



Asset Management Plan - DRAFT

ASSET MANAGEMENT
PLAN: GUIDELINES AND
TEMPLATE

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1. Introduction

The *Asset Management Policy for the NSW Public Sector – TPP19-07* (AM Policy) provides a whole-of-government framework to support agencies in realising value from their planned and existing assets. Core Requirement 2 of the AM Policy calls for agencies to establish an asset management framework that aligns with the AM Policy and the international standard for asset management, ISO 55001 *Asset management – Management systems – Requirements*.

Asset management plans (AMPs) are requisite artefacts expected to be produced by agencies as demonstration of the establishment an asset management framework. This document outlines the minimum requirements for AMPs as prescribed by the AM Policy and provides detailed guidance on how to prepare an AMP based on industry best practice approaches.

1.1 How to use this document

This document is organised into four parts. This first part of the document provides an introduction and sets the context. The second part provides a general overview of what AMPs are and general guidance on what should be considered in their development. The third part lists the minimum requirements for an AMP as stipulated in the AM Policy. Part 4 is the main component of the document and contains a template for an AMP, with placeholders included to mark where information required by the AM Policy might be placed. Additional guidance is provided in the relevant sections to assist agencies to understand the extent and detail of the information required to develop a fit-for-purpose AMP.

The template provided in this document is intended as guidance only. Provided that the AM Policy requirements are met, amendments to the template or use of different document formats should be considered if it will result in a more fit-for-purpose AMP for the agency. The template provided in this document represents a foundational AMP for agencies that have not had prior experience in the preparation of AMPs in line with current asset management standards¹. It stipulates information agencies are expected to provide at minimum to meet the requirements of the AM Policy.

This document forms part of a suite of guidance documents developed to support agencies in the implementation of the AM Policy requirements. This document should be read in conjunction with the AM Policy itself and other guidelines produced to assist agencies with AM Policy implementation.

¹ ISO 55000 series

2. Asset Management Plans – General guidance and overview

ISO 55000 defines an Asset Management Plan as “*documented information that specifies the activities, resources and timescales required for an individual asset, or a grouping of assets, to achieve the organisation’s asset management objectives*”

From a NSW public sector perspective and in AMPs describe the operating context, governance, scope and range of activities intended to achieve agreed organisational objectives. This includes the strategies, plans and activities necessary for the identification, management and control of an agreed budget to achieve customer and community outcomes at the lowest lifecycle cost.

An AMP will detail the tasks and activities and related responsibilities of an agency in the management of assets to ensure that the agreed service levels or outputs are met. In producing an AMP it is important the organisational context of the agency is well understood and clear link between strategic organisation objectives and the asset management function established. Considerations that should be including when developing an AMP include:

- What needs to be established to support an asset management culture within the organisation
- Require revision of other organisation processes (e.g. finance, HR, procurement) to align with and support the AMP
- The change needed to import organisational outcomes and degree of change required

Consideration of these and other strategic factors will assist in developing AMPs that holistically encompasses the gamut of organisation’s functions and its objectives will ensure that the AMP will be effective in extracting the most value from assets balanced against the appropriate level of cost and risk for the organisation.

Asset Management Plans (AMPs) are a central part of ‘lifecycle planning and operation’ and should be documented at a level that is appropriate to the agency and its stakeholders. For some agencies this may be captured in a single document, while for others, multiple AMPs may be appropriate.

3. Asset Management Plans – minimum requirements

The following are the minimum requirements for AMPs as specified in the AM Policy:

- a. Asset management plans (AMPs) are an integral part of lifecycle planning and operation and must be developed by the agency as part of its asset management framework.
- b. AMPs must reflect the agency’s approach their management of assets which may be in accordance to the asset type, geographic asset location, lifecycle stage, or with a specific asset management objective (for example, a plan to reduce reactive maintenance).
- c. AMPs must contain the following information:
 - i. Time horizon for the plans
 - ii. Information requirements of stakeholders
 - iii. Demonstration of alignment with the agencies Asset Management Framework

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- iv. Scope of the plans and explanation of the basis upon which assets are managed (e.g. by asset type, location, lifecycle stage, etc.)
 - v. Performance measures of the efficiency and effectiveness of the asset portfolio, including operational and management performance
 - vi. Links between the agency's services and the agency's existing and planned assets
 - vii. Outline of present and future demand and service provision pressures and actions and solutions to maintain sustainable service levels
 - viii. Risks to the assets and service provision, and mitigation actions to address those risks
 - ix. Prioritised program of existing and planned lifecycle asset management activities including investment initiation, development, creation/acquisition, maintenance, operation and disposal/divestment.
 - x. Financial information related to the prioritised program including Capital expenditure, Recurrent expenditure and Revenue
 - xi. Decision making rationale
 - xii. Assessment of resilience and vulnerability of assets
 - xiii. For ICT assets, demonstration of alignment with the Government's digital strategy
 - xiv. Continuous improvement actions
 - xv. Include an Asset Utilisation and Recycling Plan (AURP), which outlines an agency's ownership of real property, utilisation metrics and property disposal plans.

4. Asset Management Plan Template

4.1 Executive summary

This section must include an overview of the detail in the AMP with a particular emphasis on the risks and issues associated with the asset condition, approach to maintaining assets under a constrained budget; and how funding for maintenance (CAPEX and OPEX) can overcome these risks and issues.

4.2 Document approval

This section must include a high-level detail of the AMP's approval and sign-off. It must include that date of approval, title of the approver and version control information.

4.3 Introduction

4.3.1 Purpose and context

This section describes the role of the asset management plan within the agency's broader Asset Management Framework.

Include an explanation of the approach to the management of assets which may be based on asset type, geographic location, lifecycle stage, or based on specific asset management objective (for example, a plan to reduce reactive maintenance).

Provide brief commentary on sources of funding (CAPEX and OPEX) to support the AMP. Include previous and current funding levels.

4.3.2 Scope

This section provides a high-level description of:

- those assets that are within the scope of the AMP.
- Assets that are under the control of the agency but are covered in a different AMP
- Assets that are not within scope

4.3.3 Timeframe

State the agreed timeframe for the plan. Typically, this would be 5 to 10 years and must be consistent with the agency's organisational planning approach.

This section must include a statement as to the expected accuracy of the plan at varying time horizons, for example, the plan may provide a ten-year budgetary bid with indicative estimates.

4.4 Terms and definitions

Include a list of terms and definitions used in the AMP. As much as possible use terms from relevant standards and provide a reference to the source of the definition.

Agencies must use the same terms and definitions consistently across all artefacts of their asset management framework, including in their agency-level asset management policy, strategic asset management plan (SAMP), and AMPs.

4.5 Outcomes and business drivers

4.5.1 Governance

This section describes the governance arrangements in place as they relate to establishment and delivery of the AMP. It must outline the authorising environment of the organisation for asset management decisions and indicate accountabilities and responsibilities for the various asset management functions and activities described in the AMP.

This section must include descriptions of the:

- Organisational structure
- Key roles and responsibilities (Role of your business area or division and indicate the accountability/responsibility in relation to asset management)
- Interface and relationships

4.5.2 Statutory and regulatory requirements

List legislation and regulations that impact the asset management functions and activities included in the AMP. This typically would include environmental and safety related legislation, and Australian and International standards.

4.5.3 Strategic alignment

List the key documents that provide strategic direction that are relevant to the AMP. These might include:

- Corporate Plan
- Customer Value Proposition
- Long-Term Strategic Plans
- Government Priorities and Commitments
- Agency Business and Outcomes Plan
- Agency's own asset management policy
- Strategic Asset Management Plan
- Asset Management Objectives (these must form part of the SAMP)
- Whole-of-government strategic objectives as directed by Functional Framework Leads, for example the Governments Digital Strategy and related digital polices for ICT assets and asset utilisation and recycling requirements from Property NSW

Strategic priorities may be grouped into common themes.

4.6 Stakeholders

All stakeholders (within and external to NSW Government) must be identified and their needs and expectations detailed.

4.7 Asset portfolio description and inventory

This section describes in detail the asset portfolio within the scope of the AMP.

This will include a summary of:

- Asset types and population
- Services enabled
- Critical systems
- Asset financial information (valuations)
- Asset age profile

This section must include the identification and profile of the existing and future asset portfolio (for duration of the period cover by the AMP). The basis on which the portfolio is segmented or grouped must be explained. For example, the approach to manage assets may be determined based on (these are provided as illustrative examples and are not meant to be considered mandatory):

- specific asset types or groups such as real property, ICT, motor vehicle and heritage
- assets within a geographical region such as Local Health Districts and Local Area Commands
- a specific lifecycle stage such as maintenance, disposal and procurement

4.7.1 Asset types and populations

Listing asset types provides a means of applying consistent strategies and processes to a group of nominally similar assets and enables large numbers of like assets to be managed in a consistent manner.

A functional description of the asset types and a hierarchy showing how the different asset types link to one another must be provided.

Population numbers of each of the asset types must be included.

4.7.2 Services enabled

A description of the services enabled from the assets must be provided. Agencies must link these services to the strategic goals of the organisation.

4.7.3 Critical systems

Assets and their systems (and system interfaces) that are considered critical to enabling the agency to provide its services must be identified and described.

4.7.4 Asset financial information (valuations)

A valuation of the assets covered in the AMP must be provided.

4.7.5 Asset age profile

Provide information on the age profile of the assets. Standards and useful life considerations (criteria used) must also be provided.

4.8 Asset condition and performance - risks and issues

This section describes the current condition of assets and associated performance. The risks and issues associated with the current condition of assets and those associated with not proceeding with the required level of asset maintenance must be outlined. This would also include the cost drivers (expanding asset base, ageing assets, increase in loading/use, impacts of climate change) that impact on service levels and asset condition.

Suggested subsections include:

- Condition issues
- Technology issues
- Future risks and mitigation measures

4.8.1 Condition issues

Provide detail of those assets that due to their condition exhibit adverse potential risk to the achievement of the asset system and the system's required performance.

4.8.2 Technology issues

Provide detail of the likely threats (e.g. obsolescence) of existing technologies and the opportunities available in alternate or additional technologies.

4.8.3 Future risks and mitigation measures

Outline the potential future risks to assets and service provision as a result of current asset condition and technology issues.

This must include an assessment of the resilience and vulnerability of the agency's assets to the impacts of climate change, natural disasters and human-related threats.

Mitigations and interventions must be proposed for all the risks nominated and impacts to service outcomes as result of these measures described. Mitigations and interventions can be asset-based or non-asset-based solutions.

Key risks and issues (high probability and high impact) associated with not proceeding with the required level of asset maintenance must be included. The required level of asset maintenance must part of proposed asset maintenance programs which must be also be outlined in the AMP (refer Section 4.9)

4.9 Priorities and decision-making criteria

This section details the rationale for decision-making, including the application of the stakeholders' agreed decision-making criteria with regard to:

- the agency's budget and forward estimates
- asset and service risk

- assets surplus to service delivery requirements and NSW Government priorities

4.10 Proposed Asset Investment Program (TOTEX)

This section must detail a prioritised program of existing and planned lifecycle management activities including activities such as creating, modifying, replacing, operating, maintaining and disposing of assets. This will include (but not limited to):

- Capital Investments
- Maintenance Requirements
- Service/operations Requirements
- Disposals

Agency asset investment programs must include all capital and recurrent expenditure requirements (TOTEX) and be structured in accordance with different funding scenarios:

- Scenario A - Current funding
- Scenario B – Additional funding
- Scenario C – Major Reduction

4.10.1 Asset lifecycle requirements

4.10.1.1 Service requirements

This section describes the processes for determining the current and future service requirements and standards that are applicable to the AMP. This must be supported by evidence showing the volume current services and expected changes to services in the future for each asset system.

4.10.1.2 Routine maintenance requirements

This section describes the processes for determining the annual quantum of preventive maintenance and corrective maintenance that are applicable to the AMP. This must be supported by evidence showing the volume of expected activity for each asset system.

Describe the funding requirements for proposed and approved routine maintenance programs over a defined rolling period.

4.10.1.3 Asset replacements and renewals

Describe the funding requirements for proposed and approved asset replacement/renewals programs over a defined rolling period.

4.10.1.4 New and modified Assets

Describe the funding requirements for proposed and approved capital programs over a defined rolling period.

4.10.1.5 Asset disposal

Describe the funding requirements for approved asset disposal program over a defined rolling period.

This section must include the Asset Utilisation and Recycling Plan (AURP), which identifies an agency's real property asset requirements now and, in the future, to meet service delivery needs. The AURP outlines an agencies ownership of real property, utilisation metrics and property disposal plans.

The disposal strategy section of the AURP will need to be completed by the agency in addition to the entry of asset disposals into the Prime system as an attachment to an Emerging Project entry. Where a disposal requires formal approval, an individual Emerging Project must be entered and progressed. Agencies must work with Property NSW when preparing and submitting the AURP component of their AMPs. Property NSW can provide the latest AURP template on request. Property NSW will able to review the AURP and require information to be provided at a summary or detailed level of any particular real property asset, class of real property asset, agency or geographic area

4.10.2 Expenditure projections

Include the budget structure for the projected expenditure in this section. This structure must demonstrate the link between asset system functions to the cost of ownership for each function. The structure must comply with the relevant Australian accounting standards.

The structure must capture budget variations.

4.10.2.1 Operating expenditure requirements

This section details the recurrent expenditure requirement for the existing and planned lifecycle activities, as projected in the next 10 years.

4.10.2.2 Capital expenditure requirements

This section details the capital expenditure requirements for the existing and planned lifecycle activities, as projected in the next 10 years.

4.10.3 Scenarios

Each scenario needs to make explicit reference to the risk/issues previously identified (refer Section 4.7) and must detail information about affected programs which includes:

- Program/Project name and description
- Costs (annual per financial year)
- How it will overcome any identified risks/issues
- How success will be measured (KPIs/Outcome measures)

4.10.3.1 Scenario A – Current funding

Current funding profile constrained by the current capital/recurrent envelopes ensuring delivery of current commitments and performance/outcomes targets.

Constrained by current commitments and performance/outcomes targets.

4.10.3.2 Scenario B – Additional funding

Additional 10% for the total of the current capital/recurrent envelopes (across the first 5 years on the plan)

4.10.3.3 Scenario C – Major reduction

10% less for the total of the current capital/recurrent funding, unconstrained by current commitments and performance/outcomes targets.

4.11 Asset assurance requirements

Asset assurance requires a set of structured and planned activities conducted through the asset life cycle to provide progressive and justified confidence that objectives are being achieved and the asset will be or will continue to be fit-for-purpose.

Asset assurance includes assurance for outcomes, integration, investment, and technical and safety aspects.

4.11.1 Risk management

This section must describe the risk management framework used to identify and manage risks and issues related to asset maintenance.

Proposed initiatives to improve the current process for the management of risks and the analysis of available asset data across the asset base must also be identified. This can include further work to improve asset valuation methodologies, more accurate risk reporting, improved quantitative performance indicators and any limitations with existing standards (e.g. if they do not exist or are in need of review).

4.11.2 Processes and competencies

This section describes the suite of applied asset management processes through a traceability matrix connecting asset management policy to strategy, to objectives and plans, and to their supporting processes (including reference to sources of subsidiary activities and tasks) and competencies. It is expected that process maturity and competency will be key reporting criteria (refer to Section 4.13).

4.11.3 Information and Data

This section describes information and supporting data necessary to implement asset management assurance processes and related systems.

4.12 Outcomes and Performance measures

This section outlines asset management performance measures, indicators and targets including information on past, current and planned asset performance and outcomes. This must include at a minimum the efficiency and effectiveness of the asset portfolio as well as operational and management performance.

Key Performance Indicators must also be developed to measure the performance and outcomes of the asset investment programs (refer Section 4.10) and must be specific, measurable, actionable, relevant and tangible (SMART).

4.12.1 Benchmarking asset management maturity

This section describes the internal and external benchmarking arrangements associated with the development of proposed asset investment program and assessment of agency process capability and maturity.

Agency asset management improvement initiatives and their intent in line with agency Improvement Plans are to be described.

4.12.2 Performance measures

This section must describe performance measures for the both the asset portfolio and the asset management system of the agency.

Include historic, current and likely future performance information.

Performance measures must be informed by service delivery requirements and objectives. This would include the measurement of performance against required benchmarks and standards. Both effectiveness measures and efficiency measures must be included:

- Effectiveness measures:

These should be service focused meaning they should indicate the extent to which assets support service delivery. Examples of relevant measures include customer satisfaction measures, program/course participation rates, response time metrics, rate of staff injuries. Measures should demonstrate a relationship between service performance/outcomes and associated asset performance.

- Efficiency measures:

These should be asset focused meaning they should indicate how well assets are being management. Examples of relevant measures include maintenance costs per sqm, return on investment, compliance with industry standards or statutory requirements.

4.13 Reporting, review and continuous improvement

This section describes the arrangements put in place to ensure effective oversight of the delivery of the AMP. This includes detail of the reporting regime and process for review and continuous improvement.

Reporting must include the necessary performance, risk, and financial data and analysis.

Continuous improvement actions, including activities in response to internal and external benchmarking and outcomes from any management and/or audit reviews must be included.

4.14 Asset Management plan approval

This section describes the assessment and approval process for the AMP including identification of all independent subject matter expert (SME) assessors and the assessment methodology for each element of the plan in particular the budgetary drivers. This must also include competence requirements of all independent assessors and approval authorities