



Strategic Asset Management Plan - DRAFT

STRATEGIC ASSET
MANAGEMENT PLANS –
GUIDELINES AND
TEMPLATE

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1. Introduction

The *Asset Management Policy for the NSW Public Sector – TPP19-07* (AM Policy) provides a whole-of-government framework to support agencies in realising value from their planned and existing assets. Core Requirement 2 of the AM Policy calls for agencies to establish an asset management framework that aligns with the AM Policy and the international standard for asset management, ISO 55001 *Asset management – Management systems – Requirements*.

Strategic asset management plans (SAMPs) are requisite artefacts expected to be produced by agencies as demonstration of the establishment an asset management framework. This document outlines the minimum requirements for SAMPs as prescribed by the AM Policy and provides detailed guidance on how to prepare a SAMP based on industry best practice approaches

1.1 How to use this document

This document is organised into four parts. This first part of the document provides an introduction and sets the context. The second part provides a general overview of what SAMPs are and general guidance on what should be considered in their development. The third part lists the minimum requirements for a SAMP as stipulated in the AM Policy. Part 4 is the main component of the document and contains a template for a SAMP, with placeholders included to mark where information required by the AM Policy might be placed. Additional guidance is provided in the relevant sections to assist agencies to understand the extent and detail of the information required to develop a fit-for-purpose SAMP.

The template provided in this document is intended as guidance only. Provided that the AM Policy requirements are met, amendments to the template or use of different document formats should be considered if it will result in a more fit-for-purpose document for the agency. The template provided in this document represents a foundational SAMP. It stipulates information agencies are expected to provide at minimum to meet the requirements of the AM Policy.

This document forms part of a suite of guidance documents developed to support agencies in the implementation of the AM Policy requirements. This document should be read in conjunction with the AM Policy itself and other guidelines produced to assist agencies with AM Policy implementation.

2. Strategic Asset Management Plans – General guidance and overview

ISO 55000 defines a Strategic Asset Management Plan as “documented information that specifies how organisational objectives are to be converted into asset management objectives, the approach for developing asset management plans, and the role of the asset management system in supporting achievement of the asset management objectives”

From a NSW public sector perspective, SAMPs describe the activities required to establish, maintain and improve the agency’s Asset Management Framework, including the outcomes (objectives) to be achieved from planned investment program.

2.1 Long-term sector infrastructure strategies

There is significant crossover of content expected of a SAMP and that of long-term (20-year) sector-specific infrastructure strategies developed by some Governments departments. Agency’s may wish to combine the requirements of their infrastructure strategy with their SAMP as one artefact to reduce duplication. However, if this is not possible and abridged SAMP can developed covering aspects not included in the infrastructure strategy.

3. Strategic Asset Management Plan – minimum requirements

A strategic asset management plan (SAMP) must be developed by the agency as part of its asset management framework.

The SAMP must be fit-for-purpose, meaning it must reflect the scope and complexity of the agency.

SAMPs must contain the following as required by the AM Policy¹:

1. overview of the organisational context
2. overview of stakeholder needs
3. Asset Management Objectives and their relationship with:
 - a. the overall agency objectives as outlined in the organisational plan(s), including an agency’s Business and Outcomes Plan
 - b. the organisation’s asset portfolio
4. the requirements for the asset management objectives and each Asset Management Plan (AMP)
5. the scope and boundaries of the Asset Management Framework, the asset management and business activities within the scope of the framework
6. outline of the integration of the Asset Management Framework with other business frameworks, functions, plans and activities
7. outline of organisational governance arrangements, including the agency’s Asset Management Policy and the roles and responsibilities in place to support the Asset Management Framework
8. outline of 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.

¹ Refer to ‘Part 3: Explanatory details’ of the Asset Management Policy, under the heading *Strategic Asset Management Plan (SAMP)*

4. SAMP template

4.1 Executive summary

This section must include an overview of the detail in the SAMP and contain a summary of the scope, key actions and benefits to the organisation.

4.2 Document approval

This section must include a high-level detail of the AMP's approval and sign-off. It must include that date of approval, title of the approver and version control information.

4.3 Introduction

4.3.1 Purpose and context

This section summarises the agency's Asset Management Framework and broad approach to asset management. Linkages to the agency's long-term financial strategy must also be outlined.

It must detail the role of the SAMP within the agency's broader Asset Management Framework. A document hierarchy so that readers understand where the SAMP sits in relation to the broader Asset Management Framework is recommended.

4.3.2 Scope

The scope must detail the assets and services that the SAMP covers, in line with the agency's Asset Management Framework. If the agency intends on utilising their Department's infrastructure strategy to satisfy certain SAMP requirements, this section must outline those requirements covered in the infrastructure strategy and the gaps covered by the SAMP

4.3.3 Timeframe

State the agreed timeframe for the plan. Typically, this would be 20-years and must be consistent with the agency's organisational planning approach.

This section must include a statement as to the expected accuracy of the plan at varying time horizons, for example, the plan may provide a ten-year budgetary bid with indicative estimates.

4.4 Terms and definitions

Include a list of terms and definitions used in the SAMP. As much as possible use terms from relevant standards and provide a reference to the source of the definition.

Agencies should use the same terms and definitions consistently across all artefacts of their asset management framework, including in their agency-level asset management policy and asset management plans (AMPs).

4.5 Organisational context and stakeholders

This section provides an overview of the agency. It must outline how the organisation's structure supports the agency's Asset Management Framework.

All key stakeholders (both internal to external to the agency) must be identified and their needs detailed. It is important to describe any involvement a stakeholder will have in asset management decision making.

4.6 Strategic alignment

SAMPs must reflect Government's strategic agendas and priorities. These are communicated in various ways including through the NSW State Plan, Infrastructure NSW's State Infrastructure Strategy, Premier's Priorities, current and emerging policy and legislation, Budget statements and Cabinet decisions.

SAMPs must integrate and align with the major strategies of other agencies where relevant. For example, TfNSW's Future Transport 2056, Greater Sydney Commission's Sydney Region Plan, Department of Planning and Environment's Regional Plans have significant implications for strategic asset planning and must be considered in an agency's development of their SAMP.

There must also be a link between an agency's Business and Outcomes Plan and their SAMP

4.7 Asset Management Objectives

The SAMP must outline the agency's Asset Management Objectives. Asset Management Objectives must align with the Asset Management Principles of the AM Policy and be fit-for-purpose for the organisation.

The Asset Management Principles of the AM Policy are as follows:

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-life-cycle approach

Agencies are required to apply these principles to their approach to asset management, which must be reflected in agencies' asset management objectives. These objectives must demonstrate a clear understanding of the links between an organisation's functions, processes, plans and the resources required achieve outcomes.

Part 3 of the AM Policy provides explanatory details of what needs to be considered in developing asset management objectives. This section is reproduced below for ease of reference:

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.

4.8 Opportunities and constraints

This section details the internal and external opportunities and constraints that may affect the agency's asset management strategy.

Define external factors that might affect the strategy e.g. political, economic, social, technological, environmental, legislative/regulatory

Define any internal factors that might affect the strategy e.g. rate of return, borrowing requirement, resourcing and capability constraints

4.9 Current position

4.9.1 Current and historic performance levels (trends)

Detail current performance levels of assets and associated services. Measures of performance can include (but is not limited to) risk, customer service and cost. Past performance (where possible) of elected measures must be included to provide performance trends.

4.9.2 Gaps against current strategy targets and asset management objectives

This section must provide an assessment of whether current asset strategies can meet:

- Current and future demand
- Asset management objectives which includes target outcomes for the agency
- Government commitments and priorities
- Standards, benchmarks, regulatory requirements (including those relating to efficiency, reliability, safety)

Commentary could also be provided on the effectiveness of past strategies.

4.9.3 Mitigation actions to address current strategy gaps

This section must detail the mitigation actions that will be implemented to address the current strategy gaps. The mitigation actions must include the following information:

- justification for investments or resources required
- timing
- root cause of problem or source of opportunity
- Residual risks and expected benefits

4.10 Future position

This section must outline the future service levels, outcomes and performance targets that the strategy will address as informed by modelling, external/internal constraints, opportunities and stakeholder requirements.

Information that must be included are:

- Predicted revenues
- Future service and performance levels, including (but not limited to) asset performance, risk level, customer service and cost
- Commentary on how assets and services will be affected by future demand, innovation, reliability, obsolescence, new legislation, rising costs
- Current and forecast gaps against future service levels or targets
- List mitigation actions to address future strategy gaps and include:
 - justification for investing
 - timing
 - root cause of problem or source of opportunity

This section is typically what is outlined in most infrastructure strategies, it states a vision for the future of the agency or sector.

4.11 Potential strategy scenarios

This section must outline potential strategy scenarios that are to be considered for implementation.

Different scenario options must be provided for the short-term (5 years), medium-term (10 years), and long-term (20 years).

Each scenario must include the following information:

- operational, capital and total cost (whole of life cost)
- differing service or performance levels required
- how the scenario will address the asset management objectives and future needs of NSW Communities
- how external/internal factors will affect a scenario
- sensitivity/uncertainty analysis

4.12 Agreed strategy

This section confirms the preferred strategy selected of the short-term, medium-term, and long-term.

The basis for choosing the preferred strategy above others must be provided. The rationale must include reasons as to why the options selected will be the most beneficial to the organisation and its stakeholders. Relevant benchmarks may be identified to provide justification.

4.13 Strategy details

This section must include the service or performance levels to be delivered under the agreed strategy and how they will address stakeholder needs.

Strategy information that must be provided includes (but is not limited to):

- Cost, including operational, capital, total (whole of life cost)
- expected risk position at end of the strategy or in time blocks
- key approaches to be used
- how this translates into objectives for plan, may list the plans or types that are required to deliver the strategy
- timescales and milestones for delivery
- the expected risk position at the end of the strategy or in time blocks
- Frequency for review of the strategy, noting that SAMPs must be refreshed annually with a new strategy prepared based on changes in Government direction or agency policy
- Key resource considerations/constraints/risks (people, plant)
- Further work required to clarify uncertainty
- Maturity of the strategy

4.14 Roles and responsibilities

This section must detail the accountabilities of all parties that are involved with the strategy.

It must outline:

- owner and approver of the strategy
- authorising environment of the strategy
- frequency and timings for review and update of the strategy

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- deliverer(s) of the strategy
 - communications plan

4.15 Performance management

This section details the measures that will be utilised to monitor delivery against the strategy and assure the expected benefits are realised through the agency's Asset Management Plan.

4.16 References to supporting documents

SAMPs will need to be developed with regard to a number of policies, strategies, and other governance frameworks. These must be identified in this section and can include:

- Governance and decision-making processes including prioritisation tools and criteria
- Risk management processes and register
- Information governance frameworks
- Schedule of enabling IT tools
- Processes, Plans and Policies
- External/self-audit approach and schedules
- Supply chain approach and contract strategies
- Capability and training needs analysis
- Approach to asset record information (drawing control, etc) and asset knowledge management

Supporting documents are not required for inclusion a reference is necessary. Note, the consistent use of processes, methods and tools as detailed in the supporting documents and their consideration in development of the SAMP will factored in the NSW Asset Management Assurance process.