

Improving asset management practices in the Pilbara

The Shires of Ashburton, East Pilbara and Roebourne, and the Town of Port Hedland created the Pilbara Regional Council (PRC) in May 2000, to undertake projects of interest to three or more of the member councils and to lobby the State and Commonwealth Governments on regional matters of concern.

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In 2002, the Town of Port Hedland requested financial assistance from the state government to assist in renewing local community infrastructure. The state government challenged the town's assertion and this led to the PRC conducting a regional infrastructure audit in 2003 that identified significant weaknesses within the asset management practices of all four member councils. Funding was secured in 2004 to undertake a project to implement improved asset management practices within the councils; however, competing priorities and lack of staffing delayed the project's start until early 2007.

The original motivation for improving council asset management practices was to be able to identify shortfalls in asset performance and justify additional funding from the state government. However, after conducting an asset management workshop in February 2007 the PRC realised that good asset management practices would yield productivity gains and enable the member councils to demonstrate value for money spending and how additional funding would be spent on new and renewed community infrastructure. Any investment in good asset management practices would pay for itself over a relatively short period.

The PRC's approach to improving the asset management practices of its member councils is unique in the following sense:

- Focus is on self-sustainability;
- Emphasis is on developing grass root frameworks (see Figure 1 below);
- Councillors and staff are to be trained in asset management practices;
- Focus is on policies and processes, not on software or 'toys for boys';
- Recognition that choice of the right software for the right price is a factor critical to success;
- A top-down philosophy that will embed - an asset management policy linked to council vision and goals that drives the development of asset management strategies based on service levels that are supported by individual asset management plans.
- A bottom-up operational approach that is based on working to prescribed service levels, capturing data as part of normal work practices and feeding structured information upwards through supervisors, managers, directors, the CEO to council to drive work allocation, procurement decisions, asset needs and service levels and ultimately council asset management funding decisions.
- Collective or teamed approach to implement improved asset management practices within all four member councils at the same time using a single steering group, and joint contracting and procurements to progress the project.

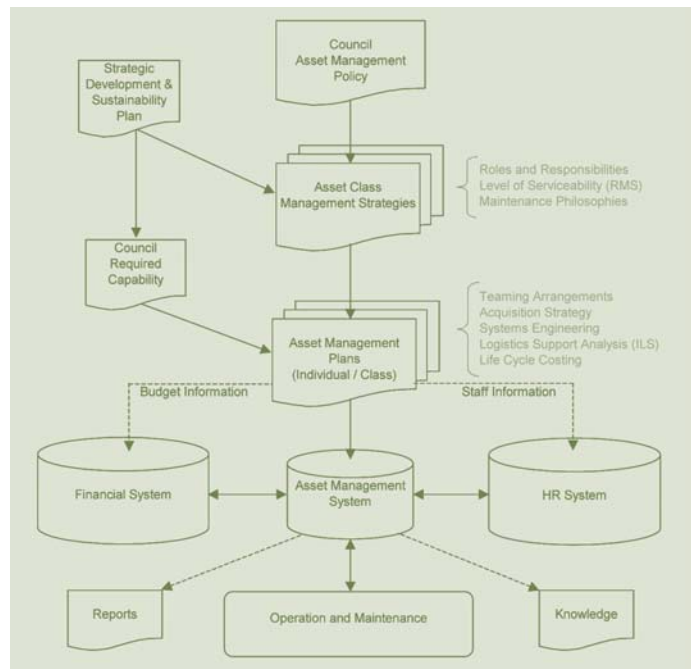


Figure 1. Asset Management Framework.

The PRC also identified at the workshop that with the exception of a couple of officers, the member councils lacked staff with skills in asset management and, more importantly, lacked staff generally. Accordingly, the PRC tendered for hands-on assistance to implement its preferred framework and to collect data. ACEAM was ultimately contracted to provide this hands-on assistance.

Project outcomes

Over the next few months, the key outcomes expected are:

- The development of one asset management policy, which can be tailored to individual council requirements.
- Four Asset Class Management Strategies, one for footpaths, staff housing, aquatic centres and public buildings. These have been purposely selected to prove the design and robustness of the proposed Asset Management Framework, software system implemented, and practices implemented. These strategies are grass root in design and hit at the heart of asset management; very much useable and measurable strategic plans, not glossy papers.
- Acquisition and implementation of an appropriate asset management software configured to support the Pilbara's asset

management framework – work practices and decision making;

- Councillor and staff training within the context of the asset management framework being implemented and in particular how to use asset management information for better decision making;
- Collection and collation of data for the four asset classes - footpaths, staff housing, aquatic centres and public buildings for all member councils; and
- Development and implementation of individual asset management plans, this is to be done as part of data collection and is developed within the procured asset management software. The currency of these plans will be maintained through the use of the software in the course of normal daily work routines. Asset Management Plans for each asset that will be stored and accessed from council's Asset Management System. The Asset Management Plans comprise of:
 - Global Funding Plan.
 - 10 year Financial Plan.
 - 3 year Project Capex Program by location.
 - Life Cycle Plan showing renewal and maintenance requirements.

An example for community buildings is shown in Figures 2 and 3.

A Corporate Asset Registry with records and details of each individual asset. An example is shown in Figure 4.

Project Issues typical to local government

Data Collection: Most local governments, including the member councils of the PRC, are wary of asset management success due to the perception that data collection is an onerous and resource intensive task. However, data collection is not necessarily an onerous task – the trick is to know where to find the data. As has been proven at the Shire of Ashburton, the process of data collection is not about going around just collecting data for the sake of it, it is more about collating what is needed, what we already have and intuitively filling in the gaps with best professional estimates. The Shire of Ashburton's data has been successfully collected from:

- Council databases and personal spreadsheets
- E-copies of documentations
- Desk-top audits
- Intuitive knowledge converted into objective parameters

Project Momentum: Often projects like these stagnate due to loss of momentum in



Figure 2. Funding distribution report.

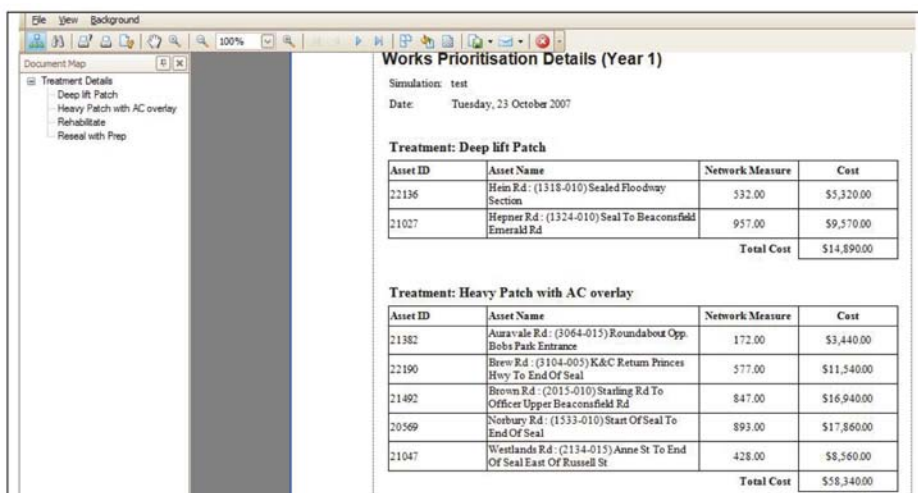


Figure 3.

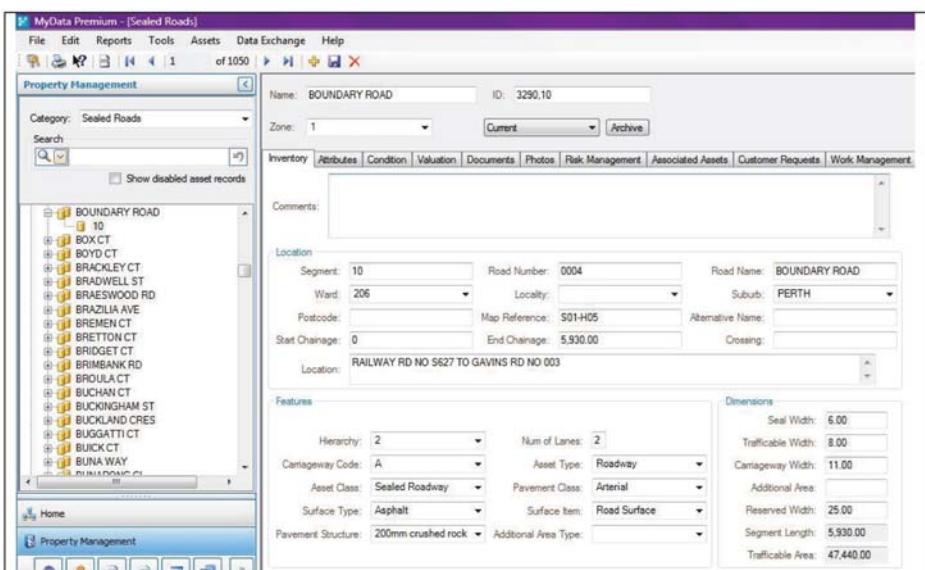


Figure 4. Corporate Asset Registry.

information gathering and competing priorities that take staff away from project work. The PRC Executive support of this project has ensured that the project has maintained momentum. The strategies

and policies are now in draft format, circulating with key stakeholders for review. The PRC executive is constantly continuing the education within councils.

Skills and resource levels

This is the greatest issue facing rural councils across the nation. The PRC approach is therefore to breed these skills in-house through the ACEAM Mentoring process which is part of their Step-Watch model. The PRC was very encouraged by the track-record and success of the Step-Watch process in various other states where councils have demonstrably become self-sustaining and stakeholders have moved towards a service-centric decision-making process. In-house staff collect and collate data each year, update the asset registries, undertake prediction modelling for budgeting purposes and have developed internally detailed asset management plans. The Step-Watch had the basis to lead an organisation to intuitive asset management frameworks that became a way of life.

Project Deployment

The PRC recognised at the outset that asset management success is not about setting up a list of assets. It is more about holistically making the best asset management decisions based on an asset management framework. The PRC Asset Management Policy is very clear on this service centric framework.

The full deployment of ACEAM Step-Watch results in the transfer of AM skills and empowerment of council staff with asset management culture. The PRC has also included the Planning Department and WALGA in this project to make the outcomes more inclusive of regional needs. After all asset management is about delivering services at the least long-term cost.

The PRC framework uses the model to determine a council's current asset management maturity. The ACEM Step-Watch Maturity Model measures maturity using a range of parameters for each of the following key maturity elements. Voids in any of these elements identify asset management practice deficiencies in an organisation. A mature organisation will have high levels of ratings for these elements. A copy of the parameters is available on www.aceam.com.

The action items in each asset management strategy are then based on real gaps (reflective of where each organisation is at any point in time) and are aimed at plugging these gaps over time. After all asset management practice can only be instilled if the right gaps are identified and the right resources and systems are put in place. An example is shown in Figure 5.



Figure 5. Asset management system.

Table 1

Action Item 2

Train key staff in critical asset management activities.

Key Actions	Responsibility	Time Frame
Train staff in Asset Management <ul style="list-style-type: none"> • Condition assessment. • Registry management • Prediction modeling • Budgeting • Asset valuations • Asset reporting • Works management 	ACEAM Step-Watch and trained trainers in Council	Oct 2007 – March 2008
Train Councillors in Asset Management <ul style="list-style-type: none"> • Performance monitoring • Needs based budgeting • Demand management 	PRC Executive Officer	July 2008

A typical action item is shown in Table 1

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