

# Asset Management Plan

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## **1 INTRODUCTION**

The Introduction section describes the purpose, background, and structure of the Asset Management Plan. It explains the importance of asset management, the level of organisational commitment, and progress made to improve the quality of the information. It also summarises the key linkages with strategic and other asset planning documents, and the main issues.

### **1.1 Why Asset Management is Important?**

The tertiary education sector currently manages in excess of \$7 billion of public capital assets. It provides a unique service and requires capital assets that support excellent educational outcomes, including facilities, base infrastructure and specialist teaching equipment. The effective management of assets is therefore an essential business process, providing the opportunity for organisational efficiencies, improved asset utilisation, reduced operating costs, more effective use of capital.

An Asset Management Plan (AMP) is a key part of the asset management process. It provides a description of the overall system components, and summarises key asset and planning information at a single point in time. Its primary purpose is to identify the financial consequences of delivering education services through physical assets, describing:

- the importance of physical assets to delivering organisational objectives and outcomes;
- the quality of existing physical assets in terms of condition and asset performance;
- the assets needed to meet or sustain current levels of service, and to address current and future shortfalls;
- the feasible asset and non-asset solutions to address identified shortfalls; and
- the level of organisational commitment and planned improvements.

### **1.2 Organisational Commitment**

- Describe the Council involvement in capital asset management and the associated reporting requirements.
- Identify the primary management positions with specific capital asset management responsibilities, including the CAM 'champion'.
- Identify the members of the Asset Management Steering Group and describe its activities and links with other management groups.

### **1.3 Progress Made**

- Briefly document the history of asset management planning for the organisation and service.
- Shows evidence that progress is being made and the organisation is committed to implementing asset management planning as a 'business as usual' process.

## 1.4 Strategic Linkages

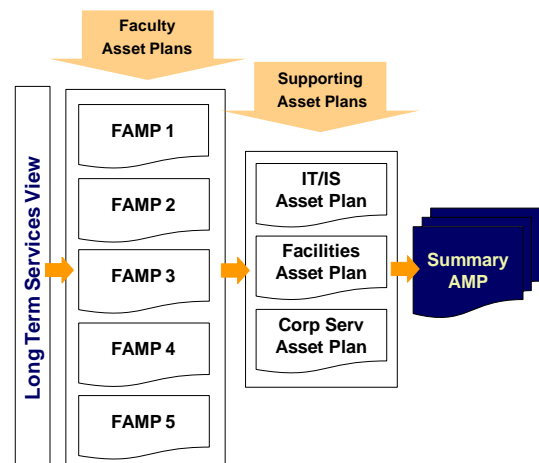
- Briefly describe direction from the following perspectives:
  - Organisation vision and objectives
  - Service planning, i.e. strategic direction for the service being delivered
  - Investment Plan
  - Annual or business plans
  - Key planning assumptions and constraints
- Linkages between Asset Plans within the organisation
- Linkages between Asset Plans on a regional and national perspective
- Linkages with community, government and industry

## 1.5 Organisational Asset Management Linkages

Describe the linkages with other organisational asset management plans and documents. Ideally each faculty/school should develop its own AMP (nominally called a Faculty AMP, or FAMP), which should inform Supporting Asset Plans to provide an integrated view of capital asset requirements. The FAMP should record the assets and associated requirements for each faculty or school, and the Supporting Asset Plans should use the outputs to provide a holistic view of the ITP in a Summary level AMP as illustrated in the following figure.

## 1.6 Key Stakeholders

List the stakeholders in the Asset Plan and summarise their interest and requirements – only those that have been involved in its development.



## 1.7 Issues

List of the key issues that are being addressed through the planning process, e.g. shortage of teaching space, suitability of teaching space, aging buildings, obsolete equipment, changing industry demand, changing teaching methods, etc.

## 2 DEMAND MANAGEMENT

(Drawn from the Service Justification for Capital Investment template)

The Demand Management section reflects the changes in demand over time and provides a statement of demand so that demand management strategies can be developed. It considers how growth will be managed including discussions on demand drivers and impact on faculty requirements.

## 2.1 Overview

Half page summary of the following sections.

## 2.2 Demographic Analysis

Describe the possible changes in the demographics and how these changes may result in differences in the type and volumes of services provided.

- Ageing - What are the likely population changes projected over the next 20 years?

Age Range	Population numbers				% of increase over 20 years
	Current year	20011 to 2015	2016 to 2020	2021 to 2030	
15-25					
26-39					
40-64					
65-84					
85+					
<b>Total</b>					

- Demographic changes: Describe any other significant demographic changes expected within next 5, 10 and 20 years. These changes are likely to have an impact on the services that will be delivered in the future, i.e. changes in ethnicity, migration trends and immigration trends into the region. Consider international students.
- Demographic changes in next 5 years
- Demographic changes in next 10 years
- Demographic changes in next 20 years

## 2.3 Impact of Changes in the Demand and Supply of Educational Services

What learning changes would you expect within the next 5, 10, and 20 years? Consider the following:

- Factors affecting demand:
  - Demographics
  - International students
  - Changes in mix of qualifications
  - Changes in access
  - Changes in fees

- Factors affecting supply:
  - New technology
  - New learning delivery models
  - Needs of modern learning environment
  - Changes in workforce availability
  - Changes in workforce roles
  - Changes in location/setting of learning delivery
  - Changes in information and communication technologies

What is the impact of those changes on your asset base? What asset impact might there be for adjacent and other network providers?

- Changes in next 5 years:

Learning Changes	Asset related impact of changes

- Changes in next 10 years:

Learning Changes	Asset related impact of changes

- Changes in next 20 years:

Learning Changes	Asset related impact of changes

## 2.4 Current and Future Education Service Requirements

### 2.4.1 Overview

Provide a summary table of the requirements that will drive future investments. The following sections provide guidance for the tertiary education sector.

### 2.4.2 EFTS Delivery mode

Number of EFTS per each delivery mode:

<b>EFTS Delivery Mode</b>	<b>2010</b>	<b>2011 to 2015</b>	<b>2016 to 2020</b>	<b>2021 to 2025</b>	<b>% Incr. over 20 years</b>
Direct/Intramural					
Extramural					
Mixed Mode / Remote					
External Providers, i.e. other ITPs					
...					
<b>Total</b>					

### 2.4.3 Student volumes

Number of EFTS per specialty:

<b>Specialty</b>	<b>2010</b>	<b>2011 to 2015</b>	<b>2016 to 2020</b>	<b>2021 to 2025</b>	<b>% Incr. over 20 years</b>
Science					
Engineering					
Environmental Studies					
Health Service					
Computer Sciences					
Arts					
Education					
Business					
...					
<b>Total</b>					

### 2.4.4 Qualification Programmes

Government priorities for improved performance in the ITP sector are to increase provision of qualification programmes at level 4 and above, and to increase course and qualification completion rates, especially for students under 25 years old.

<b>Qualification Level</b>	<b>2010</b>	<b>2011 to 2015</b>	<b>2016 to 2020</b>	<b>2021 to 2025</b>	<b>% Incr. over 20 years</b>
Level 1 - 4 Certificates					
Level 5 - 7 Diplomas					
Degrees and Graduate diplomas					
Masters Degrees					
...					
<b>Total</b>					



## 2.5 Teaching Spaces

### 2.5.1 Existing Teaching Capacity

Summarise the capacity of existing teaching spaces and average utilisation.

Teaching Space Type		Gross Floor Area (m <sup>2</sup> )	Usable Floor Area (m <sup>2</sup> )	Total Avail Teach Space (m <sup>2</sup> )	Freq. Used % (Hrs In Use/Total Avail Hrs)	Capacity (No of Seats)	Occupancy (Seats Occupied /No Seats Avail) %	Utilisatn % (Freq x Occ.)
General Teaching Facilities	Lecture Theatre/Classroom							0%
	Lecture Theatre/Classroom							0%
	Lecture Theatre/Classroom							0%
	Lecture Theatre/Classroom							0%
	Lecture Theatre/Classroom							0%
Special Teaching Spaces	Lab Space - Wet Lab (e.g. Chemistry)							0%
	Lab Space - Dry Lab (e.g. Physics)							0%
	Lab Space - Heavy Machinery							0%
	Sport Science Lab - Gymnasium							0%
	General Computer Lab							0%
	Specialised Computer Laboratory							0%
Studios / Drawing Rooms	Design ( Graphics / Industrial Design)							0%
	Painting (Sculpture)							0%
	Painting (Fashion)							0%
	Painting (Fine Art)							0%
	Workshop (Pottery /Photographic/Arch.)							0%
	Drawing Room requiring boards for drafting							0%
	Exhibition Space							0%
	Drawing Room requiring boards and reference tables							0%
<b>Whole Campus</b>								0%

### 2.5.2 Future Teaching Capacity Requirements

Summarise anticipated future capacity requirements.

Qualification Level	2010	2011 to 2015	2016 to 2020	2021 to 2025
Total Gross Area (m <sup>2</sup> )				
Area of General Learning Facilities (m <sup>2</sup> )				
Area of Laboratories (m <sup>2</sup> )				
Area of Workshops (m <sup>2</sup> )				
Area of Sport Science Laboratories (m <sup>2</sup> )				
Area of Computer Laboratories (m <sup>2</sup> )				
Area of Studios / Drawing Rooms (m <sup>2</sup> )				
...				
<b>Total</b>				

## 2.6 Consideration of Capacity – Supply vs Demand

Provide a summary paragraph describing the main conclusions and results of Section 2.

## 3 LEVELS OF SERVICE

(Drawn from Service Justification for Capital Investment template)

The Levels of Service section defines the current and future customer to technical quality standards associated with catering for future demand, technology changes, service delivery changes and the standard of care for existing facilities. Firstly documenting and measuring the current level of service before determining the future desired level of service. Level of service shortfalls are identified, measured and monitored in this section.

### 3.1 Overview

Level of service (LoS) defines the type and extent of services delivered to the students, staff and other stakeholders. They describe what the governing body, 'customer' and the community want, how much it will cost to achieve, and whether it is affordable. Levels of service should be specific and measurable, and linked to the strategic objectives and outcomes.

Half page summary of the following sections.

### 3.2 Strategic Levels of Service

Strategic levels of service describe the overall level of provision and performance, e.g. to provide tertiary education facilities within 30 minute of 90% of the people living in the region.

#### 3.2.1 Current Strategic Levels of Service

Strategic Objective	Strategic Levels of Service	Current Target	Current Provision

Strategic Objective	Strategic Levels of Service	Current Target	Current Provision

### 3.2.2 Future Strategic Levels of Service

Strategic Objective	Strategic Levels of Service	Target in 2015	Target in 2020

### 3.3 Tactical Levels of Service

Tactical levels of service describe the specific level of provision and performance, e.g. there will be 3m<sup>2</sup> of library space per EFTS; there will be one computer laboratory workstation for every 20 EFTS; and all lecture theatres will have data projectors and integrated lecturer workstations.

#### 3.3.1 Current Tactical Level of Service

Strategic Objective	Tactical Levels of Service	Current Target	Current Provision

#### 3.3.2 Future Tactical Levels of Service

Strategic Objective	Tactical Levels of Service	Target in 2015	Target in 2020

### 3.4 Operational Levels of Service

Operational levels of service describe the specific level of access and availability, e.g. there will be controlled access to the common learning areas between 6am and 10pm daily; there will

be on campus access to hot and healthy food between 6am and 10pm daily; and lecture theatres will be cleaned daily.

### 3.4.1 Current Operational Levels of Service

Strategic Objective	Operational Levels of Service	Current Target	Current Provision

### 3.4.2 Future Operational Levels of Service

Strategic Objective	Operational Levels of Service	Target in 2015	Target in 2020

### 3.5 External Level of Service Requirements

There will also be level of service requirements influenced by external organisations and legislation, e.g. stakeholder consultation, local council town planning, Fire Service, Health & Safety, and the Building Act, e.g. number of carparks, consents for boiler emissions, asbestos removal, and seismic compliance.

Source of External Requirement	External Level of Service	Current Level of Service	Estimated 2015 Level of Service

## 4 ASSET DESCRIPTION – KNOWING WHAT WE HAVE

The Asset Description section is a direct output from the asset register and survey process that captures asset condition and performance. This section should also identify the utilisation of buildings and describe the current configuration of spaces including functionality considering modern learning spaces. The section describes the assets in their physical and financial form including gross replacement costs, historic values, depreciated replacement costs and fair values.

#### **4.1 Overview**

Half page summary of the following sections.

#### **4.2 Asset Values**

Summarise the following values for each asset type:

- Cost / Valuation
- Capitalised Leased Value
- Replacement cost (reinstatement value)
- Market value (registered value) if applicable
- Depreciated Replacement Cost
- Original purchase cost

Also report the expected useful lives and remaining lives as calculated from other sections of the AMP.

#### **4.3 Building Description**

Provide a high level summary of all building assets, including:

- Location
- Construction type and configuration
- Primary purpose
- Ownership
- Replacement cost

Include a summary table, images and geospatial information as appropriate.

#### **4.4 Building Risk Profile**

Summarise the current level of risk associated with buildings and associated site infrastructure. The approach should be consistent with AS/NZS4260 and provide an overview of building risk profile and the associated controls and treatments.

Identify the extent of any planned activities to assess and manage the risk and the associated capital expenditure.

#### **4.5 Building Functionality**

There are a number of factors that can affect the functionality of a building space or the building as whole. These need to be reported separately to structural integrity as they drive different investment scenarios and can be funded from different sources. Assessing functionality will identify the remaining life of certain components and be linked with levels of service statements.

Consider the following functionality issues based on the occupants or users of the building space:

- Changes in teaching practice
- Changes in required space co-locations
- Changes in educational service configuration (including regional changes)
- Electrical and mechanical plant becoming obsolete or inefficient considering the types of services being delivered, e.g. conditioned air quality or electrical switching.
- Electrical and mechanical plant and other specialist equipment such as laboratory equipment becoming unreliable due to their age.
- Internal wall layouts unsuitable for current learning services
- Floor space unsuitable for current learning services
- Statutory non-compliance such as seismic codes or warrant of fitness
- Changes in organisation's policies, e.g. a requirement for existing building spaces to be energy efficient.

Also provide a summary of the planned intentions for each building or site.

#### **4.6 Building Availability and Utilisation**

- An overview statement of the availability of each asset and how each asset type is utilised drawing on the information in section 2.5.1.
- Clearly state which assets are over or under utilised and present opportunity for rationalisation considering other functional requirements.
- A separate section for where specific measures have been made to provide evidence for current utilisation rates.

#### **4.7 Building Condition**

Condition is the structural integrity of a component where it can be assessed either visually or by testing. Note: condition grades are used to determine the remaining life of components.

- For building assets report the replacement cost of each condition grade 1 (very good) to 5 (very poor) for Exterior, Interior and Services assets. Provide a summary for each campus or major site.
- For infrastructure type assets report the replacement cost of each condition grade 1 (very good) to 5 (very poor) for each major asset type, e.g. water, heating, electrical.
- Report the replacement cost of components that require other types of assessments to determine their remaining lives, e.g. mechanical and electrical plant, computer equipment and specialist items such as workshop and laboratory equipment if applicable.
- Make an overview statement about the condition of the current asset base.

## **4.8 Environmental Performance**

Although specific to an organisation's policies, consider reporting the asset and financial consequences of:

- Energy efficiency
- Carbon credits opportunities
- Green building ratings

## **5 CHALLENGES AND INVESTMENTS**

The Challenges and Investments section is where the current and future shortfalls are summarised considering the demand projections and level of service requirements. It is also where the impact of currently funded projects and the planned response to the remaining shortfalls are identified.

### **5.1 Overview**

Half page summary of challenges or shortfalls and the major priority capital expenditure projects scoped.

### **5.2 Shortfalls – Educational Service Needs**

#### **5.2.1 Current Shortfalls**

A clear description of the current challenges or shortfalls determined from a gap analysis between what is needed and what is currently provided from both a service and asset perspective. There should be clear links to the identified demand and level of services as described in Sections 2 and 3 respectively.

Evaluate the following gap analysis:

- A clear statement of the need – refer levels of service and demand management sections
- Evidence of what is currently being provided – reference to Section 4.
- State the gap between what is needed and what is currently being provided – this is the shortfall.
- Also identify standards that are currently being met.

#### **5.2.2 Likely Future Shortfalls**

Based on current information, evaluate the likely future shortfalls from both a service and asset perspective, e.g. shortage of floor space to meet future demand, changing learning delivery models, changes in technology, etc.

Where possible, link back to statements that identify the 'current needs'. Many future shortfalls will be associated with current statement and moving targets or standards.

Investigate the following:

- A clear statement of the need including the time frames – refer previous section.
- Provide information supporting why there could be a future shortfall.
- Describe the gap between what could be needed and what there will be available at the time of the need – this is the future shortfall.
- Also identify standards that are currently being met through known capital projects.

### **5.3 Currently Funded Projects**

List current budgeted projects of capital expenditure, e.g. baseline renewals, strategic acquisitions, upgrade projects, special interest projects, etc. Identify the intended outcomes from the projects including the following (this could be included within an Appendix):

- Project name
- List of associated projects
- Project budget, expenditure to date, funding sources, and likely total cost compared to the budget.
- Identification of which projects are subject to a Gateway Review (see [www.ssc.govt.nz](http://www.ssc.govt.nz) for details).

It is likely that the current projects will be working towards addressing current and future shortfalls. These need to be recognised in a tabulated form.

It is assumed that current funded projects are insufficient to address the known shortfalls that have now been identified through the analysis of service needs scoped projects and capital intentions will work towards addressing these shortfalls.

### **5.4 Responses to Significant Known Challenges**

Provide a prioritised list of possible projects in responses to significant known challenges. Consider the risks and implications of projects not proceeding.

#### **5.4.1 5 Year Challenges and Capital Intentions**

A list of the challenges or shortfalls that need to be addressed within the next 5 years considering the impact of current funded projects. Associated scoped projects or capital intentions to address the challenges or shortfalls stating:

- Project name, associated project, and associated services
- Budget, funding sources, status and timing
- Shortfalls being addressed including drivers for expenditure
- Risks of not proceeding
- Restraints such as funding approvals and consenting issues

#### **5.4.2 6 to 20 Year Challenges**

A list of the challenges or shortfalls that need to be addressed within 6 to 20 years considering the impact of current funded projects. List the projects that will address the challenges as for the 5-year challenges stating the confidence in the information supporting the project. These



projects are more likely to be a list of possible projects that may or may not proceed depending on circumstances closer to the time.

## **6 OPTIMISED DECISION MAKING**

The Optimised Decision Making section is where the range of possible projects is identified and considered through prioritisation and optimisation. It is where maintenance and capital are optimised through applying various policies, i.e. applying maintenance regimes that increase annual operating costs but minimise risks, and delaying refurbishment or replacement in order to reduce the whole of life costs.

### **6.1 Optimised Decision Making Framework**

Describe the framework used to evaluate and prioritise investment decisions, including the associated factors, weightings, decision thresholds, and the approval process. Consider linkages with strategic outcomes and objectives, stakeholder engagement, and network provision.

### **6.2 Significant Projects**

Provide a list of the significant strategic projects. Include an overview of the highest value projects that are addressing the most significant risks to the organisation.

- Options analysis based on the NAMS Property approach.
- Evidence of stakeholder consultation within the decision-making process.
- Record of the drivers and whole of life funding requirements for each capital project

### **6.3 Likelihood of Events Happening**

For the significant projects, describe the potential adverse affects if the projects were deferred. List the events in order of reducing risk.

Describe the likelihood of the events occurring based on supporting evidence where available. State where judgements and assumptions have been made and reference them so that they can be further investigated as part of the improvement process.

### **6.4 What Controls Can Be Put Into Place**

Considering that significant projects can take years to implement, certain controls may need to be put into place as an interim measure. List controls or mitigation strategies.

### **6.5 Prioritisation and Decision Making Process**

Describe the organisation's prioritisation process and how the organisation uses this information to make decisions on which projects should proceed, which will be deferred, and which will be re-evaluated.

The list assumes that the organisation works within a 10 to 20 year planning period.

## **7 FINANCIAL FORECASTS**

(drawn from completed Capital Intentions Spreadsheet)

Where the ODM section lists the range of possible projects the Financial Forecasts section identifies the selected projects based on risk, levels of service, and funding. The section shows how the 'preliminary strategic choices' have been considered and why the final list of recommendations have been selected. It considers income and funding sources where possible and projects future values and associated depreciation, i.e. layers the expenditure aligned with the budgets.

### **7.1 Overview**

Provide a summary of the capital and operational expenditure compared to available funding showing surpluses and deficits based on the organisation's financial policies. The table needs to show the differences (if any) between the current level of expenditure and future proposed level of expenditure including a statement of affordability and other issues such as workforce shortages.

This section should consider all aspects of the assets' lifecycle, including acquisitions or creation, maintenance, operations, renewal, replacement, and disposal.

### **7.2 Long Term Capital Forecasts**

#### **7.2.1 Baseline Capex**

Identify the capital projects that are categorised as baseline capex. These are typically those projects that can be funded by normally available funding sources. Identify the projects by:

- Asset types
- Expenditure drivers such as replacements, upgrades and acquisitions.

Project the expenditure over the planning period such as 20 years. These projections will be more accurate than the Strategic capex due to the baseline expenditure being largely associated with maintaining the quality of the current asset base.

#### **7.2.2 Strategic Capex**

Summarise the expenditure required for specific capital intentions based on the list of 'capital intentions' listed in Section 2.5.1 including:

- Project name
- Intended funding sources
- Drivers and cost allocations
- Status including which projects are being implemented or in the approval process
- Comparisons with population and or revenue streams or other relevant denominators
- Asset types associated with expenditure

Also include a statement of which 'shortfall(s)' the strategic capex is addressing, i.e. outcomes being achieved and risks being minimised. Each project must address current or future shortfalls otherwise, the project may be unnecessary.

### **7.2.3 Special Interest Areas**

Present a summary of capital expenditure associated with any 'special interest areas' (see capital the intentions spreadsheet for details of these). This expenditure should also be included within baseline and strategic capex,

## **7.3 Consequential Expenditure**

Capital expenditure often has downstream requirements associated with asset maintenance through to additional workforce and eventual renewals. The 'consequential expenditure' associated with capital intentions (typically strategic capex) needs to be identified so that the overall financial consequences can be determined.

The following budgets should report the difference between current and future baseline capital expenditure associated with capital intentions:

- Operating costs associated with a new asset and consequential service configuration
- Reactive Maintenance
- Planned Maintenance
- Interest and capital charge
- Depreciation
- Future renewals and replacements

## **7.4 Affordability**

Evaluate whether the investment project is affordable considering all expenditure types including initial capital expenditure, cost of capital, and consequential expenditure compared to secure revenue sources. The analysis needs to consider the time cost of money including inflationary adjustments.

An overall statement of affordability is needed, e.g. achieving the organisation's strategic objectives through addressing current and future shortfalls through effective capital expenditure is affordable if...

## **7.5 Forecast Valuations**

Assuming that the capital intentions are implemented, determine the future asset values considering opening book values, capital expenditure and depreciation. Report by asset type.

## **7.6 Outcomes**

Clearly state the outcomes expected from the planned capital expenditure over the coming, 5, 10 and 20 years. Start with the outcomes experienced with the capital expenditure over the previous 3 to 5 years.

## **8 KEY ASSUMPTIONS AND POLICIES**

The Key Assumptions and Policies section identifies the assumptions made throughout the planning process and states the policies applied including maintenance and renewal policies. It also discusses the confidence of the information.

- Identify the assumptions made throughout the planning process and state the policies applied including maintenance and renewal policies.
- Identify the level of confidence in the assumption and the asset data used in the plan. Identify the key areas of improvement necessary to address the quality of the plan.

## **9 IMPROVEMENT PLAN**

The Improvement Plan section this is one of the more important parts of the AMP. It identifies the planned improvements to the asset management system(s), including the associated responsibilities, resources, and milestones. In a Summary level AMP this section will summarise the key improvement activities from each of the component AMPS, i.e. Faculty AMPs and Supporting AMPs.

### **9.1 Implementing the Process**

State how the asset management planning process will be implemented in a way that will become a business as usual activity. Identify and address impediments that need to be overcome. Consider the different aspects evaluated in the GAP analysis undertaken in the organisation and by TEC.

### **9.2 Improvement Programme**

Use the following matrix to summarise the current level of CAM capability (see self-assessment tool available on the TEC's website), and identify the planned target level of performance.

List the specific tasks (milestones and responsibilities) that are planned to achieve the target levels. Categorise improvement tasks in the following way:

- People and resources
- Processes and practices
- Computer systems
- Asset data and resulting information

### **9.3 Monitoring Performance**

Describe the measurement and reporting processes that will be used to monitor the implementation and completion of improvement tasks.

AMP Prepared by

\_\_\_\_\_  
[Name]  
[Organisation]

Report Reviewed by

\_\_\_\_\_  
[Name]  
[Organisation]

Revision	Revision Date	Details	Authorised	
			Name	Position