risk to our assets from poor infrastructure disciplines and practices, and too much political interference.”

**— Nick Leggett, Chief Executive,
Infrastructure New Zealand**



Enough Guidance and Expectation Setting

The government's ongoing efforts to strengthen public sector asset management are recognised and supported. This includes findings relating to asset management in the National Infrastructure Plan, Te Waihangā's Asset Management and Investment Planning Guidance, Cabinet's Asset Management Work Programme, and Treasury's planned update to Cabinet Office Circular CO (23)9 on Investment Management and Asset Performance.

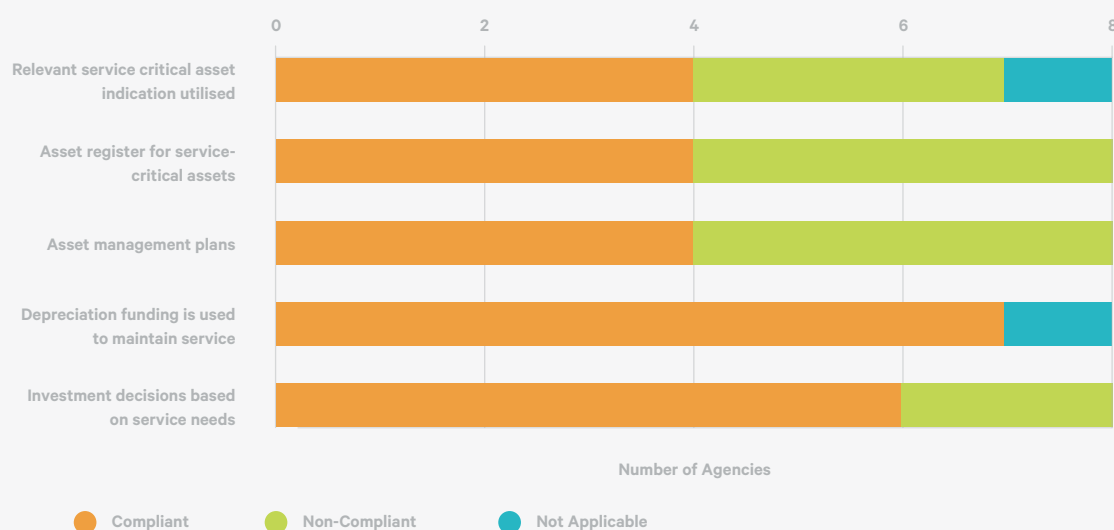
These initiatives send a clear signal that agencies must better understand, maintain and manage the infrastructure they already own. However, expectations and guidance alone have not delivered consistent asset management performance across the public sector.

CO (23)9 already requires Chief Executives to attest to the performance of their asset portfolios and ensure agencies have appropriate asset management planning and capability in place. Despite this, the evidence suggests that core asset management fundamentals are still not being met. In fact, the NIP reports that 'half of all capital-intensive agencies have self-reported that they do not have robust, comprehensive asset registers in place or adequate plans for looking after existing infrastructure.'

Without stronger system disciplines and clearer links between asset management performance and funding decisions, asset stewardship will continue to be treated as secondary to new capital investment.

Many Capital-Intensive Agencies Are Not Compliant with Asset Management Expectations

Figure 28: Capital-intensive agencies' self-reported compliance with Cabinet Office circular CO (23) 9 Investment Management and Asset Performance requirements



Source: National Infrastructure Plan. New Zealand Infrastructure Commission (2026).



Getting the Regulatory Settings Right

Regulation plays an important role in infrastructure asset management by setting minimum standards for how assets are planned, maintained and monitored. In parts of New Zealand's infrastructure system this discipline already exists.

Sectors such as energy and water operate within regulatory frameworks that impose performance expectations on infrastructure providers. Local government, which is responsible for managing about 25% of our infrastructure assets, is also subject to statutory requirements. No equivalent requirement applies across central government – despite owning approximately 44% of public infrastructure assets.

The Public Finance Act should be amended to set mandatory asset management requirements. At a minimum, this should require greater transparency and accountability over the condition and performance of central government assets, including:

- Annual reporting of asset condition ratings
- Quantification of renewal backlogs
- Disclosure of depreciation compared with actual reinvestment levels
- 10–20 year capital maintenance forecasts
- Regular asset management maturity assessments

International models demonstrate how this can work in practice. In Victoria, the Asset Management Accountability Framework (AMAF) is supported through the Financial Management Act 1994. Embedding similar requirements in New Zealand's Public Finance Act, coupled with expectations set in CO(23)9 would move asset management from guidance to obligation.



Case Study:

Victoria's Asset Management Accountability Framework (AMAF)

An example of an approach that New Zealand could adopt is Victoria's Asset Management Accountability Framework (AMAF).

AMAF provides a devolved accountability model of asset management that enables public sector bodies to manage their assets in a way that aligns with overarching government requirements, while also accommodating their specific operational contexts and characteristics of their asset base.

AMAF emphasises flexibility and local responsibility, outlining mandatory requirements such as the development of asset management strategies, governance frameworks, performance standards, and continuous improvement processes. It also requires systems for asset maintenance and mechanisms to identify and address performance failures.

Alongside these requirements, the AMAF provides general guidance to support agencies in effectively managing their assets within this flexible, accountable framework.

A Single Asset Management Regulator

Asset stewardship should be subject to stronger oversight than currently exists. This goes beyond the traditional role of Audit New Zealand and requires a more systemic approach.

Internationally, dedicated asset management oversight mechanisms already exist. New Zealand is beginning to move in this direction in some sectors – for example, the water services system through Taumata Arowai for environmental regulation and Commerce Commission for economic regulation.

To ensure consistent standards, there should be a single oversight body for publicly funded infrastructure assets. If given appropriate legislative powers, Te Waihangā is a logical option.

‘To ensure consistent standards, there should be a single oversight body for publicly funded infrastructure assets.’

KEY ACTIONS:

Action 1: Amend the Public Finance Act to Mandate Asset Management

All public sector agencies to implement formal asset management frameworks and maintain long-term asset management plans aligned with service delivery outcomes and lifecycle funding requirements.

Action 2: Implement a National Asset Management Accountability Framework (AMAF)

Strengthen oversight of public infrastructure assets (e.g. Victoria’s AMAF) and align asset management practices with the NIP.

Action 3: Establish a Single Public Sector Asset Management Regulator

Create a single national regulator responsible for setting standards, monitoring asset performance, and ensuring consistent asset management practices across all publicly funded infrastructure assets.

3

Prioritise Asset Maintenance and Renewal

The funds required for maintenance come from a limited operation pool that has significant pressure from other expenditure streams. As a result, maintenance and renewal budgets are frequently sacrificed under fiscal pressure or political cycles.

Balancing competing priorities is central to effective asset management. Governments must weigh capital and operational budgets, short-term cost pressures against long-term resilience, and financial efficiency against social equity.

Funding Needs to Be Protected

Infrastructure funding frameworks should prioritise maintenance and renewal through ring-fenced asset renewal funds – a defined portion of infrastructure funding dedicated to maintaining existing assets.

One mechanism to support this would be amending the Public Finance Act to ensure depreciation funding is allocated into dedicated renewal buckets – which are funded at least dollar-for-dollar with depreciation (rather than the current level of around 76 cents). Additional mechanisms may also be required to provide headroom for inflationary pressures affecting maintenance, operations, and renewal costs.

Long-term contractual models such as public-private partnerships (PPPs) can also reinforce lifecycle asset management, as maintenance and renewal obligations are embedded within contracts and linked to performance standards over the life of the asset.

The 60:40 split

According to the NIP, for every \$10 invested in new infrastructure, nearly \$6 is needed to repair or replace existing assets. However, this 60:40 split should not be treated as a universal benchmark.

Different asset types – such as roads, buildings, water networks, and ports – have varying lifecycles and maintenance needs. A more meaningful indicator is the ratio of maintenance and renewal expenditure relative to asset replacement value, which better reflects the scale and condition of existing infrastructure assets.



Case Study:

National Land Transport Fund

An example of a policy setting that works is the National Land Transport Fund (NLTF), which is developed every three years, administered by the Ministry of Transport and delivered by NZTA. Investments are prioritised through a mechanism called Investment Prioritisation Method (IPM) and all funds must link to the objectives of the current Government Policy Statement (GPS).

Activities funded in this 2024-2027 period have seen maintenance and renewals funded alongside some major capital projects. An extension to this could be to build in regulatory mandates (e.g. all road renewals and maintenance must have first call from NLTF before growth projects).

Aligning Depreciation with Renewal Funding

A key challenge in infrastructure asset management is the limitation of New Zealand's depreciation framework. Depreciation is intended to signal asset consumption and guide renewal funding, but in practice it often does not reflect replacement costs, inflation, or asset performance. As a result, maintenance and renewal can be deferred in favour of new capital spending.

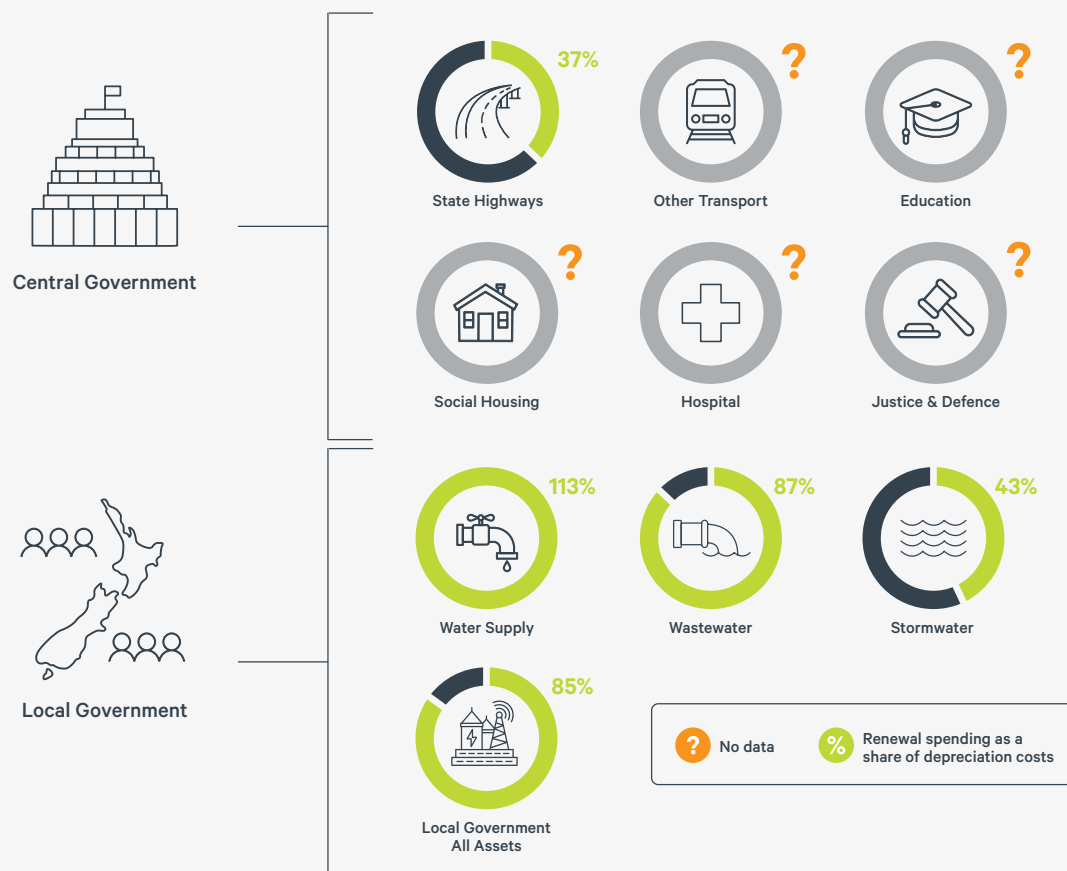
Evidence from Audit New Zealand shows that local authorities are not reinvesting at the level suggested by depreciation. Since 2012/13, capital expenditure on renewals has consistently fallen below depreciation expense – sitting at around 76–78 percent in recent years.

Other jurisdictions have taken steps to address this. For example, Canada has strengthened the use of accrual-based infrastructure accounting to better align asset depreciation with long-term renewal funding.

Reviewing New Zealand's depreciation framework would help ensure infrastructure assets are sustainably maintained while supporting future investment decisions.

We Need Better Data on the State of Public Assets

Figure 29: Renewal to depreciation ratios for publicly owned network infrastructure sectors



Source: New Zealand Infrastructure Commission analysis based on data from NZTA and the Office of the Auditor-General. Local government renewal spending is forecast data based on 2024–2034 long-term plans.

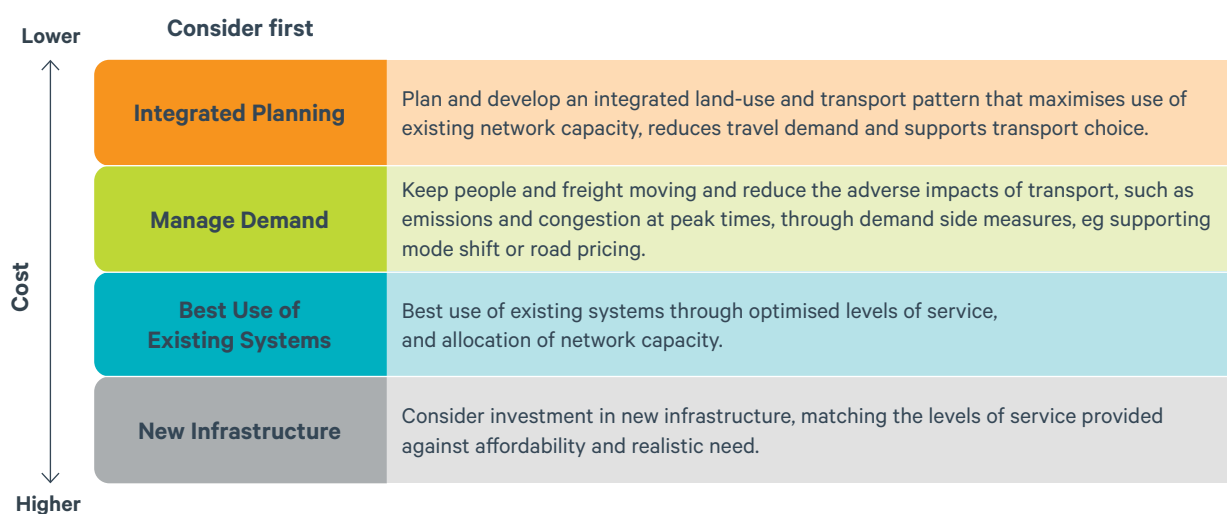
Make Better Use of What We Have

Asset management insight should play a stronger role in infrastructure investment decisions. Infrastructure planning has often focused on identifying new projects to support growth rather than examining whether existing infrastructure can be better utilised, optimised or upgraded.

Future Development Strategies such as Futureproof in the Waikato and SmartGrowth in the Western Bay of Plenty identify infrastructure needed to enable growth but do not consider optimising the use of existing infrastructure. As a result, planning processes can favour expansion of infrastructure networks rather than maximising use of existing assets.

The New Zealand Transport Agency's hierarchy of interventions provides a useful framework – it prioritises improving the utilisation and performance of existing infrastructure before expanding the asset base.

Applied across infrastructure, this can ensure earlier consideration of optimisation measures such as targeted upgrades in brownfield areas, and demand management initiatives (e.g. water metering or time-of-use charging). These can often unlock additional capacity within existing networks at lower cost and faster timeframes than building entirely new infrastructure.



Source: New Zealand Transport Agency's Hierarchy of Interventions model.

Maintaining Our Assets to Ensure Resilience Against Natural Hazards

New Zealand faces significant exposure to natural hazards. The NIP notes that central government spent at least \$33 billion responding to and addressing hazard events between 2010 and 2025. Building resilient infrastructure and investing in climate adaptation is therefore not discretionary – it is economically rational risk management.

Infrastructure resilience is closely linked to asset condition and ongoing maintenance. Assets that are poorly maintained or nearing the end of their lifecycle are significantly more vulnerable to failure during hazard events. Deferred maintenance and ageing infrastructure increase the likelihood of service disruption and can amplify the economic and social impacts of disasters.

Infrastructure Failure Affects Our Lives

Recent events highlight the risks of failing infrastructure. Damage from the 2011 Christchurch earthquakes continues to affect infrastructure networks, while Cyclone Gabrielle and flooding in Hawke's Bay and the Marlborough Sounds exposed the vulnerability of transport and community infrastructure to extreme weather events.

In many cases, these events revealed not only the scale of hazard exposure but also the challenges associated with maintaining and renewing critical assets.

KEY ACTIONS:

Action 4: Create Ringfenced Asset Renewal Funds

Establish dedicated asset renewal funding streams that are protected from reallocation, ensuring maintenance and renewal investment keeps pace with asset deterioration and supports long-term infrastructure performance.

Action 5: Review New Zealand's Depreciation Framework

Te Waihangā to review the depreciation framework to ensure it reflects the lifecycle costs of infrastructure assets and aligns depreciation signals with sustainable maintenance and renewal funding.

Action 6: Adopt a Hierarchy of Interventions Model

Embed a hierarchy of interventions approach across infrastructure decision-making. This means prioritising optimisation, maintenance and targeted upgrades of existing assets before committing to new capital investment.

Action 7: Safeguard Resilience Through Risk-based Asset Management

Require infrastructure owners to integrate natural hazard risk, asset condition and criticality considerations into asset management planning to prioritise investment for assets most vulnerable to disruptive events.



Changing How We Think About Asset Management

A stronger planning and economic perspective must underpin how we make decisions about infrastructure assets – it directly affects national productivity, the cost of doing business and the wellbeing of communities. When infrastructure is poorly maintained or underperforming, the consequences are felt across the economy through reduced reliability, higher costs and constrained growth.

Shifting the dialogue means we need to change the way we think about infrastructure, and decision-makers must understand asset management in real economic terms. Recognising infrastructure as both an economic enabler and a shared intergenerational asset creates a stronger foundation for decision-making about how assets are planned, maintained and optimised.

Infrastructure as a Driver for Long-term Prosperity

Infrastructure underpins economic productivity. Strong transport networks reduce the cost of moving people and goods, energy systems power industry, and water and digital networks support growing communities and businesses. When infrastructure performs well it enables economic growth, supports regional development and improves living standards.

“Infrastructure is not simply a cost. It is an investment in prosperity, productivity and resilience. Over time, well-planned infrastructure enables higher incomes through growth, stronger public finances and social progress.”

**— Nick Leggett, Chief Executive,
Infrastructure New Zealand**

Asset management therefore has direct economic consequences. Poorly maintained infrastructure increases operating costs for businesses, reduces reliability of essential services, and constrains economic activity. Deferred maintenance may reduce costs in the short term but ultimately creates larger fiscal liabilities as assets deteriorate faster, fail prematurely or require more costly replacement.

Infrastructure investment decisions consider the long-term economic value it generates, including its ability to sustain lifecycle maintenance and renewal costs.



Case Study:

Strong Towns – Financially Productive Infrastructure

The Strong Towns approach developed by Charles Marohn in the United States argues that many infrastructure systems become financially unsustainable because governments prioritise building new assets without adequately accounting for the long-term costs of maintaining and renewing them.

Analysis of several North American cities found that low-density development often generates less tax revenue per hectare than the long-term cost of maintaining the infrastructure that supports it, such as roads, pipes, and public services.

The Strong Towns framework promotes financially productive infrastructure, where investment decisions consider whether an asset generates enough long-term economic value to support its lifecycle maintenance and renewal costs. The model encourages governments to prioritise maintaining existing infrastructure, incremental improvements and development patterns that strengthen the financial resilience of infrastructure systems – rather than just expanding existing infrastructure systems.

Taking the Long-Term View

Infrastructure assets operate over long timeframes, often serving communities for decades. Asset management must therefore take an intergenerational perspective that extends beyond electoral cycles and annual budget processes. Embedding the principles of kaitiakitanga and stewardship into infrastructure decision-making can help New Zealand shift from reactive responses to more resilient, long-term infrastructure systems.

Te Waihangā should be empowered to operate a truly independent advisor across political cycles, helping guide national and regional infrastructure strategies. Regional Spatial Plans and Regional Deals provide an opportunity to take a more strategic approach by establishing long-term asset management strategies co-developed with iwi. These strategies should align infrastructure investment with regional priorities, reflect mātauranga Māori and be supported by clear funding envelopes and infrastructure pipelines.

Taking a longer-term view also opens the door to innovative funding approaches, such as infrastructure bonds or long-life investment funds, reducing reliance on short-term budget cycles while supporting the stewardship of assets for future generations.

Building Public Awareness and Accountability

Changing the way New Zealand manages infrastructure also requires greater public and political awareness of asset performance. Infrastructure challenges often remain invisible until systems fail. Pipes burst, roads deteriorate, or critical facilities reach the end of their life with little public understanding of how those risks developed.

Communicating the economic and societal value of infrastructure stewardship is critical. Well-maintained infrastructure supports safety, reliability, economic activity and long-term affordability. Conversely, deferred maintenance increases costs over time and can lead to service disruption and costly emergency interventions.

Public reporting tools such as dashboards, infrastructure performance reports and scenario modelling can help translate complex technical data into clear information about the value infrastructure provides and the risks of underinvestment. This enables more honest dialogue with decision-makers and the public about the importance of maintaining and renewing infrastructure and supports more informed decisions about long-term investment.

‘Infrastructure challenges often remain invisible until systems fail.’

KEY ACTIONS:**Action 8: Recognise Infrastructure as a Driver of Economic Prosperity**

Move beyond reliance on traditional Benefit–Cost Ratios by mandating broader social and economic benefit analysis – including long-term productivity impacts, financially productive infrastructure (e.g. Strong Towns Framework), and realised benefits from existing assets within similar infrastructure classes.

Action 9: Regions to Develop Long-term Infrastructure Asset Management Strategies

Regional Spatial Plans and Regional Deals should adopt longer-term, scenario-based planning horizons and support the development of regional infrastructure asset management strategies. These should be co-developed with iwi to align regional priorities with long-term stewardship, infrastructure performance and development objectives.

Action 10: Embed Principles of Kaitiakitanga in Asset Management

Incorporate mātauranga Māori and the Te Ao Māori-based Āpōpō Guide into public sector asset management practice to strengthen intergenerational stewardship of infrastructure.

Action 11: Maintain Public Awareness of Infrastructure Stewardship

Strengthen public understanding of the importance of maintaining and renewing public assets through improved communication and education. Enhance transparency by establishing reporting standards on asset condition and levels of investment in maintenance and renewal across all public asset classes.

‘Deferred maintenance increases costs over time and can lead to service disruption and costly emergency interventions.’

5

Invest in Stewardship and Culture – Systems, People and Processes

Effective asset management depends on strong systems, skilled people and clear governance. In *Taking Care of Tomorrow Today*, Te Waihangā identifies governance as a critical enabler of asset management maturity, noting a lack of understanding and oversight at the governance level across parts of New Zealand's infrastructure system.

International experience demonstrates the benefits of embedding asset management responsibilities within organisational governance frameworks. For example, Canadian guidance encourages organisations to formally integrate asset management into strategic planning and performance oversight so that infrastructure decisions remain aligned across departments and over time.

“I think we need to be honest about the fact that we’ve done asset management poorly in central government for decades. Too often we see the result of a lack of care in managing the infrastructure assets entrusted to agencies. First, central government does not treat asset management as a fundamental component of service delivery. Second, agencies do not have good enough information on their assets. Third, governance is weak. Fourth, visibility and support for asset management is lacking at senior levels within agencies.”

— Infrastructure Minister Chris Bishop, May 2024



Global good practice recommends assessing six key factors to effective asset management and decision making:**1****The Importance of Strategic Asset Management**

- There is a strong emphasis on aligning asset management strategies with broader organisational or national objectives.
- This strategic alignment ensures that asset management contributes effectively to long-term goals and sustainable management.
- There is also a need to integrate strategic planning into asset lifecycle management to enhance decision-making and resource allocation.

2**The Need for Data Analytics and Performance Metrics**

- There are outcome benefits resulting from enhanced data analytics and the establishment of performance metrics.
- Capturing and analysing data to inform asset management decisions, improves efficiency and effectiveness.
- This includes the use of key performance indicators (KPIs) and other metrics to assess and report on asset performance.
- This then assists in providing transparency and accountability.

3**Ensuring Risk Management and Compliance**

- Effective risk management is highlighted as a key need.
- There is an emphasis on identifying, assessing, and mitigating asset-related risk.
- Compliance with established standards and practices is recommended, ensuring that asset management processes adhere to regulatory requirements and best practices.
- This includes maintaining asset registers and management plans as part of compliance tasks.

4**Adopting a Lifecycle and Sustainability Focus**

- A whole-of-lifecycle approach to asset management is recommended.
- This includes the need for effective maintenance, renewal, and sustainability practices.
- The approach should involve practices that consider the entire lifecycle of assets, from acquisition through to disposal, to optimise their use and extend their useful life.
- Sustainability considerations, such as addressing aging infrastructure and the impacts of climate change, are also integral to this lifecycle management approach.
- Financial affordability and sustainability considerations are also required.

5**Stakeholder Engagement and Cultural Alignment**

- Stakeholder engagement is crucial for fostering collaboration and achieving strategic goals.
- To be effective asset management requires the engagement of a diverse set of stakeholders, this also requires effective leadership commitment and an organisational culture that supports asset management practices.
- Aligning asset management practices with the cultural and operational values of the organisation ensures broader acceptance and integration.

6**Commitment to Continuous Improvement and Adaptation**

- Continuous evaluation and adaptation of asset management practices are encouraged to keep pace with changing conditions and emerging challenges.
- This involves regularly updating strategies and practices based on feedback and assessment of outcomes, ensuring adaptability and ongoing improvement.

Invest in Uplifting Capability for Strategic Asset Management

Strengthening asset management capability across the infrastructure system will require targeted investment. Many agencies currently need to fund strategic asset management functions from already constrained operating budgets. This makes it difficult to prioritise foundational work which is often deferred in favour of more immediate operational priorities – despite strong evidence that high-quality strategic asset management reduces risk of asset failure and costly reactive spending.

Commitment this year, to a \$100 million strategic asset management fund could help address these gaps. The purpose will be to strengthen the capability that underpins infrastructure decision-making, such as preparing asset management plans, improving asset data or developing systems to store and analyse asset performance information.

“By strengthening the ‘brain’ of the system, a ring-fenced asset management fund is a very strong lever to unlock better value from our investments.”

— Priyani de Silva-Currie, Beca

Improving strategic asset management capability will help unlock greater value from infrastructure investment over time through improved asset data, stronger governance and better lifecycle planning.

Better Procurement Practices for Asset Management

Procurement plays a critical role in the asset management system, influencing the quality, cost and lifecycle performance of infrastructure assets.

New Zealand has established procurement guidance through the Ministry of Business, Innovation and Employment’s Government Procurement Rules and associated All-of-Government procurement arrangements. However, the application of these guidelines is inconsistent across agencies, leading to variability in procurement quality and decision-making – in fact, the OECD has ranked us among the weakest jurisdictions in this area.

Effective public procurement practices can also support stronger lifecycle stewardship of infrastructure assets. International guidance highlights that procurement models which incorporate lifecycle performance incentives – including approaches such as Public Private Partnerships (PPPs) – can help ensure assets are maintained to a high standard and deliver reliable services over time.

Is There Enough Expertise in Asset Management Within Local and Central Government?

New Zealand faces a shortage of skilled asset management professionals, particularly within the public sector. This capability gap affects the quality of infrastructure decision-making and the ability of agencies to manage long-term asset performance.

“Our country requires some 1500 qualified asset managers to provide accountability, governance and responsibility for the infrastructure we have in New Zealand”

— Āpōpō, CEO, Murray Pugh, May 2025

Membership data from Āpōpō highlights differences in asset management maturity across the public sector. As of May 2025, only 16 central government agencies (around 5%) were members of the organisation, compared with 57 of 80 local authorities (71%). This suggests asset management capability and engagement remain significantly less developed across parts of central government.

What Skills are Missing, and How Do We Attract and Train Talent?

There is now a growing ecosystem of professional development tools. These include micro-credentials, diplomas and postgraduate programmes, alongside internationally recognised accreditations. In 2023, New Zealand launched the Āpōpō Guide, a Te Ao Māori-based indigenous framework that blends traditional Māori knowledge with modern asset management practice.

The Asset Management Chartered Professional (AMCP) accreditation was introduced in 2024, and an organisational accreditation programme is planned for 2026. These initiatives aim to raise professional standards and build system-wide capability, although uptake has been modest so far.

Despite 3,460 engineering-related qualifications completed in 2023, only a small number focused on asset management. Just 30 undergraduate degrees and around 60 diplomas were completed in this field, while only 27 students were enrolled in the University of Auckland’s Master of Asset Management programme. This limited talent pipeline must grow to meet increasing infrastructure demands.

Unlike Chartered Professional Engineers, Asset Management Chartered Professional (AMCP) accreditation is not yet a legislated requirement. New Zealand’s AMCP accreditation is a world-first initiative and is leading global practice in establishing measurable professional standards within the asset management discipline. Formal recognition could accelerate uptake and further elevate standards across the public sector.

“Building a strong asset management workforce is fundamentally the only way to make a lasting change.”

— Peter Higgs, Past President and CEO, IPWEA NZ, June 2025

To secure New Zealand's infrastructure future, education and workforce development must be prioritised. Tertiary institutions should expand asset management programmes, while employers invest in upskilling staff in commercial, financial and digital capabilities. Practical on-the-job training will remain essential.

Attracting future talent must also start early. Promoting asset management careers in schools, polytechnics and universities – alongside scholarships that remove barriers to entry – will help inspire the next generation responsible for managing New Zealand's infrastructure.

KEY ACTIONS:

Action 12: Establish a \$100 million Strategic Asset Management Capability Fund

Establish a fund in 2026 to invest in central government, local authorities and CCOs to strengthen asset management capability, including asset plans, data systems and lifecycle decision-making.

Action 13: Require Consistent Use of MBIE's Government Procurement Rules and All-of-Government Procurement Arrangements

This should be used across publicly funded infrastructure investment to strengthen procurement practices for asset management.

Action 14: Mandate Accredited Asset Management Professionals and Organisational Accreditation

Require accredited asset management professionals to manage public infrastructure assets and require public sector organisations to obtain New Zealand-based asset management organisational accreditation.

Action 15: Promote Asset Management Education and Workforce Upskilling

Support industry collaboration with tertiary institutions to expand asset management programmes, promote careers in schools and universities, and encourage employers to invest in workforce training in financial, commercial and digital skills.

‘Building a strong asset management workforce is fundamentally the only way to make a lasting change.’

6

Lift the Lid on Asset Performance

Understanding how our infrastructure is performing starts with good data. Yet across New Zealand, the completeness and quality of asset condition information vary significantly between sectors and agencies. Differences in definitions, collection methods, and reporting practices make it difficult to compare asset performance or build a clear national picture.

Effective asset management requires a broader view. Decision-makers must consider condition alongside factors such as criticality, risk, utilisation,

functionality, and service performance. Without this wider perspective, condition can become a misleading proxy for asset performance.

Without reliable information on asset condition and service outcomes, it is difficult to understand whether infrastructure is being managed effectively or whether investment is delivering the expected outcomes.



Case Study:

Improving Asset Condition Data in the Transport Sector

While national coordination of asset condition data remains limited across infrastructure sectors, the transport sector provides an example of progress.

The Road Efficiency Group – Te Ringa Maimoa (REG) is leading the Consistent Condition Data Collection (CCDC) project, which aims to establish national standards and methodologies for collecting, processing and managing asset condition data across New Zealand's transport network.



Private vs. Public Sector – What Can We Learn?

Privately owned infrastructure assets are often better maintained than publicly owned assets due to stronger financial incentives and clearer accountability. And, unlike the public sector (where responsibilities are spread across multiple agencies), privately owned assets have direct accountability for performance.

Similarly, they also benefit from commercially driven access to capital and faster decision-making processes. Without the constraints of public budget cycles, they can invest in renewals and upgrades more quickly. Many adopt a lifecycle approach to asset management, focusing on proactive maintenance and whole-of-life cost optimisation.

In sectors, such as energy and telecommunications, reliability directly affects revenue and customer retention, reinforcing the importance of strong asset management practices.

Innovation also plays an important role. Private operators adopt new technologies to improve reliability and reduce unplanned outages. These are often supported by regulatory frameworks and industry standards, such as the Global Forum for Maintenance and Asset Management (GFMAM), which encourage consistent performance measurement and continuous improvement.





Case Study:

Connexa - Private Sector Excellence in Asset Management

Connexa, New Zealand's largest mobile tower infrastructure company, is a standout example of effective private sector asset management. Managing over 2,500 tower sites nationwide, Connexa has brought discipline, innovation, and customer-centric thinking to the stewardship of critical telecommunications infrastructure. Its model focuses on long-term reliability and service quality, underpinned by strategic international investment and a clear commitment to performance-driven asset management.

Connexa's approach centres on modular, standardised tower designs and data-led processes. Each tower is treated as a discrete infrastructure asset, with lifecycle planning embedded from the outset. Purpose-built digital tools provide real-time visibility of asset performance and project delivery, enabling efficient maintenance, reduced downtime, and faster customer onboarding. Its asset management extends beyond physical structures to include secure land access, environmental compliance, and co-location strategies that optimise the use of shared infrastructure.

Can We Create a Hybrid Model that Retains Public Ownership but Improves Accountability?

A hybrid model that combines public ownership with private-sector discipline is not only possible, but already used internationally in sectors such as transport, health, and education. Examples include the Sydney Harbour Tunnel and Robina Hospital in Australia, where public ownership is paired with performance-based contracts and clear accountability frameworks.

A similar approach could strengthen public asset management in New Zealand. By embedding stronger governance structures, performance metrics, lifecycle planning, and modern technologies into public systems, a hybrid model can improve transparency, efficiency, and long-term asset performance while ensuring infrastructure continues to serve public and community interests.





Case Study:

Sydney Harbour Tunnel – A Benchmark Hybrid Infrastructure Model

The Sydney Harbour Tunnel stands as a successful example of a hybrid infrastructure model, combining public ownership with private sector delivery to achieve efficient, accountable, and high-quality outcomes. Opened in 1992, the tunnel was delivered through a Build-Own-Operate-Transfer (BOOT) arrangement between the Government of New South Wales and a private consortium. Under the agreement, the private partner was responsible for financing, designing, constructing, and operating the tunnel for a 30-year concession period, after which ownership would revert to the state.

This model enabled the government to deliver critical transport infrastructure without significant upfront public expenditure, while ensuring service delivery standards through clearly defined performance requirements. The private partner bore the commercial risk, including construction and operational costs, incentivising efficiency and long-term asset care. Throughout the concession, the tunnel was operated to high reliability standards and provided a vital additional crossing of Sydney Harbour, easing congestion on the Sydney Harbour Bridge. With ownership returning to the state in 2022, the Sydney Harbour Tunnel is widely regarded as a blueprint for hybrid infrastructure models that balance public interest with private sector rigour.

Performance Measurement Through Scorecards and KPIs

Many of the performance disciplines seen in privately owned infrastructure are underpinned by clear performance metrics and transparent reporting. Asset reliability, lifecycle costs, and investment sufficiency are closely monitored because they directly affect revenue, regulatory compliance, and investor confidence.

The public sector does not face the same commercial pressures. As a result, infrastructure performance is often less visible and accountability weaker. One way to strengthen transparency and oversight is through a public-sector asset management scorecard that evaluated performance and investment sufficiency using tailored metrics.

This approach aligns with internationally recognised frameworks such as the Public Investment Management Assessment (PIMA) and the 'Balanced Scorecard' approach which has widespread use across different sectors.

A scorecard framework could include asset management indicators such as:

- ☐ **Financial Sustainability:** Ensuring cost efficiency and budgetary alignment.
- ☐ **Service Delivery Outcomes:** Tracking adherence to service-level agreements (SLAs).
- ☐ **Risk Resilience:** Assessing preparedness against risks like natural disasters.
- ☐ **Environmental Impact:** Monitoring progress toward emission reduction targets.
- ☐ **Community Satisfaction:** Capturing stakeholder feedback on service quality.
- ☐ **Operational Efficiency:** Measuring reliability and availability of infrastructure.
- ☐ **Compliance & Governance:** Ensuring adherence to statutory regulations.

To ensure accountability, the scorecard should be supported by a set of key performance indicators (KPIs). For example, the Asset Management Framework for National and Provincial Departments (2021) developed by the National Treasury of the Republic of South Africa includes indicators such as:

Indicator	Description
Maintenance Expenditure versus Replacement Cost	Compares annual spending on maintaining and renewing assets with the cost of replacing those assets today.
Asset Sustainability Ratio	Assesses whether renewal spending is sufficient by comparing renewal expenditure with depreciation.
Deferred Maintenance	Measures maintenance work that was planned but not completed during the year.
Asset Consumption Ratio	Indicates how much of an asset's useful life has been used.
Asset Renewal Funding	Compares the net present value (NPV) of planned renewal investment with the level of renewal funding required.

Using Asset Performance to Better Support Decisions

Effective asset management requires structured decision-making frameworks to determine which assets should be maintained, improved, deferred or replaced. These decisions should be evidence-based and informed by asset condition, risk, criticality and lifecycle costs.

Asset condition data is commonly used across the public sector to assess performance. While important, this must be considered alongside criticality, risk, utilisation, functionality and service performance. Condition describes the physical state of an asset at a point in time – however, in many cases, it is used as a proxy for performance.

International guidance, including from the United Nations, highlights the need to consider a range of factors beyond asset condition alone. These include the criticality, safety, economic activity and wider considerations such as stakeholder perspectives, regulatory requirements, and long-term sustainability and resilience.

Aligning with International Asset Management Standards

New Zealand has several frameworks that support asset management practice, including alignment with international standards such as ISO 55001, the global standard for asset management. However, application of these standards remains inconsistent across sectors, and uptake of ISO 55001 certification itself has been limited.

The ISO 55000 series outlines what good asset management looks like but provides limited guidance on how organisations should implement it in practice. As a result, some organisations rely on other industry guidance to support implementation.

In New Zealand, fewer than a dozen organisations have aligned their asset management systems with ISO 55001. Uptake has been strongest in the electricity sector, with the first accreditation achieved in 2018. While certification alone does not guarantee effective asset management, stronger alignment with recognised standards can help improve consistency, governance, and performance across the infrastructure system.



Source: Asset Dynamics 2023

KEY ACTIONS:

Action 16: Update CO(23)9 to Move Beyond Condition to Asset Performance

Decision-making should incorporate condition, criticality, risk, utilisation, functionality, and service performance to support more informed infrastructure investment decisions.

Action 17: Establish a National Asset Management Scorecard

This framework should enable consistent performance measurement across sectors and allow comparison against international best practice.

Action 18: Improve Transparency of Asset Performance Data

Improve transparency of public asset performance by requiring consistent reporting of asset condition, utilisation, risk, and renewal investment across infrastructure sectors.

Action 19: Align Asset Management Practices with Recognised Standards

Adhere to GFMAM and ISO-based asset management guidance, including New Zealand guidance such as the Āpōpō Guide, to improve asset performance and management.

‘While certification alone does not guarantee effective asset management, stronger alignment with recognised standards can help improve consistency, governance, and performance across the infrastructure system.’

7

Conclusion — Asset management for a Smarter, More Sustainable Future

New Zealand is at a critical juncture in the stewardship of its public infrastructure. Years of underinvestment, reactive planning and fragmented oversight have left essential assets vulnerable to failure, inefficiency and missed opportunities to create value. This report highlights the need for a cultural and systemic shift – one that places long-term thinking, intergenerational responsibility and whole-of-life asset care at the centre of how infrastructure is managed across government and sectors.

Embedding asset management at the core of the infrastructure system is not only a technical challenge but a strategic opportunity. With stronger governance frameworks, a skilled workforce, better asset data and greater public accountability, New Zealand can move toward a more resilient and effective infrastructure system. Doing so will improve service reliability, support regional economic development and ensure public assets continue to deliver value for communities and future generations.



Appendix 1 – Actions Under the Five Reforms

Make Asset Management Mandatory

Action 1: Amend the Public Finance Act to Mandate Asset Management

All public sector agencies to implement formal asset management frameworks and maintain long-term asset management plans aligned with service delivery outcomes and lifecycle funding requirements.

Action 2: Implement a National Asset Management Accountability Framework (AMAF)

Strengthen oversight of public infrastructure assets (e.g. Victoria's AMAF) and align asset management practices with the NIP.

Action 3: Establish a Single Public Sector Asset Management Regulator

Create a single national regulator responsible for setting standards, monitoring asset performance, and ensuring consistent asset management practices across all publicly funded infrastructure assets.

Prioritise Asset Maintenance and Renewal

Action 4: Create Ringfenced Asset Renewal Funds

Establish dedicated asset renewal funding streams that are protected from reallocation, ensuring maintenance and renewal investment keeps pace with asset deterioration and supports long-term infrastructure performance.

Action 5: Review New Zealand's Depreciation Framework

Te Waihangā to review the depreciation framework to ensure it reflects the lifecycle costs of infrastructure assets and aligns depreciation signals with sustainable maintenance and renewal funding.

Action 6: Adopt a Hierarchy of Interventions Model

Embed a hierarchy of interventions approach across infrastructure decision-making. This means prioritising optimisation, maintenance and targeted upgrades of existing assets before committing to new capital investment.

Action 7: Safeguard Resilience Through Risk-based Asset Management

Require infrastructure owners to integrate natural hazard risk, asset condition and criticality considerations into asset management planning to prioritise investment for assets most vulnerable to disruptive events.

Change the Way We Think About Asset Management

Action 8: Recognise Infrastructure as a Driver of Economic Prosperity

Move beyond reliance on traditional Benefit–Cost Ratios by mandating broader social and economic benefit analysis – including long-term productivity impacts, financially productive infrastructure (e.g. Strong Towns Framework), and realised benefits from existing assets within similar infrastructure classes.

Action 9: Regions to Develop Long-term Infrastructure Asset Management Strategies

Regional Spatial Plans and Regional Deals should adopt longer-term, scenario-based planning horizons and support the development of regional infrastructure asset management strategies. These should be co-developed with iwi to align regional priorities with long-term stewardship, infrastructure performance and development objectives.

Action 10: Embed Principles of Kaitiakitanga in Asset Management

Incorporate mātauranga Māori and the Te Ao Māori-based Āpōpō Guide into public sector asset management practice to strengthen intergenerational stewardship of infrastructure.

Action 11: Maintain Public Awareness of Infrastructure Stewardship

Strengthen public understanding of the importance of maintaining and renewing public assets through improved communication and education. Enhance transparency by establishing reporting standards on asset condition and levels of investment in maintenance and renewal across all public asset classes.

Invest in Stewardship and Culture – Systems, People, Process

Action 12: Establish a \$100 million Strategic Asset Management Capability Fund

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