

# nams.au update

May 2009

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## NATIONAL ASSET MANAGEMENT STRATEGY COMMITTEE Institute of Public Works Engineering Australia

REPORT of meeting 16 May 2009

### DECISIONS

#### 1. Australian Infrastructure Financial Management Guidelines

The Australian Infrastructure Financial Management Guidelines are a joint project with IPWEA and the National Local Government Financial Management Forum with IPWEA providing project management services. The Guidelines will be available in hard copy in similar format to the International Infrastructure Management Manual (IIMM). The guidelines take the IIMM to the next level integrating the technical with the financial aspects of asset and financial management of infrastructure. They are with the printer and will be available for purchase in mid June.

NAMS.AU will be arranging a half day overview in capital cities to be followed by a 2 day training workshops held in metropolitan and regional locations. Details will later be made be available at the Guidelines web site [www.ipwea.org.au/aifmg](http://www.ipwea.org.au/aifmg).

#### 2. Graduate Certificate in Infrastructure Asset Management

IPWEA has been working with the Centre for Pavement Engineering Education (CPEE) to develop a graduate certificate in infrastructure asset management. Agreement has been reached with the University of Tasmania to offer the graduate certificate in second semester 2009. The course requires the completion of four units, two compulsory units based on the International Infrastructure Management Manual and two electives from a suite of subjects offered by CPEE and Chifley University. The cost to an Australian student will be \$1,670. Further details are available at [www.ipwea.org.au/GradCertIAM](http://www.ipwea.org.au/GradCertIAM)

Discussions are continuing with CPEE and Swinburne University, who operate a separate TAFE level institution, to explore the possibility of offering a course at the TAFE level.

#### 3. 2008 Asset Management Study Tour to New Zealand

A highly successful study tour with 11 delegates visited New Zealand to meet four councils and attend the 2008 INGENIUM Conference at Gisborne from 3-7 June 2008. The next Study Tour will be held in 2010.

#### 4. AAMCoG Linkages

As reported at last NAMS.Update, IPWEA and a number of other of the peak bodies, have withdrawn from AAMCoG. IPWEA has been approached by other peak bodies suggesting the establishment of an 'associations' roundtable'.

NAMS.AU agreed to explore opportunities for ongoing exchange of information and collaboration.

## 5. IIMM Update

Peter Way reported on progress on commencing a review of the IIMM with INGENIUM NZ. NAMS.AU agreed to:

- investigate the context of PAS 55 requirements as part of the update process for IIMM,
- include reference and guidance to climate change adaptation in the IIMM update.

## 6. NAMS.PLUS Development

NAMS.AU agreed to investigate and report to the next meeting on future developments to NAMS.PLUS including developing further workshops to assist people writing asset management plans and facilitate resource and knowledge sharing.

## 7. Consultants Supporters Roundtable

NAMS.AU met with the 10 consultants in the NAMS.AU consultants' supporters group on Friday 15 May. The roundtable received a report on items discussed at the 2008 roundtable, an update on current NAMS.AU projects, and status of asset management activities through Australia. A summary of items raised at the roundtable to guide NAMS.AU priorities and business plans and NAMS.AU decisions is shown below.

- Explore role/context for PAS 55 as part of IIMM Update and capacity constraints applicable in implementation of any standards compliance issues – Agreed and take into account in IIMM update,
- Possible intensive "awareness course" for Consultants on NAMS.PLUS – NAMS.AU to prepare one day intensive course for Supporters Group to accredit individuals from consultant firms,
- Pursue dialogue with Federal Government Department and Infrastructure Australia to make them aware of NAMS.AU resources – Agreed through continuing existing dialogue with DIRDLG,
- Promote NAMS.AU resources to wider public works industry – Agreed NAMS.AU to investigate opportunities,
- Recognise climate change as part of IIMM update – Agreed to include in IIMM update scope,
- Review scope of national framework for AM as defined by IIMM as part of update – Agreed to include in IIMM update scope,
- Promote public works AM research, innovation and best practice – Agreed to liaise with DIRDLG to see if National LG Award entry details can be obtained and promoted through NAMS.AU resources,
- Maintain linkage with other peak bodies to co-ordinate AM activities – Agreed with meeting to be arranged with peak bodies to explore co-ordination opportunities,
- IIMM update scope, circulate to Consultant Supporters as developed - Agreed IIMM update scope to be circulated to supporters group,
- Follow up SWD Study for Practice Note through GHD and MWH contacts in US – Agreed
- Follow up NZ Infrastructure Decision Support Group on deterioration modelling – Agreed with reference to be followed up.

## REPORTS

### 1. NAMS.PLUS Training 2009

The 2009 training program for IPWEA NAMS.PLUS Asset Management is at [www.ipwea.org.au/namsplus](http://www.ipwea.org.au/namsplus). The training comprises a series of 4 workshops staged 2 months apart and is planned to assist participants complete an asset management plan using the NAMS.PLUS templates, on-line modelling, training and e-book guidelines with help through AssetMatesPlus.

NAMS.PLUS is complimentary to existing asset management improvement programs and provides the tools and templates to write an asset management plan. Workshops are planned for Brisbane (Qld), Perth (WA), Launceston, Nunawading and Bendigo (Vic), Perth and Bunbury (WA), Queanbeyan, Sydney and Coffs Harbour (NSW). Further workshops may be arranged subject to demand.

### 2. Infrastructure Condition Assessment Guidelines

The framework document and guidelines for Footpath condition assessment and Kerb and Gutter are available. The preamble and guidelines are available from the Practice Notes section of [www.nams.au.com](http://www.nams.au.com). The framework is free and individual sections are available for a fee of \$100 to cover development costs.

Buildings and Property Condition Assessment Guidelines is being finalised and will be available from [www.nams.au.com](http://www.nams.au.com) by the end of June. Thanks to the members who have undertaken peer review of the draft guidelines.

The next condition assessment Practice Note to be prepared will be for stormwater drainage. Anyone interested in contributing information or assisting with peer review is invited to contact Peter Way at [pway@ipwea.org.au](mailto:pway@ipwea.org.au).

### 3. Asset Management Study Tour to New Zealand

A study tour to attend the annual INGENIUM (NZ sister organisation to IPWEA) or other National Conference and view demonstration of asset management practices at NZ councils will be held in 2010. Details will be posted at [www.nams.au.com](http://www.nams.au.com) when available.

### 3. National Asset Management Competition

NAMS.AU will award the 2009 National Asset Management Award (NAMie) to a paper on asset management, judged to be the best presented at the 2009 Melbourne International Public Works Conference. Details are available in conference website [www.ipwea.org.au/melb2009](http://www.ipwea.org.au/melb2009).

#### 4. **NAMS.AU Newsletter**

The Quarterly NAMS.NEWS has been published throughout 2008. The newsletter includes case studies provided by NAMS Consultant Supporters which attracted strong downloads. Past NAMS.NEWS are available at [www.nams.au.com](http://www.nams.au.com). The next will be published in June 09.

#### 5. **NAMS.AU Flyer**

The NAMS.AU information brochure has been updated and will re-issue in May 09.

### **STATE REPORTS**

#### 6. **Queensland State Report**

##### **Local Government Act Review and Performance Evaluation**

The Queensland State Government has issued a Bill to commence amendment to the Queensland Local Government Act 1993. This Bill includes a requirement for integrated planning, community consultation, asset management plans, 10 year financial plans and annual performance reporting. The Queensland State Government is also developing an Asset Management Performance Evaluation Annual Return.

IPWEAQ is represented on the QLD State Government Reference Group on Local; Government Performance Evaluation and Reporting. The Group has surveyed councils to give a snapshot of where they are in their asset management planning development. 32 of 58 councils had responded by the reporting date indicating that apart from water and sewerage AM plans (required to obtain capital subsidies), most councils did not have asset management plans in place.

Work is proceeding on developing sustainability measures with the majority of those proposed in the Australian Infrastructure Financial Management Guidelines being incorporated in those proposed from Qld local governments.

##### **LGAQ NZ Study Tour**

IPWEAQ was invited by LGAQ to take part in a Fact Finding Tour in New Zealand in early December '08 to:

- Explore the political, policy and legislative frameworks underpinning community planning, community engagement, asset management and performance evaluation and reporting for Local Government in New Zealand,
- Compare and contrast the current arrangements in New Zealand to that proposed for Queensland, including an assessment of the strengths and weaknesses of the New Zealand approach, and
- Assist Local Government in Queensland, in particular LGAQ, in the development of its responses to the legislative proposals contained in the Bill that was introduced in October 2008 and the ongoing development of the performance evaluation and reporting framework.
- Peter way will present findings from his report on the study tour to the IPWEA Barcaldine conference in July.

## 7. NSW State Report

### Fair Value Valuation

The Department of Local Government has issued circular 09-09 modifying the timetable for valuation at fair value for:

- Roads, bridges, footpaths and drainage assets to be valued at fair value by 30 June 2010,
- For land under roads
  - councils should elect to recognise land under roads acquired before 1 July 2008,
  - councils should recognise land under roads acquired (pre or post 1 July 2008) at its cost, where the cost represents fair value,
  - any land under roads acquired (pre or post 1 July 2008) at no or nominal value should be measured at its fair value,
  - a method of reliable measurement for fair value of land under roads is to be determined, advised to councils and reviewed for the 2009/10 financial year,
- valuation of community land in terms of AASB 116 Property, Plant & Equipment has been deferred until 30 June 2011,
- valuation of land improvements, other structures and other assets has been deferred until 30 June 2011.

### Local Government Reform Program

The Department of Local Government's circular 09-19 released draft integrated planning reforms for NSW available at [www.dlg.nsw.gov.au](http://www.dlg.nsw.gov.au). Councils are required to have:

- 10 year community strategic plan,
- Long term resourcing strategy to achieve the objectives in the community strategic plan,
- 4 year delivery program detailing activities to achieve objectives established in the community strategic plan (replace current management plan),
- Annual operational plan,
- The councils' charter is to be amended to include specific reference to long-term strategic planning on behalf of the community and planning for its assets.

### Local Road Management Reports

The IPWEA NSW Roads Directorate will release two reports on local roads management in NSW at the Roads Congress on Monday 18 May.

- Road Management
  - Life Cycle Funding gap is \$608M/yr, a reduction from \$718M/yr in 2005,
  - Councils have improved their road and bridge management funding position and practices in 10 of 11 indicators,
- Timber Bridge Management
  - 28% of timber bridges are in poor condition,
  - State Govt's Timber Bridge Partnership program has provided \$60M for upgrade of timber bridges on regional roads (50%-50% with councils),
  - Estimated cost to replace timber bridges in poor condition is \$245M.
  - Replacement will take 8 years at current expenditure rates.
  - Councils have improved their timber bridge management and maintenance practices in 10 of 12 indicators.

### Fair Value Guide

The Directorate has also produced a Roads Fair Value Guide to assist councils revalue their road, bridge and drainage assets at fair value by 30 June 2010. This will be provided to members of the Directorate in the near future.

## 8. Victoria State Report

### **Local Government Asset Management Conference**

IPWEA(Vic) and the Municipal Association of Victoria (MAV) held a Local Government Asset Management Conference in late April. It was attended by nearly 300 delegates. The conference included an award for asset management.

### **Asset Management Technical Reference Group (AMTRG)**

The AMTRG met in March. Topics discussed include valuation of assets, digital pen technology, collection of data on assets by CCTV and Glen Eira's drainage and flood modelling work.

### **CSIRO Drainage Modelling Project**

Work on this project has been completed. The final report has been produced as agreement has been reached with all necessary contributing partners. Consideration is being given to whether CSIRO run a workshop in Victoria (currently within CSIRO's budget), or a national "road show" under the NAMS banner to produce guidelines/specifications for the industry.

### **Valuation and Depreciation**

This continues to be an issue with auditors appearing to have different expectations and requirements on the process of recognising, valuing and depreciating assets.

### **RMIT and the IIMM**

The Royal Melbourne Institute of Technology (RMIT) has units in its undergraduate engineering course on infrastructure management. The course is based on the content of the International Infrastructure Management Manual (IIMM). The IIMM is also referenced in US EPA and Water Research Foundation asset management related documents.

## 9. South Australia State Report

### **LGA Financial Sustainability Program**

A review of the program made recommendations for the next phase of the work including:

- the continuation of the LGA's implementation program (including funding) with a focus for the next two years on assisting Councils to integrate the principles and practices underpinning financial sustainability into the normal governance and management processes of key functional areas for which Local Government is responsible;
- the continued operation of the Financial Sustainability Advisory Committee but with revised Terms of Reference and membership (half of the existing Elected Member and Council Administrators remaining for one more year and the remaining half being replaced by people with similar credentials);
- the establishment of a number of Special Interest Groups to assist FSAC with the integration and implementation of financial sustainability in key functional areas (Planning Review, Shared Services, Asset Management, Regulatory Services Review, Waste management etc.) Effectively these Special Interest Groups will replace the previous Asset Management Project Group and the Financial Management Group;
- that the proposed new arrangements be implemented from January 2009 and be the subject of a further review process towards the end of 2010.

Peter Tsokas and Phil Burton represent IPWEA on the revised LGA Financial Sustainability Advisory Committee (FSAC)

The next phase of the LGA's financial sustainability program will include (in no particular order):

- Release of the Australian Infrastructure Financial Management Guidelines – possible joint LGA/IPWEA AMIG/ Financial Managers Group forum upon release – probably with guest (John Howard) to introduce guideline.
- Financial Sustainability Indicators
- Risk Management / Internal Controls
- Audit Committee
- External Audit
- Refine Asset Management Plans – a one day course to be tailored around topics identified to by participants be run in May.
- Continue monitoring of status of I&AMP's in councils.
- National approach to I&AMP's
- Training

A number of special interest groups (SIG's) are proposed including one for asset management.

### **Digital As Constructed Data**

Work is continuing in the development of Digital As Constructed Data for new assets for subdivision contributed to councils. A working group with the UDIA is established to find a clear framework for consulting engineers to work while minimising costs borne by developers.

## **10. Western Australia State Report**

### **WAAMI program**

The WAAMI program continues with 80 councils having commenced the program and a further 2 trialling the Advanced WAMMI program.

WALGA have called tenders for asset management preferred supplier arrangements to support the WAMMI program. It is expected that a panel of 15 providers will be in place by the end of May 09.

### **WALGA/DLG Asset Management Forum**

A full day Asset Management Forum has held on Friday, 8 May. The IPWEA were well represented among the presenters with Peter Way, Ray Tame and Glyn Davies all providing presentations. Glyn's presentation related to NAMS, its aims and the services/assistance it provides for Asset Managers in WA.

### **Asset Forums**

Asset Management Forums are still continuing to be very successful and the last one held was :

1. A Seminar on Asset Management Data Collection  
Two presentations were given – "*Drive*" – *Digital Road Inventory Video Environment, Video Collection of Road Data and Spatial Information* – presented by Dale Hughes – Manager WA Asset Management, Cardno; and *Building Data – A Strategic Approach to Building Condition Data Collection* presented by Bruce Lorimer – CT Management Group WA
2. The Roman Replacement Program  
An update on the process and chosen supplier for the provision of state-wide pavement management software to update and replace the Roman system. This forum was organised through WALGA.

3. **Meet the Gurus – Asset Management Master Class**  
An asset management discussion forum hosted by the City of Stirling and facilitated by Penny Burns and Ashay Phabhu.

#### **ROMAN Replacement Project**

WALGA is in the final stages of negotiation and due diligence for a contract with the ARRB Group to replace the ROMAN road pavement management software system. IPWEA has been extensively involved in this process to develop a replacement product for ROMAN.

ROMAN is used by the overwhelming majority of Western Australian Local Governments under a voluntary preferred supplier arrangement. The replacement product will be delivered to all participating Western Australian Local Governments over a 12 month period by the ARRB Group, under contract to WALGA.

#### **Department of Local Government – Accounting Standards Manual**

The Department of Local Government and Regional Development (DLGRD) has prepared a new accounting manual to be released in stages over three years. Stage 1 covers roles and responsibilities, local government accounting, financial reporting, asset accounting and liabilities and was released in early 2009. The remaining two stages will cover strategic issues in finance, the budget process, internal control framework, financial management and financial statistics. The Manual has been prepared in conjunction with the Western Australian Local Government Association's Systemic Sustainability Study.

#### **WALGA Rate Setting Processes Study**

WALGA and the eight Outer Metropolitan Growth Councils of metropolitan Perth have engaged PricewaterhouseCoopers to undertake a review of rate setting processes and financial strategies for the outer metropolitan growth councils of WA.

The objective of the review is to conduct independent analysis of the various rating and financial strategies to offer growth Councils a deeper insight into the likely impacts of each strategy on long-range financial sustainability.

The Study addresses sustainability and asset renewal funding as a dominant factor to be considered in setting rates. Workshops associated with the study have attracted senior staff (directors and CEO's) of the eight Councils and they have provided an ideal opportunity for me to promote the Australian Infrastructure Financial Management Guidelines to those present.

### **11. Tasmania State Report**

#### **State Water & Sewerage Reform**

Under State legislation, Local Government has established three regional Water and Sewerage Corporations and a fourth Common Services Corporation to take over and operate the State's water and sewerage assets from July 1<sup>st</sup> 2009.

These Companies will manage the State's water and sewerage assets on a commercial basis within newly developed economic and regulatory frameworks. The sector expects to require capital expenditure in the order of \$1 billion over the next ten years for infrastructure enhancement and service improvement.

The proposed structure for the three regional Corporations is fundamentally the same with separate divisions for:

- Stakeholders & Sustainability Management
- Asset and Service Strategy
- Service Delivery
- Human Resources
- Commercial Services
- Communications & Customer Services

Significantly the International Infrastructure Management Manual was cited as the source document for the development of the stakeholder governance, strategic asset management and service delivery elements and is cited for the sustainability management component.

The water and sewerage reforms are already having an impact on Tasmanian local government. The due diligence exercise leading up to the transition date has revealed many areas of concern within individual Councils as to its management of assets and its capacity to be sustainable into the future. The full impact will become apparent after the transition date and may well result in amalgamations.

## 12. Other Reports

The last meeting of the Austroads Assets Taskforce was held in Kalgoorlie. Mick Savage provided a detailed Report to that Meeting on the activities of NAMS.AU on matters of interest to Austroads Members being:

- Austroads Project AP1396. Austroads Guide to Asset Management – Part 8 Asset Valuation and Audit has been published as Austroads Report AGAM08.
- Austroads Valuation Group has been established to cover 4 projects:
  - IPWEA and NAMS work and translate into Guidelines for State Road Authorities (Part 8 of the Guide to Asset Management)
  - Application and use of residual values.
  - Recalculation of the remaining life of pavements taking into account service life.
  - Joint structures project on remaining life prediction, in line with AT1537 – Bridge Management through Performance Models (Developing Improved Tools to Predict Bridge Performance) including Durability.

## 13. Next Meeting: Face to Face Meeting and Strategic Planning Workshop – Friday/Saturday 6/7 November.

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**NAMS Australia** is an initiative of the IPWEA National Asset Management Strategy [NAMS] Committee. NAMS.AU seeks to provide national leadership and advocacy in the sustainable management of public works infrastructure, community assets and services.

### **NAMS.AU Committee**

#### **Chair**

Peter Way, Qld, [pway@ipwea.org.au](mailto:pway@ipwea.org.au)

#### **IPWEA National Board**

John Truman, NSW, [johntruman@ballina.nsw.gov.au](mailto:johntruman@ballina.nsw.gov.au)

#### **State Delegates:**

Gary Baker, SA, [gary.baker@portenf.sa.gov.au](mailto:gary.baker@portenf.sa.gov.au)  
David Wolfenden, NSW, [david.wolfenden@mpsc.nsw.gov.au](mailto:david.wolfenden@mpsc.nsw.gov.au)  
Thomas Kuen, Vic, [Thomas.Kuen@melbournewater.com.au](mailto:Thomas.Kuen@melbournewater.com.au)

Glyn Davies, WA, [gdavies@armadale.wa.gov.au](mailto:gdavies@armadale.wa.gov.au)  
Brian Edwards, Tas, [b.edwards@kingborough.tas.gov.au](mailto:b.edwards@kingborough.tas.gov.au)  
Andrew Llewellyn, Qld, [ALLEWELLYN@goldcoast.qld.gov.au](mailto:ALLEWELLYN@goldcoast.qld.gov.au)

#### **IPWEA National Office:**

Chris Champion, CEO, [cchampion@ipwea.org.au](mailto:cchampion@ipwea.org.au)

John Howard, Project Mgr, [johnhoward.jra@bigpond.com](mailto:johnhoward.jra@bigpond.com)