



Government of **Western Australia**
Department of **Treasury**

Strategic Asset Management Framework

Strategic Asset Plan



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Introduction

Purpose

Successful strategic asset planning systematically identifies the most efficient, cost effective way to deliver high quality services to the public, whether through smarter use of existing assets and demand management or investment in new capability.

This module clarifies the standards and provides the model for the content, development and review of a Strategic Asset Plan (SAP). The module shows how to identify and prioritise investment proposals that have strategic justification.

Corporate Plan

Strategic asset planning is inextricably linked to corporate planning.

A corporate plan identifies an agency's overall purpose, service delivery goals, budget and capabilities (particularly its workforce skills). An SAP has a narrower focus. It identifies the asset and related demand management measures upon which service delivery will depend.

An SAP is refined and revalidated annually as part of an agency's corporate planning and budgeting cycle, particularly to anticipate and address:

- changes in Government policies and objectives, laws and regulations;
- changes in an agency's (or a related agency's) deliverables;
- unexpected or emerging demand pressures;
- emerging technology that may enhance or reduce the need for assets; and
- new or emerging service delivery coalitions among agencies and with non-government organisations and the private sector.

Examples of other changes that may affect an agency's SAP include:

- the opening of a new suburban area or industrial development (such as a mine) that will impact on utilities, transport and other social infrastructure planning; and
- Cabinet approval for a fast-tracked proposal to receive top priority and proceed directly to the business case stage.

Strategic Asset Plan

An SAP looks 10 years ahead to show how an agency intends to deliver practical services to the public using Government infrastructure, buildings, other assets, and related demand management initiatives.

An SAP is centred on an agency's future service delivery objectives and asset network. It addresses significant current and emerging gaps in an agency's ability to provide services. It prioritises asset investment proposals according to their ability to address these gaps.

An SAP culminates with a summary of the proposals that have the highest priority for investment from the agency's perspective; and for which applications for concept approval and business cases may be developed. These proposals are summarised in priority order for the short-term (1-4 years), medium-term (5-10 years) and long-term (10-20) years.

The investment proposals in an SAP focus first on the problem of how best to sustain the capacity of an agency's existing asset base and its performance over time. The SAP focuses next on whether (and, if so, how best) to improve the asset portfolio to respond to future increases in demand for an agency's services.

SAP Support Plans

Investment proposals are included in the prioritised list in an SAP based on deeper thinking in strategic support plans for the following high risk aspects: land assembly; office accommodation; capital and recurrent investment; maintenance; and disposal.

For example, an asset remediation proposal should arise from a deeper plan which allocates relative priority to all significant maintenance tasks faced by an agency.

SAMF provides universal guidance on the planning required to address these high risk aspects.

Value

An SAP review is done by an agency for its own benefit to ensure that the asset-related aspects of its business remain relevant, viable and affordable. An SAP enables areas within an agency to articulate, achieve consensus on, record and address core responsibilities including the sustained maintenance of existing assets.

As part of the Budget process, an agency's SAP is submitted each year to Treasury to clarify the strategic justification for asset investment proposals. However, an SAP is not done primarily to seek funding from Government. As an essential business planning document, an SAP is reviewed each year even when there is little or no funding available for new investment, or when an agency has few assets, or no need as yet to invest.

Responsibility

An agency's SAP is considered and approved in its final form each year by the relevant Minister.

The annual review of an SAP is led and signed off by senior investment decision makers in an agency including the CEO, CFO, CIO and heads of asset planning areas. Asset managers have significant input, but are not the final, accountable officers.

Related SAP support plans, such as for strategic maintenance, land assembly, and disposal are prepared by subject matter experts. These plans reinforce the SAP and are fully understood and endorsed by senior decision makers.

By signing off, all parties confirm that there are no significant unfunded liabilities for current or approved assets that have not been addressed in the SAP, for example, a maintenance backlog or future funding shortfall.

The draft SAP is shared with senior counterparts in related agencies who are asked to confirm whether they support in-principle any cooperation proposed with their agencies – or to register their reservations.

Length

The final SAP should be as concise as possible, backed by annexes with select information, data and evidence that directly support the recommendations and advice in the main document.

Exclusions

The following information is not required in an SAP:

- a description of how the document was developed – the underlying agency-specific processes and steps;
- background on the agency – the stages in its evolution and how the agency came to be facing its service delivery challenges;
- a description of an agency's relationships with other State and national agencies;
- photographs and detailed descriptions of existing or desired assets; and
- detailed advocacy of investment proposals in the style of a Budget submission or a business case.

Strategic Asset Plan – Model

Introduction

This part provides a universal model for the development and presentation of an SAP, regardless of the particular nature of an agency's business or the types of assets and demand management measures involved. An overview of the model is at **Appendix A**.

In finalising an SAP, the best approach is to summarise the substance of the policy and analytical work done for each section, to articulate the underlying logic and assumptions and to answer the sorts of key questions provided.

The objective is to convey the advice and information clearly and concisely as the basis for informed discussion and debate with reviewers, subsequent refinement, and timely consideration by decision-makers.

Executive Summary

Highest Priority Proposals

This section recommends the top priority investment proposals for Government consideration.

An SAP delivers clear advice to Government on the best way forward, based on sound strategic analysis of the full range of investment proposals and their strategic justification, provided later in the SAP.

If the SAP development and review has been done well, the advice to Government in the recommendations section will in most cases involve more than one type of proposal. For example, it will likely include a mix of:

- remediation of any chronic, current asset problems;
- current asset optimisation / refurbishment;
- asset demand management measures; and
- new minor and major investment.

Presentation

A simple presentation is used to highlight the top priority proposals. The following table provides a fictitious example relating to rail transport:

| Proposal/Priority | | Reasons/Benefits | Total Indicative Cost |
|--------------------|--|---|--|
| Short-term | | | |
| 1. | Refurbish rail bridges A and B | High risk of service failure/public harm | \$10m in AIP Year 2 |
| 2. | CCTV cameras and data base upgrades for stations C, D, E and F | Increased violent crime in those suburbs Fast-tracked election commitment Includes optimised training for guards | \$5m in AIP Year 2 |
| 3. | Extra maintenance for major stations G and H | Previous asset class allocation expended on stations I and J Labour and material costs up by 20% | \$15m over AIP Years 3 and 4 |
| Medium-term | | | |
| 4. | Refurbish rail car Class K (10 vehicles) | Achieve 10 year life-of-type extension Achieve saving of \$Lm versus new railcars Increase seating by M% Help address longer-term demand from future suburbs N and O below | \$20m from AIP Out Year 5 |
| Long-term | | | |
| 5. | Major rail network extension to future suburbs N and O | State and developer planning confirmed Feasibility study, including for land acquisition required | \$5m study in AIP Out Year 6 \$200m from Out Year 8 |

Logic

The credibility of the Executive Summary will depend on the strength of the information in the main body of the SAP, on the supporting evidence and on its independent review.

Investment Purpose

Section One: Connection with Corporate Plan

Service Delivery Objectives

This section identifies and explains the long-term service delivery objectives in an agency's corporate plan for which investment in existing or new assets is required.

A corporate plan contains statements about the mission, values, future directions and activities of an agency. It covers the full scope of agency business, capability, service improvement intentions, targets, risks and budget. Corporate planning is expressed in documents including an agency's portfolio budget statements and annual report.

By contrast, an SAP provides depth on the asset and related demand management measures needed to achieve the service delivery objectives in the corporate plan.

An SAP leverages off the work done to create the corporate plan, including stakeholder consultation, demand projections and scenario planning. An SAP thereby connects an agency's asset and related demand measures to the service delivery reasons that the agency exists, its core purpose, why it operates each day and will likely operate in 5-10 years.

Examples

All asset related service delivery objectives cited in an SAP are expressed in practical terms. They are not broad statements of purpose such 'our mission is to ...' or 'we have an obligation to ...'. Nor do they represent unachievable aspirations which imply that the highest quality services can be provided to all members of the community.

As part of its asset planning and management system, an agency will have a set of information and standards that assist in expressing its future service delivery objectives in concise, practical terms.

For example, an agency that is responsible for the maintenance and development of a State road network will have measures from long-term contract guidance that specify the road conditions that should be achieved for a particular element of the network. Based on this information, a well-defined future objective would be to:

- develop and maintain a safe, efficient and cost-effective highway system suited to area-specific climatic and environmental conditions, traffic density levels and heavy vehicle usage; consistent with State, local Government and national population, infrastructure, transport and tourism plans.

Similar examples are required to be developed by other agencies, specific to the nature of their business and the asset types involved.

Questions

- What are the service delivery priorities and core problems that must be addressed?
- What are the particular, non-discretionary outcomes that will make a practical difference to the lives of members of the community, and for which investment in an asset and related demand management is necessary?
- Are there other agencies that have similar service delivery mandates and objectives – with which joint plans should be developed? If so, are these agencies willing to plan asset initiatives along the lines proposed?

Evidence

The information in support of an SAP includes references to the parts of an agency's corporate planning and asset management documents from which the service delivery objectives were drawn.

Demand Drivers and Projections

This section provides a concise summary of the asset-related demand drivers and projections that an agency will address over the next ten years.

Demand drivers and projections encapsulate the main imperatives and standards for action by an agency based on:

- Federal and State Government policy prescriptions;
- community consultation;
- demographic and client usage trends;
- supply trends (whether supply can continue to cope with demand); and
- current or emerging legislation and regulation.

The demand drivers and projections in an SAP are not expressed in generic terms across the Western Australian public, as if it were a single entity. Instead, the drivers and projections are specific to segments of the population in particular urban or regional areas, and for particular types of 'clients'.

The demand drivers, and the assumptions that underpin them, are expressed in terms that are as practical as possible. For example, reference to the particular State regulation that requires no more than 20 breaks per 100km of water main per annum would help to clarify the extent of the supply that should be sustained.

The demand drivers and projections are based on consultation with stakeholders, and close study of human behaviour and lessons learned. Without this, for example, the likelihood that road users may avoid a toll road during the early start-up period, or indefinitely, will not be factored into the projection.

Demand projections are not expressed in straight-line terms in an ever-increasing upwards trajectory. Future usage patterns will not be that simple, but will instead reflect peaks and troughs over time. Without this realism, an SAP would establish a false basis for the concept and business case work that may follow, whereby only high cost investment proposals would be capable of meeting the projected demand growth.

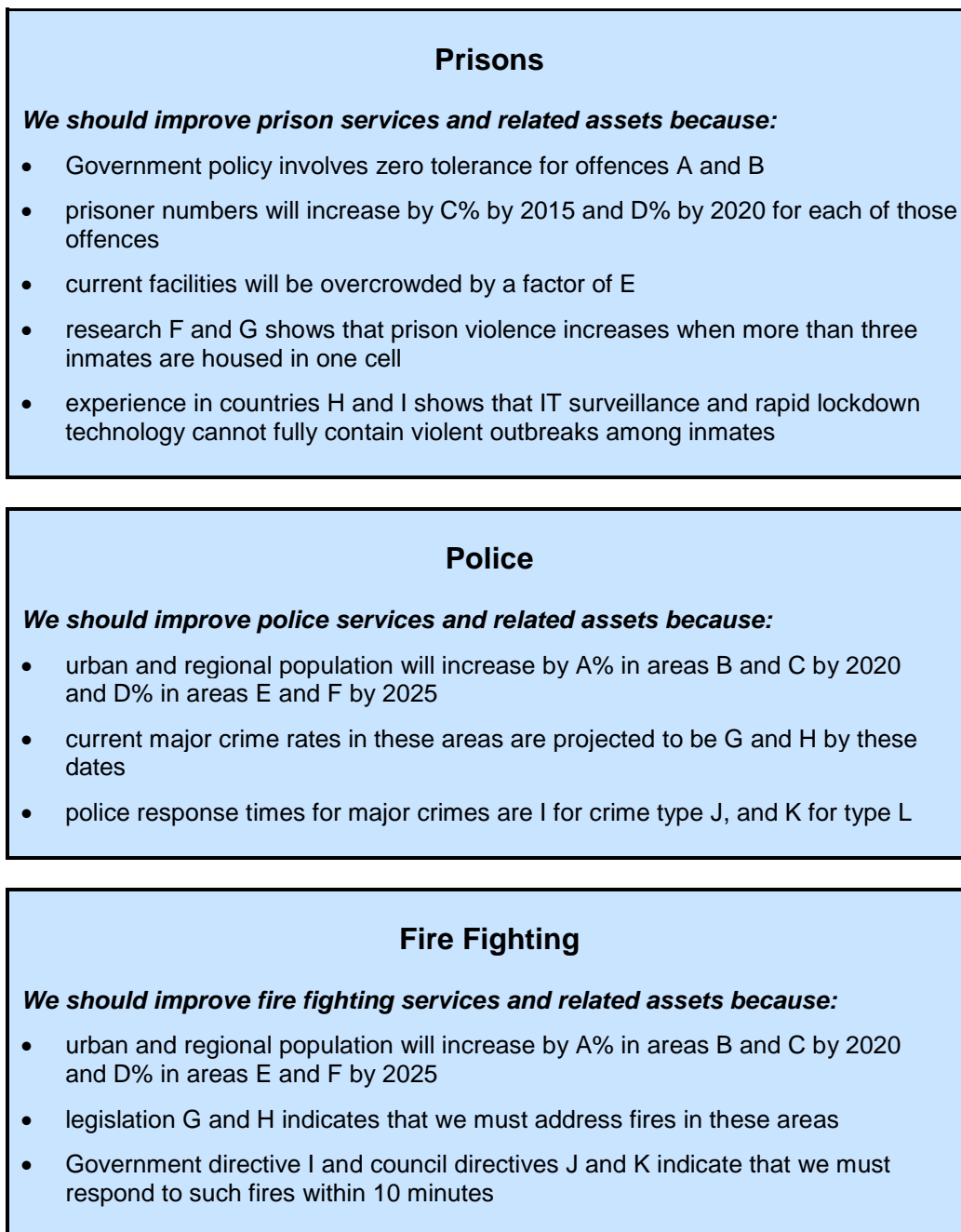
The timing for delivery of the first services in response to future demand is crucial. Otherwise, even if the eventual demand is guaranteed, investment may result in bridges, roads or railways for communities that may not be fully active and require the infrastructure for some years.

The demand section of an SAP does not contain proposed solutions. It simply clarifies the future service delivery challenges.

Examples

As shown in Diagram Two below, demand projections and drivers are presented in a consolidated set backed by analysis and research, including into relevant benchmarks.

Diagram 2: Demand Examples



The demand coverage is analysed carefully, questioned and understood because it begins to establish the focus and scope of asset investment proposals.

Expressing demand drivers and projections in concise, simple sets does not guarantee that they will be accepted. However, it will minimise the time needed for reviewers and decision-makers to understand and debate one of the fundamental reasons for investment.

Questions

- What are the logic and assumptions that underpin the demand drivers and projections? For example, why are the research findings and benchmarks relevant to service delivery to specific clients and areas in Western Australia?
- Why is each driver expected to endure? Can it be challenged and modified without a significant reduction in services (for example through a change to regulations)?
- Why are the projections not based on unusually high, short-term levels of public concern that are likely to dissipate?
- Why is the timing for each projection realistic?
- What are the counter arguments that might undermine these drivers and projections? Why are these arguments not valid?

Evidence

The demand analysis in support of an SAP contains references to the policies, legislation, benchmarks and research used.

Long-term State Plans

This section demonstrates that an agency's asset-related service objectives and its demand drivers and projections are consistent with long-term State and local Government plans.

A major test of the demand coverage and service delivery objectives in an SAP is whether they are consistent with long-term (10-20 year) plans at the State and local Government levels, including for urban renewal, regional development and land usage – from which new demand will arise.

State and local Government plans also contain important principles that should be observed, for example in relation to facilitating easy access for the community to closely-located education, employment, recreation and transport facilities.

Failure to establish consistency with these plans carries a high risk that an agency's proposed asset investments will not be located in the right areas, or be at the right scale and configuration needed to meet future demand.

Long-term State and local Government plans are available on the web sites of agencies including the Western Australian Planning Commission and the Department of Planning. Agencies should read the documents and consult with these agencies on relevant long-term planning directions from the earliest stages in the development, refinement and review of an SAP.

Questions

- What are the main points of consistency (and inconsistency) between the SAP and relevant long-term State and local Government plans?
- If there are no links with these long-term plans, why is there no need for links?

Evidence

The supporting information includes references to the long-term State and local Government planning principles, policies and guidance to which the SAP is linked.

Future Asset Network

This section clarifies the network of assets and related demand management measures that an agency will use to support service delivery over the next ten years.

Means

An agency's overall service delivery model is contained in its corporate plan. The model includes the means through which services will be delivered to members of the public in response to demand. Two key means are an agency's workforce (in-house and outsourced) and the assets that they would use. When other agencies are involved, the service delivery model reflects joint thinking and planning.

An SAP focuses on the network of assets and related demand management measures at a State, regional, urban or local level. The most efficient approach is provided from the community's perspective, unconstrained by inter-agency boundaries.

Agencies are required to include innovative asset and demand management planning in their SAP, including through cooperation with local Governments and non-government and community organisations. Examples include grants, low-interest loans to support non-government capital investment, and the refurbishment of public facilities to provide integrated, multi-agency services.

There is considerable scope for innovative strategic asset planning for a range of services including social services, shelter, health care, education, employment support and training, and community arts and sport.

Innovative planning can identify important initiatives that help to deliver high quality services while reducing the demand for new assets that would otherwise be owned and operated by the State at a high opportunity cost.

Benefits

The description of the asset network in an SAP provides a convincing approach that will meet Government objectives and realise practical benefits for particular segments of the Western Australian public. A segment may comprise, for example, a regional or metropolitan area, or a series of local communities or groups across areas.

In that context, the SAP advice is clear about what will be achieved, for who, and why – starting with the highest priority service recipients. The advice also clarifies how progress and results will be measured for each segment.

Transition

The SAP articulates briefly how the agency intends to transition from its current to its future asset network.

The purpose of this advice is to demonstrate to reviewers and decision-makers that short-term investments sought under the Asset Investment Program will provide a sound foundation for gradual and sustainable investment and service delivery improvement over the medium to long-term.

Example

The following table provides an example of the concise presentation of an agency's asset network in transition, based on a fictitious law and order example:

| Current State | Short-term (AIP Years 1-4) | Medium to Long-term (AIP Years 5-10+) |
|---|---|---|
| Isolated police stations, cars and foot patrols | Experimental police hubs in metropolitan and regional areas A and B Community-based crime prevention programs in those areas Buildings at proven design standard C, plus off-the-shelf technologies D and E | Prototypes extended to areas F, G and H Building standards and technology to be determined based on lessons from preceding prototypes and emerging technology improvements |

Similar, concise presentations of the future network are provided by all agencies for their businesses, for example to describe the transition:

- from distinct road and rail systems to an integrated transport system;
- from traditional courthouses to greater use of video conferencing; or
- from emergency hospital wards for all acute services to a mix of dedicated wards and community care for mental health.

The presentation is not definitive. Opportunities are left open to reflect future community perspectives, to use emerging technology and to learn from preceding lessons. Further work will also be needed in detailed business cases before the most cost effective approach becomes clear.

However, the future network is to be costed broadly with a realistic timeframe for implementation. It is informed by best practice benchmarks from other jurisdictions in Australia and overseas.

The explanation of an agency's future network provides an opportunity for early debate over its:

- consistency with Government policy;
- practical benefits to members of the community; and the
- scope, affordability and value for money that would be achieved.

This section of an SAP also enables Government to commission different prototypes across agencies and service delivery priorities. It is in the interest of each agency to provide high quality advice in order to mount a compelling case for investment.

Questions

- Why are the short, medium and long-term aspects of the future asset network appropriate given the scale of the service delivery challenge over the next decade?
- Why does the network offer the most innovative and cost effective means to address the service delivery objectives, compared to the results achieved with the current approach?
- What would be the minimum performance levels for each network element in particular locations in response to demand?
- If most members of the community were to consider the proposed asset network, why would they say 'yes, go ahead and implement this – it will meet my needs'?

- What benchmarks from other jurisdictions indicate that the network will be effective in Western Australia, and why?
- How can the proposed network be turned into reality on the ground at the broad cost and in the timeframe proposed?
- What scope does the short to medium-term component offer for modification to meet changing needs five years after it is first implemented?

Evidence

The analysis in support of the proposed asset network and demand management measures includes references to the stakeholder consultation and benchmarks used.

Current Asset Review

Section Two: Stocktake

This section summarises an agency's existing assets and demand management measures.

An agency demonstrates that it has a thorough understanding of its existing asset base, including for each significant asset the:

- classification as land, infrastructure, building or information technology etc;
- location, number, function, quantity and age versus life-of-type;
- whether the asset is owned or controlled/leased; and the
- total operating costs.

An agency also demonstrates a sound understanding of its existing demand management measures by summarising their nature, objectives and costs.

The purpose of Section Two is only to ensure that a complete stocktake of an agency's existing asset and related demand management 'inventory' has been conducted.

An agency has this information readily at hand as part of its normal business planning, asset management and operations. The details are available in an agency's data base, as maintained by asset managers, and reviewed regularly by senior investment decision-makers. The information is not kept and revisited only for the purpose of updating an SAP.

No analysis is required at this stage, for example, of the shortfalls and risks inherent in existing assets. This is done later in Step 3: Identify Gaps, Risks and Opportunities. Instead, a concise stocktake will help to reassure the reviewers of an SAP that the foundation for the subsequent gap and risk analysis is sound.

Questions

- What steps were taken to achieve a full listing and understanding of all current assets and related demand management measures?
- What is the total scale and cost of the current asset base, overall, and for each asset and demand measure valued at \$1 million or more?

Evidence

The information in support of an SAP contains references and dates for the reports that were used to clarify the current asset base and demand measures.

Section Three: Gaps, Strengths and Risks

This section highlights the main strengths, weaknesses and risks in an agency's existing assets and demand management measures, relative to the future service delivery objectives and asset network defined in Section One.

The aims at this point are to:

- determine objectively whether, and why, an asset or demand management measure is under-performing; and
- provide the basis for advice on its likely future performance.

The emphasis is not solely on weaknesses and gaps. An objective representation of current strengths is also provided. This will help to focus on the core problem: the shortfall between current performance and future service targets. Strengths also provide a basis for subsequent investment proposals focused on upgrades to existing assets and demand measures that are often easier, faster to implement and have a smaller total cost than new major investment.

Evaluation Method

Assets

A sound asset evaluation method includes the following types of issues:

| Issue | |
|---------------------|---|
| Location | Are the assets close to current and future demand centres? Are they located in the right place – consistent with longer term State plans to develop population, transport, employment and commercial networks? |
| Laws and Regulation | To what extent do the assets enable service delivery that complies with non-discretionary requirements such as for OH&S, indigenous, environment and heritage protection? |
| Functionality | in relation to specific service delivery targets |
| Capacity and Usage | versus operating costs |
| Technical | performance versus codes and standards (e.g. for reliability) |
| Condition | especially state of repair/maintenance; versus life-of-type |
| Cost Benefit | qualitative and quantitative judgements about the return on investment thus far (and in future) from using the asset |
| Value for Money | overall judgements and conclusions across all of the above |

The evaluation is done to inform future planning, rather than for detailed, current asset management purposes (for example, to schedule and review maintenance). For this reason, the use of a costly, comprehensive tool such as an Asset Condition Assessment may not be required every year. Expert annual reports from managers with the responsibility for operating or maintaining the assets may be enough for SAP purposes – with fine detailed input provided less frequently, depending on the nature of the asset and its risk profile.

Demand Management Measures

A sound evaluation method covers the following types of issues:

- changes in demand patterns and behaviour; and the
- cost and impact on actual demand pressures by month and year.

Questions

Current

- How well are the current assets and demand management measures performing individually in support of service delivery?
- To what extent are the assets underperforming as a network? For example, are weak communication links undermining the response times of staff?
- For how long can the assets and demand measures continue to deliver acceptable levels of service at reasonable cost?
- What are the main strengths of the current assets and demand measures?

Future

- Why is each asset either relevant or irrelevant to the future service delivery objectives and asset network?
- How much life remains for each of the useful assets and demand measures that could be used to support future service delivery – at reasonable cost?

Evidence

The information in support of an SAP includes references to the main reviews, reports and analysis of the performance and future usefulness of current assets and demand management measures.

Prioritise Risks

This section identifies the current and emerging risks that are likely to undermine the performance of existing assets and demand management measures.

The risks are prioritised according to:

- any broad costs of 'neglect' in social and financial terms, such as harm to the public, or damage to the State's or an agency's finances;
- negative effects on staff health, well-being, safety and productivity;
- business and service delivery standards and requirements (in relation, for example, to response time and quality); and
- the location of an asset in relation to future demand.

Method

It is essential that an agency applies a sound method to identify and prioritise its major risks. The International standard entitled 'Risk Management: Principles and Guidelines' (ISO 31000:2009) provides broad advice to help distinguish between medium, high and extreme risks.

An agency also applies its own method to identify the core problems faced by its existing assets, and to understand and prioritise the risks given the unique nature of its business. Access to the advice of experienced asset managers is crucial.

As part of its asset management system, an agency should have a process to enable the strategic appraisal of local strength, weakness and risk reports on individual assets, to ensure that they are being interpreted correctly.

For example, if an electricity supply agency faces current or projected shortfalls in services from a transmission line spanning 500 kilometres, a clear understanding of the future supply strengths and demand imperatives in each locality will help to balance negative reports from individual managers in the field. This may lead to a smart asset investment decision to upgrade some local substations, rather than replace the entire network. Alternatively, the agency may conclude that from a strategic perspective, total replacement of the asset would provide the best value for money in the medium and long-term.

Questions

- What are the main gaps and causes of the shortfall between current asset performance and future, mandatory service delivery targets? What are the second and third order gaps and causes?
- Which are the most serious risks to service delivery, and why?
- When are these risks likely to materialise as high threats with prospects of serious harm or damage?
- Are there acceptable, short to medium-term workarounds or other measures that could be taken to mitigate these risks? If not, why?

Evidence

The risk analysis in support of an SAP includes references to the main asset management reports, including benchmarks from relevant asset failures and workarounds in Australia or overseas, that were used in the assessment.

Recommendations

Section Four: Investment Proposals

This section describes the top priority investment proposals and summarises the indicative scope, benefits, cost, schedule and risks for each.

Each proposal is clearly linked to the agency’s future service delivery objectives and asset network and is described in practical terms. For example, the previously mentioned road example could be described as follows:

| Service Delivery Objective | Proposal Description |
|--|---|
| Develop and maintain a safe, efficient and cost effective State highway system | Develop and maintain a 2,000 kilometre segment of the State highway in the mid-West region from points A to B: <ul style="list-style-type: none"> • at standard C; • at an approximate total cost of \$D million over the next five years; • to address climatic conditions E, traffic density F and heavy vehicle use G |

Investment proposals should not be estranged (for example, a facility or a vehicle that would not contribute to the agency’s future service objectives or asset network). The scope of each proposal should also be appropriate. For example, the justification for a high cost boutique asset that addresses only a small proportion of demand would be unlikely to merit high priority.

The benefits from each proposal should be compelling, expressed simply and ranked in terms of meeting the Government’s service objectives for particular segments of the Western Australian public; for example, in a regional or metropolitan area, or a series of local communities or groups across areas.

The limitations of each proposal are also made clear. For example, a proposal may reduce public waiting times in a regional area by (say) 50%, but may not address demand pressures in a neighbouring area. The proposal may also mean that service frequency or quality in the target area may decline during the refurbishment of an asset, before optimum levels are reached.

Question

- What would be the benefits and limitations of each proposal in terms of practical service delivery to specific segments of the community?

Section Five: Priority

This section clarifies why the top investment proposals were given priority relative to other significant alternatives.

A simple method is used to prioritise and list proposals, consistent with the diagram below which provides a rail transport example while conveying a method that has been used successfully by Western Australian agencies.

Diagram 3: Prioritisation Method

| | | Proposal | Reason/Benefits |
|---------------------------|----|--|---|
| Top Priority | 1. | Maintenance for rail bridges A and B | High risk of failure / public harm |
| | 2. | CCTV cameras for stations C, D, E, and F | Election commitment |
| | 3. | Extra maintenance for major stations G and H | Previous allocation expended |
| If funds available | 4. | Refurbish railcar Class I (10 vehicles) | Increased seating capacity |
| Defer/ Flag | 5. | Major rail network extension to future suburbs J and K (feasibility study) | Clarify risks, especially land assembly |
| | 6. | Office relocation and lease | Opportunity for shared tenancy with agency L in 3 years |
| | 7. | Disposal of land and real property M | No longer required given priority 6 / seller's market will be stronger in 4 years |
| | 8+ | Land acquisition for rail corridor N | Emerging long-term State planning priority |

Finalisation of the list should be the subject of robust annual debate among asset managers, among the sponsors of investment proposals across an agency, between proponents and reviewers in an agency, and with reviewers in Treasury.

SAP reviewers should ensure, for example, that:

- proposals excluded from the top priority set have been considered and dismissed or deferred objectively; and
- investments to sustain the performance of existing assets, including through adequate maintenance and refurbishment, have not been overlooked in favour of new asset investment without good reason.

Robust debate is a feature of a sound investment planning system. It is likely to produce a clear, informed picture of the ranking of proposals with reference to their relative value for money, benefits, costs and urgency over the short, medium and long-term. It also provides an informed basis to prioritise investment in existing asset optimisation versus essential new acquisitions.

Full Picture

The recommendations section in an SAP conveys the full investment picture. For example, it clarifies the relative priority of the latest investment proposals compared to any fast-tracked proposals that may have arisen recently, or are foreshadowed, including in election commitments. A fast-tracked proposal should cause some previously favoured proposals to receive reduced priority and funding and to be rescheduled. However, for a fast-tracked proposal to impact, it must first have followed the process for its definition and resourcing as outlined in the SAMF module on Fast-Tracked proposals.

As part of the full investment picture, an SAP explains how the scope, benefits and funding of the latest priority investments would complement, and not duplicate proposals that were approved previously under the Asset Investment Program; as well as those in the project delivery stage.

An SAP also flags any major investment proposals that have been deferred, but are likely to be revisited in the next iteration of the Plan. It explains why postponement is manageable and will not undermine the future service delivery objectives and asset network.

Questions

- What are the broad scope, benefits, costs, schedule and risks for each top priority proposal?
- How would each proposal help to address future demand and contribute to the future service delivery objectives and asset network?
- What are the benefits and limitations of each proposal for particular segments of the Western Australian public?
- How is each proposal consistent with the latest long-term State planning directions and projections?
- What are the main reasons, logic and assumptions on which the ranking of the investment proposal was based?

Appendix A: Strategic Asset Plan – Overview

EXECUTIVE SUMMARY

Highest Priority Proposals

Short, medium and long-term

INVESTMENT PURPOSE

Connection with Corporate Plan

Service Delivery Objectives

Demand Drivers and Projections

Long-term State Plans

Future Asset Network and Benefits

CURRENT ASSET REVIEW

Stocktake

Assets and Related Demand Management

Gaps, Strengths and Risks

Evaluation

Prioritised Risks

RECOMMENDATIONS

Investment Proposals

Description

Priority

Broad Parameters¹

¹ Further advice on the scope, benefits, costs, schedule and risks for each proposal is provided in an application for concept approval (medium and long-term proposals) or in a business case (short-term proposals within the Budget and forward estimates period).

