Framework

Strategic Asset Management Framework

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1.0 Purpose

The purpose of this document is to provide a framework to enable the effective management of assets across Transport Canberra and City Services (TCCS), which includes providing leadership and accountability for planning, acquisition, operation and maintenance, and disposal of assets.

This Strategic Asset Management Framework (SAMF), whilst not an explicit requirement of ISO 55001 (Asset Management), is set out to help TCCS realise the full value of assets in delivering service delivery objectives, guided through national best practice.

Asset management is defined in the Australian Standard (AS ISO 55001) as the 'coordinated activity of an organisation to realise value from assets' with assets defined in the Standard as an 'item or thing that has potential or actual value to an organisation'.

This SAMF, within the broader planning framework defines an overarching asset management hierarchy and provides guidance for individual Strategic Asset Management Plans (SAMPs) within TCCS, which underpins the way each Business Unit manages its assets.

2.0 Introduction

TCCS delivered a wide range of services to the ACT community on behalf of the ACT Government. Much of this relied on the planning, development, and management of a significant and diverse range of assets that were valued in 2021-22 at $11.69 billion. The largest asset category was infrastructure assets ($7.93 billion) including roads, bridges, stormwater, streetlights, community paths, community sporting facilities, traffic signals, waste, and recycling assets. Other assets in the TCCS portfolio included public libraries, buses, urban open space land and property assets.

The SAMF provides guidance for asset management to ensure compliance with relevant legislation such as the Director-General's Instructions and to achieve best practice in asset management, including in consideration of whether investments in new assets may be required as a result of future demands.

3.0 Legislative context

The SAMF is linked to the responsibilities of Directors-General of Directorates in the ACT Government, which is in part defined by Section 31 of the *Financial Management Act 1996* (FMA Act). Section 31 of the FMA Act identifies that:

(1)   The responsible director-general of a directorate is accountable to the responsible Minister of the directorate for the efficient and effective financial management of the public resources for which the directorate is responsible.

(2)   The responsible director-general of a directorate must manage the directorate in a way that—

    a.   promotes the achievement of the purpose of the directorate; and

    b.   promotes the financial sustainability of the directorate; and

    c.   is not inconsistent with the policies of the government.

(3)   In making decisions for the purposes of subsections (1) and (2), the responsible director-general must take into account the effect of those decisions on public resources generally.

4.0 National better practice

In the pursuit of best practice, TCCS has sought to align its guidance with the Institute of Public Works Engineering Australasia (IPWEA) National Asset Management Strategy (NAMS). The IPWEA NAMS Framework is aligned with the International Standards Organisation (ISO) 55000 series of asset management standards.
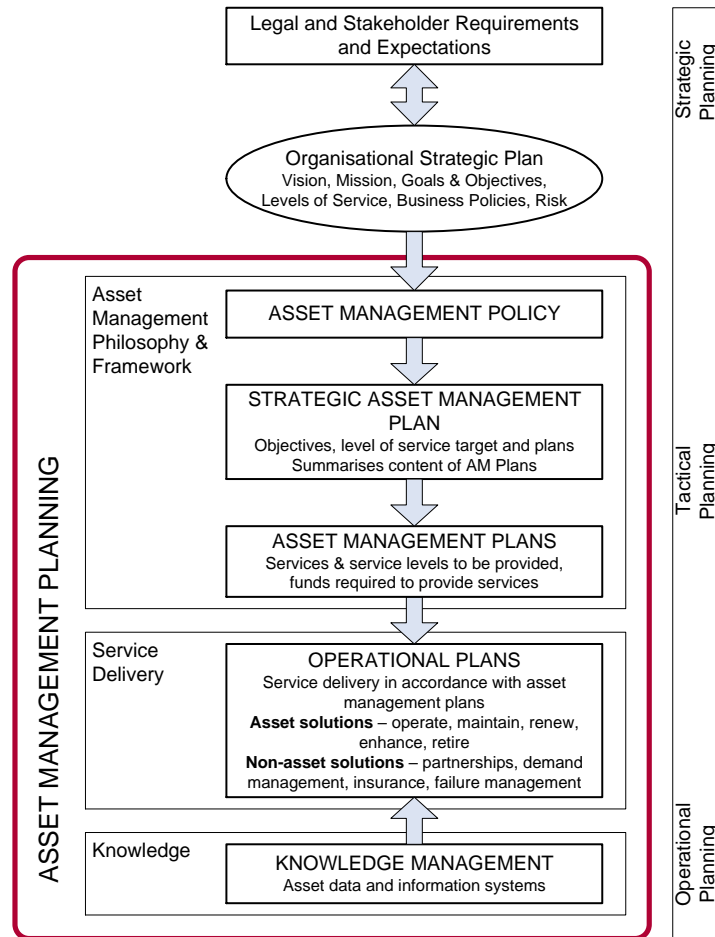

Figure 1: Asset Management Planning Process - an 'Asset Management Framework' is an integral component of best practice 'Asset Management Planning' within the broader Asset Management Planning Framework.

5.0 Alignment to better practice

The ACT Government's Performance and Accountability Framework is defined within '*Strengthening Performance and Accountability: A framework for the ACT Government'*. This performance and accountability framework outlines the Government's performance hierarchy and cycle, part of the framework, its objectives, and its structure.

The ACT Performance and Accountability Framework, represented in *Figure 2*, reflects the different levels at which government performance and accountability are assessed (represented on the vertical plane); and the cyclical process of improving performance and accountability (represented on the horizontal plane).

The ACT Performance and Accountability Framework
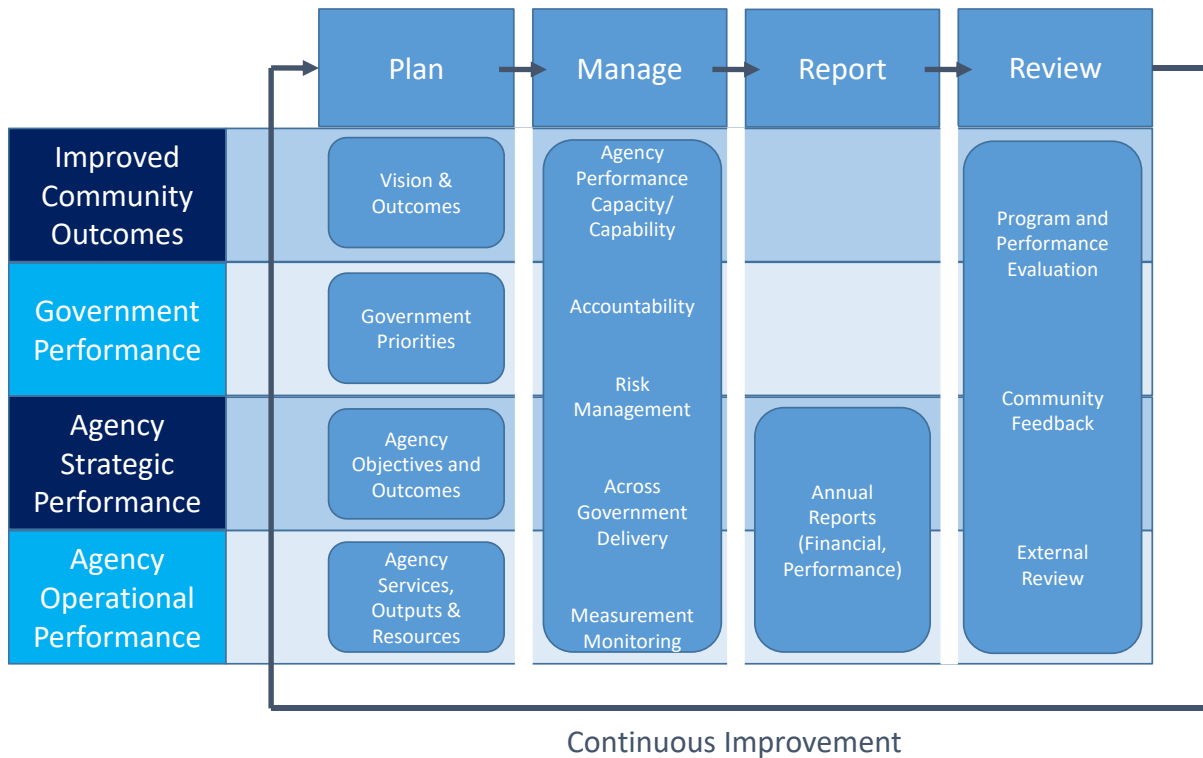
Figure 2. The ACT Government's Performance and Accountability Framework.

The ACT Government's Performance and Accountability Framework is represented with the IIMM Asset Management Planning Framework, in *Figure 3* to demonstrate the overarching asset management hierarchy of the SAMF, in alignment with best practice.

Figure 3: ACT Strategic Asset Management Framework is an Agency Strategic Performance Document – tactical planning. Image adapted from Sources: IIMM Fig 4.2.2, p 4|22 & ACT Government's Performance and Accountability Framework Fig 3.1, p8|58.

6.0 Scope

The SAMF should be used across TCCS to inform asset management and the development of SAMPs.

The authoritative policy for asset management in TCCS is the Director-General's Instructions. Section 3.7 Care and Custody of Assets of the Director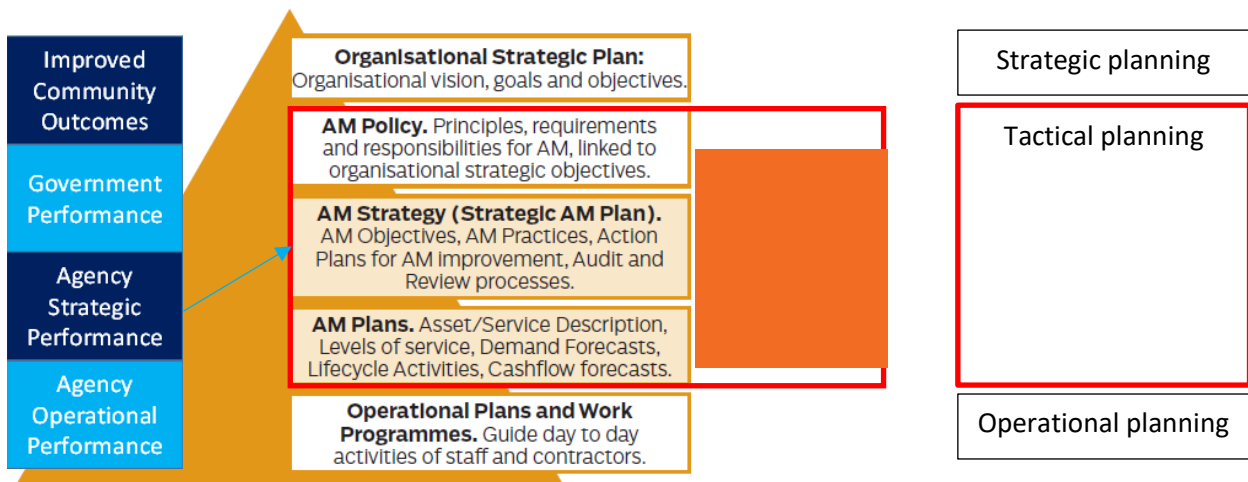-General's Instructions identifies the policy, rationale for policy, and responsibilities and accountabilities in relation to asset management.

All TCCS operational Business Units are required to have a SAMP, the level of detail required is dependent on the quantum of assets held and the risks associated with those assets. Link to SAMP template to be added.

7.0 Objectives

The following sub-objectives are in alignment with best practice to achieve best value and plan for the long-term replacement of major assets. This is by:

- Safeguarding infrastructure assets including physical assets and employees by implementing appropriate asset management strategies and appropriate financial resources for those assets.
- Creating an environment where all employees take an integral part in overall management of infrastructure assets by creating and sustaining an asset management awareness throughout the organisation by training and development.
- Meeting legislative requirements for asset management.
- Ensuring resources and operational capabilities are identified and responsibility for asset management is allocated.

8.0 Principles

The SAMF is based on a set of guiding principles:

The Directorate's sustainable service delivery needs will be met undertaking detailed planning and reporting regarding the long-term sustainability including consideration to; financing, operation, maintenance, renewal, upgrade, and disposal of capital assets by:

1. Recommending to Government that the Directorate's capital assets are provided in a manner that respects financial, cultural, economic and environmental sustainability

2. Meeting ACT Government policy, relevant legislative and regulatory requirements

3. Demonstrating transparent and responsible Asset Management processes that align with demonstrable best-practices

4. Implementing sound Asset Management plans and strategies – in the absence of guaranteeing sufficient financial resources due to lack of direct control – implementation will be accomplished by:

    a. Asset Management plans will be completed for all major asset / service areas.

    b. Regular and systematic reviews will be applied to all asset plans to ensure that assets are managed, valued, and depreciated in accordance with appropriate best practice.

c.   Regular inspection will be used as part of the asset management process to ensure agreed service levels are maintained and to identify asset renewal priorities.

d.   Future life cycle costs will be identified and considered in all decisions relating to new services and assets and upgrading of existing services and assets.

e.   Ensuring necessary capacity and other operational capabilities are provided and Asset Management responsibilities are effectively allocated; and

f.   Creating a corporate culture where all employees play a part in overall care for the Directorate's assets by providing necessary awareness, training and professional development.

9.0 Roles and responsibilities

POSITION TITLE	RESPONSIBLE AREA
Director General (DG)	Overall accountability for TCCS assets. Authorising authority of the SAMF.
Chief Operating Officer (COO)	Overall responsibility for provision of the framework including regular (2 yearly) reviews to ensure its currency. Reporting to the DG on performance and consistency with the adherence to the framework.
Deputy Director-General (DDG)	Ensuring compliance with the SAMF. Approving the SAMPs that sit within their area of responsibility.
Executives with asset management responsibilities	Ensuring compliance with the SAMF. Ensuring SAMPs are in place that align with the SAMF. Ensuring SAMPs are approved by the DDG. Ensuring staff with asset management responsibilities are appropriately trained and that they keep abreast of changes to best practice by participating in development opportunities when possible. Promoting the importance of sound asset management and governance.
Chief Financial Officer	Supporting the COO with development and reviewing of the SAMF. Endorsing each business unit SAMP to ensure it reflects guidance provided through this SAMF. This will ensure SAMPs demonstrate: ▪ efficient and effective management of the public resources for which the directorate is responsible ▪ promotes the achievement of the purpose of the directorate; and promotes the financial sustainability of the directorate
Asset owners	Actions and tasks identified through the SAMF(s).

9.1   Review schedule

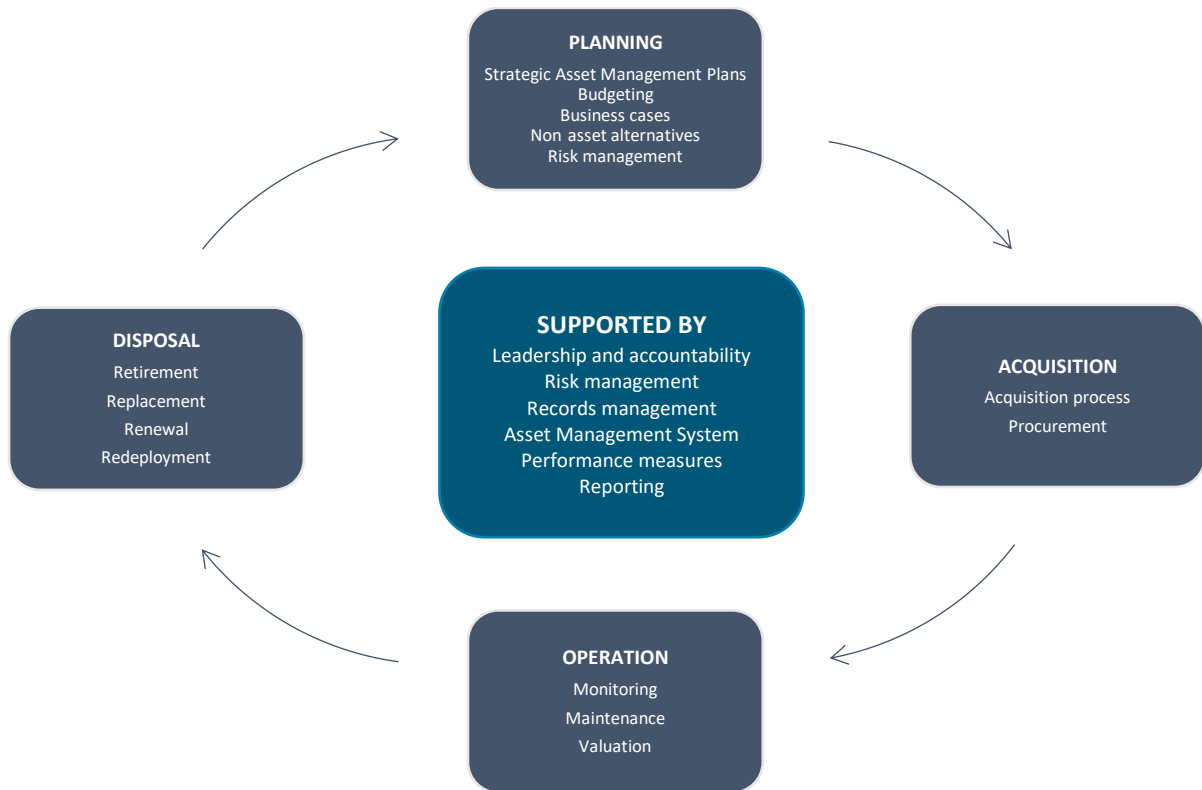| ITEM/ACTION	RESPONSIBLE AREA	REVIEW
SAMF	COO	2 yearly
SAMP	Business Units to develop and maintain SAMPs for their own assets, with the relevant DDG as the document owner. COO to review currency of SAMP's across TCCS.	Regularly 3-5 years
SAMP register	CFO to maintain register on behalf of the COO.	Ongoing

SAMP template	CFO to distribute revised templates on behalf of the COO.	As required

9.2   SAMP approval pathway

Business Unit (Action Officer) → Executive Branch Manager → TCCS Finance (for endorsement and compliance) → Executive Group Manager → DDG approval

10.0   Asset lifecycle

Essential to effect asset management is understanding the asset lifecycle which consists of four stages starting with Planning, followed by Acquisition, Operation and then Disposal.

PLANNING
Strategic Asset Management Plans
Budgeting
Business cases
Non asset alternatives
Risk management

ACQUISITION
Acquisition process
Procurement

OPERATION
Monitoring
Maintenance
Valuation

DISPOSAL
Retirement
Replacement
Renewal
Redeployment

SUPPORTED BY
Leadership and accountability
Risk management
Records management
Asset Management System
Performance measures
Reporting

10.1   Planning

Stage one of the asset lifecycle is planning, where the asset need is identified or verified. Factors to be considered include evaluation of current assets, future requirements and need for amendment, acquisition or maintenance. Consideration must also be given to value for money.

Effective planning will assist ensure assets are maintained and functional, resources are available when required, assessing if existing assets are sufficient and satisfactory, identify underperforming assets and consider a range of options for asset provision and funding. There are 5 key components of planning as outlined briefly below.

10.1.1   Strategic Asset Management Plans

Asset owners should consider the full lifecycle when developing asset management plans. Refer to Strategic Asset Management Plans section for more information on Strategic Asset Management Plans (SAMPs).

10.1.2 Budgeting

Whole of life costs to be budgeted for including acquisition and maintenance while taking into consideration financial and budgetary constraints and the Directorate's overall resource allocation objectives. Refer to Budgeting section for more information.

10.1.3 Business cases

To maximise success of securing required funding, business cases need to be timely and have been adequately developed in consideration of the overall strategic impacts. Estimates for capital and operational (including repairs and maintenance), upfront and recurrent expenses as well as depreciation need to be captured in business cases to forecast the whole of life cost. Costs for renewal or replacement of assets should also be considered. More information around the budget business case process can be obtained from the TCCS Finance team.

10.1.4 Non-asset alternatives

Planning should also consider if there are alternate methods of addressing increases in demands, other than by adding asset capacity (i.e. pricing model, selective targeting of services, etc.).

10.1.5 Risk management

Identifying and assessing risks will enable well informed decisions throughout the lifecycle of an asset. The identification, monitoring and reporting of asset risks should align with strategic, business and budget planning cycles to ensure risks are identified and treated in accordance with the level or risk severity. Asset risks should be maintained within a business units risk register. Refer to Risk Management section for more information.

10.2 Acquisition

Where the asset is purchased or constructed, transferred to the directorate, or otherwise acquired, following the relevant procurement or asset transfer processes.

10.3 Operation

The period during which the asset is used for its intended purpose is the operation stage. There are 3 key components of the operation stage, as outlined briefly below.

10.3.1 Monitoring

During the operation stage assets must be monitored and the condition of assets recorded. Ongoing analysis should also be undertaken to proactively identify performance failures and preventative actions to ensure effective management of the asset.

10.3.2 Maintenance

A maintenance program should be occurring throughout the operation stage to sustain, extend and optimise an assets useful life.

10.3.3 Valuation

Revaluation of assets on a 3 year rolling program should be undertaken so that the carrying amount of assets does not differ materially from a fair value calculation at reporting date, in accordance with the *TCCS Asset Accounting Policy*.

10.4 Disposal

The final stage of the asset lifecycle is disposal, when the economic life of an asset has expired or there is no longer a need for the services supported by the asset. The disposal method selected - retirement,

replacement, renewal or redeployment - should maximise the financial benefits associated with the disposal.

11.0   Strategic Asset Management Plans

A Strategic Asset Management Plan (SAMP) may contain all of the details associated with the management of an asset over the duration of its life, including:

- Service delivery goals and objectives including forecast demand.
- Expected purpose and utilisation levels of the assets.
- Estimated lifecycle costs of the asset including acquisition and operating costs.
- Environmental impacts including climate change and energy consumption.
- Operational training and certification required for staff using the assets.
- Technological changes and obsolescence.
- Capacity of existing assets across the whole directorate.
- Alternative methods of service delivery.
- Changing demands and requirements of the public and TCCS asset managers.
- Risks associated with non-performance of assets.
- The ability to scale up or dispose of the asset.
- Impacts to other business units and opportunities to leverage existing assets across TCCS.
- Operational plans and work programs.
- Alignment of SAMPs with broader TCCS planning processes and governance.

12.0   Budgeting

The SAMP review process should be aligned with the ACT Budget cycle. This will ensure that business cases for asset acquisition and maintenance are timely and have been adequately developed in consideration of the overall strategic impacts, and that there is a SAMP in place to support each business case for strategic assets.

Estimates for capital and operational (including repairs and maintenance), upfront and recurrent expenses as well as depreciation need to be captured in the business cases to forecast the whole of life cost. Costs for renewal or replacement of assets should also be considered.

The SAMPs will include a 10-year budget forecast for each asset class, noting that it may be more appropriate to group asset classes with relatively small asset value. Budget forecasts in the SAMP generally do not identify the timing of asset investment at the individual asset level (e.g. for each asset identification in the AMIS).

13.0   Governance

13.1   Risk management

TCCS incorporates a risk management approach to all decisions across its activities including asset management. Risk management occurs at different levels from strategic risk through to operational risks. Risks are managed in accordance with the *ACT Government Risk Management Policy*, supported by the application of the *TCCS Risk Management Framework and Plan*. Risk management principals are consistent with *Australian Standard AS ISO 31000:2018 Risk Management – Principles and Guidelines* which defines risk as the effect of uncertainty (either positive or negative) on business objectives.

Effective asset management includes identifying and assessing risks to enable well informed decisions throughout the lifecycle of an asset. The identification, monitoring and reporting of asset risks should align with strategic, business and budget planning cycles to ensure risks are identified and treated in accordance with the level or risk severity. Asset risks should be maintained within a business units risk register. The highest risk for assets management is the inability to meet stakeholder requirements into the future. Asset risk management plans should include risks relating to:

- Physical failure
- Impact of climate related risk
- Operational and maintenance risks
- Financial risk including funding models
- Work health and safety, including people safety and public safety risk
- Impact of changes in technology, policy or regulations
- Third party risk, including contractual performance and or reliance on independencies
- Stakeholders, both internal and external to TCCS influencing or impacted by TCCS assets

Where appropriate, business continuity plans should also consider strategies for identifying and responding to incidents, and emergency situations and maintaining the operational continuity of critical assets for service delivery.

Risk management should be incorporated into the SAMP to be regularly reviewed and updated as required throughout the lifecycle of the asset. This risk management plan should feed into an overarching Business Unit risk management plan where it aligns with the branch/division and directorate plans.

13.2   Records management

TCCS upholds good record keeping practices as required under the *Territory Records Act 2022*, in line with the *TCCS Records Management Policy, Procedures and forms* and by using an electronic document records management system (Objective). In addition, the TCCS Asset Management Information System (AMIS) is also identified as a record management system for the purpose of managing Territory assets.

AMIS is a digital asset register that stores details of strategic assets including geographical and maintenance data and associated documentation. These records are linked to the relevant SAMP through the System Configuration Manuals that dictate how the AMIS is configured to achieve the asset management objectives of the business.

AMIS is designed to be the single source of truth in relation to asset management across the Directorate and is integrated with other systems such as finance, Access Canberra CRM, and GeoSpatial Information System (GIS).

The CIO maintains the technical aspects and configurations of the AMIS.

All data entry and management activities are performed by Business Units with asset management responsibilities. Asset owners are considered the data custodians.

Refer to the Data Management Framework for more information on data management.

14.0   Key terms/definitions

Term	Definition
Asset	Something that has value and will provide benefits from its use over the period of its useful life (it may be financial, physical or intangible).
Asset Management Strategy	The high level long term approach to asset management including asset management action plans and objectives for managing the assets.
Asset Owners	Business Units are identified as asset owners through the TCCS Asset Finance Register, Oracle fixed asset register and/or TCCS Asset Information Management System (AMIS).
Asset Register	A record of asset information considered worthy of separate identification including inventory, historical, financial, condition, construction, technical and financial information about each.
Asset Renewal	Major work, which restores an existing asset to its original capacity or the required condition (e.g., re-roofing, re-painting, replace heating).
Critical Assets	Assets for which the financial, business or service level consequences of failure are sufficiently severe to justify proactive inspection and rehabilitation. Critical assets have a lower threshold for action than non-critical assets.
Director General Instructions (DGIs) and Delegations	The DGsI and Delegations provides the framework for all financial authority and operations within the Directorate.
Financial Management ACT 1996 (FMA)	An Act to provide for the financial management of the government of the Territory, to provide for the scrutiny of that management by the Legislative Assembly, to specify financial reporting requirements for the government of the Territory, and for related purposes.
GeoSpatial Information System (GIS)	Software which provides a means of spatially viewing, searching, manipulating, and analysing an electronic database.
Lifecycle Cost	The total cost of an asset throughout its life including planning, design, construction, acquisition, operation, maintenance, rehabilitation and disposal costs.
Operation Business Units	Libraries ACT, Canberra Cemeteries, Capital Linen Services, Yarralumla Nursey, Birrigai, Domestic Animal Services, Bus Operations, Light Rail Operations, ACT NoWaste, City Presentation, Roads ACT.
Routine Maintenance	Day-to-day operational activities undertaken to keep the asset operating and which forms part of the annual operating budget.
Strategic Asset Management Plans (SAMP)	Strategic Asset Management Plans (SAMP) which address the investment in, and the creation, management and disposal of, significant government assets.

15.0   Relevant legislation and policy references

Link to legislation or policy
TCCS Director-General's Instructions
TCCS Asset Accounting Policy
TCCS Risk Management Framework and Plan
TCCS Strategic Plan 2021-2024
ISO 55000 Asset Management Series of Standards for Asset Management
Financial Management Act 1996 (FMA Act)

16.0   Supporting documents and references

Document	Object ID or hyperlink
Register of business unit SAMPs	Sharepoint page to be created?
SAMP template	Sharepoint page to be created?