

NAMS.PLUS Asset Management Asset Management for Small, Rural or Remote Communities

Institute of Public Works Engineering Australia

Practical Tools for Small, Rural or Remote Communities

The Institute of Public Works Engineering Australia (IPWEA) has published the *Asset Management for Small, Rural or Remote Communities* Practice Note 4 to assist small, rural or remote communities develop *core* asset management plans.

The Practice Notes assist with achieving the asset management requirements of Local Government Financial Sustainability Frameworks agreed to by the Australian State, Territory and Federal Governments.

The *Asset Management for Small, Rural or Remote Communities* (**AM4SRRC**) Practice Note 4 is developed in partnership with the Australian Centre of Excellence for Local Government (ACELG) to assist small, rural or remote communities (under 5,000 population) improve their asset and financial management and planning in accordance with the National Frameworks (www.ipwea.org.au/AM4SRRC). However the approach is also of relevance to larger organisations.

The *Asset Management for Small, Rural or Remote Communities* Practice Note 4:

- is a simplified version of the nationally consistent full NAMS.PLUS Asset Management approach (www.ipwea.org.au/namsplus).
- assists small, rural or remote organisations to write their own 10 year asset management plans and provides expenditure projections for their long term financial plan.
- is designed for small, rural or remote communities who are in a steady operating state (limited annual growth and/or operating change) and have limited technical resources and limited or out-of-date asset register data.
- is also suitable for service/asset categories such as parks and buildings where the majority of costs relate to operating expenses and major repairs of existing assets and services.
- is based on the IPWEA's International Infrastructure Management Manual (IIMM) and follows the format set out in Appendix A of the IIMM.
- includes a maturity model to assess the organisation's maturity in meeting the 'core' asset management competencies set out in the national frameworks.

The full version of NAMS.PLUS uses information in the organisation's asset register(s) to develop capital renewal expenditure projections. The *Asset Management for Small, Rural or Remote Communities* Practice Note 4 provides three capital renewal planning methods for developing renewal expenditure projections:

- Method 1 *Asset Register* – uses data from the financial, technical or valuation asset register for up to 5,000 assets,
- Method 2 *Condition Modelling* – uses projected works programs from condition modelling systems and pavement management systems,
- Method 3 *Network Renewals/Defect Repairs* - uses average network renewals from a high level asset register plus defect repair projects from asset inspections.

Small, rural or remote organisations are encouraged to use the *Asset Management for Small, Rural or Remote Communities* Practice Note 4 to develop their first asset management plans and use the AM Plan expenditure projections for their long term financial plan. Later they could move towards the more comprehensive 20 year expenditure projections from NAMS.PLUS Asset Management to improve their service and long term financial plans, where this suits their needs.

The *Asset Management for Small, Rural or Remote Communities* Practice Note 4 includes detailed guidelines covering asset management planning, asset management policy and strategy, levels of service, infrastructure risk management planning, long term financial planning, financial sustainability indicators and instructions on preparing infrastructure risk management plans and asset management plans using the AM4SRRC templates.

The Practice Note 4 includes password access to the AM4SRRC web site providing users with templates for:

- information needs for the AM4SRRC asset management plan (checklist to complete),
- asset management plan template (word document),
- infrastructure risk management plan (word document),
- infrastructure risk register (spreadsheet),
- asset register (spreadsheet),
- expenditure template developing expenditure projections and graphs for the AM Plan template (spreadsheet),
- asset management policy,
- asset management strategy with an improvement plan, and
- sample asset management, infrastructure risk management plans and sample core maturity assessment report prepared using the AM4SRRC templates (PDF).

Detailed *How To* Guides are also provided for key tasks:

1. Checking and verifying the expenditure template,
2. Preparing an asset management strategy,
3. Compiling an asset register,
4. Assessing 'core' asset management maturity.

National Framework 2 *Asset Management and Planning* sets out requirements for asset management plans in Element 2 *Strategy and Planning*. Asset management plans prepared using the AM4SRRC Practice Note 4 meet the Frameworks requirements as follows:

| National Framework AM Plan requirements | How AM4SRRC addresses this requirement |
|---|---|
| <ul style="list-style-type: none"> include all assets on an asset register | The AM4SRRC expenditure template provides for input of assets in an asset register (up to 5,000 assets) plus two alternate methods for developing capital renewal expenditure projections. |
| <ul style="list-style-type: none"> provide information about assets, including particular actions required to provide a defined level of service in the most cost-effective manner | AM4SRRC includes a level of service table which identifies the technical levels of service measures used to achieve community levels of service. The technical LOS measures are identified as operations, maintenance, capital renewal, capital upgrade and disposal service delivery activities and are linked to budgets. |
| <ul style="list-style-type: none"> incorporate risk management strategies | The AM4SRRC practice note includes an infrastructure risk management plan and infrastructure risk register |
| <ul style="list-style-type: none"> include financial information such as capital expenditure for renewing, upgrading and extending assets | AM4SRRC develops capital renewal and upgrade/new expenditure projections. |
| <ul style="list-style-type: none"> include consideration of non-asset service delivery solutions (leasing, private/public partnerships) | AM4SRRC includes non-asset solutions within the Section 4.3 <i>Demand Management</i> of the AM Plan template |
| <ul style="list-style-type: none"> recognise changes in service potential of assets | Changes in service potential are reported in Section 6 <i>Financial Projections</i> as financial projections for asset current replacement cost, depreciated replacement cost (fair value) and depreciation expense. |
| <ul style="list-style-type: none"> be subject to a performance review | The AM4SRRC performance review process includes: <ul style="list-style-type: none"> use as basis for annual budget preparation, review of AM Plan and revision after budget adoption, complete review and re-write after 4 years |
| <ul style="list-style-type: none"> outline an improvement program; and | AM4SRRC Section 8.2 <i>Improvement Plan</i> includes an improvement plan |
| <ul style="list-style-type: none"> have clear linkages to other council strategic documents. | AM4SRRC Sections 2.1 <i>Background</i> and 2.2 <i>Goals and Objectives of Asset Management</i> include links to other council strategic documents. |

A 2 day training course to assist users develop an asset management plan using the AM4SRRC templates and the *Asset Management for Small, Rural or Remote Communities Practice Note 4* is available separately through IPWEA.

Day 1 develops levels of service and infrastructure risk analysis and day 2 covers the practice of preparing an asset management plan using the AM4SRRC templates. Attendees are encouraged to bring a laptop computer and complete their 'first cut' asset management plan on day 2.

The *Asset Management for Small, Rural or Remote Communities* approach has been pilot tested with councils in Western Australia, South Australia and Tasmania.

References

IPWEA, 2006, *International Infrastructure Management Manual*, Institute of Public Works Engineering Australia, Sydney.

IPWEA, 2007, *NAMS.PLUS Asset Management*, Institute of Public Works Engineering Australia, Sydney, www.ipwea.org.au/namsplus.

IPWEA, 2009, *Australian Infrastructure Financial Management Guidelines*, Institute of Public Works Engineering Australia, Sydney, www.ipwea.org.au/AIFMG.

IPWEA, 2011, *Asset Management for Small, Rural or Remote Communities Practice Note 4*, Institute of Public Works Engineering Australia, Sydney, www.ipwea.org.au/AM4SRRC.

LGPMC, 2009, *Framework 2 Asset Planning and Management*, Enhanced National Framework on Asset Planning and Management, Local Government and Planning Ministers' Council, Canberra, www.lgpmc.gov.au.

Further information is available from:

Leon Patterson
National Director Infrastructure Management, IPWEA
E lpatterson@ipwea.org.au
M 0437 427 542