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National Asset Management Strategy Australia

Summary of the ISO Standards Stakeholders' Consultation Forum

On Tuesday 26 July 2011, the Institute of Public Works Engineering Australia together with the Australian Water Association, Water Services Association Australia and the Asset Management Council held an ISO Asset Management Standards Stakeholders' Consultation Forum in Sydney.

The Forum was well attended, with over 70 stakeholders present for the afternoon session. Beginning the forum were formal presentations by key leaders involved in the formation of the ISO Asset Management Standard suite, followed by an open discussion to allow stakeholders to voice their concerns and hear how their concerns will be addressed within the proposed Standard.

Here are some of the questions and answers that were minuted from the Forum....

Q: What are the concerns about human elements in the ISO standards?

Concerns that the wording in the Draft needs more rigor. Financial and Knowledge Management requirements are sorely lacking. There is also Implied and interchangeability in meanings and use at various levels. The standard also needs definition on "competence" to ensure consistency. An ISO standard implies compliance with ISO 9712 around competency assessment. Anyone can create a personnel qualification and assessment scheme. There is a company in India offering 3rd party certification scheme over the Internet. It's Legal. ISO has one driver: Preventing Trade Barriers. Any induced trade barriers won't pass the Technical Assessment Board.

The PC (Project Committee) is different to the Technical Committee in that it ends when the ISO standard is published. It will only extend to TC if sufficient driver to convert. This is a BIG ISO issue. Leith working to ensure wording is precise and concise as possible to ensure it is correct when the ISO 55000 "freight train" arrives.

Training costs to achieve compliance will need to be considered and appropriate to the business.

Q: If ISO 55000 appeared next week, what would be your concerns?

A major concern would be around the timeline to achieve compliance. The timeline would need to be set by the Government or regulator, when the standard became prescribed, noting that an ISO standard has no authority unless it is prescribed by a regulator to become prescribed.

Q: Maturity & Scalability?

This is what an organisation's board is going to be interested in. Is Scale the width of the organization or is it the number of the 111 "Shalls" in the standard to be complied with. Not all have a business case for full compliance and therefore wouldn't get up. There needs to be flexibility in - certification against the parts of the standards, but this also comes with risk.. Partial certification/scalability may result in key parts NOT being certified Eg. Training & competency assessment.

ISO9000 does not require all parts being implemented for certification. If 9000 is the meta standard, why should ISO55000 be all or nothing?

Senior management won't be mandated on all "Shalls". They will make business decisions based on information and maturity model.

British PAS experience. It is not regulated and not enforced on all industries.

Scalability is best considered as the suitability of the standard to be applied from an organization of 200 people vs. 2000 people.

Q: Internal competence?

One key area that needs to have sorted is for an organisation to have sufficient knowledge to ensure informed buying when using external support for compliance and development. Need to know if you are getting a quality product. "What is and what is not AM?" An understanding needs to build it in the organisation in the first place and it's a big risk if it is lost. Knowledge is lost when out sourcing and must be brought back internally.

Consider the number of certifying organisations. 18months ago it was 1, now it is about 12.

Q: How are financial issues being considered?

There are currently resources being committed to this issue. For example, Sally Nugent (CEO for the Asset Management Council) has presented to CPA and the Asset Management Council is engaging with CPA Australia to develop accounting knowledge and training specifically for asset management professionals.

Q: There is a need for links between financial planning and budgeting - should this extend further to the balance sheet?

Yes, the ISO Asset Management Standard should also link to the balance sheet and across long-term financial planning. Without these financial links and the whole organisation financial approach, all the plans in the world will not be able to be effectively and successfully implemented and driven. If you have a typical whole of life costing within your organisation, remediation and similar costs may well not be considered and hence not covered, even though an organisations financial backers will fully expect that these costs are identified and covered.

Q: What words are used to describe accountability for asset management leadership in the Standard drafts?

It is understood and agreed that without support and drive from the absolute top levels within organisations, it will be very difficult for lower levels to implement actions on the ground. Therefore, there will be quite a number of clauses and 'shalls' on the obligations and commitment expected by Senior Leadership. This will include text on top level responsibilities associated with leadership, culture and implementation of asset management systems.

Q: What is the necessary competence for Senior Leadership and how will this be assessed?

This needs to be considered and is a significant issue in the context of an organisation's compliance and demonstration of organisational competency with the standard.

Q: Is the best strategy to start approaching regulators to ascertain the implementation plans that they will be expecting?

Before inviting the regulator in, it is wise to ensure that you are confident and happy with the asset management systems within your organisation. This can be completed through self-assessment. It is anticipated that the regulator will usually act in response to something that happens in the industry, rather than initiating requirements without reason to mandate.

Q: I envisage commercial drivers will put the ISO Asset Management Standard in place, for example shareholders and corporate governance. Numerous standards are now asked for already in tenders. What about the Australian Shareholders Association?

How organisations choose Standards is often driven by the accepted best practice, for example what other people are using to make good decisions. Already there are 23 countries involved in the development of an ISO Asset Management Standard, all with differing safety and reporting requirements. For example, if an Australian worker cuts a thumb, the incident must be reported. In China, deaths in mines do not have to be reported unless there are more than 22 people killed in one incident. Circumstances also change, for example Japan recently experienced the tragedy in Fukushima and subsequently may convey different expectations during the next ISO Asset Management Standard meeting, to be held in Washington, America.

Q: For an asset definition of an asset being 'something', what test plan will be put in place before the new standard arrives in 2014?

In regards to a test plan, the peak bodies of the Standards committee will 'road test' potential impact through a reviewing period. The issue is framed at present configuration because it deals with 'all assets' when it seems 'physical assets' is more appropriate. Other 'assets', such as reputation, are impinged upon by how physical assets are managed. The need to manage physical assets while taking into account the impact on other assets may be the better approach.

Q: One issue is that the standard is being written by those who manage physical assets rather than all assets. What are the views on this statement?

There will be ensuing discussion over "physical" as an objective gain in Washington. The easiest solution may be to change the standard to simply physical assets.

Q: Should the standard include 'all assets', 'physical assets, including consideration for impacted assets' or 'only physical assets'?

Polling of attending stakeholders was undertaken during the Forum. The results were:

- All assets – 3 votes
- Physical assets, including consideration for impacted assets – all other votes (approx 67 votes)
- Only physical assets – 0 votes

There was a clear majority supporting the view that the standard should be changed to encompass physical assets with consideration for other assets impacted through the management of those physical assets.

Q: I'm concerned about "scaling" and that it is either comply or not (for an organisation to the new standard). We run a regulated business with IPART. It concerns me that can't "part" comply. What do the rest of the stakeholders think?

Polling of attending stakeholders was undertaken during the Forum. The results were:

- all or nothing - 1 vote
- Maturity scale – all other votes (approx 69)

Q: PAS 55 has been mentioned, which is a good standard, however we've used 9001 & PAS 55 to co-audit. Question to the regulator, can they be assessed together?

This will depend of the business models of each certifiers, such as SIA Global.

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