

Strategic Asset Management Framework

Best practice guidelines for the management of Queensland Government buildings

Overview

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Second Edition incorporating content from the Overview (ISBN 0 7242 6946 0) and the Organisational Framework originally published in the Strategic Asset Management - Best Practice Guidelines First edition

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The suite of guidelines which comprise the *Strategic Asset Management Framework* (available online at www.hpw.qld.gov.au) is organised under the following categories:

1. **Overview** - explains the principles and concepts of strategic asset management as they apply to buildings.
2. **Guidelines** - expand on key aspects of strategic asset management to inform decisions over the entire life-cycle of the asset.
3. **Decision-making methodologies and guidelines** - support agencies to implement best practice strategic management of buildings.

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1.0 Introduction

Strategic asset management underpins all activities related to managing government building assets for optimal outcomes. The [*Strategic Asset Management Framework - Best practice guidelines for the management of Queensland Government buildings*](#) (SAMF) promotes strategic asset management within the Queensland Government by providing agencies with advice about the best practice management of their building portfolio.

Attachment 1 provides a list of the suite of guidelines that comprise the SAMF.

The SAMF refers to relevant sections of whole-of-Government policies and frameworks including the:

[*Total Asset Management Plan \(TAMP\) Framework*](#)

[*Building Asset Performance Framework*](#)

[*Capital Works Management Framework*](#)

[*Maintenance Management Framework*](#)

[*Project Assessment Framework*](#)

[*Queensland Procurement Policy, Queensland Government Procurement Strategy*](#)

while avoiding duplication of information from these documents.

Attachment 2 provides additional information and further references.

Strategic asset management of government buildings is the concept of aligning an organisation's assets with its service delivery needs. It focuses on the outcome or purpose of a building asset and guides decision-making processes over the entire life of the asset (i.e. planning, investment/procurement, management-in-use and disposal phases).

2.0 Purpose

The purpose of the SAMF is to promote best practice in the planning, investment/procurement, management-in-use and disposal of building assets in the Queensland public sector.

3.0 Terminology

In the SAMF, the terms 'asset', 'building asset' and 'building' have the same meaning and are used interchangeably. Similarly, the term 'agency' is equivalent to 'department' (as defined in s8 of the [*Financial Accountability Act 2009*](#)).

4.0 Context

The community's needs and expectations of government are becoming more sophisticated and complex. This is manifested by demands for better quality, value for money, environmental awareness and innovative solutions.

The Government's capacity to respond to the demand for services depends largely on its fiscal policy. As part of the State Budget processes, resources are allocated to achieve the objectives and priorities of the Government.

The challenge for government is to balance community expectations with the best use of limited resources. Government is required to maintain a high level of essential services to the community while at the same time being responsive to the changing social, political and economic environment which is characterised by:

- increasing demand to services as a result of population growth and changing demographics
- higher community expectations
- different approaches for delivering services as a result of technological advancements
- more emphasis on probity, accountability and value for money outcomes
- greater focus on efficiency and effectiveness of services.

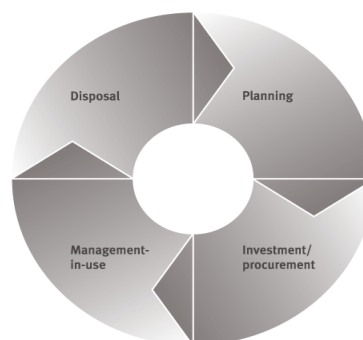
The efficient and effective management of government building assets is essential to the delivery of the Government's obligations to deliver services to the community. This requires departments to demonstrate:

- structured and accountable strategic and operational planning processes
- links between service delivery and resource planning
- relevant planning processes for capital works, maintenance and disposal of assets, which include an assessment of private sector participation in the financing, provision, management and maintenance of such assets
- suitable methodologies which address demand for new assets
- more innovative ways of providing services
- improved coordination of assets from a whole-of-Government perspective.

The asset life-cycle

Building assets have a life-cycle – they are planned, created, used, managed and disposed of when no longer required. Understanding this concept (referred to as the asset life-cycle - see **Figure 1**) will assist departments to optimise the value, use and benefits derived from the assets they control¹.

Figure 1 – The Asset Life-Cycle



¹ The concept 'control of assets', is demonstrated by the ability of a department to use an asset to achieve its objectives; obtain a benefit from the sale of the asset; charge for the use of the asset or deny use of the asset to others. This term is important for financial and asset management purposes. Specific guidance on determining the control of assets is provided in the [Non-Current Asset Policies for the Queensland Public Sector](#) (Queensland Treasury).

5.0 Principles and elements of strategic asset management

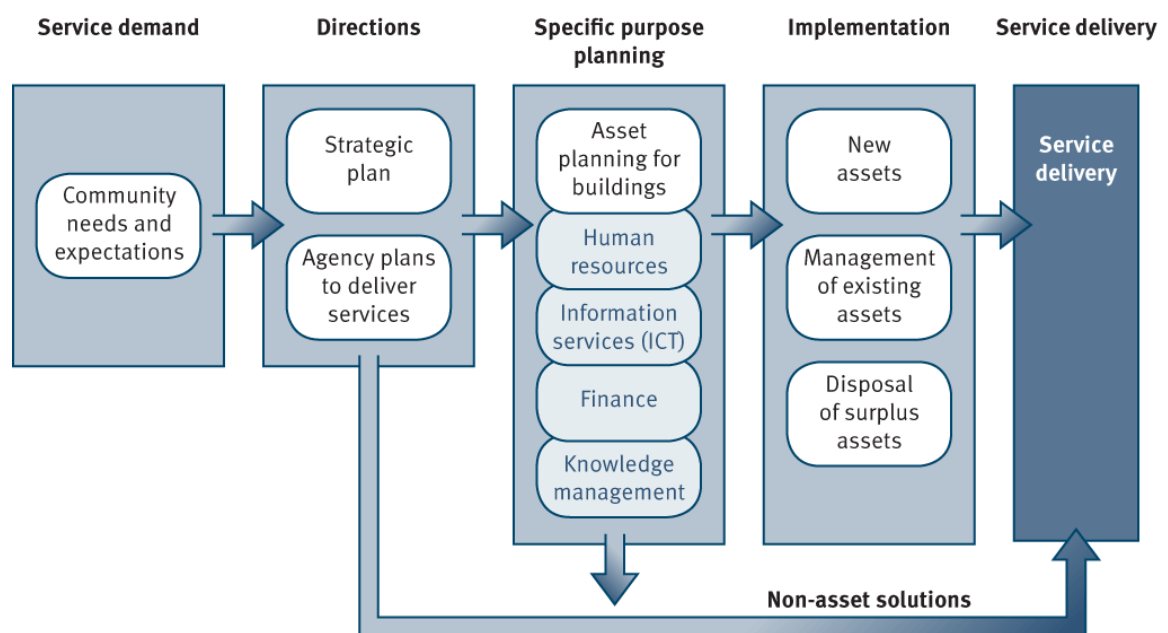
Strategic asset management is facilitated by systematic decision-making processes based on rigorous business case evaluation throughout the life of the building asset. This will ensure that the building portfolio is aligned with departmental service delivery requirements and government priorities and strategies and it is delivering an optimum value for money.

The following fundamental principles underpin the SAMF:

- assets exist to support the delivery of services, consistent with the Government’s targets and priorities
- strategic asset management undertaken by departments needs to be consistent with the requirements of whole-of-Government asset management policies and legislation
- asset planning is an important activity that should be interrelated with financial, human resource and information and communication technology planning
- non-asset solutions, full life-cycle costs, risks and options should be considered before investing in new built assets
- responsibility for assets should reside with the department that controls and administers them
- the full cost of providing, operating and maintaining assets should be included in departmental budgets.

The elements of strategic asset management, shown in **Diagram 1** each have a role to play in best practice planning, provision, management, maintenance and eventual disposal of assets.

Diagram 1 – Elements of strategic asset management



5.1 Service demand

The identification and analysis of the community's need for government services is regularly undertaken by government and communicated to departments in a range of ways, including emerging policy, legislation, priorities and objectives. These are translated by agencies into specific departmental objectives, performance indicators, services and service standards which are addressed in typical documents such as strategic plans, budget documentation and annual reports.

5.2 Directions

Departments should use a structured planning process to develop service delivery plans and strategies which reflect their objectives, priorities and policies.

An agency strategic plan should be developed for a period of four years and be sufficiently prescriptive for performance to be measured, but broad enough that it can adapt to changing circumstances.

5.3 Specific purpose planning

The availability of adequate and efficient resources impacts on the quality of the services that are delivered. Ideally, agency asset planning decisions will be integrated with and complement the finance, human resource and information and communication technology strategies that support the delivery of departmental services.

Departments should consider the implications of capital investment, the maintenance and use of existing assets and the disposal of surplus assets. Access to relevant, reliable and timely information about building assets is essential in order to:

- assess whether particular building assets are meeting service delivery needs
- determine whether building assets are properly maintained and managed
- evaluate the need for future replacement of assets
- identify and plan for the disposal of surplus or under-utilised building assets
- quantify the cost of the services provided by the department and (if applicable) benchmark against other jurisdictions.

5.4 Implementation

Implementation of effective and efficient asset management involves integration of plans to address building portfolio and building asset management issues, such as capital investment, maintenance and the disposal of surplus assets, with the planning process for human resources, finance, information and communication technologies.

These plans need to address strategies that yield the following benefits:

- a clear understanding of the role the building portfolio plays in supporting agency objectives
- alignment of assets with service delivery strategies
- optimal functionality and utilisation of assets
- economies of scale resulting from better coordination of programs and initiatives and the managing of finite resources
- maintenance and improvement of the health and safety aspects of buildings

- access to current and accurate asset and portfolio valuations and information to enable identification of surplus assets
- effective and efficient use of capital and maintenance funds
- identification and quantification of opportunities and risks.

New investment requires a structured process to demonstrate the need for the delivery of a new facility. This should include a review of service concepts, consideration of non-asset options and alternative asset delivery solutions. The full life-cycle costs and function of the building asset should also be taken into account. Information on capital investment/procurement planning as the foundation for the delivery of government building projects is available in the SAMF guideline: [Capital Investment/Procurement Planning and Project Delivery](#).

Management of existing assets includes monitoring the physical, operational, functional and financial performance to ensure that they fully support the delivery of the agency's services.

Disposal of surplus assets should be undertaken in a structured and prioritised manner in accordance with prevailing market conditions and government priorities (refer to the SAMF guideline: [Asset Disposal](#)).

6.0 Organisational framework for the establishment of strategic asset management

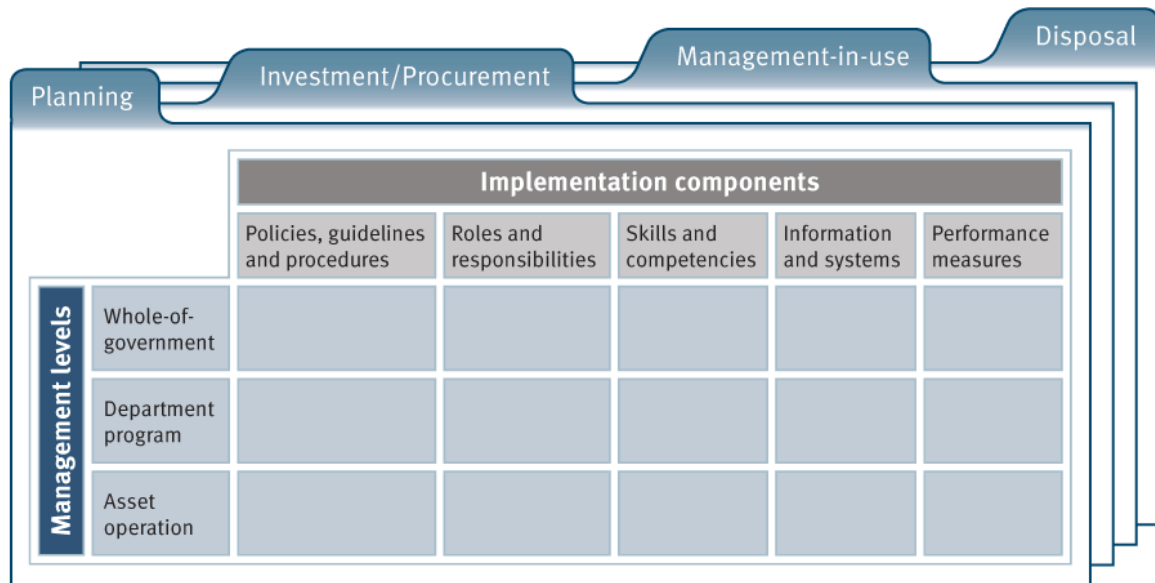
The establishment of strategic asset management is supported by the implementation of an appropriate organisational framework which illustrates the inter-relationships between the key issues and activities involved in strategic asset management. The framework is intended to assist departments to identify their asset management requirements. **Figure 2** represents the shell of an organisational framework and highlights the issues and key activities related to asset management decisions in the public sector.

6.1 Management levels

In the public sector, building asset management decisions occur at three functionally hierarchical levels e.g. those that are relevant to:

1. **whole-of-Government** i.e. not confined to a single department
2. a **department** or to a program developed in support of the department's objectives
3. operational building management of an **individual asset**.

Figure 2: Organisational framework for the establishment of strategic asset management



The organisational framework is a multi-layer two dimensional matrix based on the stages of the asset’s life-cycle:

Management levels (on the vertical axis) - different levels of management responsibility in the context of each department’s role associated with the control of building assets

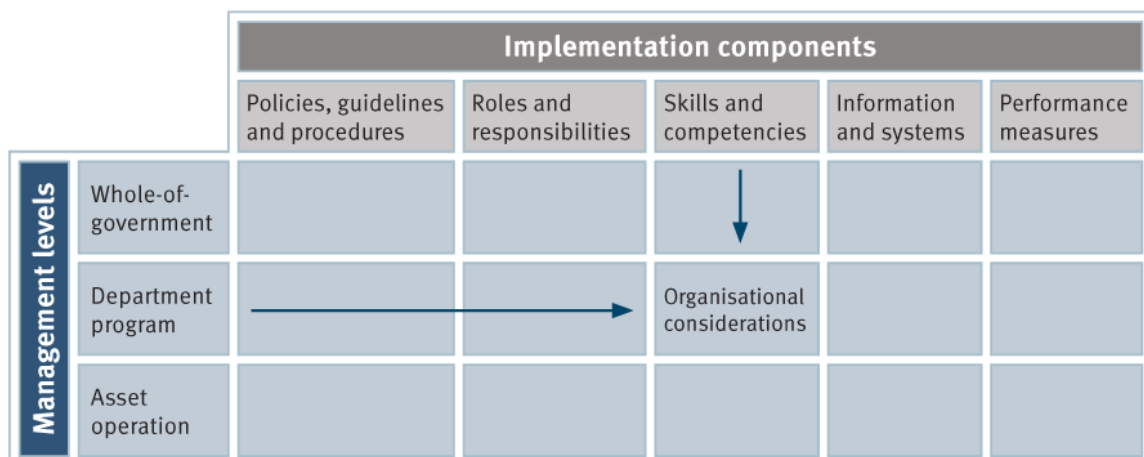
Implementation components (on the horizontal axis) - related organisational management components required to support strategic asset management

Implementation components

The five implementation components described below are organisational essentials which enable the implementation, monitoring and control of building asset management processes.

At each of the management levels and against each group of implementation components, there are different organisational considerations. These are identified in the appropriate intersection box between the two as shown in **Figure 3**.

Figure 3: Organisational matrix



The organisational considerations outlined above are different for various stages of an asset's life-cycle; however, the key implementation components in the five categories include the following:

6.2 Policies, guidelines and procedures

Policies, guidelines and procedures related to building asset management should reflect the applicable provisions of:

- legislation
- whole-of-Government policies
- agreements (international/State/Commonwealth/local authority level).

Attachment 2 provides a list of resources that will assist agencies undertaking any aspect of strategic asset management.

6.3 Roles and responsibilities

When establishing roles and responsibilities in a strategic asset management context, departments need to address relevant requirements at the strategic and operational level which:

- contribute to the collective achievement of, and accountability for, whole-of-Government direction (objectives for the community, priorities and strategies)
- facilitate the identification of suitable procurement strategies for project delivery (based on risk, economic benefit and affordability assessment, and an appreciation of factors, time, cost, quality, appropriateness and whole-of-life considerations) which minimise the impact of the building on the environment and the long-term demand for maintenance
- identify and improve systems and information available to departments and government (in accordance with government policy) to:
 - effectively and efficiently manage building planning, procurement, building operation, maintenance and disposal
 - support reporting requirements for performance improvement and risk management.

6.4 Skills and competencies

Asset managers (at all levels) should demonstrate that they possess the competency, knowledge, skills and capacity to:

- undertake sustainable procurement practices (at both the operational and strategic level), arrange and disseminate required project reports, establish and manage asset planning, design, and project management services
- manage maintenance planning, delivery and reporting in accordance with government policy
- promote closer alignment of asset holdings with service delivery needs, encouraging the disposal of under-utilised or surplus assets; manage the disposal processes including compliance reporting and provision of disposal information and obtaining approvals.

6.5 Information and systems

Agencies need to establish effective processes to manage asset information over the entire life-cycle of the building.

Prior to commencing data collection, departments should clearly identify:

- the purpose for collecting performance information
- the end users
- how the information will be used.

This will ensure that performance information is relevant and targeted at the correct areas so that the benefits of performance measurement are optimised. Service delivery requirements will be best supported by ensuring the integrity, accuracy, currency and completeness of the information.

Management of building assets requires information to be extracted from multiple sources located in various information systems, including:

- asset information registers
- building management and operation systems such as:
 - tenancy management systems
 - maintenance management systems
 - asbestos registers
 - energy and water consumption databases
- financial management systems
- business support systems and project management systems.

Maintaining accurate asset information records is essential to ensure that the government meets its statutory obligations (e.g. duty of care) as a building owner.

The main issues which departments are required to address relate to:

- the cost of building ownership
- progress in departmental efforts towards achieving the Government's priorities ;
- asbestos containing material (departments are required to ensure that asbestos-containing material in government buildings is managed and controlled in accordance with the [*Queensland Government Asbestos Management Policy for its Assets*](#))

- development of strategies to:
 - meet the need for new assets and for disposing of assets that are no longer required
 - achieve and maintain the required level of operational performance for assets (development of these strategies may be supported by the performance indicators and performance measures in the *Building Asset Performance Framework*)
 - demonstrate probity and accountability for outcomes and the achievement of value for money in government building projects by ensuring consistency of procurement strategy with Government objectives; coordination of building projects and consistency and transparency in the procurement process (i.e. meeting the requirements, principles and targets of the [Queensland Procurement Policy](#), the *Queensland Government Procurement Strategy* and other related policies, including the *Capital Works Management Framework* and the associated Prequalification (PQC) System for engaging building contractors and consultants).

6.6 Performance management

Performance management practices provide assurance that a department has established processes to determine if its delivery of services is efficient, effective and represents value for money for the Queensland Government. Guidance on setting standards for a department's service delivery is provided in [A Guide to the Queensland Government Performance Management Framework](#). The Government expects from departments a high level of performance and tangible results for the people of Queensland.

Performance indicators and performance measures for building asset management should be linked to service delivery objectives and provide information on the match or gaps between actual performance and the performance required for optimum service delivery outcomes. The *Building Asset Performance Framework* provides guidance on establishing a performance management regime for buildings which includes a consideration of social and environmental aspects as additional dimensions to the traditional functional and financial performance assessment approach.

Consistent and coordinated monitoring, evaluation and reporting practices (within the agency and externally) are important to provide a feedback loop to inform future asset management and associated decision-making processes.

Attachment 1: The suite of Strategic Asset Management Framework documents

The suite of guidelines which comprise the Strategic Asset Management Framework is organised under the following categories:

Overview – explains the principles and concepts of strategic asset management as they apply to buildings.

Guidelines expand on key aspects over the entire life-cycle of the asset (planning, investment/procurement, management-in-use and disposal)

Planning

- **Asset Planning for Buildings** - developing management strategies that will contribute to the best utilisation of assets in the delivery of services to the community in line with strategic plans, operational plans and service delivery strategies.

Investment/procurement

- **Capital investment/procurement planning and project delivery** - defining capital investment projects, preparing budget documentation and formulating investment/acquisition plans.

Management-in-use

- **Building Management** – the process required to achieve and sustain defined levels of building performance during building occupancy, building operation, building maintenance and building upgrades.
- **Heritage Asset Management** - best practice processes to enable agencies to recognise, manage and conserve assets with cultural heritage significance during all stages of the asset life-cycle (planning, investment/procurement, management-in-use and disposal).
- **Maintenance Management** – planning, managing and delivering building maintenance in accordance with the Maintenance Management Framework which will ensure consistency in maintenance outcomes, building performance, risk management and strategic decision-making.
- **Security Management of Government Buildings**- the process of identifying, implementing and monitoring systems and processes for the protection of building assets against loss, misuse, damage or deprivation of use caused by deliberate acts.

Disposal

- **Asset Disposal** - implementing processes and procedures to ensure appropriate asset disposal planning of government buildings which have been identified as surplus to departmental service delivery requirements.

Decision-making methodologies and supporting guidelines

- **Asset Review and Analysis** - establishing suitable processes and procedures to ensure appropriate asset review and analysis which supports strategic asset planning for their building portfolios. Project delivery involves development of a project brief, selecting the procurement strategy and the consultants/contractors, design and construction, and handover.
- **Environmental Sustainability Management** – undertaking life-cycle planning analysis to support strategic management and decision-making processes, integrating sustainability into procurement processes and developing and adopting environmentally sustainable approaches to the design and construction of buildings.
- **Mitigating the Impact of Natural Disasters on Government Buildings** – the key considerations of natural disasters in the planning of new buildings, and refurbishment, retrofitting and maintenance of existing buildings.
- **Life-Cycle Planning** – using transparent, informed decision-making processes that take into account the whole-of-life implications of acquiring, operating, maintaining and disposing of a building asset.
- **Management of Government Building Projects** - selecting and applying tools to plan, organise, manage, procure and control a building project to achieve its objectives.
- **Post Occupancy Evaluation** - a structured approach to conducting a post occupancy evaluation of a new or existing facility when it is fully operational which focuses on the users' interaction with the building, assesses the degree to which the building supports service delivery objectives, assists continuous improvement in the planning process and informs the preparation of defect action plans, at an operational level.
- **Risk Management** - a systematic process which applies at every phase of a building asset life-cycle (e.g. planning, investment/procurement, management-in-use and disposal) to identify, analyse, assess and treat risks that may impact on an organisation's objectives.
- **Value Management** - a structured and analytical process which facilitates good decision-making on the planning, management and use of building assets to achieve best value for money by comparing alternatives based on the relationship between value and total cost.
- **Workplace Health and Safety** - managing building assets throughout each stage of the life-cycle in a way that positively controls the risks to all persons who might be at risk by the operation of the asset and reduces the human and financial cost of workplace injuries to employers, workers and the community.

Attachment 2: List of policies and other relevant resources

[*A Guide to the Queensland Government Performance Management Framework*](#) (Department of the Premier and Cabinet) is designed to improve the analysis and application of performance information to support accountability, policy development and implementation and create value for clients, stakeholders and the Queensland community.

[*Agency Planning Requirements*](#) (Department of the Premier and Cabinet) provides information about:

- the purpose, responsibility and legal requirements of agency planning
- the contents of strategic, operational and specific purpose plans
- establishing regular monitoring and reporting procedures to assess performances against agency plans
- mandatory and discretionary planning.

[*Building Asset Performance Framework*](#) (Department of Housing and Public Works) is a best practice guideline which describes a systematic approach for departments to managing the performance of building assets to meet their service delivery requirements.

[*Capital Works Management Framework*](#) (Department of Housing and Public Works) is the whole-of-Government policy for managing risks in the planning and delivery of government building projects.

[*Financial Accountability Handbook*](#) (Queensland Treasury) has been designed to assist accountable officers and statutory bodies discharge their obligations under the *Financial Accountability Act 2009*, the *Financial Accountability Regulation 2009* and the *Financial and Performance Management Standard 2009*.

[*Financial and Performance Management Standard 2009*](#) (Queensland Treasury) requires departments to efficiently, effectively and economically manage physical assets by establishing asset management systems for:

- (a) identifying, acquiring, managing, disposing of, valuing, recording and writing off assets
- (b) conducting an evaluation before making the acquisition or carrying out the maintenance or improvement, where the accountable officer or statutory body considers the cost of acquiring, maintaining or improving a physical asset is significant (a significant asset²)
- (c) reviewing the performance of completed significant assets to ensure the objectives of the department or statutory body in acquiring, maintaining or improving the assets were met
- (d) regularly maintaining the assets.

[*Maintenance Management Framework*](#) (Department of Housing and Public Works) is the whole-of-Government policy for managing, planning and delivering building maintenance to ensure departments have a consistent approach.

² The *Financial Accountability Handbook* defines 'significant' assets' as those assets with a high dollar value, those that provide a key role in the delivery of agency services, or those that bring potential high risk to agency operations in the event of failure.

[Project Assessment Framework](#) (Queensland Treasury) is the foundation framework for ensuring that project initiation and development is undertaken effectively across the Queensland public sector and delivers value for money to the government from its significant investment in project activity. Related policy documents include Queensland's Public Private Partnerships supporting guidelines Policy and Guidelines for the assessment of market-let proposals (MLP). The *Financial and Performance Management Standard 2009* provides that Queensland public sector agencies must have regard to these frameworks in preparing evaluations for significant asset investment.

[Queensland Government Asbestos Management Policy for its Assets](#) (Department of Housing and Public Works) establishes a framework for identifying, documenting, managing and controlling (including the safe removal of) asbestos containing material in a building, when undertaking a government building project such as refurbishment, alteration, extension or improvement.

[Queensland Indigenous \(Aboriginal and Torres Strait Islander\) Procurement Policy](#) (Department of Aboriginal and Torres Strait Islander Partnerships) provides a whole-of-government framework to increase procurement with Indigenous businesses to be three per cent of the value of government procurement contracts by 2022. Under this policy, an Indigenous business is at least fifty per cent owned by Aboriginal peoples and Torres Strait Islander peoples.

[Queensland Procurement Policy](#) (Department of Housing and Public Works) is the whole-of-Government policy which delivers benefits for the Government, suppliers and the community through three objectives:

- advancing the priorities of the Government and achieving targets outlined in the *Queensland Government Procurement Strategy*
- achieving value for money
- ensuring probity and accountability for outcomes.

[State Infrastructure Plan](#) (SIP) (Department of State Development, Manufacturing, Infrastructure and Planning) outlines the Queensland Government's strategic direction for the planning, investment and delivery of infrastructure in Queensland, noting that Queensland's infrastructure must be sustainable, resilient and work with the environment to reduce impacts and improve our ability to recover from natural disasters.