



New South Wales
TREASURY

TOTAL ASSET MANAGEMENT GUIDELINE

Total Asset Management Template

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Total Asset Management Template

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This document supersedes the previous 2004 version TAM04-1.
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A. GUIDELINES FOR COMPLETING THE TOTAL ASSET MANAGEMENT TEMPLATE

This Template, which should be read in conjunction with the TAM Manual, has been prepared to support agencies in developing their Asset Strategy and integrated Capital Investment, Asset Maintenance and Asset Disposal Strategic Plans. Together these form the agency's Total Asset Management Strategies.

Agencies are also required to prepare separate Office Accommodation and Information Management and Technology Strategies focusing on those particular assets. These strategies should be taken into account in preparing the TAM Template.

The template is a guide to the issues an agency should consider as part of its asset planning. The extent and complexity of an agency's portfolio as well as the extent of its service delivery will influence the amount of detail it should include in its TAM Strategies. Agencies should note that completion of the Office Accommodation and Property Disposal templates shown as appendices 2 and 3 is mandatory.

TAM Policy applies to all physical assets owned or controlled by NSW agencies. Physical assets are items such as land, buildings, information technology, infrastructure, collections, equipment or fleet, owned or controlled by an agency as a result of past transactions or events, providing future economic benefits and having a definite business function or supporting the delivery of services.

TAM Strategies inform the budget process. The template will assist Treasury to assess the effectiveness of agencies' asset management through the quality of their Strategies. The template, accompanied by notes describing its form, content and use, follows the approach set out in the Asset Strategy Guideline which is part of the TAM Manual. Agencies are encouraged to self assess their TAM Strategies against the criteria set out in that Guideline, prior to submitting them to Treasury. The TAM Manual is accessible on Treasury's website, www.treasury.nsw.gov.au. Agencies should consult their Treasury analyst where they require additional advice.

Why a template?

While the Total Asset Management (TAM) Manual details how agencies should prepare TAM Strategies, it does not prescribe the form or level of detail required in such strategies. This has led to some TAM strategies becoming narratives of agencies' operations and asset requirements, sometimes at the expense of substance and detail. It is difficult to assess such strategies and it is difficult for those developing them to use them to effectively manage their asset bases, or know whether they adequately fulfil their reporting obligations.

This template has been prepared to:

- Provide agencies with a disciplined structure upon which to develop TAM Strategies for all physical assets under their control.
- Set out a suggested level of detail for budget sector agencies' presentation of their TAM Strategies to Treasury. The scale and complexity of an agency's asset base may influence the level of detail an agency includes.
- Set out a suggested level of detail to be provided by self funding agencies seeking Treasury agreement to undertake major capital investments.
- Set out information agencies should append to their TAM Strategies for particular types of assets e.g. IM&T and office accommodation.

A template also clearly highlights to an agency, from the quality and availability of the information provided at each step, which areas of planning require further development.

What use is made of the TAM Strategies?

The Asset Strategy is primarily for use by the agency to establish the optimum form of the assets required for them to deliver, within resource limits, the results and services sought by government. The resulting Capital Investment, Asset Maintenance and Asset Disposal Strategies detail the actions the agency proposes to undertake to manage its asset needs. These plans should prioritise proposed expenditure across all types of assets owned or controlled by the agency.

TAM Strategies are required by Treasury to ascertain the assets required for the agency to deliver government's program of services and whether agencies are planning and managing all assets efficiently and effectively in accordance with TAM policy.

The budget process distinguishes between agency efforts to maintain existing services in terms of service nature, availability, quantity and quality and efforts to extend or enhance agency service delivery. This distinction should be evident throughout an agency's TAM Strategies. Proposed capital and recurrent projects should be identified as either maintaining or enhancing an agency's service delivery.

Which agencies are required to prepare TAM Strategies?

The need to prepare Asset Strategies arises from TAM Policy, which applies to all government departments, statutory authorities, trusts and other government entities. State Owned Corporations under the State Owned Corporations Act while exempt, are encouraged to adopt aspects of TAM that are consistent with their corporate intent.

Some agencies through self funding are able to internally fund major projects. Procurement Policy requires these agencies to submit any such projects to Treasury for full assessment prior to approval of funding. As part of this assessment an agency would be expected to demonstrate a need for the project, through its Asset Strategy and supporting Capital Investment Strategic Plan or equivalent plans.

When are TAM Strategies required?

TAM Strategies covering all types of assets are required by Treasury by the end of August each year. Refer to Treasury Circular T.C.04/09 for submission requirements.

Glossary

Maintenance of Service Effort:	A budget proposal, either of a recurrent or capital nature, necessary to maintain existing Government services in terms of service nature, availability, quantity and quality.
Enhancement of Service Effort:	A budget proposal to extend or enhance government services in terms of service nature, availability, quantity or quality.
Information Management and Technology (IM&T) Strategic Plan:	A separate but linked plan for managing IM&T, prepared in accordance with the Government Chief Information Office guidelines. It should inform the TAM Strategies and an electronic copy should be attached to the Strategies template.
Office Accommodation Strategy:	A separate but linked TAM plan for managing office accommodation. Planning of this asset type is now incorporated into the TAM Strategies to promote more integrated planning and management of assets.
Results and Services Plan (RSP):	A concise statement of the agency's results (i.e. what the agency is trying to achieve for society), services (i.e. end products the agency delivers for external consumption), result indicators and service measures.
Total Asset Management (TAM) Manual:	The Manual explains the NSW Government's TAM Policy, provides details of the five component strategies forming the TAM Strategies and contains a series of guidelines on implementing various aspects of asset planning. The Manual can be found at www.treasury.nsw.gov.au

B. THE TOTAL ASSET MANAGEMENT TEMPLATE

<Agency name>

TOTAL ASSET MANAGEMENT STRATEGIES

200- to 200-

Covering all physical assets, including land, infrastructure, buildings, collections, plant and equipment, ICT and office accommodation assets under its control

The Total Asset Management Strategies consist of the organisation's

- **Asset Strategy** and its integrated
- **Capital Investment Strategy**
- **Asset Maintenance Strategy**
- **Asset Disposal Strategy**

Prepared 31 August 200-

Signed (CEO)

In liaison with their NSW Treasury analyst, an agency should develop plans commensurate with the nature of their services and asset portfolio.

To assist agencies, this template provides a suggested structure on which to construct the Asset Strategy and integrated Capital Investment, Asset Maintenance and Asset Disposal Strategies, covering all physical assets owned or controlled by this agency.

METHODOLOGY/GOVERNANCE

1 Governance framework

1.1. Outline the governance and management frameworks within which all assets are planned and managed.

- *Include the management structure for all sections involved in the development of this strategy and the planning and managing of all assets.*
- *Show their relationship to corporate and finance functions. Include how change management and benefit management are considered.*
- *Outline the procedures in place for conducting formal and informal Risk Management, Economic and Financial Appraisal, and Value Management exercises.*

1.2. Outline the agency's level of knowledge of its asset base and the extent of analysis of the asset base involved in developing the Asset Strategy.

- *Detail the asset management systems used.*
- *Advise on what basis assets are segmented or grouped for more effective management (eg by asset type, geographical location, age, etc).*
- *Advise how the agency acquires and updates knowledge of its asset base.*

THE ASSET STRATEGY

2 Corporate goals identified

2.1. Identify the cluster in which the agency operates and the goals of the cluster. Outline cross-agency and cross-cluster joint service delivery, business collaboration and asset sharing.

- *Many NSW agencies are organised into cluster groups related to their combined service delivery focus eg Human Services Cluster. This information should be available from the cluster CEO committees which address sector issues.*
- *All agencies, whether or not they are part of a cluster, should outline any joint agency service delivery, business collaboration and asset sharing options, either considered or proposed and explain the agency's responsibilities and contribution to these initiatives.*

2.2. Identify the agency's planned results pursued and key services the agency delivers to achieve each result. Outline these key services, based on:

- 1 *No change in levels of service (Maintenance of Service Effort).*
- 2 *Enhanced levels of service (Enhancement of Service Effort).*

- *Consult the agency's corporate planning and Results and Services Plan (RSP) or Statement of Business Intent (SBI).*
- *Include significant aspects of the services being delivered in sufficient detail to support planning the assets required for their delivery. If this information already exists, append it in part or in full in its current form. While detailed data is important in preparing and implementing Asset Strategies, it is sufficient at this item for those reviewing the strategy to understand the quality of the information available and the way in which it was developed rather than to sight all data.*
- *Outline the internal business services provided to support delivery of the agency's services to the community. Consider staff structure and numbers, office locations, business information systems and applications in use (including information architectures, communications environment and technical infrastructure). This information can be obtained in part from the agency IM&T Strategy which should be attached as Appendix 1.*

2.3. Outline present and future pressures driving demand for services and demand management strategies considered or proposed to keep service levels sustainable within resource limits.

Demands should include:

- 1 *Wider government policy*
- 2 *Demographic pressures, market factors, cross-sector objectives, future settlement development plans and the effect of changed service delivery by other agencies.*
- 3 *Emerging technologies and application improvements*
- 4 *New standards and changed operating environments.*
- 5 *Demands for higher levels of assets where the assets are confused with the services delivered, eg police stations rather than policing etc.*

Details of these pressures and when they are likely to occur allows Treasury to better understand the basis for and priority of that future investment.

2.4. Identify the order of funding likely to be available from all sources to the agency to provide, maintain and operate its asset base sustainably over the period of its forward planning.

- *Planning of results and services and the resource needed to deliver them is of necessity iterative. While driven by community need and government direction, it also considers the resource envelope available, to ensure planning remains sustainable.*
- *Future financial resources may vary for reasons beyond an agency's control. Outline the measures to manage these potential risks in section 5.*

3 Asset Strategies developed

3.1. Outline the links between the agency's services or service groups and the asset base necessary for their delivery, including any specific high-level (overarching) strategies affecting particular parts of the asset base and their links to services.

- *This information assists Treasury to better understand the alignment between services/service groups (identified in the corporate plan and RSP or SBI) and the key assets and/or segments of its asset base.*

3.2. Outline significant asset performance criteria required for each asset type to deliver agreed services.

- *This could include their utilization, location, capacity, functionality as well as their required service life and adaptability.*
- *Show how asset performance criteria relate to service delivery levels. Show how the required performance levels are used to assess gaps between existing assets and those required.*

3.3. Outline the gaps between the agency’s existing and required asset base to continue service delivery. Also, outline the capital investment, asset maintenance and asset disposal options to close the gaps, based on:

1. No change in levels of service (Maintenance of Service Effort).
2. Enhanced levels of service (Enhancement of Service Effort).

- *Gaps may be due to changes in the assets’ operating environment including changed stakeholder expectations, changed legislation, deterioration of assets over time or obsolescence.*
- *Gaps may also be due to plans to deliver enhanced levels of services. The outline may include non-asset and less asset based options to close the gaps and the estimated time required to close them.*
- *For projects targeting enhancement of service effort, an agency should consult its Treasury analyst before undertaking extensive planning to avoid wasted cost/effort.*
- *Provide details of gaps in the office accommodation portfolio in Appendix 2 of this template.*

4 Asset performance measures and targets defined

4.1. List all key agency asset effectiveness measures, results over consecutive years and targets. Also, link each measure to the services the assets support.

- *Asset effectiveness is a measure of the value of the asset in delivering the agency’s services. The measures can be of a discrete asset or of components or aspects of an asset if these are significant to the service delivery. Effectiveness measures consist of service measures compared to measures of significant aspects of the assets supporting their delivery. For example, effectiveness of asset location could be determined by the number of emergencies responded to within specified response times compared to average distances travelled. The effectiveness of air conditioning systems to maintain library relative humidity could be gauged by a measure of average and maximum humidity compared to the capacity of air conditioning operating. The effectiveness of a new clinic could be measured from the proportion of cases able to be treated within the clinic compared to a corresponding period before its opening.*
- *Effectiveness targets could reflect appropriate targets from other jurisdictions or from similar industries. Include timeframes for achieving each target.*

4.2. List all key agency asset efficiency measures, results over consecutive years and targets.

- *Asset efficiency is the measure of how economically the asset is in supporting the delivery of services. Efficiency measures could relate to particular services or significant aspects of those services, or it could more generally measure the asset’s operation, for example how fully it is used (occupancy costs per unit of area), or the amount of energy, staffing or other support it requires to deliver service.*

4.3. Asset management function: List all asset management efficiency and effectiveness measures and outline strategies to improve asset management effort.

- *Asset management functional performance measures gauge how well all aspects of asset management are undertaken.*

5. Risk management strategies developed and documented

5.1. Summarise risk management strategies developed for each class of asset in the portfolio.

- *Include risks to service delivery from asset deterioration or failure and risk to the future of the asset from changes in service (eg demographic or technological changes).*

INTEGRATED CAPITAL INVESTMENT, ASSET MAINTENANCE AND ASSET DISPOSAL STRATEGIES

6. Capital Investment Strategy Developed

6.1. Outline the long term capital investment strategies for each asset type or risk category. (Include operational, strategic and fiscal considerations affecting the way capital investment projects will be organised and delivered.)

6.2. Outline the capital investment projects required to address the asset gap and effectively deliver services, and the impacts of the project not proceeding. Identify whether each project is aimed at delivering:

1. No change in levels of service (Maintenance of Service Effort), or
2. Enhanced levels of service (Enhancement of Service Effort).

- *Gaps in the performance of the asset portfolio requiring capital investment should have been identified in the Asset Strategy.*
- *The proposed capital investments should include all asset types (e.g. infrastructure/built assets, plant, equipment, ICT, fleet). Smaller scale projects, similar in nature may be treated on a program basis.*
- *All projects must be prioritised within each group (i.e. Maintenance of Effort and Enhancement of Effort)*
- *Office accommodation – while details should be provided in Appendix 2, specific capital proposals should be outlined here and prioritised against all other capital investment proposals.*
- *For major capital investments (i.e. mainly infrastructure/built assets and ICT) the Capital Investment Strategy should cover a ten year time frame.*
- *The outline should include, for each project:*
 - *The objectives the project must meet to address the service delivery strategy and the asset operating environment. ICT project objectives are set out in the IM&T Strategy and should be summarised here to ensure alignment with the project objectives of other asset types.*
 - *estimated total cost,*
 - *classification (major or minor, new work or work in progress),*
 - *type (eg land acquisition, procurement of assets),*
 - *commencement and completion dates*
 - *projected cash flows.*
 - *The impacts on service delivery and current and future costs if the project does not proceed.*
- *List all proposed new capital investment in Appendix 4 of this template.*
- *Agencies should consult their Treasury analysts before undertaking extensive planning to avoid wasted cost/effort.*

6.3 Review the previous year's Capital Investment Strategy and assess how much of it was achieved.

- *Advise of changes made to the previous strategy and the reasons why some strategies and projects did not eventuate. Advise of alternative unplanned projects that proceeded.*

7. Asset Maintenance Strategy Developed

7.1. Outline the maintenance resources, internal or external to the agency

- *All resources, including human resources, knowledge of the asset base, administrative, technical and procurement skills, management and construction technology, vendor support and financial resources available to the agency affect the maintenance delivery options that can be considered.*

7.2. Outline the long term maintenance strategies for each asset type or risk category. (Include operational, strategic and cultural influences affecting the way maintenance is organised and delivered.)

- *Include strategies to address planned obsolescence and ICT upgrade paths, urgent, major, programmed, geographically isolated and high risk maintenance. Outline any links between individual strategies. Outline any inter agency strategies.*
- *Highlight any constraints on maintenance planning and delivery stemming from service delivery, or organisational pressures. Examples might include security difficulties in providing maintenance access or retention of certain maintenance capabilities or staff to address emergency breakdowns.*
- *Include strategies to address knowledge management where empirical knowledge is integral to the effective management of assets.*

7.3. Outline the critical maintenance issues from assessing asset condition against performance criteria, based on:

1. No change in levels of service (Maintenance of Service Effort), and
 2. Enhanced levels of service (Enhancement of Service Effort).
- *The gap between the current assessed standards of the whole asset base and the standards required should take into account the resources that will be available over the life of the asset strategy. A gap larger than the financial resources available to address it indicates the need for the agency to review its asset and other resource standards or the levels of service it plans to deliver.*
 - *For projects targeting enhancement of service effort, an agency should consult its Treasury analyst before undertaking extensive planning to avoid wasted cost/effort.*

7.4. Provide by overall priority a costed program of works proposed for the forthcoming year and longer term budget projections for all asset types, based on:

1. No change in levels of service (Maintenance of Service Effort), and
 2. Enhanced levels of service (Enhancement of Service Effort).
- *Detail recurrent office accommodation proposals in appendix 2.*
 - *The costed program of works should cover the forthcoming year, the next three years and longer term budget projections. Projections should extend to ten years for major maintenance projects which are capitally funded.*
 - *Detail the impact on service delivery and current and future costs if particular programs of maintenance do not proceed.*
 - *For projects targeting enhancement of service effort, an agency should consult its Treasury analyst before undertaking extensive planning to avoid wasted cost/effort.*

8. Asset Disposal Strategy Developed

8.1. Identify assets assessed as surplus to service delivery requirements for disposal.

- *Include all assets no longer supporting service delivery or which are likely in the future not to support service delivery, due either to deterioration of the asset, planned obsolescence or changed service requirements.*
- *Treasury assesses these plans and provides advice on overall disposal strategies to the Government Asset Management Committee.*
- *Consider all disposals over the full timeframe of the asset strategy.*

8.2. Outline all opportunities considered or proposed to maximise disposal values.

- *Include both agency and interagency opportunities.*

8.3. Provide a costed program of disposals for the forthcoming year, the next three years and over the longer term. Show impacts and dependencies with the Capital Investment and Asset Maintenance Strategies.

- *The program should include any expenditure required to plan and achieve the disposals Assets proposed for disposal should be removed from maintenance programs.*
- *Include office accommodation disposal proposals in Appendix 2*
- *Detail all real property disposals in the Detailed Property Disposal Plan in Appendix 3*
- *References should be made in the Capital Investment and Asset Maintenance Strategies where proceeds from asset disposals are proposed to fund or partly fund capital or maintenance works.*

9. Appendices

9.1. Appendix 1 Provide Agency IM&T Strategy

- *Only required as an attachment to the electronic copy of the TAM Strategy.*

9.2. Appendix 2 Provide Office Accommodation Spreadsheet.

- *Attach to both hard copies and the electronic copy of the TAM Strategy.*

9.3. Appendix 3 Provide Detailed Property Disposal Plans

- *Attach to both hard copies and the electronic copy of the TAM Strategy.*

9.4. Appendix 4 Provide Proposed New Capital Investments / Acquisitions Summary Table

- *Attach to both hard copies and the electronic copy of the TAM Strategy.*