



The
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**Total Asset Management (TAM)
Submission Requirements**

Policy & Guidelines Paper

Preface

Successful physical asset management is fundamental to the establishment of a NSW Government asset portfolio that appropriately, effectively and efficiently meets service delivery requirements within available resource limits.

Total Asset Management (TAM) policy reflects the Government's objective of a strategic and systematic approach to physical asset and infrastructure planning and management that is consistent across the whole of government.

NSW Treasury Circular NSW TC 13/08 advises agencies of the need to comply with Total Asset Management (TAM) policy and requirements as outlined within this Policy and Guidelines Paper.

This Policy supersedes the previous TPP 08-02 Total Asset Management (TAM) Requirements for updating the NSW State Infrastructure Strategy (SIS).

Philip Gaetjens
Secretary
NSW Treasury
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Note

General inquiries concerning this document should be initially directed to:
Financial Management and Accounting Policy Branch (Tel: 9228 4207)

This publication can be accessed from the Treasury's website
[<http://www.treasury.nsw.gov.au/>].

Contents

	Page
Executive Summary	1
Total Asset Management (TAM) Policy	2
Policy Purpose	2
Compliance	2
Policy Overview	2
Purpose and Use of TAM Information	2
Project Approval and Capital Planning Limits	4
TAM Submissions	5
Asset Strategy	5
TAM Data Tables	7
Capital proposals, Business Cases and Gateway Reviews	7
TAM Submission Sign-off	8
Further Information	9
Guidance Material	9
Treasury Contacts	9
Associated Instruments	9

Executive Summary

Total Asset Management (TAM) policy reflects the Government's objective of a strategic and systematic approach to physical asset and infrastructure planning and management that is consistent across the whole of government.

The policy seeks to ensure that the Government's physical assets best support its service delivery responsibilities within the limits of available resources.

All General Government agencies and nominated Public Trading Enterprises (PTEs) are required to comply with TAM policy.

Information contained within Agency TAM submissions is used to inform decision-making and strategic planning across government. TAM submissions are a key input to the budget process and the development of State infrastructure strategy.

TAM submissions also represent an important corporate planning mechanism at the agency level and present an agency's asset response to its high level service delivery responsibilities.

The key requirements of this policy are outlined below:

- TAM submissions should be provided to Treasury as part of the budget returns process. Treasury will issue guidance to agencies relating to their TAM responsibilities annually.
- TAM submission requirements will vary according to agency classification.
- For the purpose of TAM policy, selected agencies and PTEs will be classified as 'nominated'. Treasury will determine and periodically review which entities are to be classified as nominated. The list of nominated agencies and PTEs is published on the Treasury website.
- Only those agencies and PTEs which have been nominated are required to submit an Asset Strategy in line with the requirements and procedures outlined within the policy.
- All General Government agencies and nominated PTEs are required to submit TAM data tables in line with the requirements and procedures outlined within the policy.
- Capital proposals, Business Cases and Gateway Review Reports are required to support individual project/programs identified within TAM submissions. These should be prepared in accordance with Treasury Circulars and relevant Treasury guidance.

Total Asset Management (TAM) Policy

Policy Purpose

Total Asset Management (TAM) policy reflects the Government's objective of a strategic and systematic approach to physical asset and infrastructure planning and management that is consistent across the whole of government.

TAM policy seeks to ensure that the Government's physical assets best support its service delivery responsibilities within the limits of available resources.

TAM policy requires agencies to plan for their non-current physical assets as part of their corporate planning responsibilities. This includes planning for assets such as land, buildings, information technology, infrastructure, collections, equipment or fleet. These assets support the delivery of public services or have a definite business function.

Compliance

All General Government agencies and nominated Public Trading Enterprises (PTEs) are required to comply with this policy.

PTEs that are not on the nominated agencies list are encouraged to apply TAM principles in preparing 10 year capital expenditure data for inclusion within their Statements of Corporate and Business Intent.

Policy Overview

Agencies and nominated PTEs are required to develop and maintain TAM submissions, comprising an Asset Strategy (to be submitted by nominated agencies and PTEs only) and TAM data tables. Capital proposals, Business Cases and Gateway Review Reports are required to support projects/programs outlined within the submissions.

TAM submissions should be provided to Treasury as part of the budget returns process. Guidance, outlining submission requirements, will be issued to agencies by Treasury on an annual basis.

Purpose and Use of TAM Information

Information contained within agency TAM submissions is used by NSW Treasury as well as a number of other agencies with coordinating roles.

Use by the Agency

TAM represents a valuable planning tool at the individual agency level. Agencies should undertake asset planning as a matter of good corporate practice.

TAM submissions, in varying degrees of detail, will outline and articulate the agency's asset response to its high level service delivery requirements. This may also assist the agency to determine whether the proposed services and the resultant physical asset requirements are sustainable into the future.

Use by NSW Treasury

TAM submissions are a key input into the budget process and the development of State infrastructure strategy.

Treasury uses TAM submissions to:

- Evaluate an agency's planned capital expenditure intended for the budget year and forward estimates.
- Ensure alignment of the State's capital program with government priorities and service delivery levels.
- Assess agency's capital programs against capital planning limits, where applicable.
- Identify and advise the Expenditure Review Committee (ERC) of potential risks to the implementation of State infrastructure strategies by comparing proposed capital expenditure in TAM plans against Treasury's 10 year affordability projections. Where appropriate, information may be used to identify and determine capital planning limits for the agency.
- Provide advice to Government and agencies on capital strategy, asset management planning and related financial risks.
- Plan and manage the capital project review processes efficiently and effectively.

Use by Infrastructure NSW

Infrastructure NSW (INSW) was established in 2011 to assist the Government in identifying and prioritising critical public infrastructure for NSW. As part of this mandate, INSW works with Treasury and agencies to identify and review major projects recommended for inclusion within the State's Infrastructure Plan (SIP). The SIP outlines the Government's funded infrastructure priorities over the next five years and is published annually in the Budget papers.

INSW will consider projects identified within the 20 year State Infrastructure Strategy (SIS) as well as other major projects identified within agency TAM submissions, recommended for inclusion within the SIP.

It is also expected that TAM submissions will be used to inform the periodic review of the 20 year State Infrastructure Strategy.

A diagram outlining the key stages of the NSW Treasury Budget process, including INSW responsibilities, is provided overleaf.

Use by other agencies

Other government entities using TAM information for strategic planning and reporting purposes are the Department of Finance and Services (DFS), the Department of Planning and Infrastructure (DP&I) and Government Property NSW (GPNSW).

Treasury may share agency TAM submissions with these agencies subject to the following requirements:

- The confidentiality of agency TAM submissions will be maintained and information will be used solely for the purpose for which it has been provided.
- Contact will be made with agencies should further information be required relating to an agency's TAM submission.
- Matters relating to compliance with TAM policy will be handled by Treasury.

Overview of NSW Treasury’s Budget Process

Indicative Timeframes

October / November

<p>Agency TAM submissions for Budget Process</p> <ul style="list-style-type: none"> • Asset Strategy (nominated agencies and PTEs) • TAM data tables • Capital proposals, Business Cases and Gateway Review Reports, as required <p>Annual Budget Process</p> <ul style="list-style-type: none"> • Half Year Review



December-January

<p>Annual Budget Process</p> <ul style="list-style-type: none"> • Revised Forecasts • Recommendation of projects for approval • INSW recommendation of 5 year infrastructure plan for endorsement (projects >\$100m)



February - May

<p>Annual Budget Process</p> <ul style="list-style-type: none"> • Budget Forward Estimates • Approve Projects • Approve budget- year works
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June

<p>Budget</p> <ul style="list-style-type: none"> • Publish Budget Papers • Finalise the NSW 5 year infrastructure plan

Project approval and Capital Planning Limits

The Cabinet Infrastructure Committee (CIC) will endorse major project proposals for inclusion within the five year SIP provided in Budget Paper No. 4. The Expenditure Review Committee (ERC) will approve Departmental capital allocations and projects to be included within the SIP.

Where ERC has approved 10 year capital planning limits (CPLs) for particular agencies, agency infrastructure plans should fit within this limit. CPLs should be used to guide funding and prioritisation planning. Business Case, Gateway Review and budget submission processes must be followed in order for individual projects to be considered for final funding approval.

TAM Submissions

TAM submissions comprise two elements and requirements relating to each of these elements will vary according to agency and PTE classification as outlined in the table below.

For the purpose of TAM policy, selected agencies and PTEs will be classified as 'nominated'. The list of nominated agencies will be reviewed annually by Treasury to reflect capital investment requirements and budget risks.

An updated list of nominated agencies will be provided on the Treasury website. See: <http://www.treasury.nsw.gov.au/tam/tam-intro>

	TAM Element	Applicable to:
1.	An Asset Strategy	Nominated agencies and nominated PTEs
2.	TAM data tables	All General Government agencies and nominated PTEs

Capital proposals, Business Cases and Gateway Review Reports are required to support projects outlined within TAM submissions.

Further information is provided on each of these elements in the sections below.

Principal Departments should coordinate, review and submit TAM submissions for entities within their cluster. Where this is not consistent with the independent status of some agencies, submissions should continue to be forwarded directly to Treasury.

Treasury expects agencies and nominated PTEs to undertake appropriate engagement with relevant agencies to ensure that their TAM submissions are in alignment with, and consistent with, relevant whole of government policy.¹

Asset Strategy

The Asset Strategy is the high level plan that details how an agency's assets support service delivery and in particular, how the proposed capital projects are prioritised and integrated to support a cohesive service delivery strategy.

Only those agencies and PTEs which have been nominated are required to submit an Asset Strategy.

The Asset Strategy should focus on the interrelationship, alignment and prioritisation of assets to support the delivery of agency services.

Agencies should be mindful of the need to undertake whole-of-life asset planning and management. There is significant scope for agencies to improve the management of their existing assets through a more comprehensive focus on maintenance, increased asset utilisation and selective rationalisation of assets which no longer have a strong connection to service delivery objectives.

¹ Examples of whole of government policy which may apply include: *The State Infrastructure Strategy 2012-2032*, *NSW Government ICT Strategy*, *M2012-20 Government Property NSW (previously State Property Authority)* and *Government Property Principles*. This list is not exhaustive.

The Asset Strategy should:

- Provide a brief summary of the existing asset base (covering all asset classes) and how it supports agency services.
- Identify any significant asset gaps between the agency's existing asset base and the required asset base to continue service delivery.
- Identify future pressures driving demand for services and any demand management strategies considered or proposed to keep service levels sustainable within resource limits. Agencies should take into account changes to the operating environment.
- Outline inter-relationships between proposed projects or programs (highlighting projects or disposals involving multiple agencies), and how these support a cohesive, integrated asset and service strategy.
- Outline service risks, over both short and long term, if proposed projects are not funded.
- Explain how the proposed capital projects as identified in TAM data tables are prioritised within projected funding limits with reference to priority service levels as identified in the agency's corporate and business planning documents or Statement of Corporate or Business Intent (SCI/SBI).
- Outline evidence used to support the prioritisation of capital projects. For example, how economic and financial appraisals; risks assessments; and asset maintenance plans have been used to inform decision making.
- Provide measures of asset utilisation or non functionality (current and projected) that support asset disposals identified in the TAM data tables, where available.
- Demonstrate how proposed projects relate to Government priorities including those outlined within *NSW 2021: A Plan to make NSW Number One* and *The State Infrastructure Strategy 2012-2032*.
- Reference any consultation with local government or any other government agency.
- Explain how intervention options have been assessed. For example, how decisions relating to asset base expansion against maintenance of existing assets have been undertaken.
- Provide brief descriptions of the nature, costs and benefits of any planned projects or ongoing programs for which no business case has yet been submitted to Treasury.
- Include and report on progress against any TAM or project-specific planning actions agreed through negotiation with Treasury.

The amount of information and the level of detail to be included within the Asset Strategy will depend upon the size and nature of an agency's asset base and plans. Agencies should discuss the proposed contents and scope of their strategies with Treasury at an early stage. The Asset Strategy need not include detailed information that is included within specific project business cases.

Once TAM submissions are received, Treasury will consult with and seek further information from agencies as required.

In consultation with Treasury, agencies should update their Asset Strategy each year or as agreed with Treasury, to reflect significant changes in proposed asset/infrastructure planning, and attach an explanation of changes.

TAM Data Tables

All General Government agencies and nominated PTEs are required to submit TAM data tables. TAM data tables provide information on an agency's capital works in progress as well as a prioritised capital investment program. Templates and advice specifying the data required will be updated and provided annually by Treasury. Data must be provided in the format requested.

TAM data tables capture the following information:

- Works in Progress (WIPs) – identifies an agency's capital WIP and any proposed changes to expenditure. The WIP represents all capital programs/projects that are currently being implemented by the agency.
- New Capital Expenditure – captures information on proposed new capital expenditure. The data table template requires projects to be described, prioritised and classified by a number of criteria.
 - Proposals should clearly distinguish between minor and major works that can be funded within existing funding limits, and those prioritised works for which additional funding is sought.
 - Projects may be aggregated into programs as appropriate, in consultation with Treasury and subject to set thresholds identified by Treasury, where each program is a collection of highly inter-related projects.
 - Estimated expenditure requirements should be provided for rolling programs of works, within which specific future individual projects may not yet have been fully identified.
 - Proposals should include and identify any capitalised expenditure for which the purpose is primarily maintenance/replacement of an existing asset (maintaining broadly similar asset functionality and capacity).
- Business Case and Gateway Review Reports – provides information on project development activity and compliance with relevant procurement policy.
- Asset disposals – Outlines asset disposal and estimated sales revenue. Where appropriate, a detailed property disposal plan will be required.
- 10 year capital investment summary.

Nominated agencies are required to provide WIP and proposed expenditure data spanning the 10 year planning period.

Other agencies are required to provide WIP and proposed expenditure data for years one to four. Data beyond year four (the forward estimates period) is only required for proposed projects with an estimated total cost of \$10 million and over.

Templates and associated guidance will be reviewed and updated by Treasury annually. Information on this will be provided to agencies with their allocation letters.

Once the budget process has determined funding levels and approved projects for the upcoming budget year, Treasury may require selected agencies to submit a second submission, referred to as Agreed TAM data. This will align the original TAM data tables to reflect Budget decisions.

Capital proposals, Business Cases and Gateway Review Reports

Capital proposals, Business Cases and Gateway Review Reports are required to support individual project/program proposals presented within TAM submissions.

A template and associated guidance for the completion of Capital proposals will be provided to agencies annually with their allocation letters.

Business Case and Gateway Review Report requirements are outlined in Treasury Circulars NSWTC 12/19 *Submission of Business Cases* and NSWTC 10/13 *Gateway Review System* and are available on the Treasury website. Agencies should consult with their Treasury analyst to discuss requirements and are encouraged to submit these documents as they are developed rather than wait until the final deadline.

TAM submission sign-off

Agencies should provide their TAM submissions to Treasury as part of the annual Budget return process.

Submissions are received by Treasury on behalf of the ERC and therefore must have Ministerial endorsement. Sign-offs should explicitly acknowledge that the TAM submission represents the agency's asset related Budget proposal for that year.

TAM submissions should be signed by both the Minister and CEO and emailed to: tamplans@treasury.nsw.gov.au

A hard copy of the TAM submission, signed by the Minister and CEO, should also be provided to the agency's treasury analyst.

Further information

Guidance material

TAM policy and guideline documents are accessible at NSW Treasury's website:
<http://www.treasury.nsw.gov.au/tam/tam-intro>

Treasury contacts

TAM Policy

Narayan Mukkavilli Tel: (02) 9228 4207
Email: narayan.mukkavilli@treasury.nsw.gov.au

Stephanie Galbraith Tel: (02) 9228 3735
Email: stephanie.galbraith@treasury.nsw.gov.au

TAM data tables and technical support

Tatiana Carlisle Tel: (02) 9228 4591
Email: tatiana.carlisle@treasury.nsw.gov.au

Doug Soo Tel: (02) 9228 4247
Email: doug.soo@treasury.nsw.gov.au

Business Cases and Gateway Reviews:

Elizabeth Williams Tel: (028) 92285453
Email: elizabeth.williams@treasury.nsw.gov.au

Asset Disposals

Colin Campbell Tel: (028) 9228 4468
Email: colin.campbell@treasury.nsw.gov.au

Associated instruments

- [NSW Treasury Circular NSWTC 13/08](#), *Total Asset Management Requirements*
- [NSW Treasury Circular NSWTC 12/19](#), *Submission of Business Cases*
- [NSW Treasury Circular NSWTC 10/13](#), *Gateway Review System*
- [NSW Treasury and Guidelines Paper TPP 06-06](#) *Guidelines for Capitalisation of Expenditure on Property, Plant and Equipment.*
- [Department of Premier & Cabinet, M2012-20](#) *Government Property NSW (previously State Property Authority) and Government Property Principles*
- [Department of Premier & Cabinet, M2013-01](#) *Urban Growth NSW*
- [Department of Premier & Cabinet, C2013-07](#) *Governance Framework for Major Transactions – 2013*

Please note that the above list outlines the primary instruments for agency consideration. It is not intended to be exhaustive.