



New South Wales
TREASURY

TOTAL ASSET MANAGEMENT GUIDELINE

Asset Strategic Planning

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Asset Strategic Planning

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This document supersedes the previous 2004 version TAM04-1.
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1. Asset Strategic planning

1.1 Introduction

This *Asset Strategic Planning* guideline has been prepared to assist General Government and other agencies to develop Asset Strategies. These plans support government policy on Total Asset Management and focus the management of assets on service delivery.

This Guideline reflects the current budget process and government's expectation that assets exist to support delivery of the services set out in agencies' Results and Services Plans. This document supersedes the previous 2004 version.

The main changes covered in the new Guideline are:

- All Budget-funded General Government agencies will submit, to the NSW Treasury, information on their asset management as an Asset Strategy, supported by three detailed plans on capital investment, asset maintenance and asset disposal
- Office Accommodation Strategies, formerly required as a separate plan, should now be included into an agency's asset Strategy with office accommodation works contained in its Capital Investment, Asset Maintenance and Asset Disposal strategies. Office Accommodation will continue to be assessed as usual and agencies are required to report specific information on these assets.
- The planning of Information Management and Technology (IM&T), also known as Information, Communication and Technology (ICT) assets, should also be included in an agency's Asset Strategy. (Separate IM&T Strategies are still required by the Government Chief Information Office. The IM&T Strategy should be considered in the Asset Strategy and a copy attached to the electronic copy of the agency's TAM Plans sent to Treasury.)
- Key changes in terminology, in particular that 'results' and 'services' will replace 'outcomes' and 'outputs';
- The Asset Strategy has to demonstrate how assets support achievement of results and services presented in the agency Results and Services Plan, address risk associated with asset performance and develop performance measures to demonstrate effectiveness and efficiency.

NSW Treasury will provide assistance to agencies to support this Guide. For more information and specific assistance developing your Asset Strategy plan, contact your Treasury analyst.

1.2 An Asset Strategy

The Total Asset Management (TAM) planning requires agencies to align their asset planning and management with service delivery priorities and strategies, so that all assets support services in the most appropriate, effective and efficient way. This includes, demand management, whole of life asset management and cross-agency coordination in service planning and delivery.

TAM Policy requires agencies to develop an Asset Strategy plan that supports the delivery of services identified in their Results and Services Plan (RSP) or Statement of Business Intent (SBI) and detailed in their Corporate Plan. The Asset Strategy should cover all physical assets owned or controlled by the agency. Physical assets are items such as land, buildings, information technology, infrastructure, 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.

The Asset Strategy enables agencies to:

- establish the asset portfolio that most appropriately, effectively and efficiently meets their service delivery requirements within available resource limits;
- develop strategies to **manage risk** and therefore minimise the chance of an unexpected event adversely affecting asset performance and required level of support to service delivery; and
- develop **asset performance measures** to demonstrate how effectively the asset portfolio supports the agency's services, and that assets are managed efficiently.

The Asset Strategy provides a basis for more detailed strategic plans on:

- Capital Investment;
- Asset Maintenance;
- Asset Disposal;

Office accommodation and Information and Communication Technology (ICT) should be considered in the Asset Strategy and in the above plans. See the TAM Guidelines on Office Accommodation and ICT for the specific reporting required for these assets.

2 Role of the Results and Services Plan (RSP) and Corporate Plan in developing an Asset Strategy

Agency strategic plans should reflect government's strategic agendas and priorities. These are communicated in various ways including through the NSW State Plan, current and emerging policy and legislation, Budget statements and Cabinet decisions.

The NSW State Plan clearly sets out the State Government's key priorities over the next 10 years. It provides a clear guide for ongoing planning, co-operation and action within and across Government agencies and drives the right action across government. All Government agencies must assess their programs and activities to determine how they can contribute to the achievement of government's priorities. The State Plan can be found at www.nsw.gov.au/stateplan/index.aspx

The NSW Premier's Department has developed the Strategic Management Framework, a web based resource designed to assist government agencies better plan services for the community within the available resources. The site is accessible from Premier's Department web site at www.premiers.nsw.gov.au

To develop an Asset Strategy that best supports agency service delivery it is essential to place Asset Strategic planning in the context of Corporate Planning and Result and Services Planning. For those agencies providing Statement of Business Intent, these would provide similar context.

2.1 Role of the RSP

The RSP is a high level business plan that helps agency demonstrates the relationship between the services that it delivers and the results that it is working towards.

When funding, policy or service delivery issues arise, the RSP allows an agency and NSW Treasury to discuss the merits of the issues in terms of how they impact on an agency business plan.

The RSP will help an agency to communicate what it plans do and achieve within the current Budget allocation. The RSP will provide information on:

- What services an agency provides;
- What results an agency is trying to achieve for the community;
- Result Indicators and Service Measures;
- Emerging and strategic issues that may impact on service delivery or results;
- Major risks which may prevent a service from being delivered as planned;
- Risk management strategies;
- Major strategies or initiatives necessary to ensure organisational capability to deliver services and achieve results;
- How strategic issues will be managed; and
- How performance will be reported.

The RSP is a results-focussed plan that aims to improve resource allocation and management. The RSP links the agency's desired results with services provided to achieve them, within existing funding levels. By providing information on the efficiency and effectiveness of service delivery and how they address government objectives, the RSP provides a platform for the development of a successful Asset Strategy.

NSW Treasury's Policy and Guidelines Paper: What You Do and Why – An Agency Guide to Defining Results and Services for the 2004-05 Budget (TPP 03-05) sets out the steps for developing an RSP (www.treasury.nsw.gov.au).

2.2 Role of Corporate Planning

Corporate Planning identifies the specific programs and provides details on services that an agency intends to deliver during a financial year and the means by which these will be delivered. Within the context of the agency's longer term (i.e. strategic) plan, it builds on the performance review of the preceding year and anticipates and works toward the services and results identified in the RSP.

An agency's Corporate Plan should include service delivery planning, back office planning and financial and asset planning components. Corporate Plans should also identify the systematic approach through which the agency intends measuring and managing its performance against its desired results and managing resource related risks. Factors to be considered include:

- Feedback from agency clients, client satisfaction and developments in client service delivery requirements;
- Risks to agency operations;
- Changes in the regulatory or legislative environment;
- Agency performance against deliverables and/or processes outlined in RSPs, previous year's Corporate Plan, and Strategic Plan, and anticipated performance for current and future years;
- Resource availability eg funding, workforce planning, assets, (ICT) capability etc;
- Demand management strategies for agency services; and
- Opportunities to work with and leverage off activities of other agencies e.g. sector clusters and shared services arrangements.

2.3 Alignment between the RSP, Corporate Plan and Asset Strategy

Diagram 1, *Alignment of Corporate Plan, Results and Services Plan and Asset Strategy* shows how asset strategic planning aligns with both the RSP and Corporate planning processes. It presents the steps involved in developing an Asset Strategy and how the information from the RSP and Corporate Plan needs to be used to develop an Asset Strategy.

To develop an Asset Strategy which best addresses the service requirements and needs of stakeholders, an agency must use selected asset related information from the RSP and Corporate Plan.

From the RSP an agency should:

- Select those results, intermediate results and associated services which will be dependent on the agency's assets working well.
- Identify asset-related risks which may prevent the achievement of services and results
- Identify those services and service measures which will depend on agency's assets working well.

A well-defined and comprehensive RSP should provide an outline of the results and services from which those that are dependent on the agency's assets can be identified. This provides the platform for the development of an asset portfolio aimed at effectively supporting service needs.

In the development of an Asset Strategy the RSP provides the description of the result indicators and service measures that are used to monitor performance. The RSP should outline the efficiency and effectiveness with which services are to be delivered and how they address government priorities, with the ultimate goal of improving resource allocation and management. The performance measures documented in the RSP should be used to develop supporting asset measures that quantify both the effectiveness and efficiency of the agency's asset management practices.

The Corporate Plan should provide detailed information through answers to the following questions:

- What is the agency's ultimate goal or vision for the community?
- What contribution will the agency make to realising that vision?
- What is the agency operating context? (eg. financial, socioeconomic, political, legislative)
- Where does the agency need to focus its energies and make a difference over the next year and following three years? (ie. Key Result Areas)
- What does the agency want to achieve in each of those areas over the next 12 months and the following three years? (ie. Intended Outcomes)
- What likely impediments are there to achieving those intended outcomes? (ie. risk analysis)
- What should the agency do to achieve what it wants to achieve and to address those risks? (ie. Strategies)
- How will the agency decide how successful it has been? (performance indicators, targets, benchmarks)
- What will it cost to implement each of the strategies?

Diagram 1: Alignment of Corporate Plan, Results and Services Plan and Asset Strategy



In what areas does your agency need to make a difference over the next three years? KEY RESULT AREAS	STEP 1 Identify Results	STEP A Select those Results which will be dependent on the agency's assets working well
In each of these areas what specifically do you want to achieve? RESULTS	STEP 2 Nominate Intermediate Results	STEP B Select those Intermediate Results which will be dependent on the agency's assets working well
What impediments are there to your intended results that you can do anything about? RISK ANALYSIS		
What will you do to achieve the outcomes and manage the risks? STRATEGIES	STEP 3 Describe the strategies to achieve the Results	
What service, to whom, when, where, to what standard, to what capacity SERVICE NEEDS	STEP 4 Identify & Group Services	STEP C Identify those Services which will be dependent on the agency's assets working well
	STEP 5 Identify: Risks & Risk Management Strategies	STEP D Identify asset-related risk which may prevent the achievement of Services & Results
How will you judge how successful you have been? PERFORMANCE INDICATORS	STEP 6 Identify • Services Measures • Result Indicators	STEP E Develop Asset Portfolio to support Services
		STEP F Identify the level of performance required by the assets to achieve the planned service performance level, results and to address risks
		STEP G Identify any existing asset performance standards relevant to the asset types held by the agency
		STEP H Develop performance measures to report on how well the assets meet • the standard necessary to support service and to address risks • the existing standards for the asset types
		STEP I Identify benchmarks and compare performance to them

Diagram 2: Strategic Planning Process

