

## APPENDIX D POLICY APPLICATION OF ISO 55000 IN AUSTRALIA

Institute of Public Works Engineering Australia  
NATIONAL ASSET MANAGEMENT STRATEGY (NAMS.AU)

# APPLICATION OF ISO 55000 STANDARDS FOR INFRASTRUCTURE ASSET MANAGEMENT IN AUSTRALIA

## POLICY

*“The ISO 55000 suite of standards can enable an organisation to achieve its intended outcomes through the effective and efficient management of its assets. The application of an asset management system provides assurance that those outcomes can be achieved consistently and sustainably over time. The requirements set out in ISO 55001 provide a structured approach for developing an asset management system to support the achievement of an organisation’s objectives.”*

The extent of benefit that application of the ISO 55000 suite of Asset Management Standards will bring to an organisation will be dependent on the scale and nature of the business and stakeholder needs of an organisation.

IPWEA NAMS.AU supports all infrastructure managing organisations whether in private or public ownership and at all levels of government to consider the ISO 55000 Asset Management Standards for the benefit that application of the Standards will bring in an improved management systems approach.

State and Territory Governments, where encouraging application of the Standards, should promote application at the level appropriate to the business and community needs of their Local Governments, Regional and State Owned Utility Authorities, and State/Territory Departments that have responsibility for delivery of services from infrastructure assets. It is recognised that in some cases, it will be appropriate for regulators to require application of the Standards to assure stakeholders that infrastructure service providers are operating their assets effectively and efficiently.

Such promotion of the Standards should not be prescriptive as to how the Standards are to be applied but should encourage entities to consider their communities and/or stakeholders objectives, so that they apply the Standards to those assets and level as appropriate to the organisation’s needs. This should be demonstrated through appropriate annual reporting.

It is important that application of the Standards is not for mere compliance, but to form an essential part of management of an organisation. Each organisation should determine to what level it wishes to certify compliance with the Standards to satisfy assurance to stakeholders, and as is appropriate for the size and nature of the organisation.

## POLICY BACKGROUND

### Current Status of Infrastructure Asset Management Systems approach in Australia

As Australia continues along a path of economic prosperity with increasing demand for a wide range of infrastructure and services expected in a modern world, the problems arising from poor asset management practices, are potentially faced at all levels of government.

These include increasing demand for services, increased asset base leading to expanding renewal liability, a focus on new assets at the expense of renewal of assets, failure to recognise and address ongoing costs associated with asset provision, rising costs, cost shifting and restricted revenue raising capability.

There are instances where organisations have a poor understanding of their long term financial future, due to a lack of strategic planning about how they should best manage the long term funding required to provide and maintain the infrastructure and services expected by their communities and stakeholders.

The following is a quote from the Draft ISO 55000 Standard showing how the Standards would help address some of these shortcomings.

*“The adoption of the ISO 55000 suite of standards can enable an organisation to achieve its intended outcomes through the effective and efficient management of its assets. The application of an asset management system provides assurance that those outcomes can be achieved consistently and sustainably over time. The requirements set out in ISO 55001 provide a structured approach for developing an asset management system to support the achievement of an organisation’s objectives.”*

The ISO 55001 Standard goes on to spell out the Requirements for the establishment, implementation, maintenance and improvement of a management system for asset management and who it is targeted at.

The following is a quote from the Draft ISO 55001 Standard.

*“This International Standard is primarily intended for use by:*

- those involved in the establishment, implementation, maintenance, and improvement of an asset management system,
- those involved in delivering asset management activities and service providers,
- internal and external parties to assess the organisation’s ability to meet legal, regulatory and contractual requirements and the organisation’s own requirements.”

### **IPWEA Role in promoting good Infrastructure Asset Management practice**

IPWEA represents stakeholders responsible for the management of much of the infrastructure on which our communities depend, for their everyday needs. This infrastructure is typically long lived but is expensive to build and renew. Unless managed and maintained, appropriately renewed, replaced and enhanced, it fails to deliver the expected levels of service. It is now widely recognised that appropriate strategic asset management is fundamental to meeting community expectations for the delivery of services at optimal cost.

IPWEA, through its NAMS.AU Group, has been pro-active in developing the necessary tools and training to assist asset managers in delivering good asset management practice. These include the world-wide acclaimed International Infrastructure Management Manual and NAMS.PLUS, an on-line guided pathway for writing asset management plans and long term financial management plans.

NAMS.AU has also produced the *Australian Infrastructure Financial Management Guidelines*, which provide consistent key performance indicators for annual reporting on a range of critical asset management performance measures. Despite all these excellent tools, and a significant movement within many organisations towards preparing their asset management plans, implementation of good asset management practice is however hampered by a lack of commitment, often at top management or elected levels, to provide the necessary resources and impetus to achieve a long term strategic asset management focus within entities responsible for services heavily reliant on infrastructure provision.



This has been recognised at all levels of government leading to National Frameworks consisting of three main components as follows:

1. Asset Planning and Management

- Development of an asset management policy
- Strategy and Planning
- Governance and Management Arrangements
- Defining Levels of Service
- Data and Systems
- Skills and Processes
- Evaluation

2. Financial Planning and Reporting

- A long term strategic plan which includes a financial component
- An annual budget format comparable with the audited financial statements
- Annual financial statements and annual report

3. Criteria for Assessing Financial Sustainability.

IPWEA fully supports this position but now seeks to go further in addressing the most desirable level and mix of application of the proposed ISO Standards, appropriate legislation where necessary and training/education, as a means of ensuring that appropriate strategic asset management practices are embraced by all levels of government in Australia, where responsibility is carried for the provision of infrastructure based services.

**Conformity Assessment for the Standards**

The ISO Standards foreshadow that organisations will seek, or be required, to demonstrate to their stakeholders, that they conform to the Standards requirements. It is proposed that this could be done in various ways, ranging from self certification through to more formal third party auditing and certification. ISO is looking to develop appropriate Technical Specifications that will deal with the necessary competence requirements for personnel involved in the certification process for Asset Management Systems (AMS).

IPWEA believes that organisations should be given the opportunity, through consultation with all of their stakeholders, to determine what form of conformance assurance is most appropriate for their business. It is considered essential that where any legislation is introduced, such should not force a 'compliance' approach but be carefully framed and introduced to encourage an asset management systems approach with long term financial and asset management plans being an essential part of managing the business of the organisation.

Accordingly, IPWEA has formulated the Policy position, as set out herein, and is pleased to promote this position, in the interests of seeking a consistent best practice approach to the enhancement of infrastructure service provision, by all responsible levels of government, Australia wide.

IPWEA would be prepared to work with those framing any legislation or requirements relating to the ISO Asset Management Standards, for infrastructure organisations, to ensure it achieves the desired outcomes of embedding an asset management system approach as part of the organisation's strategic business practice.

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