

Breaking barriers: Connecting engineering and finance in Tasmanian state roads asset valuation

N Katsman¹, D Verdouw¹

¹State Roads Division, Department of State Growth, Hobart, TAS

Back in 2016, State Roads Division (SR) in Tasmania's Department of State Growth found itself at the crossroad of two important decisions.

One was the upcoming road asset valuation and depreciation review, and another, a much needed transition to a new asset management information system (AMIS). These important decisions synchronized with the Austroads Componentisation project and the NTC trials of Forward Looking Cost Based modelling in which Tasmanian State Roads took an active part. Both projects had a significant impact on the path SR chose, turning a crossroad into a junction by connecting the road asset valuation and depreciation review with its systems upgrade, aiming at more connected and transparent asset management practice within the agency.

Asset componentisation is a bridge between engineering and financial functions in AM that facilitates asset data and information exchange. The better that bridge, the more benefits for asset management it provides.

The article will cover the following topics:

- *Where were we?* The starting point: top-down valuation, what data was available, how did we structure our road assets. As management guru Peter Drucker states: "What gets measured gets managed".
- *Where do we want to go?* Bottom-up approach: building the value of an asset from its components, using structure from the updated 2018 Austroads Minimum Levels of Componentisation Guideline; improving our data collection, storage and use, providing the basis for an expert judgement for infrastructure decision making; moving from reactive to proactive AM and facilitating digital transformation.
- *How are we getting there?* Transition period, modelling components and their rates, incorporating new asset componentisation into our processes and systems.
- *Our challenges.* Management decisions, buy-ins from engineers and finance, early involvement and engagement of stakeholders. Asset revaluation as a driver of organisational change.