

Explaining asset management to decision makers

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Explaining asset management to decision makers

- Presentation made in Finland, France, Canada
- Not purpose built, but some wider value

Ageing infrastructure is a major challenge for communities

You are responsible for delivering
sustainable services from
infrastructure

You are responsible for delivering
sustainable services from
infrastructure

...valued in the millions

You don't have sufficient funding to
manage your infrastructure

You don't want to leave a liability
for future generations

You need a plan of action

A



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3 take-aways from the video

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3 take-aways from the video

1.

Know the key elements for future viability

2.

Answer critical questions for your community

3.

Build your understanding & capacity in AM

You need a plan of action

3 take-aways from the video

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3 take-aways from the video

1. **Know** the key elements for future viability
2. **Answer** critical questions for your community
3. **Build** your understanding & capacity in AM

1.
Know the key
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viability

1.

Know the key elements for future viability

- Understand your **stewardship** responsibilities
- Know what your community can **afford**
- Move from annual budgeting to long term **financial** planning



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2.

Answer critical
questions for
your
community

2.

Answer critical questions for your community

- How much **funding** & when to meet community needs?
- **Risks & consequences?**
- How much **willing to pay?**
- What **levels of service?**
- **Future** Population?
Climate change?

Who chooses best value plan?

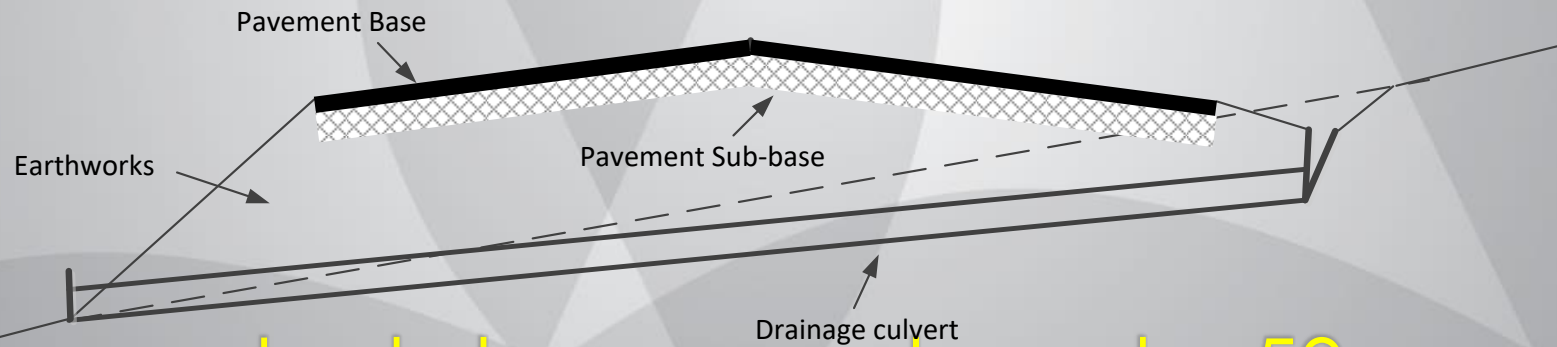
Have you explained the answers
to these critical questions?

You have a responsibility
to inform decision makers

Engineers view of Highway

Engineer's view

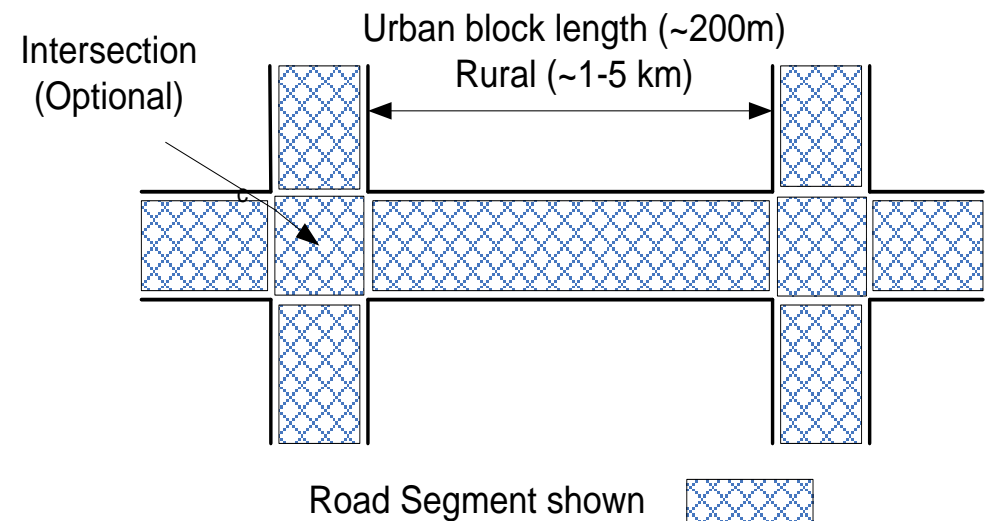
- Pavement surface – rehab after 10-15 years



- Pavement sub-base – replaced ~ 50 yrs
- Earthworks – indefinite life for alignment

Assets recognised at
component level

Segmentation

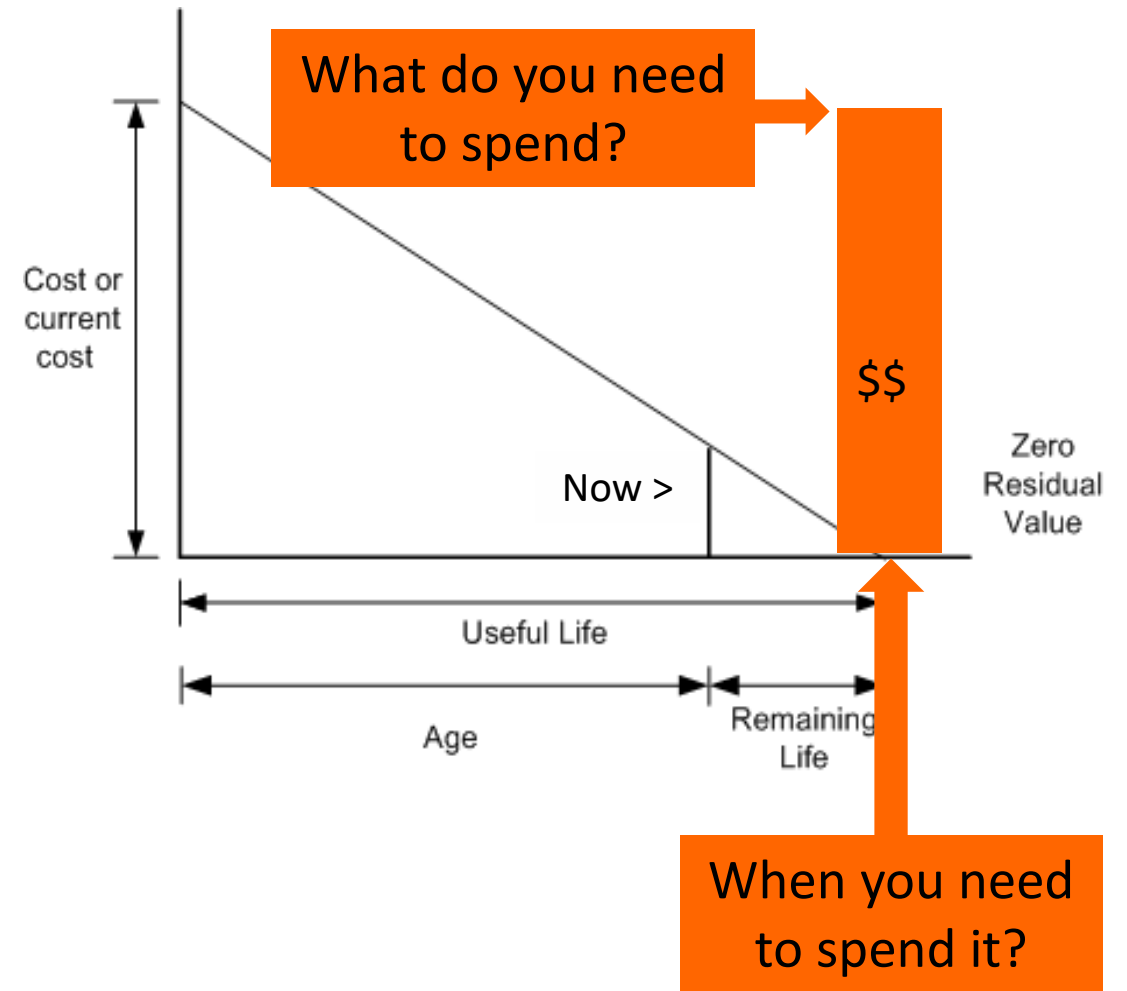


Account for
infrastructure to reflect
how managed

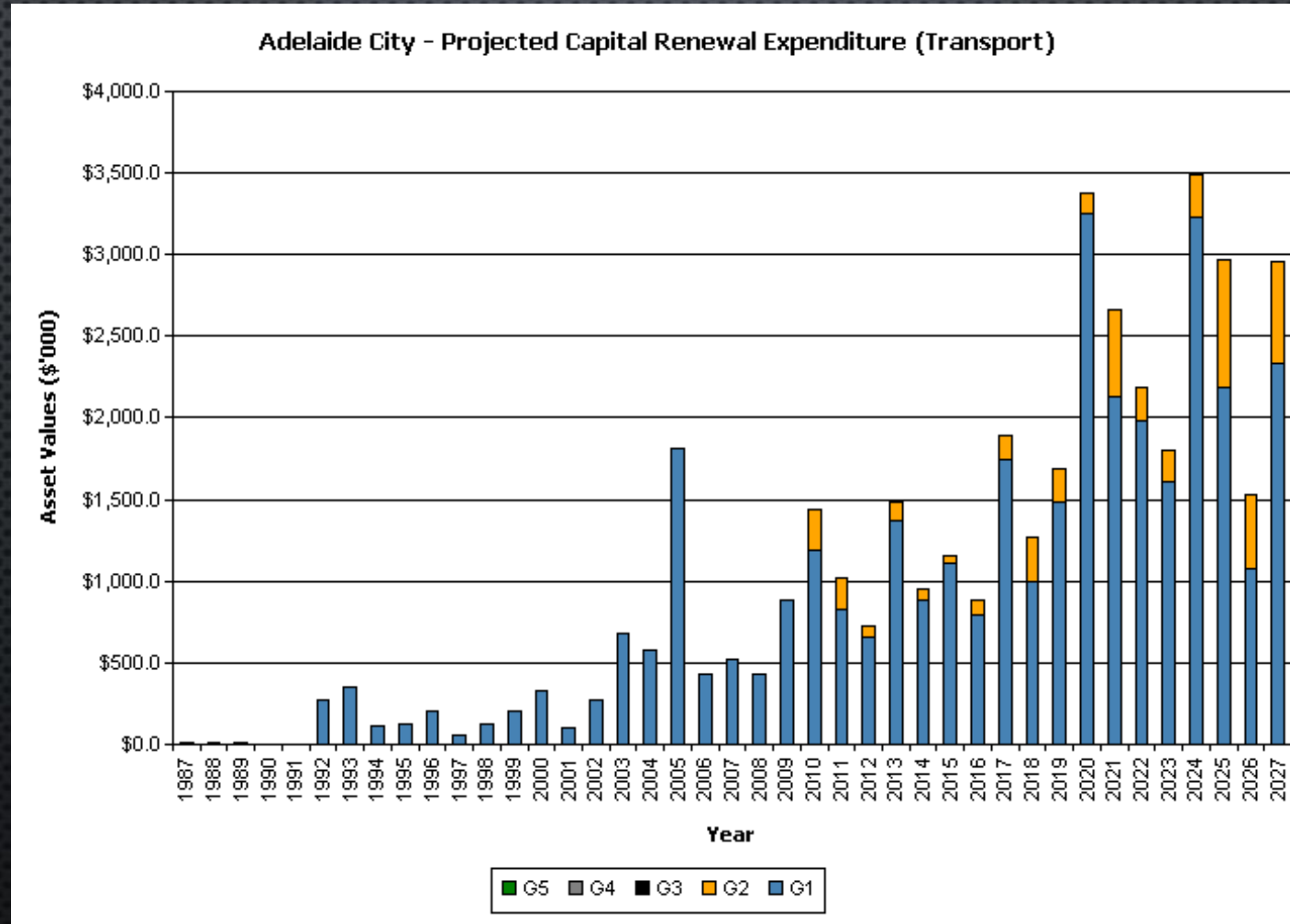
Componentisation &
segments simplifies the
task

Asset inventory

Use the data for asset renewal planning



Project capital renewal requirements



Move from annual budgeting to long term financial planning



Sustainability is maintaining financial & infrastructure capital for long term



+

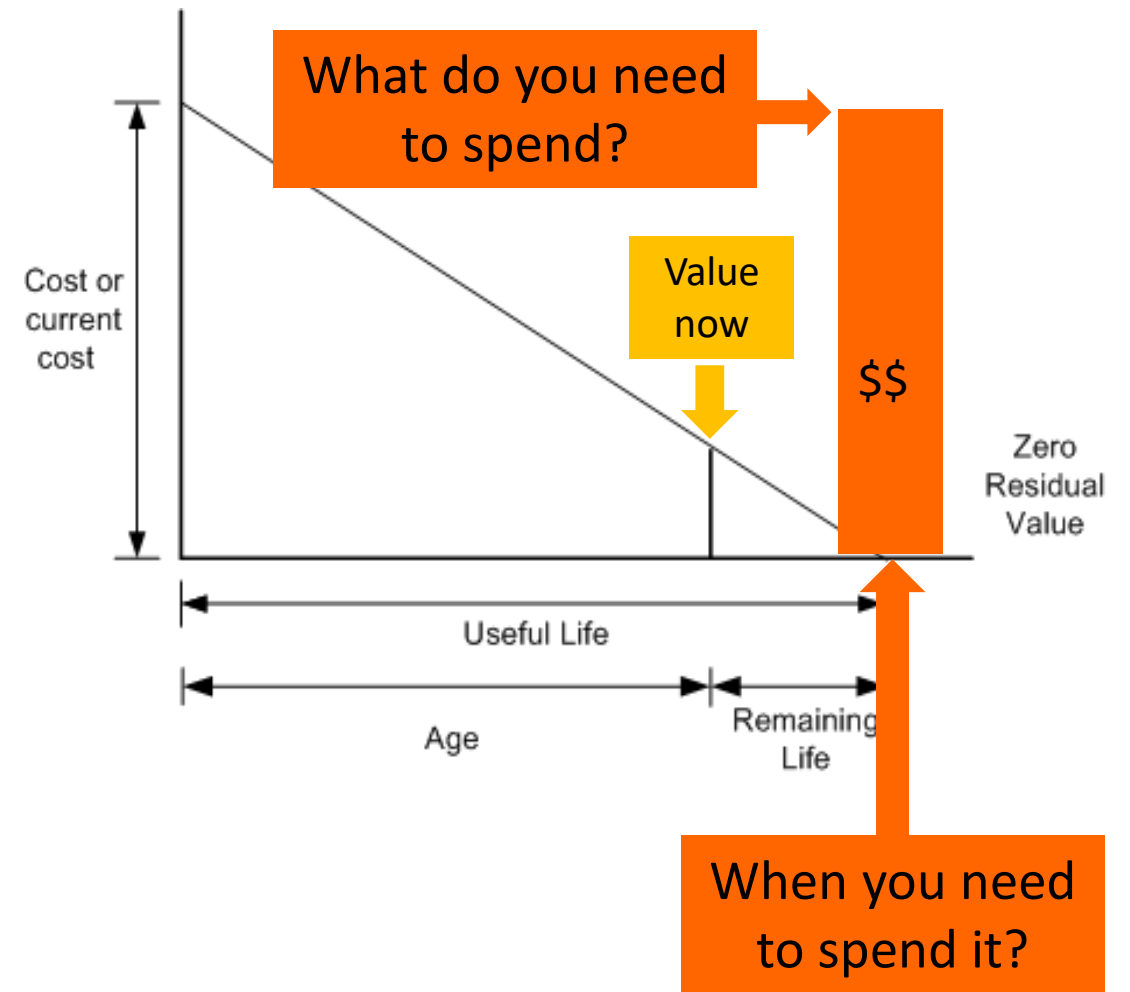


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Account for
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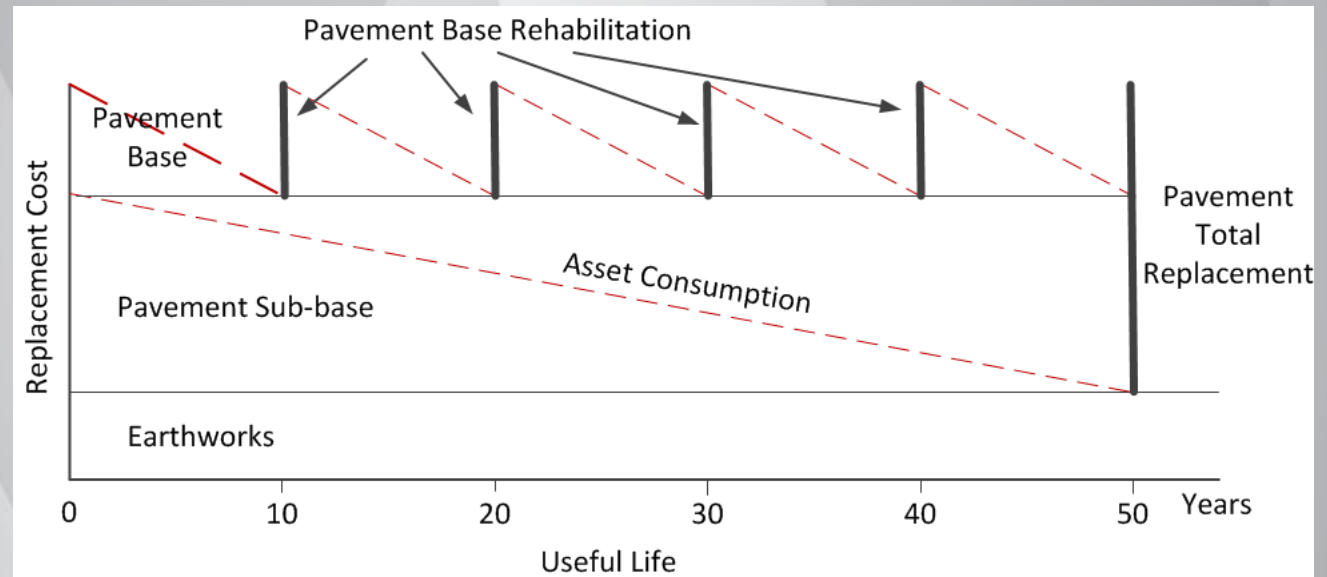


Value based on Current
Replacement Cost

Accountant's view of Highway

Accountant's view: 3 components; different lives

- Surface
- Sub-base
- Earthworks



Annual average asset consumption = Replacement cost over Useful life

Illustrative Balance Sheet

\$'000

Assets

Cash, Inventories & Receivables

X

➔ Infrastructure, Property, Plant & Equipment

X

Total Assets

X_t

Liabilities

Payables

Y

Borrowings

Y

Provisions

Y

Total Liabilities

Y_t

Equity

$X_t - Y_t$

Illustrative Income Statement

	\$'000
Operating Income	
Rates, Taxes	X
Other Income	X
	<hr/>
Total Operating Income	X
Operating Expenses	
Other	X
➡ Depreciation	X
	<hr/>
Total Operating Expenses	X
➡ Operating Result	X
Other items (e.g. cap revenues) to get net surplus	X
Other items to get total comprehensive income	X



Asset Managers don't understand Accountants

Accountants don't understand Asset Managers

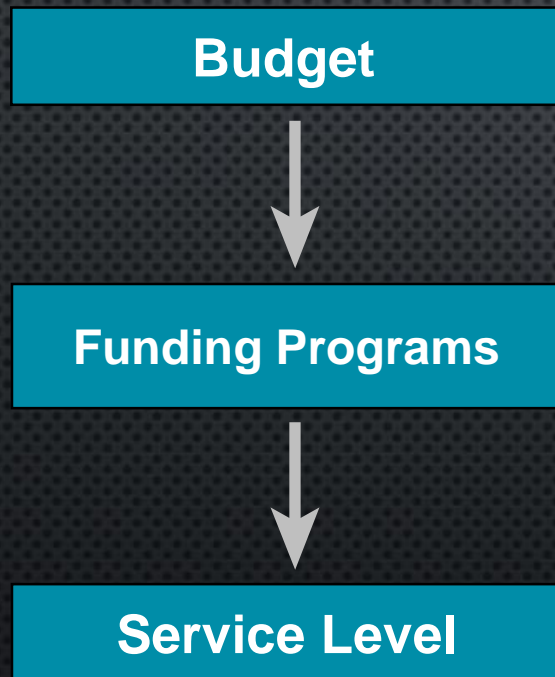
Asset Managers & Accountants
“talking the same language”

Managing the gap (not funding it)

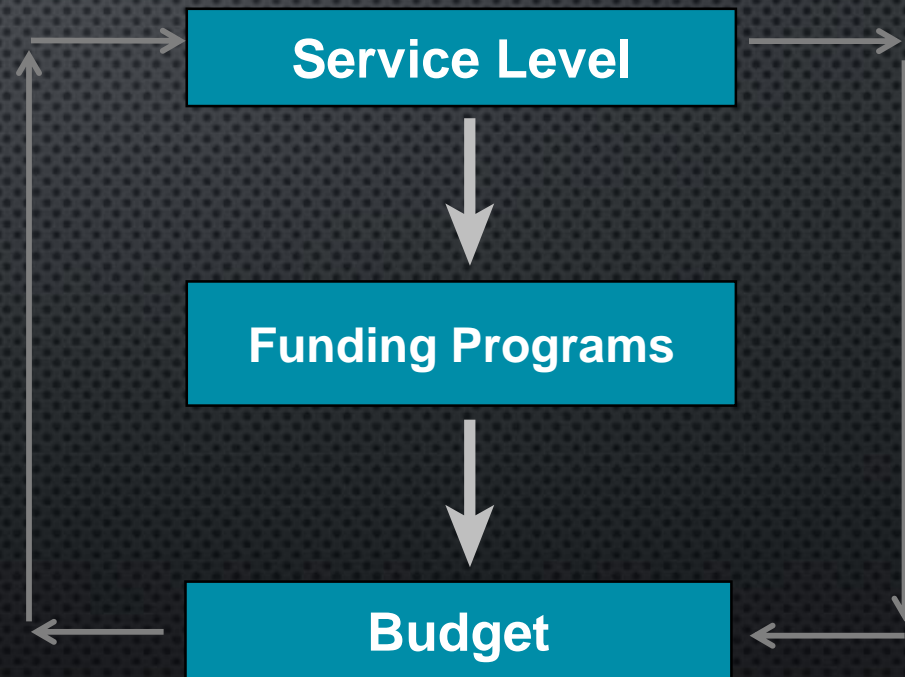
- Understanding impact new assets
- Better asset information
- Timely maintenance
- Improved work practices
- Disposal of assets
- Alternative service delivery
- Lower levels of service
- Innovative solutions

Budget or Service driven?

Budget Driven Framework



Service Driven Framework



3.

Build your understanding & capacity in Asset Management

3.

Build your understanding & capacity in Asset Management

- Professional **Certificate** in Asset Management
- 7 **online** modules over 9 weeks; interactive
- Practical, engaging
- Write your AM Plan, using your own data, while you earn your qualification



Course
Modules



Information
& Support



General
Discussion



My
Cohort



Live
Chat



Facilitator
Dashboard

▶ Introduction

Welcome & Getting Started

▶ Module 1

Asset Management Concepts

▶ Module 2

Risk Management

Opens Mon, 26 August 2019

▶ Module 3

Lifecycle Costs & Planned Budgets

Opens Mon, 2 September 2019

▶ Module 4

Levels of Service

Opens Mon, 9 September 2019

▶ Module 5

Credibility of Modelling

Opens Mon, 16 September 2019

▶ Module 6

Demand Management

Opens Mon, 23 September 2019

▶ Module 7

Building a Credible AMP

Opens Mon, 30 September 2019

Group :

[back to ToDo](#)

Your AMP tasks this week

You will be developing your draft Asset Management Plan week by week throughout the course.

This week you will:

- choose the asset class or service area that you will use throughout the course in the development of your draft Asset Management Plan and Improvement Plan.

In choosing an asset class or service area, consider the information currently available to you and discussions that are relevant for your organisation right now.

About Module 1

Module 1 introduces the key messages of the Asset Management Plan and an opportunity for you to become familiar with some of the tools that will be utilised throughout the course. This includes the Asset Management Plan (AMP) template, the concept of lifecycle costs, and the NAMS+ tool you will be using to draft your AMP.

Hopefully, you will join us for the optional, live Question and Answer (Q&A) session which is held each week. The purpose of the Q&A session is to provide you with access to mentors who can answer questions about Risk Management, Asset Management, the course or NAMS+ in real time. Look under the Information and Support tab for session times.

Module 1 Learning Outcomes



Course
Modules



Information
& Support



General
Discussion

18



My
Cohort



Live
Chat



Facilitator
Dashboard



Introduction

Welcome & Getting Started



Video

(1:52)

Welcome to the course



Video

(5:06)

Why asset management



Video

(4:34)

ISO 55000 fundamentals



Video

(3:34)

Orientation to Cahoot



Assessment

Capability Self-Assessment



About the final assignment

Who / What / When



Module 1

Asset Management Concepts



Module 2

Risk Management

Opens Mon, 26 August 2019



Module 3

Lifecycle Costs & Planned Budgets

Opens Mon, 2 September 2019



Module 4

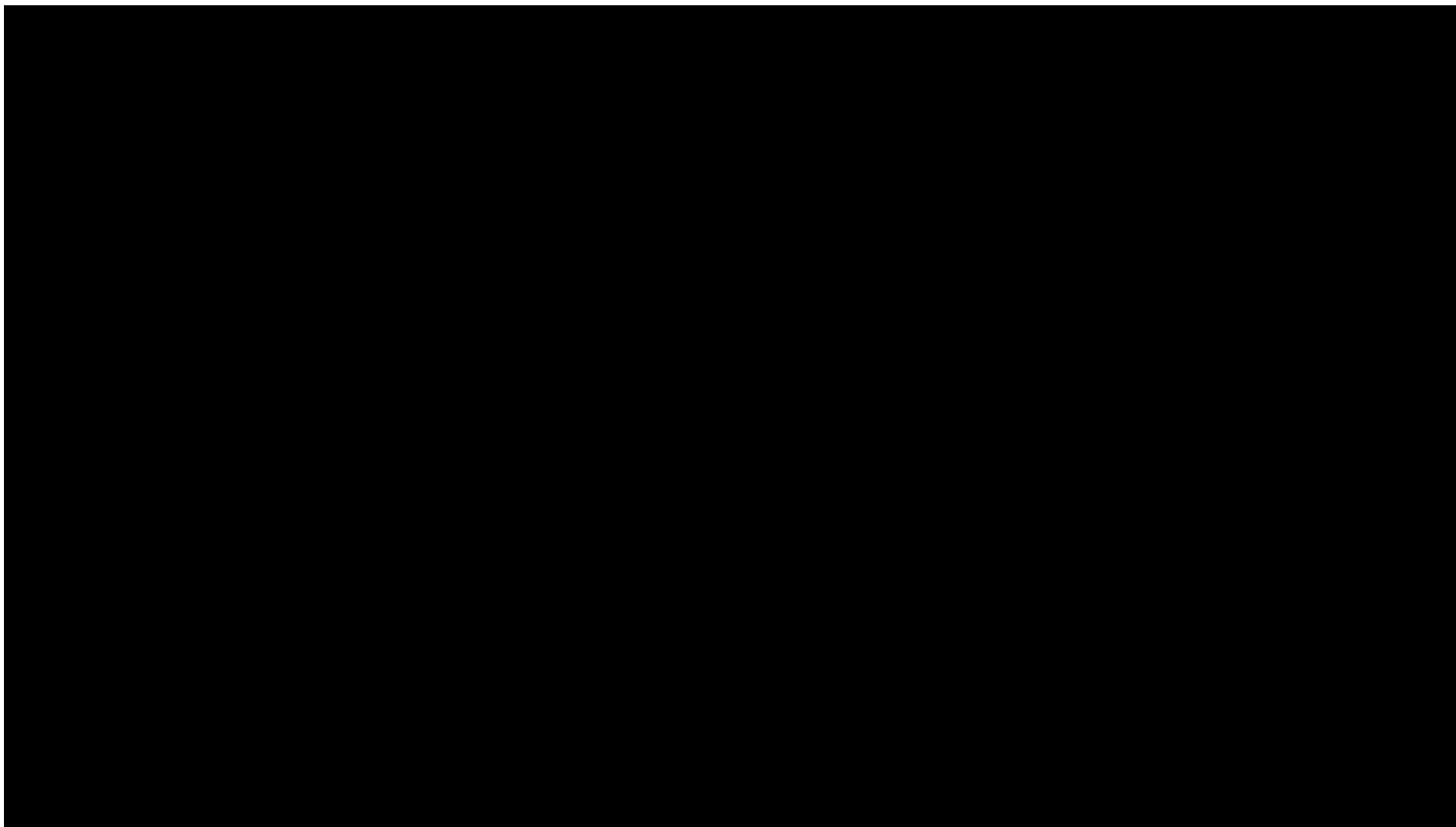
Levels of Service

Opens Mon, 9 September 2019

Group :

[back to ToDo](#)

Welcome to the course



Professional Certificate in Asset Management Planning

- 2,500 participants across 15 countries
- Half in North America (mostly Canada)
- Soon to be in French (Canadian)

So, what is your legacy for
future generations?

So, what is your legacy for
future generations?

You need a plan of action

- You need a plan of action**
1. **Know** the key elements for future viability
 - stewardship
 - affordability
 - long term
 2. **Answer** critical questions for your community
 - funding
 - risks
 - service
 3. **Build** your understanding & capacity in AM
 - prof certificate
 - am plan
 - qualification

You need a plan of action

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Professional Certificate in Asset Management

www.ipwea.org/certificate