

Asset management policy

Purpose of this policy

The Asset Management Policy, including its associated procedures, seeks to drive better asset management through strengthening planning, accountability, performance and capability across the Department of Planning, and Environment (the department). The policy sets out the core management practices that support the management of non-financial assets to meet service delivery objectives in the most efficient way.

It complies with the NSW Treasury policy, TPP19-07 ([Asset Management Policy for the NSW Public Sector](#)) and supports the [Code of Ethics and Conduct](#) by helping the department employees make good decisions about our assets, to use them effectively and manage associated risks.

To whom this policy applies

This policy applies to:

- all departmental employees, consultants and contractors
 - employees, consultants and contractors of all Planning and Environment Cluster that have people employed in or through the department
 - employees in the Cluster's material agencies (as listed in the [latest NSW Budget Paper](#)) for which the Accountable Authority is the Cluster Secretary, that is, people in Aboriginal Housing Office, Department of Planning and Environment, Lands Administration Ministerial Corporation, NSW Land and Housing Corporation, Planning Ministerial Corporation and Water Administration Ministerial Corporation.
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Policy statement

Assets and asset-related activities in scope

The assets and activities within the scope of this policy comprise:

- all non-financial assets recognised in an agency's financial statements, including but not limited to, land and buildings, plant and equipment, infrastructure, leased assets, works in progress, cultural and heritage collections, ICT systems and digital services
- activities related to the management of assets carried out either by an agency or an outsourced service provider who is required to establish, implement, manage and continually improve the asset portfolio and the agency's Asset Management Framework.

How assets are to be managed

- The department (or other relevant Cluster agency) will manage its assets in accordance with the NSW Treasury policy [TPP19-07](#).
- Per [TPP19-07](#), when managing the current and planned assets under our control, agencies will apply the following five principles:

- Assets exist to provide value by supporting government objectives.
- Agencies act as stewards of public assets on behalf of the government.
- Asset management decisions must have regard to the appropriate balance of cost, risk and performance.
- Asset management must be integrated with other organisational functions, processes, activities and data.
- Asset management decisions must be made using a whole-of-lifecycle approach.
- An asset management framework will be established, maintained and continually improved that is:
 - aligned with the requirements of [TPP19-07](#), this policy and its procedures
 - appropriate to the agency.
- All agencies will work towards achieving our asset management objectives ([Appendix 3](#)) and will report on these annually in their [strategic asset management plan](#) and [asset management plan\(s\)](#).
- All agencies will prepare annually a [Strategic Asset Management Plan](#) and [Asset Management Plan\(s\)](#) that are fit for purpose and in line with the templates and guidelines.
- Asset management decisions for existing assets including buildings, plant and equipment (fixed and mobile), infrastructure, ICT systems and leased assets are to be based on whole-of-lifecycle impacts (costs and benefits). Asset lifecycle planning includes decisions about concept, planning, acquisitions, capital investments in new assets, capital renewals
- or upgrades to existing assets, maintenance and disposals. Asset lifecycle planning is to be based on the [Lifecycle Planning procedures](#).
- Agencies are to have an asset register in place that is fit for purpose and that contains accurate and comprehensive information on the agency's planned and existing assets. It must align with the [Asset Register procedures](#).
- Agencies will report on the Government Resource Efficiency Program in line with the [Sustainability procedures](#).
- Each year agencies will submit to NSW Treasury, in line with their required timeframe, an Asset Management Attestation Statement (which can be found in the [TPP19-07](#)) signed by the accountable authority; and an Asset Management Maturity Assessment¹. During the transitional phase of the [TPP19-07](#), all agencies that have been granted "transitional" status by NSW Treasury will also submit an Implementation Plan¹.
- Cluster Finance, Corporate Services is responsible for the coordination, review and consolidation of the asset management information and provides guidance and support to agencies regarding asset management. Cluster Finance reviews agency strategic asset management plans and asset management plans to assess asset capital investment, maintenance and divestment requirements; and develops funding strategies and guides through NSW Treasury processes. Cluster Finance is also the Cluster asset management contact for NSW Treasury and Infrastructure NSW and the Cluster representative on the whole-of-government Asset Management Policy Working Group.

¹Contact DPE Financial Planning and Performance for the template

Failure to comply with this policy

Ethical and behavioural standards are set out in the [Code of Ethics and Conduct](#). You are expected to demonstrate these while working with the department. If you fail to meet those standards, corrective action may be taken in accordance the [Code of Ethics and Conduct](#).

Review timeframe

Corporate Services will review this policy no later than 3 years from the date the document is approved. The document may be reviewed earlier in response to post-implementation feedback, changes to legislation, or as necessary.

Related documents

Other policy documents that should be read in conjunction with this policy:

- [Strategic Asset Management Plan procedure](#)
- [Asset Management Plan procedure](#)
- [Lifecycle Planning procedure](#)
- [Asset Register procedure](#)
- [Sustainability procedure](#)

Policy metadata

Table 1. Policy metadata

Category	Description
Status	Final
Date of approval	17 June 2021
Approver	Group Deputy Secretary Corporate Services
Group	Corporate Services
Division	Finance
Policy owner	Cluster Chief Financial Officer
Branch	Financial Planning and Performance
Document location	DPE Intranet
Next review date	July 2023
Associated procedure	Strategic Asset Management Plan procedure Asset Management Plan procedure Lifecycle Planning procedure Asset Register procedure Sustainability procedure
Any additional applicability	In addition to the agencies for which the accountable authority is the Cluster Secretary, other agencies in the cluster may choose to adopt this policy and procedures.
Superseded document	N/A
Further information	Capital.expenditure@dpie.nsw.gov.au
Document Reference	POL20/21

Version control

Table 2. Version Control

Version	Date issued	Change
1	29 July 2021	New policy document
1.1	3.05.2022	Updated to reflect new branding and name change

Appendices

Appendix 1 – Definitions

Appendix 2 - Roles and responsibilities

Appendix 3 – Asset management objectives

Appendix 1 – Definitions

Table 3 - Definitions

Term	Definition
Agency	All material agencies (as listed in latest NSW Budget Paper) that are general government agencies and public non-financial corporations, excluding state-owned corporations and public financial corporations.
Accountable authority	As defined in Section 2.7 Government Sector Finance Act 2018
Asset	Is a non-financial item which has or will enable future economic benefits that can be controlled by an organisation. Assets recognised in the asset register have a useful life of more than one year. Assets include land, buildings, plant and equipment, infrastructure systems, leased assets, works in progress, cultural and heritage collections, ICT systems and digital services.
Asset management framework	Is the set of interrelated or interacting policies, objectives and processes required to achieve the agency's objectives through the management of existing and planned assets. The term and definition of 'Management Framework' is interchangeable with that of 'Management System' as used in the International Standard for Asset Management (ISO 55001).
Asset management plan (AMP)	A plan based on the NSW Treasury template that comprehensively documents all of the agency's lifecycle activities required to support its assets, including its future planned investment program.
Cluster	Planning and Environment cluster
Employee	<p>Any individual employed, appointed, or otherwise attached to the department, whether on an ongoing, temporary, contractor, casual, or voluntary basis. This includes all senior executives and secondees from other agencies and may include contractors and employees of any firm or company contracted to perform work on behalf of the department subject to the nature of the policy and its application.</p> <p>Employee also includes those employed by the department who provide services to other entities.</p>

Term	Definition
Head of Agency	<p>Consistent with the Government Sector Employment Act 2013 ('GSE Act'), a Head of Agency is defined for the purpose of this policy framework as:</p> <p>In the case of the department– the Secretary</p> <p>In any other case – the Head of Agency listed in Part 2 or Part 3 of Schedule 1 of the GSE Act, such as Chief Executive, Commissioner or Chairperson.</p> <p>In practice, this represents the key person responsible for directing the affairs of the agency.</p>
Maintenance backlog	<p>As per the <i>Risk-based prospective maintenance funding gap – proposed methodology for the NSW Public Sector</i>, this is defined as the cost of additional maintenance required (capital and recurrent expenditure) to bring assets to acceptable performance to deliver customer service and community outcomes over a defined period of time (5 years) and provide economic and financial benefits.</p>
Maintenance needs	<p>As per the <i>Risk-based prospective maintenance funding gap – proposed methodology for the NSW Public Sector</i>, these are defined as the optimal asset maintenance regime and any upfront expenditure required with consideration to criticality and economic, social, and environmental outcomes'</p>
Strategic asset management plan (SAMP)	<p>A plan based on the NSW Treasury template that documents the activities required to establish, maintain and improve the agency's asset management framework, including its future planned investment program.</p>
Infrastructure Performance Metrics - State of Infrastructure Report	<p>The Infrastructure Performance Metrics are reported annually in the agency's asset management plan. They are used by Infrastructure NSW to prepare the annual State of Infrastructure Report, which is an independent risk-based performance assessment of NSW's infrastructure sectors.</p>

Appendix 2 - Roles and responsibilities

Table 4: Roles and responsibilities

Role	Responsibility
Group deputy secretary	Co-endorse the strategic asset management plan and asset management plan(s) of the agencies within their group.
Cluster Chief Financial Officer	<p>Is the policy owner.</p> <p>Coordinate, review and consolidate the asset management information and decision making of agencies within the Cluster to identify efficiencies and performance improvement.</p>
Director Financial Planning and Performance, Corporate Services	<p>Identify asset capital investment, maintenance and divestment needs across the Cluster, develop funding strategies and guide through NSW Treasury processes.</p> <p>Cluster asset management contact for NSW Treasury and Infrastructure NSW and the Cluster representative on the whole-of-government Asset Management Policy Working Group.</p>
Head of Agency	<p>Is accountable for the effective stewardship of their planned and existing assets, in line with this policy and TPP19-07.</p> <p>Prepare and endorse the agency's strategic asset management plan and asset management plan(s) and implement these plans.</p>
Manager, Asset Policy and Strategy, Financial Planning and Performance, Corporate Services	<p>Prepare the department's annual asset management submissions to NSW Treasury. These are the strategic asset management plan, asset management plan(s), attestation statement and asset management policy maturity assessment tool.</p> <p>Provide support and guidance to agencies regarding asset management.</p> <p>Consolidate the accountable agency strategic asset management plans, asset management plans and attestation statements to support Cluster coordination and approval. Prepare annual Secretary briefings and submit approved plans to NSW Treasury in line with the timeframes.</p> <p>Be a subject matter expert for Cluster agencies.</p> <p>Organise and chair the bi-monthly Cluster Asset Management Community of Practice and chair its steering committee.</p>

Role	Responsibility
<p>Manager, Capital Portfolio Team, Corporate Services</p>	<p>Review agency strategic asset management plans and asset management plans to identify all capital investment needs to prepare the annual Cluster capital investment plan and submit this to NSW Treasury in line with their timeframes, when approved.</p> <p>Provide guidance and support to agencies regarding their capital investment plans and submissions in the NSW Treasury Prime portal.</p>
<p>Secretary (Accountable Authority)</p>	<p>Is required to annually certify the agency’s compliance with TPP19-07 and complete an Asset Management Attestation Statement (which can be found on Page 24 of TPP19-07).</p> <p>Is required to approve the accountable agency’s strategic asset management plan and asset management plan(s).</p>

Appendix 3 – Asset management objectives

Table 5: Asset management objectives

Objective	Measure
<p>All agencies will comply with TPP19-07 core requirements 1 and 2 by June 2024</p>	<p>Attestation is completed each year and implementation plan milestones are met.</p>
<p>Our business-relevant assets are fit-for-purpose to meet our State Outcomes and the government, transformation, customer service, Aboriginal and other priorities as outlined in the departments Outcome and Business Plan.</p>	<p>Assets are maintained appropriately and are fit for purpose</p> <ul style="list-style-type: none"> • Percentage of asset portfolio that has been assessed for lifecycle condition. • Asset condition percentage of assets beyond economic or effective life). • Service reliability (trend in service reliability (downtime) due to asset failure). • Service utilisation (percentage asset usage rate to meet service requirements (average for previous year)). • Availability - demand percentage (additional service capacity in asset portfolio). • Capital Fiscal Impact Ratio (sum of capital impacts in the last financial year / asset value (Written Down Value)). • Opex Fiscal Impact Ratio (sum of operational / revenue impacts in the last financial year / total operation spend). • Maintenance requirements gap (unfunded maintenance expenditure required critical to service outcomes (5 year total and Benefits Cost Ratio). • Capital renewal ratio (annual maintenance expenditure / asset replacement value). • Self-funded capital percentage (capital funding sourced from sources other than NSW Consolidated Funds).
<p>Our assets are safe and comply with safety standards</p>	<p>Safety percentage incidents (asset failure) assessed high safety risk (previous year).</p>
<p>Our assets are managed with good governance and accountability</p>	<p>Percentage of agencies that have good asset governance practices in place.</p>
<p>We have capable people working in asset management</p>	<p>Percentage of employees working in asset management with accredited asset management training.</p>

Objective	Measure
Our assets contribute to a sustainable future	<ul style="list-style-type: none"> • Percentage of agencies with a sustainability strategy. • Percentage change in annual net greenhouse gas emissions to net Zero (previous year / previous 5 years).
Innovation in technology	<ul style="list-style-type: none"> • Productivity (forecast net savings across asset lifecycle percentage of operating expenditure over 5 years). • Reduction in delivery risk (forecast reduction in contingency (percentage capital program over 5 years).

In addition to these asset management objectives, each agency may develop its own asset management objectives.

When designing asset management objectives, agencies should consider the SMART (specific, measurable, achievable, realistic and time-bound) approach as good practice.

Resources

- NSW Infrastructure Risk-Based Prospective Maintenance Funding Gap methodology paper, available from Asset Management and Resilience Infrastructure NSW.
- Infrastructure Performance Metrics – State of Infrastructure Report – Guidelines 2021 Draft, available from Asset Management and Resilience Infrastructure NSW and [Manager, Asset Policy and Strategy](#).

Roles and responsibilities

- Head of Agency: Report progress on these objectives and measures in the agency annual strategic asset management plan and asset management plan(s).
- Manager, Asset Policy and Strategy: Support agencies and departmental groups in achieving these objectives. Review related measures and provide strategic advice where required.