

# Queensland Government Strategic Asset Management Plan Framework

*Supporting guidance material*



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# Contents

1.0	Introduction – about this supporting material.....	1
2.0	SAMP guide.....	2
2.1	Executive summary .....	2
2.2	Introduction and purpose .....	3
2.3	Strategic organisational context .....	4
2.4	Strategic asset management objectives.....	6
2.5	Asset management planning approach.....	7
2.6	Financial and performance summary .....	8
2.7	Evaluation .....	9
3.0	SAMP vs TAMP .....	10

# 1.0 Introduction – about this supporting material

This supporting guidance material is designed to assist agencies develop their Strategic Asset Management Plan (SAMP) to meet the Queensland Government's *Agency Planning Requirements* and *Specific Purpose Planning Requirements*.

As agencies are responsible for managing their assets in a manner consistent with these requirements, as well as their own specific circumstances, organisational risk profiles and the nature of their asset base, agencies can be flexible in aligning the format and composition of the SAMP report. Agencies can also represent their SAMP in an illustrative way, such as a dashboard, for better readability and understanding.

This supporting guidance material should be read in conjunction with the *SAMP Framework Overview* document.

## 2.0 SAMP guide

### 2.1 Executive summary

#### **What should be provided**

A concise executive summary that outlines SAMP context, content and current status of the asset portfolio.

The SAMP requires a stronger focus, a strategic narrative and linking service strategies to capital infrastructure investment.

This section should provide a succinct understanding of the agency's asset position in terms of meeting current and future service delivery demands. This section should also provide a summary of risks and opportunities in service delivery and commercial outcomes.

This section should address:

- objectives of the SAMP including benefits/costs
- high-level context, including any business or corporate plans that the SAMP supports or with which it aligns, and the strategic organisational context
- service delivery risks and opportunities (current and future)
- scope of assets covered, including gaps and surpluses
- performance against financial/and non-financial measures
- evaluation processes, key performance indicators (KPIs) and projected outcomes.

Refer to the *SAMP Framework Overview* Section 3 for additional information.

## 2.2 Introduction and purpose

### What should be provided

Agencies should outline the whole-of-government policy directions (e.g. State Infrastructure Plan, Queensland Government objectives), describe the scope of the SAMP, outline the purpose and structure of the SAMP, and define who in senior management has responsibility for developing and maintaining the SAMP.

Agencies should also provide the relevance of the SAMP to future government decision-making about investment on Non-Current Assets.

Information included in the Total Asset Management Plan (TAMP) Foreword regarding purpose is also relevant to this section and should be considered for inclusion.

This section should address:

- purpose of the SAMP, contextualised for the specific agency with reference to its corporate objectives
- structure of the SAMP
- fit within the overall Asset Management System (AMS)
- benefits/costs
- SAMP scope including the nature of the asset classes covered
- functional relationship between the SAMP and agency-specific organisational leadership documents
- executive responsibility.

Refer to the *SAMP Framework Overview* Section 3 for additional information.

## 2.3 Strategic organisational context

### **What should be provided**

This section should provide an overview of the strategic environment in which the SAMP exists and how the SAMP will interact with other policies, systems and frameworks.

This section should address:

- internal and external context and drivers e.g. State Infrastructure Plan, government policy statements, strategic plans, service plans, operational plans
- alignment with the agency's corporate objectives and strategic planning framework
- scope of the AMS underpinning the SAMP including related programs and documents e.g. TAMP, AMPs
- legacy considerations (historic reasons why asset base is constituted in its current form)
- the SAMP planning horizon and supporting rationale
- stakeholder requirements (legal, financial, technical, regulatory, organisational) – now and future
- financial and non-financial implications of implementing a SAMP
- relevant financial/non-financial KPIs impacting a SAMP
- approach to corporate system integration
- integration with corporate risk management process
- commitment to continual improvement.

Refer to the *SAMP Framework Overview* Section 3 for additional information.



## 2.4 Existing asset holdings, strategic issues and options

### What should be provided

Agencies should outline their existing services, standards and asset portfolio, and how this is used to produce services and meet future delivery targets. A gap analysis should be conducted, and options provided regarding future asset management strategies to better meet service delivery requirements.

Much of this information can be sourced from Part 1 and Part 2 of the TAMP process.

This section should address:

- Existing service areas and standards, existing asset portfolio, how this is used to produce services, factors expected to impact on future service delivery (potentially leading to future infrastructure risks and opportunities).
- Historical non-current asset investment levels.
- Condition of the assets and strategy for condition assessment.
- Indication of the likely infrastructure-related needs and emerging challenges and opportunities facing the agency, prioritised in accordance with likely impacts.
- Existing maintenance strategy for current asset holdings and capital program including:
  - maintenance resourcing
  - in-house skills assessment
  - critical maintenance issues.
- Identification of capability gaps or surpluses listed per asset class.
- Options to address gaps, including a strategic plan for procurement of required assets and management of assets no longer required. Options to consider include:
  - Non-asset solutions:
    - policies to manage demand and supply issues
    - other efficiency management and innovative processes
    - other service delivery solutions.
  - Asset-based solutions:
    - projects to sustain existing services at the current level
    - upgrade/replacement of existing infrastructure
    - investment in new infrastructure.
  - Disposal of surplus or redundant assets
  - Private sector involvement (opportunities for the private sector to work with government on delivering innovative solutions to infrastructure delivery).
- Development of financial and non-financial KPIs.
- Approach to asset acquisition/replacement plans.
- Approach to asset rationalisation and disposal planning.
- Intended maintenance strategies (short/medium/long-term).

Refer to the *SAMP Framework Overview* Section 3 for additional information.



## 2.4 Strategic asset management objectives

### **What should be provided**

Agencies should provide a clear line of sight from agency service delivery objectives through to asset management strategies. Agencies should describe how strategic asset management objectives have been determined, including any key government decisions, modelling or forecasting, especially of future demand.

The following are examples of strategic asset management objectives:

- Capability of assets to deliver required services and achieving the service delivery objectives
- Ensuring asset management practices and decisions are guided by service delivery needs
- Maximising the service potential of existing assets by ensuring they are appropriate for purpose and are maintained effectively
- Reducing the demand for new assets through appropriate asset lifecycle renewal, demand management techniques and consideration of alternative service delivery options
- Ensure capital expenditure decisions are based on rigorous and documented economic appraisals of options that include financial as well as non-financial parameters.

Refer to the *SAMP Framework Overview* Section 3 for additional information.

## 2.5 Asset management planning approach

### What should be provided

Agencies should summarise the key strategies, decision-making criteria, plans and programs to achieve the strategic objectives and respond to the strategic issues.

This section needs to address:

- Decision-making criteria including prioritisation:
  - performance (stakeholder satisfaction of asset output, service level against agreed KPIs)
  - risk (risk to user, risk of failure, risk of service disruption, safety risk, reputation)
  - cost (of ownership, operations and maintenance, profit, financial return, net present value)
- Capital investment strategies:
  - sustaining (renewal/replacement)
  - improvement/growth.
- Asset operational and maintenance strategies including condition monitoring:
  - intervention levels
  - reactive and preventative maintenance
  - operational risk management
  - health and safety
  - cost and budget management.
- Asset recycling strategies:
  - benefit/cost
  - service performance
  - risk exposure/reliability.

Refer to the *SAMP Framework Overview* Section 3 for additional information.

## 2.6 Financial and performance summary

### What should be provided

Agencies should provide a high-level summary of the process to be followed to ensure that financial resources necessary for implementation can be provided. In addition, agency performance against the SAMP should be measured against financial and non-financial measures in the context of the financial summary.

This section should address:

- Funding strategies:
  - grants
  - borrowings
  - private sector investment.
- Approach to valuation:
  - determining fair value
  - depreciated replacement costs
  - residual value.
- Effect of investment, disposal and procurement options:
  - existing and proposed asset values
  - proposed recurrent expenses.
- Depreciation.
- Maintenance.
- Operating.
- Financial ratios (consumption ratio/sustainability ratio).
- Short- and long-term capital improvement programs.
- Financial and non-financial performance – current levels and future targets against agreed KPIs.
- A long-term financial plan with a horizon sufficiently into the future to pick up any potential financial shocks. A 10-year financial planning horizon is recommended.
- Non-financial measures may include (subject to agency relevance):
  - asset management maturity
  - risk
  - environmental impacts/resilience
  - user feedback
  - community benefits.

Refer to the *SAMP Framework Overview* Section 3 for additional information.

## 2.7 Evaluation

### **What should be provided**

Agencies should outline the process for review, update and improvement of the SAMP including clarity as to who is evaluating and reviewing the SAMP, and the agency levels involved in decision making.

- Who?
- When?
- How?

Refer to the *SAMP Framework Overview* Section 3 for additional information.

## 3.0 SAMP vs TAMP

The current TAMP template includes elements that are common with the SAMP framework and a portion of the required SAMP content should be already available from the TAMP content. Compared to the TAMP focus of aggregating AMP information into a whole of portfolio data set, the SAMP defines an overarching forward-looking, future strategy and process for asset management by agencies. The following table summarises the basic elements of each document and how the current TAMP information feeds into the SAMP.

SAMP elements	Relevant TAMP inputs
<b>Sections 1 and 2</b> Executive summary and introduction	Executive summary.
<b>Section 3</b> Strategic organisational context	Capability analysis (identification of capability gaps or surplus, identification of long-term infrastructure challenges and opportunities).
<b>Section 4</b> Current state, strategic issues and options Stakeholder expectations Future demand (asset portfolio - current asset inventory, current asset financial information, current state of the assets- condition, risk management, gaps and option analysis).	This section draws much of its content from the TAMP process reporting on current performance. This includes the contribution of assets to service delivery (service area – description of service area, service standards, contributing assets, agency capital program, asset values, asset recurrent expenses – depreciation expenses, maintenance expenses, operating expenses).  Options analysis (options considered, asset acquisition/replacement plans, asset rationalisation and asset recycling plans, summary of proposed capital investment).
<b>Section 5</b> AM objectives Typically, the product or service to be delivered by the assets.	General focus on contribution of assets to service delivery.
<b>Section 6</b> Asset management planning approach (decision-making criteria, capital investment strategies, asset operation and maintenance strategies, asset recycling strategies).	Planned maintenance (existing maintenance strategy for existing asset holdings and capital program, proposed maintenance strategy).  Capability and options analysis.

SAMP elements	Relevant TAMP inputs
<p><b>Section 7</b></p> <p>Financial and performance summary (funding strategies, long term financial plan, valuation forecasts, sustainability ratio, net financial liabilities ratio, operating surplus ratio, funding shortfall).</p>	<p>All of the TAMP content relating to performance and financial analysis/reporting is included in this section. These include planned financial impacts (proposed asset values, proposed recurrent expenses, proposed maintenance expenses, proposed operating expenses, proposed financial ratios – asset consumption ratio, asset sustainability ratio).</p>
<p><b>Section 8</b></p> <p>Evaluation and continuous improvement.</p>	<p>Influenced by the general intent of the TAMP to ensure that infrastructure investment decision making matures each year. N/A.</p>



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