OVERVIEW

In this session we will briefly consider:

*Taking an Integrated Planning Approach*

- The challenge
- Service Levels and Risk
- Lifecycle Cost
- Engaging our communities in the right “discussion”
WHAT IS THE DISCUSSION THAT WE SHOULD BE HAVING REGARDING ASSET MANAGEMENT?

“Asset management” isn’t the end of the journey ..... It is only one of the steps towards informed decision making

& We need to get everyone on board

Part of what is causing us a problem is that … Asset Management means different things to different.

WE ARE GETTING STUCK ON TERMINOLOGY .... BUT ARE WE EVEN HAVING THE RIGHT DISCUSSION?
Even the term “asset management” …. It can mean very different things to different groups.

They are all valid interpretations … but in what context?
TO MANY OF US IT CAN BE A TECHNICAL DISCUSSION. WE SHOULD BE ADVISING ABOUT THE “BEST VALUE” … WHEN TO RENEW
This should come from our Asset Management Plans eg NAMSPLUS Modelling

Or ..... Advanced Optimized Modelling

Long Term Financial Plan Funding Unconstrained
Or ..... Advanced Optimized Modelling

Constrained Long Term Financial Plan Funding Models

WHAT SHOULD GUIDE OUR PRIORITIES?

COMMUNITY AND STRATEGIC PLANNING???
And … the Financial Planning Tools

**Integrated Planning**
- Community
- Resourcing
- Delivery Program
- Reporting

**Resourcing Strategy**
- Long Term Financial Planning
- Workforce Management Planning
- Asset Management Planning

**Community Strategic Plan** 100 years

**Transport Program** 4 years

**Operational Plan** 1 year

**Annual Report**

**Perpetual monitoring and review**
Without connection can we even have the right discussions?

ENGAGING IN THE RIGHT DEBATE

Matters arising from the 2009-19 long-term council community plans

Section 1 – Consultation

Part 1 – Engaging the community in the right debate
Importance of engaging the community in the right debate
Recommended hierarchy for presenting information
Major issues presented in the 2009-19 LTCPPs
Examples of well-presented issues
Financial strategies need to be better presented
Preparing for 2012

Summary of our findings

1.3 An important role of LTCPPs is to provide information about significant issues facing a community so that the community can provide feedback on the choices facing it. The 2009-19 LTCPPs showed a significant improvement in the clarity with which local authorities presented major issues.

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PRESENTING INFORMATION

Recommended hierarchy for presenting information

1.11 Local authorities need to present information in a way that draws a community’s attention to the most important issues. We consider that a local authority should present its community with information about the major issues in the following order:

- first, the strategic and other major issues;
- secondly, the choices and options for addressing the issues; and
- last, the implications (financial, levels of service, and also effect on well-beings) of each option.

1.12 In our view, it is hard to argue that the right debate can take place if all aspects of the hierarchy are not evident in the LTCCP. The community needs each element of the hierarchy to evaluate the local authority’s strategies and proposals to address the major issues that the community faces.

STRATEGIC PLAN – ASSET MANAGEMENT PLAN

Community Strategic Plan

- Maintaining our services and improving access
  - Ensuring existing services and associated infrastructure are retained and improved to meet the current and future needs of our community

Strategies

11.1 Maintain the high standard of local road maintenance and construction

Strengthened Infrastructure

- Undertake proactive planning to ensure appropriate infrastructure renewal
- Improve existing road infrastructure to meet community needs
- Provide a network of pathways that link wheelchairs, pedestrians, cyclists and to important destinations
- Maintain forward works infrastructure programs that meet community needs
- Create and maintain quality, inspiring green spaces that encourage people to be active and involved in their natural surroundings

Asset Management Plans

Council does not have enough funding to provide all services at the desired service levels or provide new services. Works and services that cannot be provided under present funding levels are:

- Gravel resheeting all rural roads
- Routine grading of all roads
- Seal any further unsealed roads

<table>
<thead>
<tr>
<th>Asset Condition Profile</th>
<th>Asset Management Plan</th>
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</thead>
<tbody>
<tr>
<td>Long-Term Life Cycle Costs</td>
<td>$150,000</td>
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<tr>
<td>Medium-Term Life Cycle Costs</td>
<td>$100,000</td>
</tr>
<tr>
<td>Short-Term Life Cycle Costs</td>
<td>$50,000</td>
</tr>
</tbody>
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Projected Operating and Capital Expenditures

- Asset Condition Profile
- Asset Management Plan
WHAT IS THE RIGHT DISCUSSION?

We know:

• Our communities have significant infrastructure investment

• Managing these assets is an important responsibility

• Our organizations should be accountable, transparent and decisions should be informed .... Whether government or non-government
Great objectives !!!

But are we able to answer some of the Fundamental Questions?

Do we have enough funding and resources to:

- Operate and maintain,
- Renew, and
- Upgrade and build new infrastructure to meet community needs?
Usually the answer is

**NO!**

So …. does that Shortfall in funding and/or resources represent a service risk to your community in the future?

How reliably can we even describe what the future may be like … and what the options are … and what is sustainable?
What does the not so new ISO 55000 Asset Management Standards (2014) identify?

- **The ISO 55000 suite includes:**
  - ISO 55000 Asset management – Overview, principles and terminology
  - ISO 55001 Asset management – Management System - Requirements
  - ISO 55002 Asset management – Management systems - Guidelines on the application of ISO 55001

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ISO 55000 - Asset Management Fundamentals

Asset management involves
- balancing of costs, opportunities and risks
- against desired performance of assets
- to achieve organizational objectives

Fundamentals
- Value
- Alignment
- Leadership
- Assurance

Ref: ISO 55000, Sec 2.4, p 3.
ISO 55000 Fundamental - Value

- Assets exist to provide value to the organization and its stakeholders
- Asset management focusses on the value that the asset can provide to the origination
- The value is determined by the organization and its stakeholders in accordance with organizational objectives

Ref: ISO 55000, Sec 2.4, p 3.

ISO 55000 Fundamental - Alignment

Asset management translates organizational objectives into technical and financial decisions, plans and activities

What we want to achieve in the future  What we need to do to get there

Organizational objectives  Asset management decisions, plans & activities

Ref: ISO 55000, Sec 2.4, p 3.
**ISO 55000 Fundamental - Leadership**

Successfully establishing, operating and improving asset management in an organization requires leadership and commitment from all managerial levels.

Ref: ISO 55000, Sec 2.4, p 3.

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**ISO 55000 Fundamental - Assurance**

Asset management assures that assets fulfil their required purpose. Includes implementing processes

- to link assets purpose and performance to organization objectives
- for monitoring and continually improvement, and
- providing necessary resources and competent personnel

Ref: ISO 55000, Sec 2.4, p 4.
Connecting TRC data to the SAMP

CAPEX, OPEX Rolling Program Refresh

Priorities

PROGRAMS

Programs to Deliver
CONNECT … **ASSETS REQUIRED**

**2015 Strategies**

**2015 Customer Satisfaction Survey Results**

**2015 Customer Expectations**

**Assets to Support the Service**

**What our customers think about what we provide**
The funds we need

What will be the consequence of the current budget ... and some options/scenarios
Connect ... Risk Consequences

What are the risks

Connect ... Risk Responses

What are our plans to manage those risks
PROVIDING OPTIONS FOR INFORMED DECISION MAKING

THERE IS NO RIGHT AND WRONG ANSWER! …. HOW CAN THAT BE?

The Service Level discussion?

Meeting the expectations of our community is our objective, but it is not just about asking our community

“What do you want?”

They will give us a “big list” … maybe we can do … maybe not … but it is unlikely to consider all the factors we need to manage …

So we require a “sustainable” approach
So where does the service level discussion fit? Depending who we ask this can mean different things. What’s the right service standard?

WHICH IS THE BETTER ASSET TO OWN?

It depends …..Informed trade off on cost and

- Customer expectation
- Capacity to pay
- Safety / risk
- Performance
- Maintenance / Operating Cost
- Image
- Capacity
- Replacement
Organizations need to be able to make informed decisions with the community about wants, and how prepared they are to pay for these (affordable)

Organizations SHOULD understand and manage by balancing cost, service levels, and risk

Service Levels should NOT be based only on a Perfect World Scenario
But Also Define **Reality**

**Affordable Level of Service**

Is this acceptable … or should we consider other options?
But Also Define **Reality**

**Affordable Level of Service**

Is this acceptable … or should we consider other options?
WHY DO WE NEED LEVEL OF SERVICE FOR ASSET MANAGEMENT PLANNING?

Determine the Levels of Service that customers/community are prepared to pay for

Develop asset management strategies to deliver that level of service

Identify link between the cost and level of service/risk

Facilitate a discussion about what provides best value and is sustainable

Having good information with an inclusive planning approach leads to Informed Decisions ….. based on

Effectively balancing costs, risks, opportunities and performance
The shortfall between the Perfect World and Reality

*May be unrealistic*

No one will believe you

No one will feel sorry for you

No one will give you money

And credibility will be lost

EXAMPLE – NSW TCORP REPORT
Integrated Planning

Work together to tell the “whole story”

THE PURPOSE OF INTEGRATED PLANNING

Ensure we have the right discussions so that the decisions being made are done so with full knowledge of the consequences ....
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