



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

# Strategic Asset Management Framework Policy

December 2024

Strategic Asset Management Framework – Policy

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### **Acknowledgement of Country**

This document was prepared by the Department of Treasury (WA Treasury) on the traditional Country of the Whadjuk people of the Noongar Nation.

WA Treasury respectfully acknowledges the Traditional Custodians of Country throughout Western Australia and their continuing connection to Country, Culture and Community.

We pay our respects to all members of Western Australia's Aboriginal communities and their cultures and to Elders past and present.

We acknowledge and pay tribute to the strength and stewardship of Aboriginal people in sustaining the world's oldest living culture and value the contribution Aboriginal people make to Western Australia's communities and economy.

We recognise our responsibility as an organisation to work with Aboriginal people, families, communities, and organisations to make a difference and to deliver improved economic, social and cultural outcomes for Aboriginal people.

Further information relating to this policy may be obtained by emailing [samf@treasury.wa.gov.au](mailto:samf@treasury.wa.gov.au).

Department of Treasury (Treasury) wishes to acknowledge the Western Australian government entities who contributed to the development and production of these guidelines.

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# Introduction

Each year the State Government invests billions of dollars in infrastructure to meet the social, economic and environmental needs of Western Australia. The Strategic Asset Management Framework (SAMF) is an integrated policy designed to improve asset management and capital investment across the State's public sector.

It provides a sound basis for decisions, which will ultimately be made by Cabinet, on the investment in, and the management and disposal of, government assets. Any recommendation to invest in an asset, either new or existing, must have a clear strategic justification and demonstrate that the recommended options offer strong value for money.

Delivery of the Government's Asset Investment Program (AIP) is a key priority to support the State's economy and jobs, and to ensure that the right assets are delivered at the right time, the right location and represent value for money. The SAMF increases the likelihood that high-quality services, providing good value for money, will be delivered to Western Australians through robust planning and ensuring risks have been well understood in advance and addressed. Other benefits include:

- informed decision-making by Government;
- delivery of assets that meet Government and the community's expectations;
- value for money in project delivery and asset management;
- realistic project schedules and cashflows for capital works projects; and
- funding for asset management that is based on a thorough understanding of asset performance, risk and costs that are aligned with asset management objectives.

# Purpose

The SAMF comprises four key components of the asset life cycle, being asset planning, capital investment, maintenance, and asset disposal.

The framework is based on international best practice that has been adapted in consultation with agencies to reflect Western Australia's particular circumstances. It is designed to:

- promote linkages between the agency's management of its asset portfolio with its asset planning and corporate planning processes;
- outline the processes to effectively manage assets through the life cycle from planning to disposal, including an increased emphasis on maintaining existing assets; and
- provide support to agencies in following the principles and processes of strategic asset management and planning.

Under the SAMF, public sector bodies must ensure that their infrastructure investment decision-making is integrated with their corporate planning and that assets are well managed throughout their life cycle, with an emphasis on the effective maintenance of existing assets.

Public sector bodies must ensure that their asset portfolio is assessed regularly against strategic requirements and that any assets that are under-performing or surplus to operating requirements are disposed of efficiently.

# Application

The SAMF is to be **applied by all public sector bodies** including general government agencies, public financial corporations and public non-financial corporations in accordance with all relevant legislation, Treasurer’s Instructions (TIs), accounting standards, and other related government policies.

The SAMF provides broad guidance for assets including:

- infrastructure (such as transport and utilities);
- non-residential buildings (such as hospitals, courts and schools); and
- other assets, such as information technology and communication systems.

## Cabinet Handbook and Expenditure Review Committee Handbook

Both the Cabinet Handbook and the Expenditure Review (ERC) Committee Handbook indicate that the financial implications of Cabinet proposals must be evaluated by Treasury prior to the submission being lodged for Cabinet consideration.

If the submission includes an asset investment proposal, Treasury must be consulted as to whether the proposal complies with the SAMF. The Cabinet Handbook advises that the Cabinet Secretariat will not accept Cabinet submissions without this verification.

## Transparency

To promote openness and transparency to the public, consistent with the objectives of the *Freedom of Information Act 1992* and with decision makers’ legal obligations, requests to publicly disclose SAMF documents are considered on a case-by-case basis.

# Approach

The SAMF has been designed to deal with highly complex, as well as relatively simple, investment items and can be used by both large and small agencies.

Advice provided under the SAMF is that the amount of analysis, evaluation and detail should be commensurate with the scale and risk profile of the proposal that is being considered. Larger and more complex proposals, with higher risk profiles, will require extensive and highly developed analysis, and the allocation of greater planning resources and skills compared to smaller, lower risk proposals.

While the SAMF has clear guidelines for Strategic Asset Plans, Application for Concept Approvals, business cases and Project Definition Plans, it is not prescriptive. Agencies are encouraged to apply the SAMF modules in ways that best suit their business purpose. However, agencies should make clear the logic and assumptions that underpin their advice, and the key judgements and conclusions. Sufficient justification must be provided that a proposed investment represents value for money.

## Sustainability

Sustainability and sustainable social, economic, environmental and governance outcomes are increasingly important to government, industry and the community. The United Nations defines sustainability as ‘meeting the needs of the present without compromising the ability of future generations to meet their own needs.’ The Member States of the United Nations adopted [17 Sustainable Development Goals \(SDGs\)](#) by General Assembly on 25 September 2015.

In considering sustainability principles during the planning and design stages, the [Infrastructure Sustainability Council](#) of Australia, defines infrastructure sustainability as *‘infrastructure that is designed, constructed and operated to optimise environmental, social and economic outcomes of the long term.’*

Incorporating sustainability into asset investment decision-making processes ensures government expenditure contributes towards positive social, economic, environmental and governance outcomes.

Documents developed in line with the SAMF should address how best to plan, design and deliver assets from a long-term whole-of-life sustainability perspective.

## Project Governance

Good governance is a key ingredient to successful asset investment planning and delivery. Clarity around decision-making and accountability forms the basis of robust project planning and management, procurement and contract management, and transparency outcomes.

Good project governance empowers the right people at the appropriate level in the decision-making hierarchy to enable efficient and effective risk and issue management over the life of the project. Where authority is delegated, delegates must have the required competence and authority to represent their agency and make decisions.

Key principles for effective project governance include:

- a single point of accountability;
- unambiguous roles and responsibilities. This includes separating project delivery responsibilities from those of asset owner and service delivery responsibilities;
- clear scope definition to ensure there is a shared understanding of project objectives and deliverables;
- project decision-making separated from stakeholder management;
- information based decision-making, with clear processes and procedures for action and decision-making;
- transparent reporting on project progress, achievements, forecasts and risks that is timely, accurate and relevant, and in accordance with pre-determined protocols for the escalation of risks and issues;
- strong change management process that ties to clear performance criteria; and
- independent project scrutiny and assurance mechanisms.

Project governance should be integrated throughout the project lifecycle, from concept, through the various key decision points and milestones all the way to project delivery and operation. Governance frameworks should be reviewed periodically and updated to reflect the evolving stages of the project to ensure they remain aligned with the specific needs required at each phase.



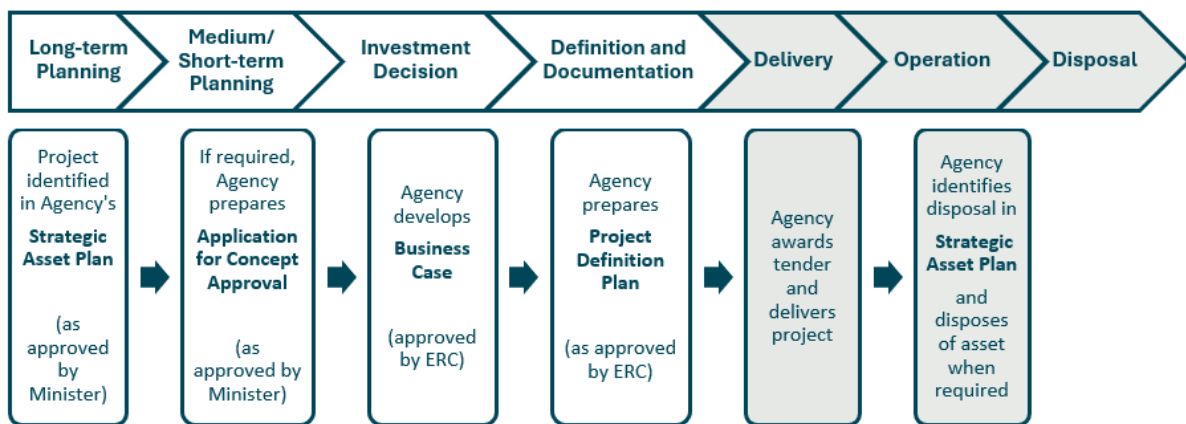
# SAMF Modules

Asset investment proposals are developed and considered under a sequenced approach which involves government approval at various stages. The Strategic Asset Management Framework (SAMF) has distinct modules that are intended to provide advice to government during the planning, investment, operation and disposal of assets, these are:

- Strategic Asset Plan;
- Application for Concept Approval;
- Business Case; and
- Project Definition Plan.

Figure 1 provides a high-level overview of how the SAMF suite of documents inform Government asset planning and investment decision-making.

Figure 1 SAMF Documents in Investment Decision-Making



## Strategic Asset Plan

Strategic Asset Plans provide assurance to decision-makers that the agency’s management of its asset portfolio is appropriate to support current and future service delivery objectives and deliver Government’s desired outcomes.

The Strategic Asset Plan should be refined by an agency annually to show how it intends to deliver services to the public using a mix of existing assets, new investments, and non-asset initiatives over the next 10 years.

The decision on the strategic justification for asset investment is informed by an agency’s Strategic Asset Plan.

## Application for Concept Approval

Where there is uncertainty about the priority to address a specific problem or opportunity, it may be appropriate for agencies to develop an Application for Concept Approval.

Agencies are encouraged to use the Application for Concept Approval to secure government engagement and in principle support at an early stage of the proposal's development before significant resources have been allocated for the development of a business case.

## Business Case

A business case is used to inform an investment decision by the ERC. A business case robustly analyses a proposal's costs, outcomes and benefits while balancing social, environmental and financial risks. Additionally, the business case should provide confidence to the ERC that the recommended solution can be delivered effectively.

The analysis that informs a business case is expected to be robust and reflect the proposals risk and complexity. A business case is required for all investment proposals with an estimated total cost over \$5 million.

## Project Definition Plan

The Project Definition Plan (PDP) provides the basis for a decision to commence the delivery phase of a project. It provides the level of definition required for the preparation of detailed documentation to take the project to market for tender.

The PDP is developed after the ERC has made an investment decision on an investment proposal (i.e. after the business case has been approved).

A PDP provides a 'reality check' before preparing for tender and is focused on project delivery issues and risks. It reviews and refines the scope, cost, schedule, procurement strategy and risk information within the agreed parameters/option from the business case.