

The Path Forward with Asset Leadership

The Development Path to an integrated set of National & State Infrastructure Plans



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The Asset Management Council - Vision





The Asset Management Council



Established in 1992 as Maintenance Engineering Society of Australia (MESA) In 2004 transformed itself into Asset Management Council (AM Council)

Member based, Industry Funded, Registered not-for-profit professional association, Independent by Constitution (A Company Limited by Guarantee and not having a Share Capital)

A Technical Society of Engineers, Australia

AM Council is industry agnostic

Mission

- Create **broad awareness** of the value of asset management
- Nurture common understanding of asset management, and
- Provide a **portal** to asset management knowledge and resources

The Asset Management Council



Members - over 2500 members

Income - over \$2.5m annually

Industry - over 200 commercial and government organisations

National - Work together with all other Australian asset management focussed organisations (e.g. IPWEA, AusRoads WASA, WSA etc)

International - ISO, IEC, Global Forum on Maintenance and Asset Management (GFMAM)

Australian Infrastructure Plan - 2016







The Australian Infrastructure Plan - sets out the infrastructure challenges and opportunities Australia faces over the next 15 years and the solutions required to drive productivity growth, maintain and enhance our standard of living, and ensure our cities and regions remain world class.

National Infrastructure Plan is supported by State based Infrastructure Strategies/Plans



EXPERT ADVICE STATE INFRASTRUCTURE **STRATEGY** HAWKESBURY-NEPEAN VALLEY FLOOD RISK MANAGEMENT STRATEGY TIMELY INFORMATION ON INFRASTRUCTURE **PROJECTS** ASSET MANAGEMENT **BUSINESS CASE SUMMARIES CULTURAL INFRASTRUCTURE** STRATEGY **ADVISORY PAPERS**

New South Wales **STATE INFRASTRUCTURE STRATEGY**

The State Infrastructure Strategy (SIS) is a 20-year infrastructure investment plan for the NSW Government that places strategic fit and economic merit at the centre of investment decisions.

The strategy assesses infrastructure problems and solutions, and provides recommendations to best grow the State's economy, enhance productivity and improve living standards for our NSW community. It is updated every five years.

2018 2014 2012 5-YEAR INFRASTRUCTURE PLAN

This 20-year Strategy sets out Infrastructure NSW's independent advice on the current state of NSW's infrastructure and the needs and priorities over the next 20 years. *Building Momentum State Infrastructure Strategy 2018-2038* looks beyond the current projects and identifies policies and strategies needed to provide the infrastructure that meets the needs of a growing population and a growing economy.

VIEW AN OVERVIEW OF THE STRATEGY

Key milestones toward National and State Infrastructure Strategies/Plans



Activity Timeline

- <u>1980/1990s</u> Accrual Accounting mandatory in Australia Remarkably this is not the case for many countries today.
- 1990 (approx.) International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) made mandatory by Australian Accounting Standards Board (AASB)

Key milestones toward National and State Infrastructure Strategies/Plans



Activity Timeline

2004 – AM Council established

<u>The culture</u> – Open and Inclusive, Thought Leadership, Share Intellectual Property (freely to all), Act independently

Roles of AM Council:

Promote Awareness of benefits of Asset Management

<u>Thought Leadership</u> - developed Training & Education Courses on the "Why" the "What" and "How" of asset management

<u>Develop Chapters</u> around Australia to enable member involvement

Encourage membership - Be on the front foot - "don't be a victim again"

<u>Developed</u> - Asset Management Body of Knowledge and Asset Management Competency Scheme

<u>Strategic Commentary</u> – On key events within Australia (Press Releases)

Involvement with Standards development bodies (AS/NZS, ISO, IEC)

Key milestones toward National and State Infrastructure Strategies/Plans



Activity Timeline

- 2004 Developed relationship with IAM (UK) and ABRAMAN (Brazil)
- 2010 <u>SAP</u> and <u>International Funds Management (IFM)</u> joined AM Council Board, as a strategic "win win" relationship
- 2010 Key members of AM Council involved with NSW and Victorian Government Treasury projects leading to various AM focussed initiatives across all Government departments
- 2012 Fiscal Responsibility Act established in NSW (made asset management a key government discipline)
- 2012 Key members of AM Council involved Standards bodies (AS/NZS, ISO, IEC etc) and GFMAM and WPiAM etc
- 2016 National and State Infrastructure Strategies/Plans

AMBoK - Asset Management Core Themes



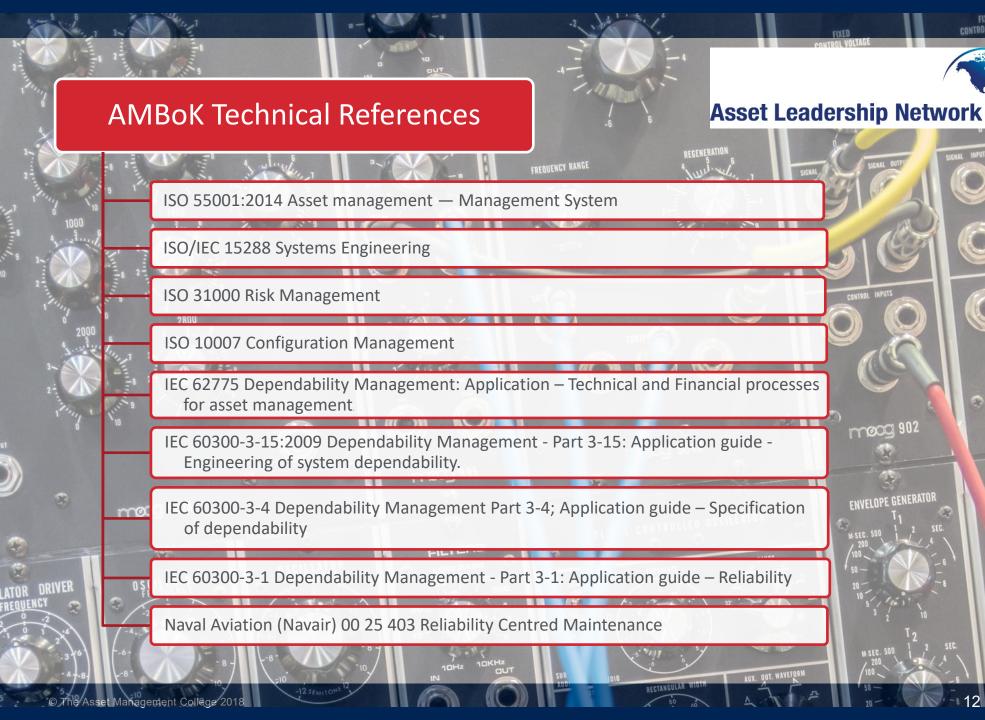
To support the achievement of business needs, asset management must integrate technical and financial decision-making processes

Asset management requires auditable and transparent decision making

Decision-making is fact based, where alternative solutions are evaluated using risk based methodologies

Asset management requires the development of a supporting leadership style and organisational culture

Improved business outcomes are achieved by improving asset management maturity



AMBoK - Financial References

Tunnel



Relevant International Financial Reporting Standards (IFRS)

IFRS 3 Business Combinations

IFRS 7 Financial Instruments: Disclosures

IFRS 8 Operating Segments

IFRS 9 Financial Instruments

IFRS 13 Fair Value Measurement

Relevant International Accounting Standards (IAS):

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

IAS 16 Property, Plant and Equipment

IAS 17 Leases

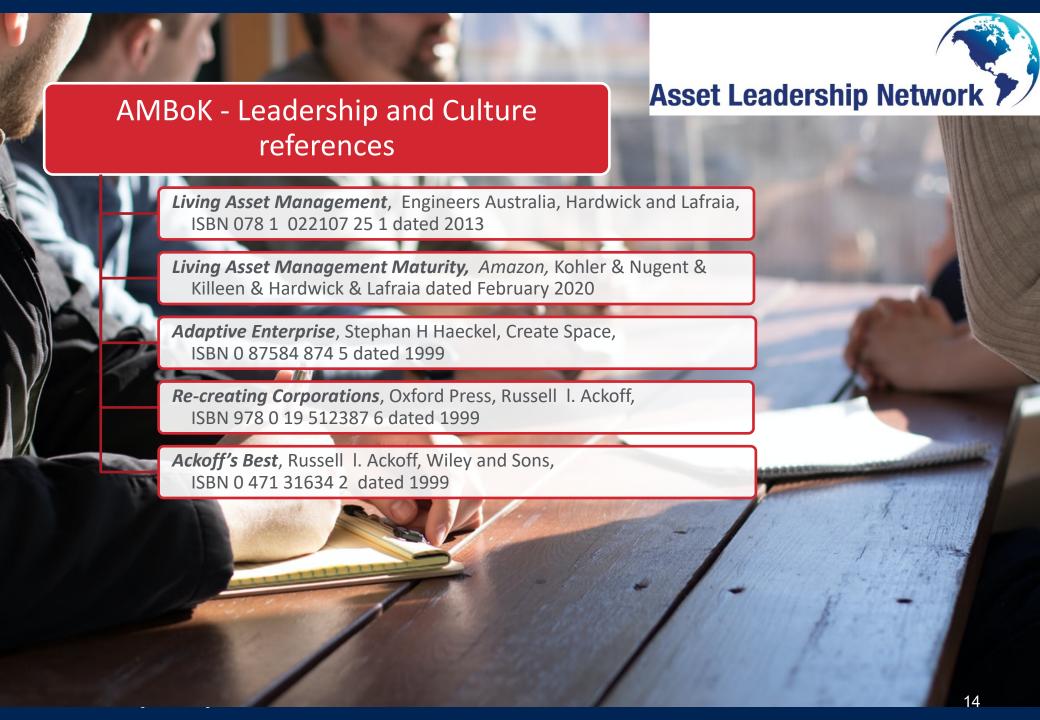
IAS 21 The Effects of Changes in Foreign Exchange Rates

IAS 36 Impairment of Assets

IAS 37 Provisions, Contingent Liabilities and Contingent Assets

Refer to https://www.ifrs.org/issued-standards/list-of-standards/

Note: Implemented within each country's national accounting and reporting standards e.g. Australian Accounting Standards Board (AASB)



Conclusions



Step 1

Asset
Management
(developing
Infrastructure
Plans etc)
requires the
development of
a collaborative,
inclusive culture

Step 2

To support the achievement of business & national needs, asset management must both integrate technical and financial decision-making

Step 3

Motivate and educate – "why do we need AM, what should we do and how can we do it?"

Why? - To

Why? - To improve me, improve my family & improve Australia Step 4

Use conferences & conversations to motivate membership & to involve and challenge Government (both public servants & politicians)

Step 5

Step 6

Work with Government agencies (e.g. PM&C and Treasuries) Use the AMBOK
(and AM
Maturity
Assessments) to
highlight
needed
improvements
& the benefits
that should
accrue



The Asset Leadership Network presents

restructuring America

Rethinking the concept of value in national assets and infrastructure.

Thank you



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Living Asset Management Maturity

About Living Asset Management Think Tank Inc

The Living Asset Management Think Tank Inc. is a group of internationally based, passionate asset management professionals who firmly believe in the value that asset management as a discipline, can provide asset intensive organisations.

The Think Tank provides a forum where fresh ideas and concepts that enhance that value are discussed, leading to improved long term organisational and social outcomes - for organisations and individuals alike across the globe.

The Think Tank recognises that thought leadership in this discipline is not bounded by geography or professional background and so encourages participation from anyone with a similiar passion.



