

ESC Urban Water Series Seminar 2 – Service Standards

The role of asset management in
meeting service standards

Thursday 30 June 2011



OVERVIEW

- What is Asset Management?
- What is the relationship?
- What are the issues
- How can asset management assist?
- Summary



WHAT IS ASSET MANAGEMENT?

- One definition:

“The life cycle management of Physical Assets to achieve the stated outputs of the enterprise.”

Asset Management Council

- Stated outputs?

–Vision, objectives, mission statements, corporate strategy.

–Standards of service?



WHAT IS THE RELATIONSHIP?

- Asset management systems and processes need targets
- Targets provide an end goal to work towards
- Service standards provide those targets
- Businesses propose expenditure to meet these targets



WHAT IS THE RELATIONSHIP?

- Capital expenditure
 - Long term asset planning to meet service objectives related to water supply / security
 - Risk assessment and cost benefit analysis models to meet service objectives related to network reliability



WHAT IS THE RELATIONSHIP?

- Operating expenditure
 - Asset maintenance processes to meet system reliability objectives
 - Asset operational procedures to meet environmental objectives



WHAT ARE THE ISSUES?

- Maintain, improve or reduce service performance?
 - Benchmarking performance
 - Justifying expenditure decisions
- Ensuring standards remain relevant to:
 - Customers - what do customers want? What are they willing to pay for?
 - Businesses – reflecting advances in asset management



WHAT ARE THE ISSUES?

- Ensuring standards account for future challenges
 - Climate change, carbon pricing
 - Decentralisation, third party access
- Ensuring standards can be met in a constrained environment
 - Stable prices
 - legislative creep



HOW CAN ASSET MGT HELP?

- Structured process to support decisions
 - Risk assessments
 - Options analysis / cost benefit analysis
 - Asset performance / condition
- Customer engagement processes
 - Willingness to pay
 - Consultative committees
 - Accounting for wider social/economic context



HOW CAN ASSET MGT HELP?

- Long term asset planning
 - Adjusting processes to meet future challenges
- Robust optimisation processes
 - Delivering the same service level for less
 - Managing more assets for the same
 - Balancing priorities / trade offs
 - Asset performance optimisation



SUMMARY

- The role of asset management in meeting service standards
- Service standards are the targets for asset management processes
- Identified current and future issues
- Outlined how asset management processes can help



Thank you.

Questions?

Strategic Economics Consulting Group is an independent economic and corporate advisory group servicing the private and public sectors across Australia and South-East Asia.

Contact: David Francis
0403 399 419 david.francis@secg.com.au

