



**TALKING INFRASTRUCTURE'S  
THE ASSET MANAGEMENT STORY  
in four ten-year segments**

First decade. "AM as a Quest" (1984 - 1993)

Second decade. "AM as an Opportunity" (1994 - 2003)

Third decade. "AM as a Discipline" (2004 - 2013)

Fourth decade. "AM as a Business - and Beyond Business?" (2014 - 2023)

## **ASSET MANAGEMENT AS A QUEST 1984-2003**

In a Quest, we seek answers and each answer yields yet another question. Here are the first ten questions, how they were approached, and with what results.

### **A personal note.**

Every historian puts their own slant on the history they are telling, even if it covers events that took place hundreds of years ago and in which they played no part. In this case, the events are relatively recent and, at the beginning in 1984, I was the key player. The beginnings of your AM story, of everyone's AM story, are inevitably interesting, all beginnings are. This is mine. Along the way, like me, you will experience both support and opposition. Be grateful for both! Having support is comforting, but overcoming opposition is what drives you forward. Enjoy!

**The first ten years and the first ten questions, being the contents page  
of volume 1 in our AM Story series**

### **Part One: April 1984 - February 1985 The EWS.**

#### **Chapter 1: How it started**

In which we recognise that prices were not based on costs - they couldn't be, we didn't know what they were! Prices had been politically or policy based. When this changed we needed to ask **Question 1: How much does it cost South Australians to get their water services?** This led to other questions such as 'what is the value of our assets?', 'what is their age and condition?' and 'how fast are they being used up?'

#### **Chapter 2: What will happen next?**

In which, realising that once we knew the age distribution of assets, their economic lives, and their replacement values, we could look ahead and ask the even more interesting **Question 2: What is the likely cost and timing of renewing water assets?**

#### **Chapter 3: Reactions**

Here we look at departmental, industry and other reactions to the models we developed and consider how both support and opposition contributed to the development of asset management.

#### **Chapter 4: My Story - Moving On**

In which, I record my reluctance to move from the EWS, but why it was necessary to take the AM story forward.

### **Part Two: February 1985 - April 1987 The PAC**

### **Chapter 5: AM widens its scope**

In which the State Parliament, through its Public Accounts Committee asks *Question 3: What is the cost and timing of renewal for all state infrastructure: Public Housing, Hospitals, Schools and Colleges, Highways, Transit, Power and Water.* The Housing study illustrates many of the key messages.

### **Chapter 6: How to contain costs - AM begins.**

In which we ask *Question 4: What can be done to contain costs?* Attention moves from simply measuring costs to managing and containing them and this is where AM really starts, not with the identifying future problems but in seeking to manage them. We look at emerging problems and seek solutions in changes to practices in maintenance, planning and finance.

### **Chapter 7: Reactions**

Here we look at the immediate reactions of the individual agencies as their reports were published, but also at their (changed) reactions by the time the total impact was presented in the summary report. We also look at the reactions of individual ministers, treasury, government and parliament itself, as well as outside bodies such as the CSIRO and consider what was happening overseas at this time.

### **Chapter 8: My Story - Moving On**

In which we see how the foresight and imagination of the Secretary to the PAC prevented these reports joining so many others on a dusty shelf and determined my continuing role in AM for the next 30 plus years.

## **Part Three: April 1987 - August 1989 Housing & Construction**

### **Chapter 9: Change starts at home**

Here we take the major PAC recommendation for moving away from a construction to an AM mindset and seek to achieve this in the Department of Housing and Construction which was recently rejoicing in the title SACON - short for South Australia *Construction*. So *Question 5: How do we instill an AM mindset?*

### **Chapter 10: Moving further afield**

Interest in Asset Management grows and . and we ask *Question 6: How do we spread the word about asset management and its benefits?*

### **Chapter 11: Reactions**

All change comes at a price. Here we look at some of the difficulties that different groups faced in adjusting to AM.

### **Chapter 12: My Story - Moving On**

In which a desperate situation in Tasmania, where over-expenditure on infrastructure had led to considerable financial difficulties, leads to an opportunity to put AM to the test.

## **Part Four: August 1989 - March 1992, in Tasmania**

### **Chapter 13: An early warning on the danger of a 'jobs focus' for infrastructure**

In which we ask *Question 7: What are the consequences if AM is not understood?*

and examine the close two-way connections between infrastructure asset management and politics, looking at the 'Gordon below Franklin' dam conflict and its long term consequences in terms of governance, privatisation, and also the rise of the Green movement and the issue of the undersea cable.

#### **Chapter 14: What is needed now?**

Here we ask **Question 8: Are our tools and data up to the challenges we now face?**

In which we see asset valuation issues dominating the AM conversation and its inevitable spread beyond constructed assets to such environmental assets as the River Derwent. We also see the first local government asset management plan ( achieved by close co-operation between finance and engineering). And consider more data issues.

#### **Chapter 15: Reactions**

In which we look at how the Field Labor Government in Tasmania was able to overcome the poor financial consequences of excess of infrastructure construction and put the state back on track but at the expense of major cutbacks and an inevitable defeat at the next election.

#### **Chapter 16: My Story - Moving on**

And so I move on - and have the opportunity to tackle the next two questions

### **Part 5 April 1992 - December 1993 as Infrastructure Economist**

#### **Chapter 17: The AM narrative**

In the beginning, Asset Managers freely exchanged information, and it progressed, but by the early 1990s AM had already become a buzzword, everybody claimed to be in on the action, no matter what they were really doing, and agencies started limiting what their officers could share. This led to **Question 9: How do we advance the narrative but also keep it focused?** We also look at its role in guiding politics through the work of the Audit Commissions and the appearance of AM in state government organisation charts.

#### **Chapter 18: It just takes one.**

In which we see how just one Premier and one State was able to influence the entire country. South Australia might have initiated AM and the discussion on accrual accounting and replacement cost, but it was Nick Greiner, Premier of NSW, who cemented it in place in government and the NSW public works department who developed the first AM manual and made it government policy. Here we ask *our last question*, **Question 10: How did NSW move the story forward and what can we learn from its actions?**

#### **Chapter 19: Reactions**

And so we come to the end of 'Asset Management as a Quest'. We have not covered everything here, just the bits I was involved in and therefore knew about. But by 1993 I was no longer alone in promoting AM and I knew what I wanted to do next: I wanted to continue to grow our tribe. This growth is what the next volume in this series, 'AM as an Opportunity' is all about. This volume will benefit by being edited by the Talking Infrastructure Board and feature many of the pioneers in the field and the earliest problems that were faced in the ten years from 1994 to 2003.

#### **Chapter 20: Concluding Statements**