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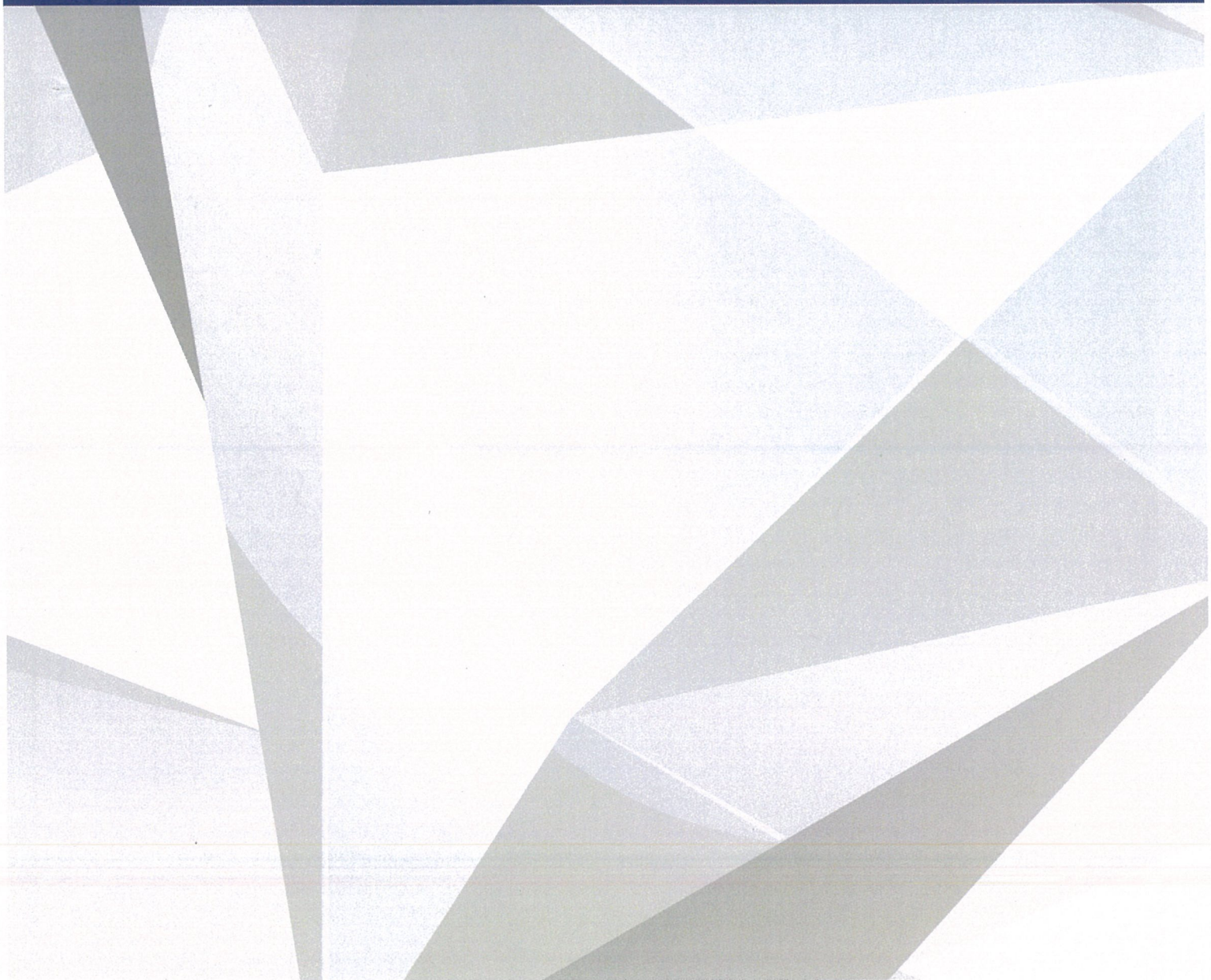
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Policy and Guidelines Paper

**Asset Management Policy for the NSW  
Public Sector**



## Preface

The Asset Management Policy for the NSW Public Sector provides a whole-of-government framework to support agencies in realising value from their planned and existing assets.

The policy outlines a consistent approach to asset management and reflects the Government's objective to improve asset management through strengthening accountability, performance and capability across the NSW public sector. The requirements of the policy include that NSW Government agencies develop a fit-for-purpose Strategic Asset Management Plan, Asset Management Plans, and an Asset Register.

The policy is part of a suite of policies to provide robust asset management practices to enable and guide Government investment decisions in New South Wales. This includes the Business Case Guidelines, the Infrastructure Investor Assurance Framework (IIAF) requirements and ICT Assurance Framework (IAF) requirements.

The policy was developed in partnership with Infrastructure NSW and in consultation with NSW Government agencies. The Policy supersedes the *Total Asset Management (TAM) Policy for the NSW Public Sector* (TPP13-03) and other associated documents.



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Secretary  
NSW Treasury

31<sup>st</sup> October 2019

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### Note

General inquiries concerning this document should be initially directed to:  
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This publication can be accessed from the Treasury's website [www.treasury.nsw.gov.au/](http://www.treasury.nsw.gov.au/).

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## Executive Summary

The Asset Management Policy for the NSW Public Sector seeks to drive better asset management through strengthening accountability, performance and capability across the public sector.

The policy sets out the core management practices the NSW Government expects agencies to adopt to support the management of non-financial assets, in order to meet service delivery objectives in the most efficient way. The objective of the policy is to achieve a consistent and improved approach to asset planning and delivery that is underpinned by the consideration of asset lifecycle costs, performance, risk and economic modelling to support the strategic priorities of the NSW Government.

The policy mandates NSW Government agencies adopt a whole-of-government and whole-of-asset-lifecycle approach to their assets, which will enable agencies to:

- make better use of their existing assets
- adopt clear and consistent definitions and methodologies to report to government each year on the size of any maintenance backlog and identify measures to address the backlog
- broaden assessments of asset performance to take into account economic, social and environmental benefits
- develop a 'system-of-systems' approach across interconnected infrastructure networks to drive an integrated vision of infrastructure provision and management, and create value, reduce costs, manage risks and improve the resilience of assets
- adopt innovative, contemporary technologies to improve the operation and maintenance of assets
- use quality data that will support evidence-based decision making to balance cost, risk and asset performance.

All Budget Material Agencies (as listed in NSW Budget Paper No. 1), except for state-owned corporations and public financial corporations, are within the scope of the policy and are required to adopt the core requirements. State-owned corporations and public financial corporations are encouraged to adopt elements of the policy where they align with the existing NSW Treasury policies that apply to Government businesses.

- **Core Requirement 1: Asset Management Principles**
  - The Accountable Authority must ensure that all assets within this policy and under the control of the agency are managed with regard to the NSW Government's asset management principles.
- **Core Requirement 2: Asset Management Framework (the framework)**
  - An Asset Management Framework that is appropriate to the agency has been established and maintained and the framework aligns with the requirements of this policy. This includes a fit-for-purpose Strategic Asset Management Plan (SAMP), an agency-level Asset Management Policy, Asset Management Plans (AMPs) and an Asset Register.
- **Core Requirement 3: Policy compliance and disclosures**
  - The Accountable Authority of an agency is required to annually certify the agency's compliance with Core Requirements 1 and 2 of this policy and undertake a periodic assessment of their asset management maturity (in line with asset management assurance requirements).

## Glossary of Terms

The following key terms are relevant to the Asset Management Policy:

**Agency** means all Budget Material general government agencies and public non-financial corporations, excluding state-owned corporations and public financial corporations.

**Accountable Authority** for a Government Sector Finance (GSF)<sup>1</sup> agency is:

- a) for the Audit Office—the Auditor-General, or
- b) for the Independent Commission Against Corruption—the Chief Executive Officer of the Commission, or
- c) for the Ombudsman’s Office—the Ombudsman, or
- d) for the NSW Police Force—the Commissioner of Police, or
- e) for a NSW Health entity—the Secretary of the Ministry of Health, or
- f) for the Judicial Commission of New South Wales—the Chief Executive of the Commission, or
- g) for the Law Enforcement Conduct Commission—the Chief Executive Officer of the Commission, or
- h) for the Independent Pricing and Regulatory Tribunal—the Chairperson of the Tribunal, or
- i) for any other agency not covered by the preceding paragraphs that is a Public Service agency:
  - (i) if the agency is a Department—the Secretary of the Department, or
  - (ii) if the agency is not a Department—the head of the agency, or
- j) for any other agency not covered by the preceding paragraphs that is not a Public Service agency:
  - (i) if the agency has a governing body—the governing body, or
  - (ii) if the agency does not have a governing body—the head of the agency.

The regulations of the *Government Sector Finance Act 2018* may, for the purpose of avoiding doubt, declare that specified persons or other entities are to be treated as being the Accountable Authorities for specified GSF agencies (or kinds of GSF agencies) covered by those paragraphs.

**Assets** means all non-financial assets recognised by the agency including, but not limited to, land and buildings, plant and equipment, infrastructure systems, leased assets, works in progress, cultural and heritage collections, ICT systems and digital services.

**Asset lifecycle** encompasses all the stages an asset experiences over the period from conception to end-of-life or contract and typically would include planning, acquisition, delivery, operations and disposal.

**Asset management** is defined as the coordinated activity of an organisation to realise value from assets, present and future. Value can represent financial return and/or be measured by the contribution the assets make to service delivery.

**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).

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<sup>1</sup> See *Government Sector Finance Act 2018* for information on GSF agencies.

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Note: A **Management Framework** may apply to different management disciplines and may be applied at different levels and functions. For example, a management framework may be applied across government, across Clusters, within an agency, division or team, and may be applied within a finance, risk or operational functional area within an organisation.

**Asset Management Policy (for the agency)** is an authoritative statement of leadership commitment to effective asset management and sets the direction for asset management within the agency.

**Asset portfolio** is the collection of assets within the scope of the Asset Management Framework. For the purposes of this policy, the asset portfolio covers all non-financial assets recognised by the agency including, but not limited to, land and buildings, plant and equipment, infrastructure systems, leased assets, works in progress, cultural and heritage collections, ICT systems, and digital services.

**Attestation Statement** is an annual statement in which the Accountable Authority attests to the agency's compliance with Core Requirements 1 and 2 of this policy.

**Budget Material Agencies** means all entities considered material for whole-of-government purposes, which are controlled by the NSW Government and the Government Finance Statistics sectors under which they are classified. A list of Budget Material Agencies is typically published in the NSW Budget Papers.

**Clusters** refers to the administrative arrangements that bring together a group of different legal and administrative agencies and allow similar and complementary government services to be coordinated more effectively within a broad policy area.

**Controlled Entity** which has the same meaning as section 2.2 of the *Government Sector Finance Act 2018*.

**Department** means a Department within the meaning of the *Government Sector Employment Act 2013*.

**Functional Framework Lead** refers to entities within NSW Government that, either through legislation or government policy, are responsible for specific whole-of-government strategies and objectives to support sound lifecycle asset management across the sector. Functional Framework Leads are:

- Infrastructure NSW
- Office of the Government Chief Information and Digital Officer (O-GCIDO)
- Property NSW
- NSW Telco Authority
- NSW Treasury.

**ICT** is the common term for the entire spectrum of technologies for information processing, including software, hardware, communications technologies and related services. In general, IT does not include embedded technologies that do not generate data for enterprise use such as stand-alone Operational Technology projects.

**International Standard for Asset Management (ISO 55001)** consists of three separate documents: ISO 55000 – the concepts and definitions which underpin the standards, ISO 55001– the requirements that make up the standard, and ISO 55002 – guidance on the requirements. The standard was released in early 2014 and replaced the long-standing British Standard commonly known as PAS 55.

**Outsourcing** refers to an arrangement where an external organisation performs part of an organisation's function or processes.

**Public financial corporations (PFCs)** is an agency classified by ABS that have one, or more, of the following functions:

- that of a central bank
- the acceptance of demand, time or savings deposits or
- the authority to incur liabilities and acquire financial assets in the market on their own account.

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**Public non-financial corporations** (PNFCs) means public sector entities comprising a range of government businesses providing major economic services. This includes state-owned corporations governed by the *State Owned Corporations Act 1989*. Commercial PNFCs receive most of their income from customers. Non-commercial PNFCs receive budget funding to meet policy objectives agreed with the NSW Government when income from customers is insufficient to meet operating expenses and/or capital expenditure.

**Responsible Minister** has the same meaning as in section 2.6(1) of the *Government Sector Finance Act 2018*

**Strategic Asset Management Plan (SAMP)** documents the activities required to establish, maintain and improve the agency's Asset Management Framework.

**Stakeholders** include people or organisations that can affect, be affected by, or perceive themselves to be affected by a decision or activity of the agency. For the purpose of this policy statement, stakeholders considered by the agency would include people and organisations both within and outside the NSW public sector.

**State-owned corporations** means PNFCs or public financial corporations (PFCs) which have been corporatised under the *State Owned Corporations Act 1989*.

## Part 1: Policy Background

### Policy purpose

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The new Asset Management Policy seeks to drive better asset management through strengthening accountability, performance and capability across the public sector.

This policy sets out the core management practices the NSW Government expects agencies to adopt to support the management of non-financial assets, in order to meet service delivery objectives in the most efficient way.

The policy has been written in plain English and any use of technical terminology has been minimised to ensure it can be understood by both those within the asset management profession and those indirectly involved in asset management decision making.

Specific terms used as part of this policy are defined in the Glossary of Terms section.

### Policy scope

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All Budget Material Agencies (as listed in NSW Budget Paper No. 1), except for state-owned corporations and public financial corporations, are considered within the scope of the policy and are required to adopt the core requirements. State-owned corporations are not considered in scope but are encouraged to adopt elements of the policy where they align with the existing NSW Treasury policies that apply to Government businesses. For the purposes of this policy, 'agency' refers to all Budget Material Agencies excluding state-owned corporations and public financial corporations.

Where agencies are grouped together to form a Cluster, the lead agency, in addition to their individual requirements, is expected to ensure their Asset Management Framework is consistent across the Cluster.

The assets and activities considered within the scope of the policy include:

- 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 Asset Management Framework.

### Variations and continuing requirements of existing policies

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The following are new requirements under the Asset Management Policy:

- Agencies within the scope of the policy will be required to have a fit-for-purpose Strategic Asset Management Plan (SAMP), Asset Management Policy (for the agency), Asset Management Plans (AMPs) and an Asset Register in place.
- For agencies, the relevant Accountable Authorities will be required to attest to compliance with the core requirements of the policy. The Attestation Statement must be provided to NSW Treasury, with a copy provided to Infrastructure NSW, and the O-GCIDO, who may require evidence to support the attestation.
- Agencies will be required to undertake a periodic assessment of their asset management maturity and provide that information to Infrastructure NSW and the O-GCIDO.

The impact of the Asset Management Policy on existing policies includes the following:

- Ten-year Capital Investment Plans (CIPs) must be submitted in Prime, in accordance with the annual budget process and in line with this Asset Management Policy.
- The Asset Strategy and Asset Utilisation and Recycling Plans (AURPs), currently prepared under the *Total Asset Management (TAM) Policy for the NSW Public Sector* (TPP13-03), will



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be replaced by the requirements of this policy. The Asset Strategy will be replaced by the SAMP and the AURP will be included as part of an agency's AMPs and will be supported by the data captured within the Asset Register.

- Existing requirements for developing and submitting asset investment proposals, including Preliminary and Final Business Cases, will remain but be subject to the additional requirements of this policy.
- Policies and agency requirements relating to real property assets, including the Government Property Register (GPR), Real Property Asset Core Principles (known as PAUT II), Cluster specific Real Property Asset Policies, the Property Infrastructure Policy (PIP), and the Whole of Government Accommodation Policy, will continue to apply to agencies that own and/or manage real property assets. All other existing policies relating to NSW Government assets management will continue to apply.

### Implementation timeframe

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The implementation approach for the policy includes a 12-month transition period between the release date and effective date of the policy. This period has been built into the implementation plan to give agencies time to undertake the necessary gap analysis and commence putting in place steps to ensure they have embedded the new policy requirements.

The attestation process includes an exemption process to provide agencies further time to implement the requirements of the policy, if needed.

### Relationship between this policy and certification to ISO 55001

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The Asset Management Policy seeks to align agency core asset management practices with internationally recognised practices contained within the International Asset Management Standards (ISO 55001).

Agencies are not expected to seek independent accreditation against ISO 55001 to comply with the new Asset Management Policy. While this does not restrict agencies seeking certification, agencies are encouraged to assess whether the benefits of accreditation outweigh the costs.

If an agency chooses to seek independent accreditation, it is essential to consider that compliance with the Asset Management Policy does not guarantee accreditation to the international standard. Conversely accreditation to the international standard does not guarantee compliance with the Asset Management Policy.

### Roles and responsibilities

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Cabinet, Functional Framework Leads, and agencies all play important roles in the successful lifecycle management of public assets to support the delivery of community services. It is therefore critical that the various roles being performed across the sector, which may materially impact an agency's asset management decisions, are clearly defined.

This section outlines these roles, their key responsibilities and how they relate and interact with each other.

### Community

The NSW Government is responsible for a broad range of services to the community, such as education, hospitals, conservation and environment, roads, public transport, agriculture and fishing, community services, sport and recreation, consumer affairs, police, prisons and emergency services. Provision of these services are dependent on the effective management of assets.

Understanding and responding to the existing and future needs of the community is a critical component of the agency's Asset Management Framework.

## **Ministers and Cabinet**

Cabinet Committees that play a major role in the Asset Management Framework are the Cabinet Standing Committee on Expenditure Review (ERC), and the Delivery and Performance Committee of Cabinet (DaPCo).

Ministers are responsible for the effectiveness and efficiency of the agencies within their responsibility. Working with the appointed heads of these agencies, they implement government policy and ensure agencies meet their goals and purposes within their allocated budgets.

## **Strategic Centre**

The Strategic Centre Initiative focuses on areas of intersection between the central agencies – the Department of Premier and Cabinet, NSW Treasury and the Department of Customer Service. In addition, the Public Service Commission has key central functions, with its independence enshrined in legislation.

Together, these agencies have a key coordination role in working with other agencies or Clusters to coordinate the implementation of the Government's policies and service priorities for the community.

## **Functional Framework Leads**

Functional Framework Leads are entities within NSW Government that, either through legislation or government policy, are responsible for specific whole-of-government strategies and objectives to support sound lifecycle asset management across the sector.

Some Functional Framework Leads may be supported by specific legislation, for example the *Infrastructure NSW Act 2011* and the *Property NSW Act 2006*, or by government policy, including the NSW Digital Government Strategy.

In the context of asset management, Functional Framework Leads support the overarching principles and requirements of the Asset Management Policy by providing subject specific expertise in specific asset types and/or stages of the asset lifecycle.

The following agencies are Functional Framework Leads:

- **NSW Treasury** is responsible for the State's Asset Management Policy. This policy seeks to ensure the NSW Government's physical assets are managed to best support its service delivery outcomes.
- **Infrastructure NSW** was established under the *Infrastructure NSW Act 2011* to assist the NSW Government in identifying and prioritising the delivery of critical public infrastructure for New South Wales. Its core services consist of: preparation and submission to the Premier of a 20-year State Infrastructure Strategy, five-year infrastructure plans, review and evaluation of proposed major infrastructure projects by government agencies or the private sector, advice on infrastructure planning and delivery assessment, economic or regulatory impediments and funding models, and coordination of infrastructure submissions by the NSW Government to the Commonwealth Government.
- **NSW Department of Customer Service** – The Office of the Government Chief Information and Digital Officer (O-GCIDO) has responsibility across the sector for ICT strategy and policy, including ICT expenditure and investment management. In particular, the:
  - **NSW Digital Government Strategy** outlines three priorities – customer experience, data and transforming internal processes to realise efficiencies across NSW Government. The strategy also sets out four enablers that will support digital innovation across government – technology, cyber security, legislation and delivery capability
  - **ICT Investment Governance Model** requires all ICT projects to be assessed under a new risk-based ICT Assurance Framework, in accordance with the NSW Gateway Policy, to ensure that the NSW Government's ICT projects are delivered on time and on budget.

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- **Property NSW (PNSW)** was established under the *Government Property NSW Act 2006* and undertakes its activities consistent with Premier's Memorandum M2012-20 *Government Property NSW (previously State Property Authority) and Government Property Principles*. PNSW is responsible for improving the management of the NSW Government's owned and leased real property portfolio, and is the body for considering all strategic real property asset management issues. This includes leading property reforms, active portfolio and asset management, delivering transactions and major projects, place making and heritage conservation, and valuation services.

PNSW also manages the Government Property Register (GPR) and, as part of PAUT II, the whole of Government property performance information system. All agencies are required to cooperate with PNSW in mapping all real property asset ownership data to the GPR and property performance information system with accurate, relevant and useful information as required to populate the register. General government sector agencies, statutory bodies (other than Aboriginal Housing Office and universities) and specific PNFCs (other than state-owned corporations) are required to implement the PAUT core principles in their Clusters (in accordance with their approved Real Property Asset Policies) and follow the Property Infrastructure Policy (PIP) when considering surplus or underutilised property. PNSW also chairs the Property Asset Allocation Commission (PAAC).

- **The NSW Telco Authority** and its Board are responsible for the strategic direction of radio telecommunications across the NSW public sector. This includes determining a whole-of-government strategy, prioritising investment decisions, and developing and implementing state-wide policy for planning, development, operations and maintenance.

### Infrastructure NSW as policy assurance lead

Infrastructure NSW will provide assurance on the implementation of the Asset Management Policy by agencies, on behalf of the NSW Government, jointly with the relevant Functional Framework leads.

In this capacity Infrastructure NSW will:

- manage the assurance of the policy and periodically review its implementation by agencies to ensure New South Wales asset management performance remains relevant, consistent and reflects contemporary good practice
- develop and contribute to a community of asset management excellence across NSW Government
- provide, where practicable, and in conjunction with the relevant Functional Framework Leads, advice to agencies to support the application of the policy
- manage and advise government on compliance with the policy
- undertake these activities in consultation and collaboration with the sector.

### Clusters

NSW Government entities have been consolidated into Clusters reflecting broad policy areas of government. These Clusters are not legal entities. They are administrative arrangements that bring together a group of different legal and administrative entities and allow similar and complementary government services to be coordinated more effectively within the broad policy area of a particular Cluster.

Clusters may choose to coordinate and consolidate the asset management information and decision making of agencies within the Cluster to identify efficiencies and performance improvement.

### Agencies

Agencies are ultimately accountable for the effective stewardship of their planned and existing assets. The detailed requirements applicable to agencies are outlined in Part 2: Policy Requirements.

**Accountable Authorities**

Each agency's Accountable Authority is responsible for providing assurance on an agency's compliance with the Asset Management Policy. The Accountable Authority is required to complete an Attestation Statement per Core Requirement 3.

## Part 2: Policy Requirements

### **Core Requirement 1: Asset Management Principles**

The Accountable Authority must ensure that all assets within this policy and under the control of the agency are managed with regard to the NSW Government’s asset management principles.

The NSW Government has adopted a set of principles to underpin asset management within the government sector.<sup>2</sup> These principles are universal and apply to all asset types and asset management activities within the scope of the policy.

To comply with this core requirement, the Accountable Authority is responsible for ensuring the agency applies the following five principles when managing the current and planned assets under its control:

1. assets exist to provide value by supporting government objectives
2. agencies act as stewards of public assets on behalf of the government
3. asset management decisions must have regard to the appropriate balance of cost, risk and performance
4. asset management must be integrated with other organisational functions, processes, activities and data
5. asset management decisions must be made using a whole-of-lifecycle approach.

### **Assets exist to provide value by supporting government services**

Asset management should not focus on the asset itself, but on the value the asset provides through supporting the NSW Government’s priorities and service delivery needs.

Under this principle, agencies are required to consider asset and non-asset solutions, make asset management decisions (including acquisition and disposal), and measure performance, based on the current and expected contribution the asset makes to the agency’s existing and planned service delivery needs.

### **Agencies act as stewards of public assets on behalf of the government**

Agencies are entrusted with the control and management of assets on behalf of the NSW Government and the community. This stewardship role requires agencies to apply responsible management practices and make decisions consistent with whole-of-government priorities, while considering any impacts on existing and future generations.

As a responsible steward, an agency’s Asset Management Framework must enable collaboration between agencies to support NSW Government priorities. It must also incorporate medium and long-term planning to recognise the needs of current and future generations, support long-term sustainability (financial and non-financial), and include commitment to continual improvement.

### **Asset management decisions must have regard to the appropriate balance of cost, risk and performance**

Decisions made regarding the management of current and future assets involve the balancing of costs and risks against the desired performance to achieve the NSW Government’s program and service delivery objectives.

Under this principle:

- costs are typically measured in financial units using a whole-of-life costing approach
- risk incorporates both risk and opportunities associated with achieving the agency’s stated objectives
- where practicable, performance should be measurable and expressed in terms of the performance of the service, the asset(s) itself and the asset management activities.

<sup>2</sup> Government sector as defined in the *Government Sector Employment Act 2013*.

**Asset management must be integrated with other organisation functions, processes, activities and data**

The Asset Management Framework cannot exist in isolation within the agency. The Asset Management Framework, including the activities and functions contained within it, must be an integrated component of the whole organisation.

Under this principle, the agency's Asset Management Framework should be integrated with other frameworks and functions within the organisation, including all existing asset policies, budget process, financial management, external reporting, procurement, investment assurance, project management and delivery, corporate planning, risk management, human resources, information management, operations, contingency planning and audit.

**Asset management decisions must be made using a whole-of-lifecycle approach**

Asset management decisions are to be based on whole-of-lifecycle impacts (costs and benefits) and must have regard to the potential impacts on other stages of the asset lifecycle including concept, planning, acquisition, delivery, outcomes, operations and maintenance, and disposal.

Under this principle, asset management decisions must consider a range of potential solutions (both asset and non-asset based) to respond to recognised service needs and assess alternative options, which account for full lifecycle costs, benefits and risks (financial and non-financial).

## **Core Requirement 2: Asset Management Framework (the framework)**

An Asset Management Framework that is appropriate to the agency has been established and maintained and the framework aligns with the requirements of this policy, including the preparation of the necessary documents, and the relevant international standards (ISO 55001).

An effective internal management framework is critical to achieving best value from the intended use of assets.

Consistent with current policies approved by the NSW Government concerning Internal Audit and Risk Management, Internal Controls over Financial Management, and Digital Information Security, the Asset Management Policy aligns Government expectations for asset management with sound practices identified in independent internationally recognised standards.

The NSW Government has approved the application of the International Standard for Asset Management (ISO 55001) as the basis for NSW Government agencies to achieve their objectives through the effective and efficient management of their planned and existing assets.

While the level of detail should reflect the size, scope, complexity and risk of the asset portfolio, at a minimum, the components of the agency's Asset Management Framework must demonstrate regard for the following four elements:<sup>3</sup>

1. establishing and managing the Asset Management Framework
2. lifecycle planning and operation
3. integration with other organisational asset policies, functions, processes, activities and data
4. improving and reporting on performance.

### **Establishing and managing the Asset Management Framework**

The development of a fit-for-purpose Asset Management Framework (also commonly referred to as a Management System) is the starting point for agencies seeking to realise value from planned and existing assets. Once developed, the framework requires ongoing management and improvement.

This policy adopts the definition used in International Standard for Asset Management (ISO 55001) to define an Asset Management Framework as:

*'a 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 role of an agency's Asset Management Framework is to coordinate and control the agency's asset-related activities over all lifecycle stages and to align these with the agency's broader organisational objectives.

To this end, the Accountable Authority must ensure that a fit-for-purpose Asset Management Framework is in place within the agency and is managed and continually improved. The Asset Management Framework must incorporate the requirements of this policy and align with ISO 55001 (International Standard for asset management).

Specific guidance may be provided by the O-GCIDO, via the ICT and Digital Leadership Group (IDLG), to ensure ICT-related assets and expenditure are appropriately covered in the key elements for establishing and managing the Asset Management Framework, as outlined below.

### **Scope of the agency's Asset Management Framework**

The assets and activities included in the agency's internal Asset Management Framework must include all assets and related activities under the control of the agency, including future planned investments. This includes:

- non-financial assets (both physical and intangible) which are expected to be used for more than one financial year (consistent with the relevant Australian Accounting Standards)

<sup>3</sup> These four elements are based on the International ISO 55001 standard.

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- activities related to the management of assets carried out either by the agency or an outsourced service provider who is required to establish, implement, manage and continually improve the asset portfolio and the Asset Management Framework.

The determination of 'control' is based on whether the asset is recognised within the agency's financial statements in accordance with the Australian Accounting Standards.

Key elements for establishing and managing the Asset Management Framework are:

- Jointly considering relevant elements of the agency's **internal and external environment**, including drivers and trends in the agency's operating environment, internal and external policies and standards, and internal governance, roles and accountabilities.
- Addressing the **requirements and expectations of relevant stakeholders**, in particular their involvement in asset management decisions and their requirements for financial and non-financial reporting.
- **Leadership commitment** through establishing asset management objectives, embedding effective asset management within the agency, and building a culture of continual improvement.
- An **Asset Management Policy (for the agency)**, providing the agency with a visible statement of leadership commitment to effective asset management and setting out clear direction for asset management within the agency.
- A **Strategic Asset Management Plan (SAMP)** that documents the activities required to establish, maintain and improve the agency's Asset Management Framework, including the future planned investment program. The SAMP would include **asset management objectives** and their line-of-sight to lifecycle planning, the governance arrangements around asset management activities and decisions, and relationships between asset management and other functions and processes in the organisation. The SAMP could be a single document or collection of documents depending on the size and complexity of the agency's asset base.

## Lifecycle planning and operation

Robust lifecycle planning and operation are critical to making sound asset management decisions and achieving the agency's planned performance objectives.

Key elements of lifecycle planning and operations are:

- Developing and maintaining **Asset Management Plans (AMPs)** that comprehensively document all lifecycle activities required to ensure existing and planned assets support the agency's objectives and service delivery expectations. AMPs should reflect the way the agency manages their operations such as geographically, asset type or group, or lifecycle stage, and should document the associated financial and non-financial implications of the lifecycle activities. AMPs should also contain an **Asset Utilisation and Recycling Plan**, which identifies an agency's real property asset requirements now and, in the future, to meet service delivery needs. ICT-related AMP's should reflect that the lifecycle of ICT assets may change as a result of continuous product development and accelerated release cycles for applications, and that a continuous process of evaluating outsourcing of service provision compared to internal asset ownership and development may be required. O-GCIDO, via IDLG, and in consultation with Infrastructure NSW, may provide further guidance on the completion of ICT-related AMPs.
- **Operational controls, processes and actions** required to implement the planned activities outlined in the AMPs and achieve the agency objectives. These should cover internal and outsourced and/or commissioned activities that can have an impact on the achievement of the agency's asset management objectives.
- A fit-for-purpose **Asset Register** containing accurate and comprehensive information on the agency's planned and existing assets. The Asset Register should be current, consistent and traceable between the financial and technical data within the agency and should meet any regulatory and central government requirements applicable to the agency. The Asset Register



should also support the data requirements of the **Asset Utilisation and Recycling Plan**, for inclusion in the AMPs.

### **Integration with other organisation functions, processes, activities and data**

Asset management should be regarded as a critical component of any agency that relies on their assets to deliver services. It should be supported by integration with the agency's planning approach, human resources (typically incorporating people, recruitment, workforce management and skills development), risk management and internal audit, finance and information management.

This encompasses strong integration with other functions and frameworks within the agency such as:

- **Organisational planning** to ensure the process for developing, approving, maintaining, reviewing and improving AMPs aligns with other organisational planning and management functions and processes. Other key organisational planning documents, including strategic plans, corporate plans, and business plans, should highlight the role of asset management.
- **Resourcing and competency** so the Asset Management Framework is supported by appropriate financial and non-financial resources and staff involved are sufficiently skilled. It is critical that financial resourcing takes account of potential impacts on the agency's fiscal constraints (including the agency's annual budget and forward estimates) and any applicable financial planning limits/envelopes.
- **Information management** to ensure the asset management information required, sourced from within and outside the agency, is controlled and managed in accordance with the agency's broader information management and security policy frameworks. This would encompass both digital and documented information.<sup>4</sup>
- **Risk management and internal audit** arrangements to ensure the asset management decision-making process aligns with the agency's agreed approach to risk and the internal audit program supports the Accountable Authority by providing the necessary level of assurance in the Asset Management Framework.<sup>5</sup>
- **Financial management** to drive alignment and traceability between AMPs and asset reporting in the agency's budget process and required financial reporting. This is critical to ensuring that implications of the agency's capital and recurrent expenditure, financing and funding, and potential impacts on applicable fiscal constraints (including the agency's annual budget and forward estimates), and any applicable financial planning envelopes, are considered when making asset management decisions.

### **Improving and reporting on performance**

Sound asset management requires continuous assessment, review and improvement of the performance of an agency's assets and its Asset Management Framework.

Key components of improving performance are:

- **Monitoring, measuring, analysis and evaluation** encompassing setting performance measures and targets, including qualitative and quantitative measurements to assess the desired asset and asset management performance. These performance measures could include measures of asset recycling, utilisation, service capacity, functionality, effectiveness, condition, financial and efficiency. Monitoring and evaluating past, current and planned performance against targets can also drive improvements in performance. O-GCIDO may advise on specific performance measurement and related issues for ICT-related expenditure and assets.
- Incorporating **management reviews and internal audit** outputs into the continuous improvement requirements of the agency's Asset Management Framework.

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<sup>4</sup> Specific requirements for managing the security of digital information within NSW Government can be found in the *NSW Cyber Security Policy 2019*.

<sup>5</sup> Specific requirements for Internal Audit and Risk Management across the NSW government sector can be found in the *Internal Audit and Risk Management Policy* (TPP 15-03).

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- Planning and implementing **corrective and preventative measures** to improve the effectiveness of the agency's assets, asset management and Asset Management Framework.

### Asset management maturity assessments

As an input into the agency's overall performance assessment, agencies are required to undertake periodic assessments of their asset management maturity and provide that information to Infrastructure NSW, and O-GCIDO in relation to ICT-related assets and expenditure.

These maturity assessments seek to provide the agency with an objective tool to demonstrate a level of asset management maturity and performance that is appropriate to the scale, scope and criticality of the assets under the agency's control, and addresses the expectations of the NSW Government and the agency's stakeholders.

Infrastructure NSW, as the assurance lead of this policy, will manage the maturity assessment process, jointly with the relevant Function Framework leads, including determining which agencies will be required to undertake the assessment, and report to Cabinet on the results of such assessments.

### **Core Requirement 3: Policy compliance and disclosures**

The Accountable Authority of an agency is required to annually certify the agency's compliance with Core Requirements 1 and 2 of this policy for the prior financial year (the 'reporting period').

Agencies must use the relevant Attestation Statement template contained within this policy, which must be separately submitted to NSW Treasury, with a copy provided to Infrastructure NSW and O-GCIDO, on or prior to the assigned date communicated by NSW Treasury.

Any non-compliance with Core Requirements 1 and 2 must comply with the exemptions process outlined in this policy.

The NSW Government expects agencies to demonstrate strong transparency and accountability as part of their role as stewards of public assets. The attestation process provides the NSW Government with a level of confidence that agencies are meeting their obligations in relation to asset management.

### **Requirements for an Attestation Statement**

The Accountable Authority is required to annually certify compliance with Core Requirements 1 and 2 of this policy for the prior financial year (the 'reporting period'). Agencies must use the relevant Attestation Statement template contained within the Guidance and Explanatory Details section of this policy.

When reviewing compliance with this policy, agencies will self-assess and determine whether they have been 'compliant', 'non-compliant' or 'in transition' in relation to each of the core requirements for the reporting period.

Where an agency determines that it has been compliant with a core requirement, the Accountable Authority need only note that the agency has been 'compliant' with that core requirement on the Attestation Statement. Where an agency determines that it has been 'non-compliant' or 'in transition', agencies should follow the 'Exemptions Process' or 'Transitional Arrangements' outlined in this core requirement.

The Attestation Statement must be returned to NSW Treasury annually alongside the required documents. For any non-compliance with core requirements, agencies will be required to also submit the relevant Responsible Minister's approval of the exemption to NSW Treasury. A copy of the Attestation Statement and any exemption approval will be provided to Infrastructure NSW and O-GCIDO by NSW Treasury.

### **Transitional arrangements for new agencies**

New agencies are those agencies added to the *Government Sector Finance Act 2018* after the effective date of this policy.

To provide reasonable time for the implementation of arrangements for compliance with the core requirements of this policy, new agencies will be provided with a transition period of 24 months from the date of inclusion in the *Government Sector Finance Act 2018*.

The Attestation Statement must note that an agency has been 'in transition' in relation to one or more core requirements. The Accountable Authority must also detail in the Attestation Statement, the steps that the agency will take to achieve 'compliance' with the relevant core requirement(s) within the allowable transition period.

New agencies taking advantage of transitional arrangements are not required to apply to the agency's Responsible Minister for an exemption from the core requirement(s) for that reporting period.

### **Transitional arrangements for existing agencies**

Existing agencies are those within the scope of the *Government Sector Finance Act 2018*, effective the date of this policy.

To provide reasonable time for agencies to comply with the core requirements of this policy, an existing agency's Accountable Authority may request that NSW Treasury approve transitional arrangements, copying Infrastructure NSW and O-GCIDO into the request. This request can only be made by an existing agency between the release date and effective date of the policy (the transition period).

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During the transition period, agencies seeking transitional arrangements are to prepare an implementation plan ('road map') demonstrating the timeframe and annual milestones for how the agency will achieve compliance with the policy. The implementation plan must be approved by the Accountable Authority and detail the steps that the agency will take to achieve compliance with the relevant core requirement(s) within three years.

A copy of the implementation plan must be submitted to NSW Treasury with the Attestation Statement each year.

Agencies taking advantage of transitional arrangements are not required to apply to the agency's Responsible Minister for an exemption from the core requirement(s) for that reporting period, if the Accountable Authority can certify compliance with the agreed implementation plan on an annual basis (annual milestones representing incremental improvement towards policy compliance).

### Exemptions process

Where full compliance with a core requirement(s) during a reporting period is not possible, and the non-compliance is not covered by a transitional arrangement, an Accountable Authority must apply to the agency's Responsible Minister for an exemption from the core requirement(s) for that reporting period.

The Accountable Authority must satisfactorily demonstrate that the agency cannot comply due to one or more of the following factors:

- temporary extenuating circumstances (not including circumstances related to transitional arrangements)
- substantial structural constraints
- material changes to the size and/or composition of the asset base due to circumstances out of the agency's control
- resourcing constraints that will materially impact the agency's operating budget.

If the agency cannot claim an exemption based on the above factors, the agency must outline current or proposed alternative arrangements that will achieve outcomes equivalent to the core requirement(s).

An application by the Accountable Authority to the Responsible Minister for a determination of an exemption from the core requirement(s) must be in writing and:

- provide reasons for why the agency cannot comply with the requirement(s)
- describe and demonstrate the agency's efforts to implement alternative arrangements and how these will achieve an outcome equivalent to the requirement(s).

The Accountable Authority must ensure that a written request to the Responsible Minister is made as soon as possible prior to the end of the reporting period in which full compliance with the core requirements is unable to be achieved. The Accountable Authority is encouraged to use the relevant Determination Template contained within the Guidance and Explanatory Details section of this policy for the purposes of making an application for exemption.

A determination in respect of the exemptions criteria will be operative for a period up to two years only and, even where the circumstances for the initial exemption are ongoing, must be renewed every two years, at a minimum.

The Accountable Authority must note on the Attestation Statement that an agency has been 'non-compliant' with a core requirement(s) and provide an explanation for the departure from the policy. The Accountable Authority must also indicate that an exemption from a core requirement(s) has been determined by the Responsible Minister. The Accountable Authority must retain documentary evidence of the Responsible Minister's determination and submit this material to NSW Treasury as an attachment to the Attestation Statement.

### Monitoring policy compliance and operations

The policy requires that agencies send the Attestation Statement, completed by the Accountable Authority, to NSW Treasury.

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Infrastructure NSW will periodically undertake an independent assessment of the asset management maturity of agencies, jointly with the relevant Functional Framework leads, and report to Cabinet on the results of such assessments.

The Auditor-General may undertake an assurance role in monitoring the sector's compliance with the core requirements outlined in the policy. The Auditor-General may conduct a review of agency compliance with the policy by conducting a compliance audit on a sample of agencies. Periodically, the Auditor-General may undertake a review of exemptions and the reasonableness of those exemptions.

Infrastructure NSW will, in conjunction with O-GCIDO for ICT-related assets and expenditure, on a periodic basis, and at least once each five years, review the operation of the policy to assess the efficiency and effectiveness of the arrangements, as well as to assess the sector's compliance with the core requirements outlined in the policy.

Updates to the policy, that take place between formal reviews, may be made by NSW Treasury as version updates, with agencies notified accordingly.

## Part 3: Guidance and Explanatory Details

This section contains additional explanatory details for establishing and maintaining the following key asset management documents:

1. Asset Management Policy (for the agency)
2. Strategic Asset Management Plan (SAMP) (which includes planned future investments)
3. Asset Management Objectives
4. Asset Management Plans (AMPs), including the Asset Utilisation and Recycling Plan and planned future investments
5. Asset Register
6. Asset Management Attestation process

To assist users, this section also contains typically found components of each document.

In consultation with NSW Treasury, Infrastructure NSW, the O-GCIDO (for ICT-related assets and expenditure), and Property NSW (in relation to real property assets), agencies should review their SAMP and AMPs each year to reflect significant changes in service delivery or asset planning. An agency's SAMP and AMPs must be provided to NSW Treasury upon request, as part of the budget returns process. NSW Treasury may provide these documents to Infrastructure NSW, Property NSW and/or O-GCIDO on request.

### Core Requirement 2: Asset Management Framework (the framework)

#### Asset Management Policy (for the agency)

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An agency's Asset Management Policy is a component of '**Establishing and managing the Asset Management Framework**', providing the agency with an authoritative statement of leadership commitment to effective asset management and setting the agency's direction for asset management.

Typically, an agency's Asset Management Policy would:

- outline the principles that underpin asset management in the agency (consistent with the principles outlined in Core Requirement 1)
- be aligned with any existing NSW Government asset policies
- demonstrate a commitment to the NSW Government and the agency's priorities through effective asset management
- be appropriate to the purpose of the organisation
- recognise the organisational context
- include a commitment to continual improvement of the Asset Management Framework
- be approved and endorsed by the Accountable Authority.

#### Strategic Asset Management Plan (SAMP)

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The Strategic Asset Management Plan (SAMP) is required as part of '**Establishing and managing the Asset Management Framework**' and documents the:

- agency's Asset Management Framework
- plans, tasks and activities required to establish, maintain and improve the framework.

A SAMP may be a single document or may be articulated through multiple documents depending on the scope and complexity of the agency.

While the form, scope and level of detail of the SAMP should be fit-for-purpose, the information captured within should encompass:

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- an overview of the organisational context and its stakeholder needs
- asset management objectives and their relationship with the:
  - overall agency objectives as outlined in the organisational plan(s)
  - organisation's asset portfolio
- the requirements for, and relationship with, the asset management objectives and each AMP
- the scope and boundaries of the Asset Management Framework, and the asset management and business activities within the scope of the framework
- the integration of the Asset Management Framework with other business frameworks, functions, plans and activities
- the organisational governance arrangements, including the agency's Asset Management Policy and the roles and responsibilities in place to support the Asset Management Framework
- the roles, processes, systems and activities required to develop, implement, manage and improve the Asset Management Framework (including the SAMP itself) and the associated AMPs.

### Asset Management Objectives

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Asset management objectives are a key component of the agency's Asset Management Policy and the SAMP.

Asset management objectives should be fit-for-purpose and would typically align with:

- the requirements of relevant stakeholders
- other financial, technical, legal, regulatory and organisational requirements (identified as part of the organisational context)
- the desired performance of the Asset Management Framework, the asset management function and the performance of asset(s)
- the level of risk (financial and non-financial) associated with meeting the agency's broader objectives
- established processes for management reviews of the asset management objectives
- the five principles of asset management, in particular the need to develop the desired balance of cost, risk and (asset) performance (Core Requirement 1).

As an example, asset management objectives might contain the following type of information:

- safety and environmental compliance (various acts and legislation)
- performance (deliver intended service/outputs)
- return on investment (deliver the financial return)
- assurance/risk (the acceptable risk for the achievement of the outputs).

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

- A ratio of 70:30 of programmed maintenance versus corrective maintenance achieved by 2021.
- Capital works program delivered on time and budget and to the specifications outlined in the business case.
- Tranche 1 of the planned asset disposal schedule is achieved by the due date.
- Decrease owned land asset footprint by 25 per cent by 2021.
- 100 per cent of all maintenance contracts shifted to performance-based contracts by 2021.

## Asset Management Plans (AMPs)

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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. AMPs must also include an Asset Utilisation and Recycling Plan, which outlines an agency’s ownership of real property, utilisation metrics and property disposal plans.

AMPs should reflect the agency’s approach to managing their existing and planned asset portfolio to support their business. This may result in different approaches such as:

- 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, where relevant
- specific asset management activities to reduce reactive maintenance activities and improve contingency management in asset delivery projects (these are provided as illustrative examples and are not meant to be considered mandatory).

The typical information expected to be addressed within the agency’s AMPs should include:

- the agreed time horizon for the plan(s), consistent with the agency’s organisational planning approach
- the needs of stakeholders within and external to NSW Government, including expectations as to the form and provision of information
- the alignment of the AMPs to the asset management objectives, principles outlined in the SAMP(s), and the agency’s Asset Management Policy
- the identification and profile of the existing and future asset portfolio (for at least the next ten years), including the assets within the scope of the plans, the basis on which the portfolio is segmented or grouped (e.g. by asset type, geographical location, age, etc) and asset age and condition profiles
- asset and asset management performance measures, indicators and targets including information on past, current and planned asset performance (the use of benchmarks and standards is highly recommended). This must include at a minimum the efficiency and effectiveness of the asset portfolio as well as operational and management performance
- the links between the agency’s services and the agency’s existing and planned assets
- an outline of the present and future pressures driving demand for services and the potential asset demand management, and/or non-asset-based solutions, considered or proposed to keep service levels sustainable within resource limits as well as the future planned investments (for at least the next ten years)
- asset and service risks related to the delivery of the asset management and service delivery outcomes and the links to the mitigating actions
- a prioritised program of existing and planned lifecycle management activities including activities such as creating, modifying, replacing, operating, maintaining and disposing of assets consistent with the accepted level of risk
- the related financial implications of the existing and planned lifecycle activities including capital and recurrent expenditure, financing and funding, and potential impacts on applicable fiscal constraints (including the agency’s annual budget and forward estimates) and any applicable financial planning envelopes
- the rationale for decision making, including the application of the stakeholders’ agreed decision-making criteria, in particular, with regard to the agency’s budget and forward estimates, asset and service risk, assets surplus to service delivery requirements and NSW Government priorities
- an assessment of the resilience and vulnerability of the agency’s assets to the impacts of climate change, natural disasters, and human-related threats and proposed mitigations/ interventions



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- information on how ICT assets and expenditure align with the Governments Digital Strategy and other policy guidance and advice from the O-GCIDO
- continuous improvement actions, including activities in response to internal and external benchmarking and outcomes from any management and/or audit reviews.

AMPs must also contain an 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 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 should be entered and progressed.

Agencies should 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 be 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.

### Asset Register

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Asset Registers are covered as part of **'lifecycle planning and operation'** and are listings of information relating to various aspects of an asset portfolio. Asset Registers are a critical tool for agencies in understanding their asset portfolio and making informed management decisions.

A sound Asset Register would:

- include information allowing data to be cross-referenced with other data contained within the agency, audited against relevant internal and external requirements
- address any relevant regulatory, legislative or stakeholder requirements and outline the criteria for recognising assets, the structure and hierarchy of the information and the processes for determining assets' attributes and values (financial and non-financial)
- be an integrated component of an asset management system that tracks the asset throughout the full lifecycle and directly supports asset management decisions
- together with the asset management system, be linked and consistent with the agency's financial information system(s) including general ledger, purchasing/accounts payable capital, operations or maintenance and accounts receivable.

While the choice of technology, structure, hierarchy and level of detail of information contained within the register would be determined by the agencies, core information captured within the register should include:

- attributes and properties of the asset such as name, description, location, source, unique identifier, useful life, age and condition
- accounting, financial and regulatory information such as valuation and valuation history, cost and purchase history, cost centre, ownership and control arrangements (covering purchase and lease details) and depreciation/amortisation
- roles and responsibilities information including maintenance demarcation and agreements with other parties
- performance information such as utilisation, service capacity, effectiveness and efficiency
- technical information such as manufacturer and warranty details, vendor information, standards, asset design and configuration and systems engineering information.

The Asset Register should also support the data requirements of the **Asset Utilisation and Recycling Plan**, for inclusion in the AMPs.

### Core Requirement 3: Policy compliance and disclosures

#### Asset management attestation process

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The Asset Management Policy requires the Accountable Authority to annually attest to compliance with the 'core requirements' set out in the policy. The Accountable Authority must return the Attestation Statement to NSW Treasury annually.

A copy of the Attestation Statement for the prior reporting period will be provided to Infrastructure NSW by NSW Treasury.

The Accountable Authority must use the relevant Attestation Statement template to attest that, for the relevant reporting period, the agency was either compliant, non-compliant or 'in transition' in relation to each of the core requirements.

#### Meaning of 'compliant', 'non-compliant', or 'in transition'

For this policy, '**compliant**' means that the agency has implemented and maintained practices consistent with the core requirement(s) of the policy, for the whole of the financial year.

Where non-compliance occurs, agencies are required to follow the exemptions process and must apply to the agency's Responsible Minister for an exemption from the core requirement(s). A copy of the Ministerial Determination must be attached to the Attestation Statement and provided to NSW Treasury.

An agency may mark '**in transition**' on their Attestation Statement where the agency is in the process of transitioning its arrangements to meet new or changed requirements in this policy for which transitional arrangements have been provided. Ministerial approval is not required for core requirements marked as 'in transition'.

#### Attesting for Controlled Entities

Where an agency has 'control' of an entity (or subsidiary), as defined in Australian Accounting Standards, the parent agency should include the controlled entities (or subsidiary) in the Attestation Statement.

#### Small Agency Exemption

Eligible small agencies may be exempt from compliance with this policy. This exemption is intended for small, immaterial agencies where the cost of complying with the Core Requirement/s are not commensurate with the size and risk profile of the agencies.

#### Application Process

The accountable authority must first obtain written approval from the Responsible Minister to apply for the small agency exemption and must include in the submission to the Minister the reasons the agency should be exempt from the policy.

Once the approval is obtained, the Accountable authority must apply to NSW Treasury for the small agency exemption.

## Asset Management Attestation Statement Template

### Asset Management Attestation Statement for the 20xx-20xx Financial Year for [agency]

I, [Accountable Authority] am of the opinion that the [agency] has an Asset Management Framework in operation that is, excluding the exemptions or transitional arrangements described below, compliant with Core Requirement 1 and Core Requirement 2 set out in the Asset Management Policy for the NSW Public Sector, specifically:

#### Core Requirement

For each requirement, please specify whether compliant, non-compliant, or in transition<sup>6</sup>

#### Core Requirement 1: Asset Management Principles

The Accountable Authority must ensure that all assets within this policy and under the control of the agency are managed with regard to the Government's Asset Management principles.

1. Assets exist to provide value by supporting government services
2. Agencies act as stewards of public assets on behalf of the government
3. Asset management decisions must have regard to the appropriate balance of cost, risk and performance
4. Asset management must be integrated with other organisational functions, processes, activities and data
5. Asset management decisions must be made using a whole-of-lifecycle approach

#### Core Requirement 2: Asset Management Framework (the framework)

An Asset Management Framework that is appropriate to the agency has been established and maintained and the framework aligns with the requirements of this policy and the relevant international standards (ISO 55001). The four framework elements are:

1. Establishing and managing the Asset Management Framework
2. Lifecycle planning and operation
3. Integration with other organisation functions, processes, activities and data
4. Improving and reporting on performance

<sup>6</sup> Where an agency notes that it has been 'non-compliant' or 'in transition', the Accountable Authority must complete the 'Departure from core requirements' section below.

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**Departures from the above core requirements (delete section if not applicable)**

I, [Accountable Authority] advise that the Asset Management Framework for [agency] depart from the following core requirements set out in the Asset Management Policy for the NSW Public Sector:

1. The departure from the core requirements is due to the agency implementing measures to achieve compliance with new policy requirements consistent with the permitted transitional arrangements, OR
2. The circumstances giving rise to these departures have been set out in a Ministerial Determination and the [agency] has implemented [or is implementing] the following practicable alternative measures to meet the core requirements:<sup>7</sup>

Departure	Reason for departure and description of practicable alternative measures implemented/being implemented
Non-Compliance	
<ul style="list-style-type: none"> <li>• Core Requirement</li> </ul>	<ul style="list-style-type: none"> <li>• Detailed description of circumstances giving rise to departure(s)</li> <li>• Detailed description of the practicable alternative measures implemented / being implemented to achieve equivalent level of assurance</li> </ul>
In Transition	
<ul style="list-style-type: none"> <li>• Core Requirement</li> </ul>	<ul style="list-style-type: none"> <li>• Detailed description of the steps being taken to achieve compliance</li> </ul>

These processes, including the practicable alternative measures [being] implemented, demonstrate that the [agency] has established and maintained frameworks, including systems, processes and procedures for appropriately managing audit and risk within the [agency]

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[Accountable Authority] or in accordance with a resolution of the Governing Board of the Statutory Body (Sign and Date)

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Agency Contact Officer  
(Role and contact details)

<sup>7</sup> A copy of the relevant Ministerial Determination which supports the agency's departure from one or more of the core requirements must be included in the Attestation Statement.

**Ministerial Determination Template**

**[Agency] compliance with the Asset Management Policy for the NSW Public Sector**

I, [Responsible Minister] am of the opinion that [agency] has an asset management framework in operation that is, excluding the exemptions described below, compliant with the core requirements set out in the *Asset Management Policy for the NSW Public Sector*.

I, [Responsible Minister] understand that the following core requirements of the Asset Management Policy (TPP-xx) have not been met:

Core requirement	Reason for non-compliance with the core requirement

I note that the following alternative arrangements have been implemented to achieve outcomes equivalent to the requirement(s)

Summary of alternative arrangements	How the alternative arrangements will achieve equivalent outcomes

I, [Responsible Minister] am of the opinion that the practicable alternative measures implemented demonstrate that the [agency] has established and maintained frameworks, including systems, processes and procedures for appropriately managing assets, as defined within the scope of the *Asset Management Policy for the NSW Public Sector*, within the [agency].

This exemption is valid for the financial year(s) (20XX-20XX).<sup>8</sup>

\_\_\_\_\_  
[Responsible Minister, Sign and Date]

\_\_\_\_\_  
Agency Contact Officer  
(Role and contact details)

<sup>8</sup> Exemptions may be sought for a maximum of two financial years.