City of Melville

BUILDING
ASSET MANAGEMENT PLAN
(2010 – 2029)

Document Control	

Document ID: 59_07_070909_nams.plus_amp template v11

Rev No	Date	Revision Details	Author	Reviewer	Approver
Version 1	31/12/2001	Version 1	L Bell		
Version 2	23/02/2010	Include revisions from Version 1	L Bell		
Version 3	26/02/2010	Review by Manager Asset Management	P. Kellick		

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ABBREVIATIONS

AAAC Average annual asset consumption

AMP BAMP

ARI Average recurrence interval

COM City Of Melville

CRC Current replacement cost

DA Depreciable amount

DoH Department of Health

IRMP Infrastructure risk management plan

LCC Life Cycle cost

LCE Life cycle expenditure

MMS Maintenance management system

RV Residual value

GLOSSARY

Annual service cost (ASC)
An estimate of the cost that would be tendered, per annum, if tenders were called for the supply of a service to a performance specification for a fixed term. The Annual Service Cost includes operating, maintenance, depreciation, finance/ opportunity and disposal costs, less revenue.

Asset class
Grouping of assets of a similar nature and use in an entity's operations (AASB 166.37).

Asset condition assessment
The process of continuous or periodic inspection, assessment, measurement and interpretation of the resultant data to indicate the condition of a specific asset so as to determine the need for some preventative or remedial action.

Asset management
The Combination of management, financial, economic, engineering and other practices applied to physical assets with the objective of providing the required level of service in the most cost effective manner.

Assets
Future economic benefits controlled by the entity as a result of past transactions or other past events (AAS27.12).
Property, plant and equipment including infrastructure and other assets (such as furniture and fittings) with benefits expected to last more than 12 month.

Average annual asset consumption (AAAC)*
The amount of a local government's asset base consumed during a year. This may be calculated by dividing the Depreciable Amount (DA) by the Useful Life and totaled for each and every asset OR by dividing the Fair Value (Depreciated Replacement Cost) by the Remaining Life and totaled for each and every asset in an asset category or class.

Brownfield asset values**
Asset (re)valuation values based on the cost to replace the asset including demolition and restoration costs.

Capital expansion expenditure
Expenditure that extends an existing asset, at the same standard as is currently enjoyed by residents, to a new group of users. It is discretional expenditure, which increases future operating, and maintenance costs, because it increases the City of Melville's asset base, but may be associated with additional revenue from the new user group, e.g. extending a drainage or road network, the provision of an oval or park in a new suburb for new residents.

Capital expenditure
Relatively large (material) expenditure, which has benefits, expected to last for more than 12 months. Capital expenditure includes renewal, expansion and upgrade. Where capital projects involve a Combination of renewal, expansion and/or upgrade expenditures, the total project cost needs to be allocated accordingly.

Capital funding
Funding to pay for capital expenditure.

Capital grants
Monies received generally tied to the specific projects for which they are granted, which are often upgrade and/or expansion or new investment proposals.

Capital investment expenditure
See capital expenditure definition

Capital new expenditure
Expenditure which creates a new asset providing a new service to the Community that did not exist beforehand. As it increases service potential it may impact revenue and will increase future operating and maintenance expenditure.

Capital renewal expenditure
Expenditure on an existing asset, which returns the service potential or the life of the asset up to that which it had originally. It is periodically required expenditure, relatively large (material) in value Compared with the value of the Components or sub-

Components of the asset being renewed. As it reinstates existing service potential, it has no impact on revenue, but may reduce future operating and maintenance expenditure if Completed at the optimum time, eg. resurfacing or resheeting a material part of a road network, replacing a material section of a drainage network with pipes of the same capacity, resurfacing an oval. Where capital projects involve a Combination of renewal, expansion and/or upgrade expenditures, the total project cost needs to be allocated accordingly.

Capital upgrade expenditure
Expenditure, which enhances an existing asset to provide a higher level of service or expenditure that will increase the life of the asset beyond that which it had originally. Upgrade expenditure is discretional and often does not result in additional revenue unless direct user charges apply. It will increase operating and maintenance expenditure in the future because of the increase in the City of Melville's asset base, e.g. widening the sealed area of an existing road, replacing drainage pipes with pipes of a greater capacity, enlarging a grandstand at a sporting facility. Where capital projects involve a Combination of renewal, expansion and/or upgrade expenditures, the total project cost needs to be allocated accordingly.

Carrying amount
The amount at which an asset is recognised after deducting any accumulated depreciation / amortisation and accumulated impairment losses thereon.

Class of assets
See asset class definition

Component
An individual part of an asset which contributes to the Composition of the whole and can be separated from or attached to an asset or a system.

Cost of an asset
The amount of cash or cash equivalents paid or the fair value of the consideration given to acquire an asset at the time of its acquisition or construction, plus any costs necessary to place the asset into service. This includes one-off design and project management costs.

Current replacement cost (CRC)
The cost the entity would incur to acquire the asset on the reporting date. The cost is measured by reference to the lowest cost at which the gross future economic benefits could be obtained in the normal course of business or the minimum it would cost, to replace the existing asset with a technologically modern equivalent new asset (not a second hand one) with the same economic benefits (gross service potential) allowing for any differences in the quantity and quality of output and in operating costs.

Current replacement cost "As New" (CRC)
The current cost of replacing the original service potential of an existing asset, with a similar modern equivalent asset, i.e. the total cost of replacing an existing asset with an as NEW or similar asset expressed in current dollar values.

Cyclic Maintenance**
Replacement of higher value Components/sub-Components of assets that is undertaken on a regular cycle including repainting, building roof replacement, cycle, replacement of air conditioning equipment, etc. This work generally falls below the capital/ maintenance threshold and needs to be identified in a specific maintenance budget allocation.

Depreciable amount
The cost of an asset, or other amount substituted for its cost, less its residual value (AASB 116.6)

Depreciated replacement cost (DRC)
The current replacement cost (CRC) of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset

Depreciation / amortisation
The systematic allocation of the depreciable amount (service potential) of an asset over its useful life.

Economic life
See useful life definition.

Expenditure

The spending of money on goods and services. Expenditure includes recurrent and capital.

Fair value
The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties, in an arms length transaction.

Greenfield asset values **
Asset (re)valuation values based on the cost to initially acquire the asset.

Heritage asset
An asset with historic, artistic, scientific, technological, geographical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture and this purpose is central to the objectives of the entity holding it.

Impairment Loss
The amount by which the carrying amount of an asset exceeds its recoverable amount.

Infrastructure assets
Physical assets of the entity or of another entity that contribute to meeting the public's need for access to major economic and social facilities and services, eg. roads, drainage, footpaths and cycleways. These are typically large, interconnected networks or portfolios of Composite assets The Components of these assets may be separately maintained, renewed or replaced individually so that the required level and standard of service from the network of assets is continuously sustained. Generally the Components and hence the assets have long lives. They are fixed in place and are often have no market value.

Investment property
Property held to earn rentals or for capital appreciation or both, rather than for:
(a) use in the production or supply of goods or services or for administrative purposes; or
(b) sale in the ordinary course of business (AASB 140.5)

Level of service
The defined service quality for a particular service against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental, acceptability and cost.

Life Cycle Cost **
The life cycle cost (LCC) is average cost to provide the service over the longest asset life cycle. It comprises annual maintenance and asset consumption expense, represented by depreciation expense. The Life Cycle Cost does not indicate the funds required to provide the service in a particular year.

Life Cycle Expenditure **
The Life Cycle Expenditure (LCE) is the actual or planned annual maintenance and capital renewal expenditure incurred in providing the service in a particular year. Life Cycle Expenditure may be compared to Life Cycle Cost to give an initial indicator of life cycle sustainability.

Loans / borrowings
Loans result in funds being received which are then repaid over a period of time with interest (an additional cost). Their primary benefit is in 'spreading the burden' of capital expenditure over time. Although loans enable works to be Completed sooner, they are only ultimately cost effective where the capital works funded (generally renewals) result in operating and maintenance cost savings, which are greater than the cost of the loan (interest and charges).

Maintenance and renewal gap
Difference between estimated budgets and projected expenditures for maintenance and renewal of assets, totalled over a defined time (e.g. 5, 10 and 15 years).

Maintenance and renewal sustainability index
Ratio of estimated budget to projected expenditure for maintenance and renewal of assets over a defined time (eg 5, 10 and 15 years).

Maintenance expenditure
Recurrent expenditure, which is periodically or regularly required as part of the anticipated schedule of works required to ensure that the asset achieves its useful life and provides the required level of service.

Materiality
An item is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial report. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances.

Modern equivalent asset.
A structure similar to an existing structure and having the equivalent productive capacity, which could be built using modern materials, techniques and design. Replacement cost is the basis used to estimate the cost of constructing a modern equivalent asset.

Non-revenue generating investments
Investments for the provision of goods and services to sustain or improve services to the Community that are not expected to generate any savings or revenue to the Council, eg. parks and playgrounds, footpaths, roads and bridges, libraries, etc.

Operating expenditure
Recurrent expenditure, which is continuously required excluding maintenance and depreciation, e.g. power, fuel, staff, plant equipment, on-costs and overheads.

Planned Maintenance**
Repair work that is identified and managed through a maintenance management system (MMS). MMS activities include inspection, assessing the condition against failure/breakdown criteria/experience, prioritising scheduling, actioning the work and reporting what was done to develop a maintenance history and improve maintenance and service delivery performance.

Rate of annual asset consumption*
A measure of average annual consumption of assets (AAAC) expressed as a percentage of the depreciable amount (AAAC/DA). Depreciation may be used for AAAC.

Rate of annual asset renewal*
A measure of the rate at which assets are being renewed per annum expressed as a percentage of depreciable amount (capital renewal expenditure/DA).

Rate of annual asset upgrade*
A measure of the rate at which assets are being upgraded and expanded per annum expressed as a percentage of depreciable amount (capital upgrade/expansion expenditure/DA).

Reactive maintenance
Unplanned repair work that carried out in response to service requests and management/supervisory directions.

Recoverable amount
The higher of an asset's fair value, less costs to sell and its value in use.

Recurrent expenditure
Relatively small (immaterial) expenditure or that which has benefits expected to last less than 12 months. Recurrent expenditure includes operating and maintenance expenditure.

Recurrent funding
Funding to pay for recurrent expenditure.

Rehabilitation
See capital renewal expenditure definition above.

Remaining life
The time remaining until an asset ceases to provide the required service level or economic usefulness. Age plus remaining life is economic life.

Renewal
See capital renewal expenditure definition above.

Residual value

The net amount which an entity expects to obtain for an asset at the end of its useful life after deducting the expected costs of disposal.

Revenue generating investments
Investments for the provision of goods and services to sustain or improve services to the Community that are expected to generate some savings or revenue to offset operating costs, eg public halls and theatres, childcare centres, sporting and recreation facilities, tourist information centres, etc.

Risk management
The application of a formal process to the range of possible values relating to key factors associated with a risk in order to determine the resultant ranges of outcomes and their probability of occurrence.

Section or segment
A self-contained part or piece of an infrastructure asset.

Service potential
The capacity to provide goods and services in accordance with the entity's objectives, whether those objectives are the generation of net cash inflows or the provision of goods and services of a particular volume and quantity to the beneficiaries there of.

Service potential remaining*
A measure of the remaining life of assets expressed as a percentage of economic life. It is also a measure of the percentage of the asset's potential to provide services that is still available for use in providing services (DRC/DA).

Strategic Management Plan (SA)**
Documents Council objectives for a specified period (3-5 yrs), the principle activities to achieve the objectives, the means by which that will be carried out, estimated income and expenditure, measures to assess performance and how rating policy relates to the Council's objectives and activities.

Sub-Component
Smaller individual parts that make up a component part.

Useful life
Either:
(a) the period over which an asset is expected to be available for use by an entity, or
(b) the number of production or similar units expected to be obtained from the asset by the entity.
It is estimated or expected time between placing the asset into service and removing it from service, or the estimated period of time over which the future economic benefits embodied in a depreciable asset, are expected to be consumed by the Council. It is the same as the economic life.

Value in Use
The present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. It is deemed to be depreciated replacement cost (DRC) for those assets whose future economic benefits are not primarily dependent on the asset's ability to generate new cash flows, where if deprived of the asset its future economic benefits would be replaced.

Source: DVC 2006, Glossary
Note: Items shown * modified to use DA instead of CRC
Additional glossary items shown **

1. EXECUTIVE SUMMARY

What the City Of Melville Provides

The City of Melville (CoM) provides a building network in partnership with other levels of government, and internal and external stakeholders to enable delivery of the COM's services and products. This Building Asset Management Plan (BAMP) encompasses 136 buildings across the categories of: Amenity, Civic, Community, Heritage, Recreation, and Strategic with a current replacement cost of $263,131,000 as referred in table 2.1. There are also numerous 'ancillary' buildings such as sheds which are not included in this BAMP however; their total value is relatively low and they will be included in future versions of this BAMP.

What does it Cost

The average annual cost to provide the building service over the life of this plan is $5.8 million. This includes operational expenditure on cleaning and energy, maintenance, renewal and new works.

There are two key indicators of cost to provide the building service.

- The life cycle cost includes the average cost over the life cycle of the asset, and
- The total maintenance and capital renewal expenditure required to deliver existing service levels in the next 10 years

The life cycle cost to provide the building service is estimated at $3,398,075 per annum, this includes maintenance expenditure and the annual consumption (depreciation) of the asset. CoM's planned life cycle expenditure for year 1 of the BAMP is $2,658,000 which gives a life cycle sustainability index of 78% which indicates that spending needs to increase marginally.

The total maintenance and capital renewal expenditure required to provide the building service in the next 10 years is estimated at $26,699,000 this is an average of $2,669,900 per annum.

CoM's maintenance and capital renewal expenditure for year 1 of the BAMP is $2,658,000 giving a 10 year sustainability index of 100%. This indicates that expenditure is reasonably close to that required

Plans for the Future

COM will continue to operate and maintain the building network to achieve the following strategic objectives.

1. Ensure the building network is maintained at a safe and functional level as set out in this BAMP.
2. To achieve the optimal delivery of services through the efficient and effective management of building assets at the optimum cost.

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Measuring our Performance

Quality
Building assets will be maintained in a usable condition at all possible times. Defects found or reported that are outside our service standard will be actioned within defined response times (refer to table 3.3 Levels of Service).

Function
Our intent is that an appropriate building network is maintained in partnership with other levels of government and stakeholders to ensure they meet current and future needs

Building attributes will be maintained at a safe level and associated signage and equipment will be provided, as needed, to ensure public safety. We need to ensure key functional objectives are met:

- Buildings must be fully operational.
- Buildings must meet service levels for condition and accessibility.

The main functional consequence of the failure to deliver the desired outcomes is;

- Increased maintenance and operating costs,
- Increased litigation,

- Unsatisfactory service level,
- Increased customer complaints.

Safety
We inspect all buildings regularly and prioritise and repair defects in accordance with our inspection schedule to ensure they are safe to use.

The Next Steps

The actions resulting from this BAMP are:

1. Establish an Asset Management Working Group to ensure a corporate approach to asset management
2. Investigate integrating the finance and asset management systems
3. Update and maintain all building data in the AM system
4. Review financial data and processes, particularly those relating to asset valuations and depreciation
5. Ensure the financial (Finance 1) and operational (Archibus) asset registers reflect the same building inventory.
6. Set performance targets and implement recording processes for levels of service
7. Quantify desired levels of service
8. Identify and quantify all building legislative requirements
9. Continue to develop the Long Term Financial Plan for buildings to reflect creations, acquisitions, renewals, upgrades and disposals
10. Increase renewal spending on building infrastructure to approximately $2.4 million per annum, with transfers to reserve of any unexpended funds

2. INTRODUCTION

2.1 Background

This BAMP has been developed to demonstrate the responsible management of building assets (and services provided from these assets), compliance with regulatory requirements, and to communicate funding required to provide the required levels of service.

The BAMP should be read in conjunction with the following corporate planning documents:

- The City of Melville's Plan for the Future (2008-2012)
- People, Places, Participation A Community Plan for the City of Melville (2007 – 2017)
- Asset Management Policy (Policy No. 13-PL-008)
- Asset Management Deployment Strategy
- Financial Sustainability – Forward Financial Planning and Funding Allocation Policy (Policy No. 13-PL-001)
- Borrowings and Asset Financial Policy (Policy No. 13-006)
- Accounting Policy (Policy No. 13-PL-007)
- Strategic Financial Plan – The City's Long Term Financial Plan which outlines all aspects of the key financial strategy objectives and commitments and how future expenditure needs will be funded.
- City of Melville Annual Budget
- Other internal policies and standards – these tools for asset creation and subsequent management are needed to support asset management strategies.
- Risk Management (Policy No. 26-PL-001)

This BAMP covers the following building assets:

Building category	Number	Replacement Value ($ million)
Amenity Buildings (toilets, change rooms)	16	3.55
Civic Buildings (Civic Centre, Operations Centre)	9	52.45
Community Buildings (Community halls, libraries, health, family and education centres)	48	41.96
Heritage Buildings (heritage listed buildings such as the Heathcote complex, Wireless Hill and Hickey St properties)	19	24.79
Recreation Buildings (clubrooms, recreation and aquatic centres)	34	128.60
Strategic Buildings (leased residential and commercial properties)	10	11.77
TOTAL	**136**	**263.13**

Table 2.1: Building Assets covered by this Plan

Note that many buildings or parts of buildings, particularly those associated with sporting clubs, are subject to lease arrangements with varying levels of commitment to maintenance. They are included in the relevant asset category to enable a contingent liability to be allocated in the case of CoM resuming full control of the building should the organisation cease to exist.

Key stakeholders in the preparation and implementation of this BAMP can be divided into internal and external stakeholders.

Internal stakeholders include:

The CoM Council	Community representation and administration
The Executive Management Team (EMT)	Council representation and administration
The Operational Management Team (OMT)	Identification and dimension of service requirements
The Asset Management Team	BAMP development, implementation, operation, monitoring and review including continuous improvement
The Finance Service Area	Strategic Financial Plan development
Operational Departments involved in the creation of infrastructure	Design parameters and standards
All City of Melville service areas who provide support services	Operation and administration

External Stakeholders Include:

The City of Melville Community	Building users
City of Melville building tenants	Building users
Visitors to the City of Melville	Building users
Local Government Insurance Scheme	Minimization of risk
State Emergency Services	Fire and Emergency Services

2.2 Goals and Objectives of Asset Management

The CoM exists to provide services to its Community. Many of these services are supported by infrastructure assets. The CoM has acquired infrastructure assets by 'purchase', by contract, construction by CoM staff and by donation of buildings constructed by developers and others.

The CoM's goal in managing it's building assets is to meet the required level of service in the most cost effective manner for present and future consumers. The key elements of infrastructure asset management are:

- Taking a life cycle approach,
- Developing cost-effective management strategies for the long term,
- Providing a defined level of service and monitoring performance,
- Understanding and meeting the demands of growth through demand management and infrastructure investment,
- Managing risks associated with asset failures,
- Sustainable use of physical resources,
- Continuous improvement in asset management practices.[1]

[1] IIMM 2006 Sec 1.1.3, p 1.3

This BAMP is prepared under the direction of COM's vision, goals and objectives as contained in its Plan for the Future.

COM's vision is:

- Create a safe, attractive City where the consequences of our actions for future generations are taken into account.
- Ensure that natural and built facilities are, where practicable, accessible to everyone.
- Generate a sense of place, belonging and Community spirit.
- Ensure that all voices are heard through the creation of opportunities to participate in decisions that affect the lives of our Community.

The linkage between the vision and values and the Key Result Areas and outcomes for the community are shown in the diagram below.

2.3 Linkages to Key Strategies

This BAMP is a vital component of CoM's overall strategic planning process. It links to the annual budget and to other Corporate Strategies listed below.

- The City of Melville's Plan for the Future (2008-2012)
- People, Places, Participation A Community Plan for the City of Melville 2007 - 2017
- Asset Management Policy (Policy No. 13-PL-008)
- Asset Management Deployment Strategy
- Financial Sustainability – Forward Financial Planning and Funding Allocation Policy (Policy No. 13-PL-001)
- Borrowings and Asset Financial Policy (Policy No. 13-006)
- Accounting Policy (Policy No. 13-PL-007)
- Strategic Financial Plan – The City's long Term Financial Plan which outlines all aspects of the key financial strategy objectives and commitments and how future expenditure needs will be funded.
- Annual Budget of capital, operating and maintenance expenditure.
- Other internal policies and standards – these tools for asset creation and subsequent management are needed to support AM strategies.
- Risk Management (Policy No. 26-PL-001)
- Risk Management Plan

2.4 Strategic and Corporate Processes

Strategic asset management at the CoM commences with the identification and analysis of community demands for services. The CoM's strategic and corporate plans reflect and translate community needs and Government policy into broad service delivery plans and strategies.

Fundamental to the development of corporate plans is the integration of the strategic BAMP with the CoM's human resources, information technology and financial strategies. This integration of asset management into the strategic planning process maintains the focus on the delivery of services while encouraging innovation in the utilisation of existing assets and the development of alternative methods of service delivery.

The CoM's main focus of strategic asset management is to achieve the optimal delivery of services through the efficient and effective management of assets. This outcome will be supported by comprehensive strategic plans that address capital investment, the operation and maintenance of existing and new assets and the rationalisation and disposal of surplus assets.

The BAMP forms the basis for short term budgets (5 years), medium term planning (10 years), and long term projections (20 years) for capital, operations and maintenance budgets.

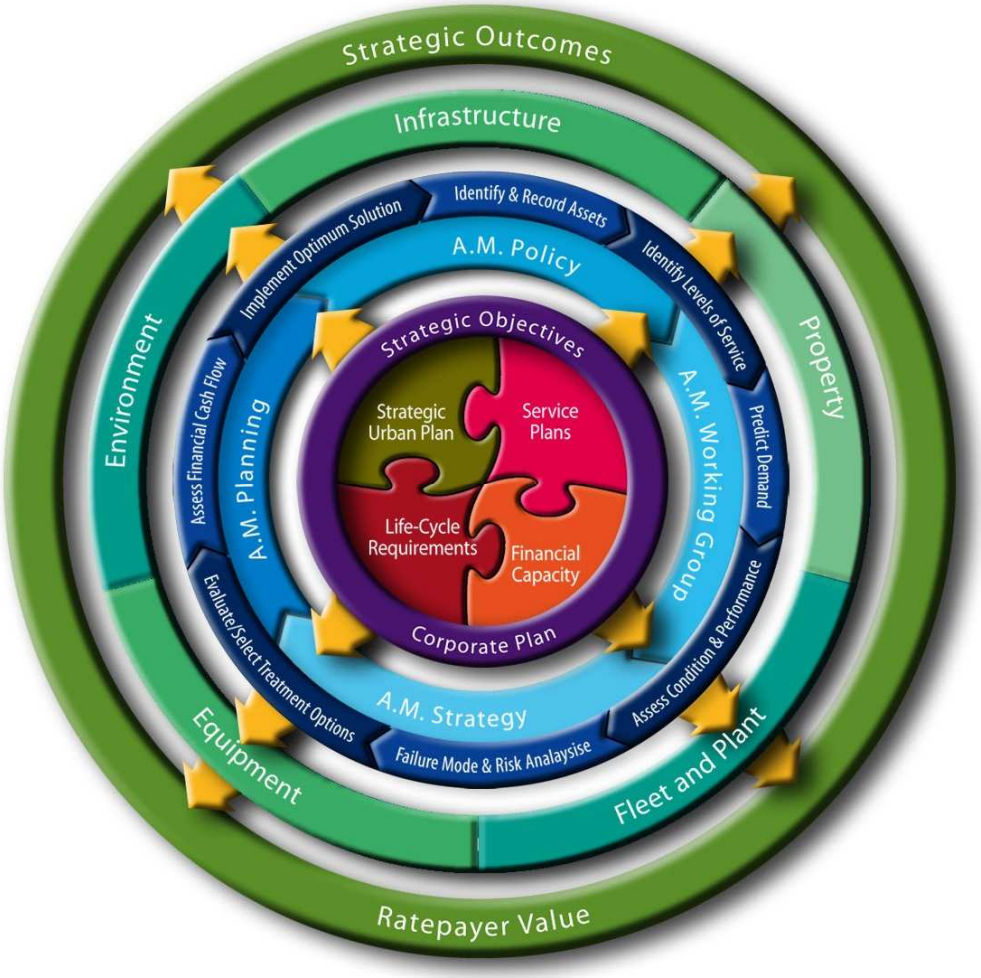


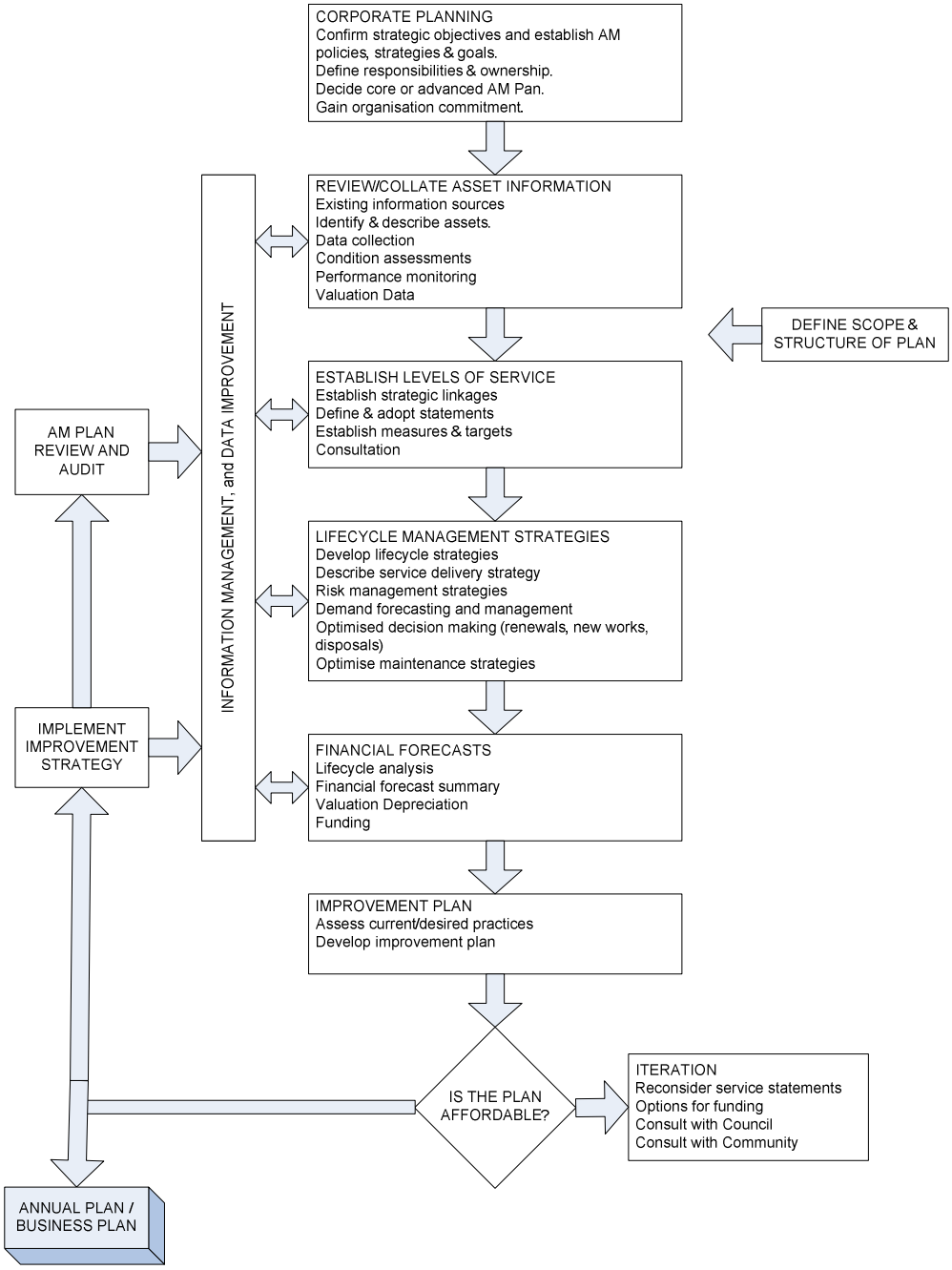
Figure 4: Strategic Asset Management Process

2.5 Plan Framework

Key elements of this BAMP are:

- Levels of service – specifies the services and levels of service to be provided by the CoM.
- Future demand – how this will impact on future service delivery and how this is to be met.
- Life cycle management – how the CoM will manage its existing and future building assets to provide the required services
- Financial summary – what funds are required to provide the required services.
- Asset management practices
- Monitoring – how the plan will be monitored to ensure it is meeting the city's objectives.
- Asset management improvement plan

The road map for preparing a BAMP is shown below



Road Map for preparing an BAMP
Source: IIMM Fig 1.5.1, p 1.11

2.6 Core and Advanced Asset Management

This BAMP is prepared as a 'core' BAMP in accordance with the International Infrastructure Management Manual. It is prepared to meet minimum legislative and organisational requirements for sustainable service delivery and long term financial planning and reporting. Core asset management is a 'top down' approach where analysis is applied at the 'system' or 'network' level.

Future revisions of this BAMP will move towards 'advanced' asset management using a 'bottom up' approach for gathering asset information for individual assets to support the optimisation of activities and programs to meet agreed service levels.

3. LEVELS OF SERVICE

3.1 Customer Research and Expectations

COM participates in a community Business and Perceptions Survey every two years and the results are benchmarked against 17 other Councils in comparative Performance Measures in Local Government Customer Satisfaction Survey. This survey polls a sample of residents on their level of satisfaction with the CoM's services. The most recent customer satisfaction survey reported satisfaction levels for the following services CoM uses this information in developing the Strategic Plan and in allocation of resources in the budget.

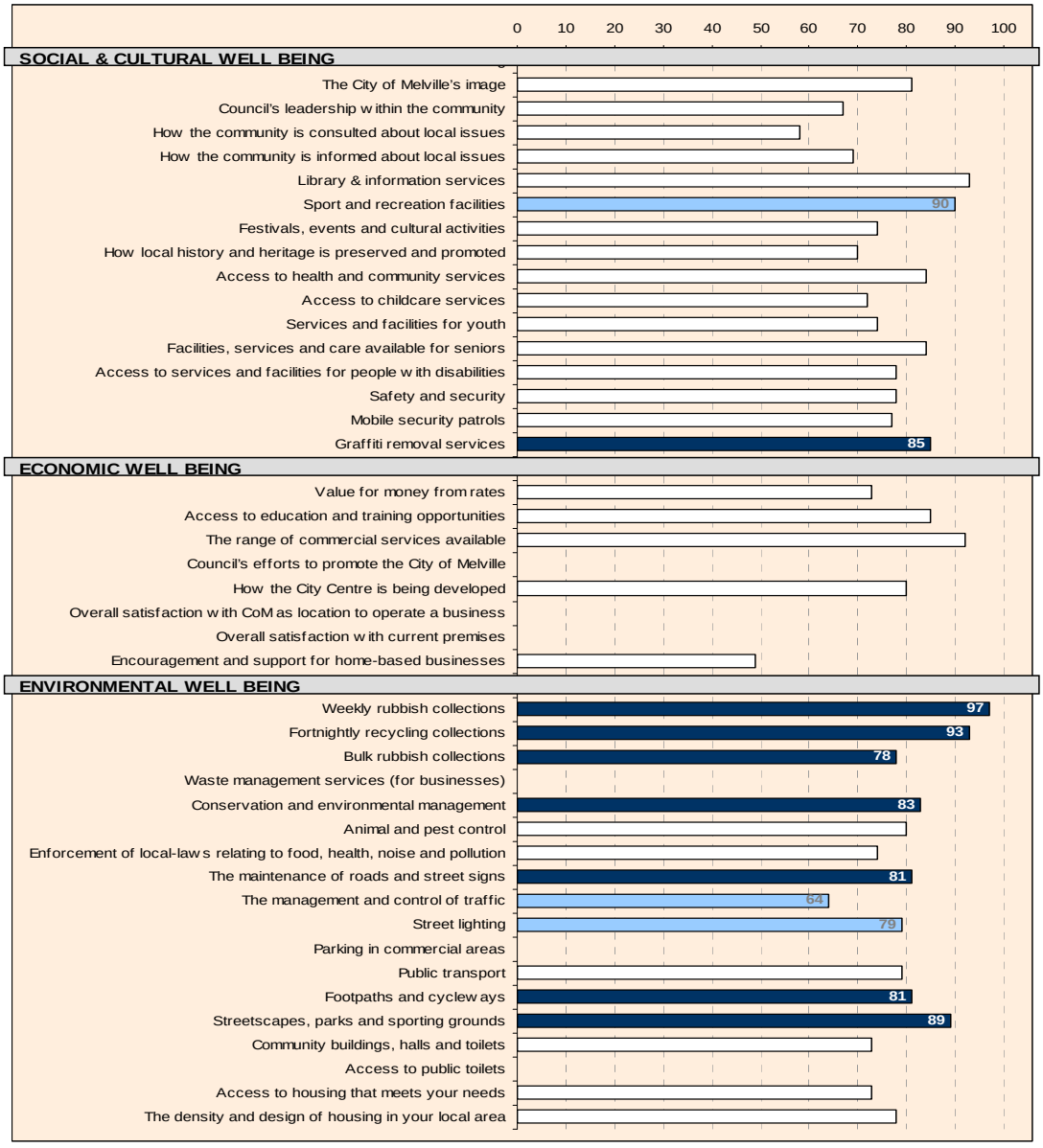


Table 3.1.1 Community Satisfaction Survey Levels

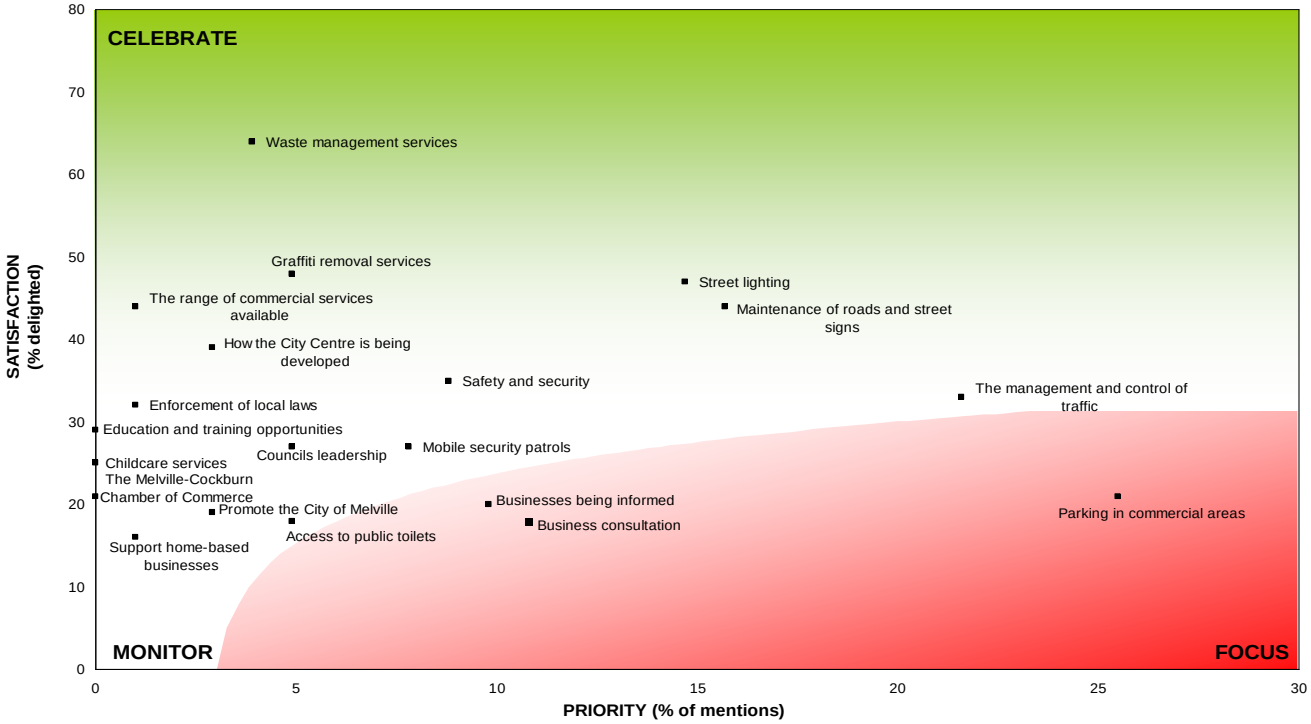


Table 3.1.2 Community Priorities Indicator (Among Residents)

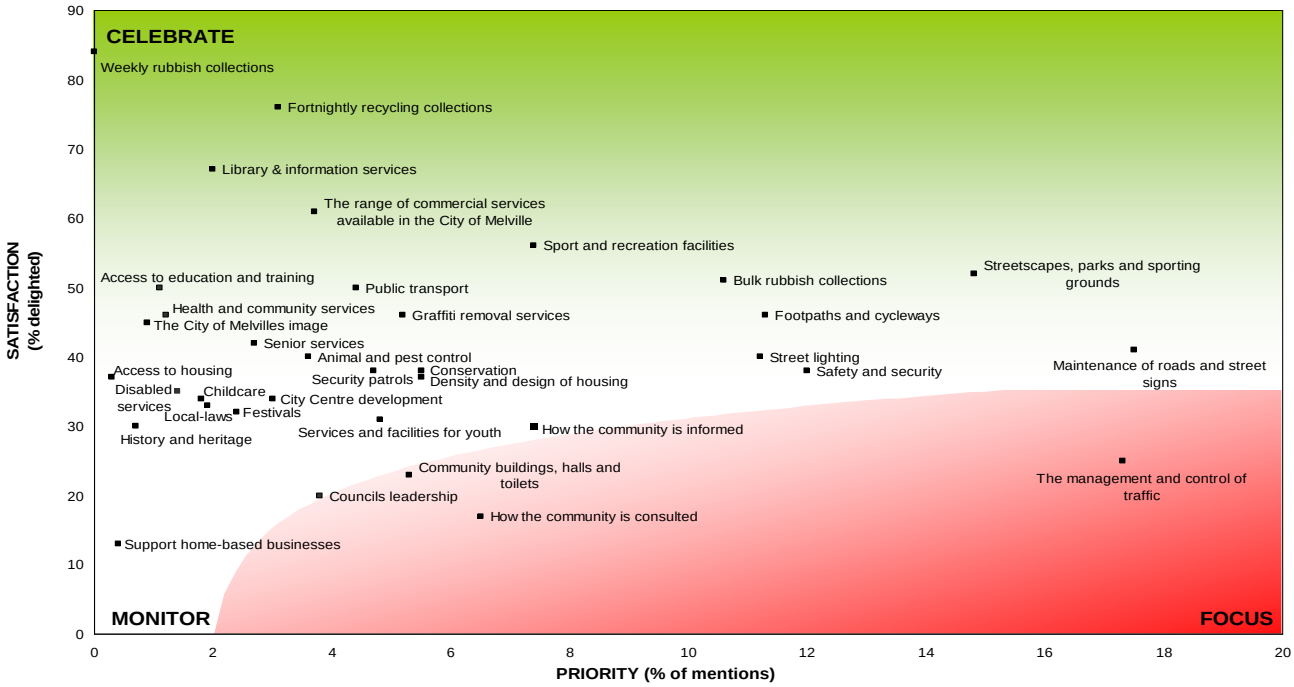


Table 3.1.3 Community Priorities Indicator (Among Businesses)

3.2 Legislative Requirements

The City is required to meet many legislative requirements including Australian and State legislation and State regulations. These include:

Legislation	Requirement
Local Government Act (1995)	Sets out role, purpose, responsibilities and powers of local governments including the preparation of a Long Term Financial Plan supported by BAMPs for sustainable service delivery.
Building Code of Australia (2005)	Construction and building standards for all buildings in Australia.
Aboriginal Heritage Act (1972)	Preservation of the community places and objects used by traditional owners
Aboriginal Heritage Regulations (1974)	Preservation of the community places and objects used by traditional owners
Dangerous Goods Safety Act (2004)	Relates to the safe storage, handling and transport of certain dangerous goods
Health Act (1911)	Relates to the handling and disposal of hazardous materials including asbestos.
Dividing Fences Act (1961)	Local government exemption from 50/50 contribution for dividing fences abutting public open space.
Disability Services Act (1993)	An Act for the establishment of the Disability Services Commission and the Ministerial Advisory Council on Disability, for the progress of principles applicable to people with disabilities, for the funding and provision of services to such people that meet certain objectives, for the resolution of complaints by such people and for related purposes.
Disability Services Regulations (2004)	Current amendments to Disability Services Act (1993)
OSH Act (1984)	The guidelines for employees and employers to undertake within the work environment
OSH Regulations (1996)	The guidelines for employees and employers to undertake within the work environment. Refers to current Australian Standards.

Table 3.2: Legislative Requirements

3.4 Strategic & Corporate Goals

The CoM's Asset Management Policy sets out a broad framework to ensure a coordinated corporate approach to asset management within the organisation.

It also provides clear direction in the provision and management of all COM assets that ensures sustainable outcomes and agreed levels of service for present and future stakeholders. The policy is to assist with the management of infrastructure assets and to deliver infrastructure service that meets community expectations of; time, quality and value for money. Implementation of asset management as an organisational philosophy occurs through the Asset Management Deployment Strategy.

The CoM, like many local government authorities has, until recent years, managed its assets on a day to day basis utilising the in-house technical knowledge retained by key staff members.

Whilst this approach served the organisation and the community well, the CoM now recognises the need to take a more business like and organisation wide approach to asset management and one which involves preparing Asset Management Plans and a Long Term Financial Plan.

Essentially, the corporate goal for building assets is to have a “whole of life cost” approach to the provision and maintenance of assets. The CoM is committed to the implementation of advanced asset management practices to ensure that the asset service levels are met at the optimum lifecycle cost.

3.4 Current Levels of Service

The CoM has defined its current service levels in two ways.

1. Community Levels of Service relate to how the community receives the service in terms of safety, quality, quantity, reliability, responsiveness, cost/efficiency and legislative compliance.

2. Technical Levels of Service supporting the community service levels to ensure that the minimum community levels of service are met. These technical measures relate to service criteria such as:

- Quality: Building condition and facility cleanliness
- Function: Facilities are fit for purpose and accessible
- Safety: Facilities are safe to enter and use

CoM’s current service levels are detailed in Table 3.3.

Key Performance Measure	Level of Service	Performance Measure Process	Performance Target	Current Performance
COMMUNITY LEVELS OF SERVICE				
Quality	Ensure that buildings are clean, inviting, damage and graffiti free with suitable staff (if required) and reflect heritage values where appropriate.	No. of customer complaints, per annum, facility surveys.	<20 complaints per annum	Not currently measured
Function	Ensure that buildings are accessible where required and fully functional	No. of customer complaints per annum, community surveys. facility surveys	<3 complaints per annum	Not currently measured
Safety	Ensure that facilities are well lit, safe to enter and use.	No. of reported incidents, community surveys, facility surveys	0 incidents reported per annum	Not currently measured
TECHNICAL LEVELS OF SERVICE				
Condition	Buildings in good condition (<=3)	Building condition audit (5 yearly) ,building inspection(yearly)	20% (or 30) per year 80% (or 120) per year 80% (by value) <+3	0 (2008) 9 (2008) Not currently measured
	Buildings are cleaned where appropriate	Cleaning inspection schedule	17 Inspections per week	17 Inspections per week
Function	Facilities are fully operational	Reported defects actioned within 3 working days.	100%	100%
	Facilities are accessible where required	DDA compliance	50% within 3 years	45% (2008/09)
Safety	Ensure facilities are safe	No. of reported incidents.	0 incidents reported	Not currently measured

Table 3.3: Current Service Levels

3.5 Desired Levels of Service

At present, indications of desired levels of service are obtained from various sources including the biennial Customer Satisfaction Survey, residents' feedback to Councillors and staff, service requests and correspondence. The CoM has yet to quantify desired levels of service. This will be undertaken in future revisions of this BAMP.

4. FUTURE DEMAND

4.1 Demand Forecast

The City of Melville is located 8 kilometres South West of the Perth CBD, and is bounded in the north by the Swan River, in the east by the Canning River and the City of Canning, in the south by the City of Cockburn, and in the west by the City of Fremantle and the Town of East Fremantle.

The City of Melville is a predominantly residential area, with some industrial and commercial land uses and encompasses a total land area of approx. 52 square kilometres, including approximately 18 kilometres of river foreshore.

Demand factor trends and impacts on service delivery are summarised in Table 4.1.

Demand factor	Present position	Projection	Impact on services
Population	The population as at June 2008 was 99,351	The population in 2031 is projected to be 108,563	Minor impact on services
Demographics	Aged population (over 60) 23%	Increase in aged population to 26.1%	Minor impact on services

Table 4.1: Demand Factors, Projections and Impact on Services

4.2 Changes in Technology

Technology changes are forecast to have little effect on the delivery of services covered by this plan. Those changes related to climate change, energy consumption and water usage are subject to ongoing investigation and review. Significant impacts will be qualified in future revisions of this BAMP.

4.3 Demand Management Plan

Demand for new services will be managed through a combination of managing existing buildings assets, upgrading of existing building assets and providing new building assets. Demand management practices include non-asset solutions such as leasing property rather than owning, insuring against risks and managing failures.

Opportunities identified to date for demand management are shown in Table 4.3. Further opportunities will be developed in future revisions of this BAMP.

Service Activity	Demand Management Plan
Building Maintenance and Upgrades	Upgrades to meet current and changing legislative requirements.
Building Review Plan	Strengthening Communities Project to review current building stocks, utilisation levels and patterns and to recommend rationalisation to accommodate service delivery changes.

Table 4.3: Demand Management Plan Summary

4.4 New Assets from Growth

There are no new building assets required to meet growth. Demand will be met by the management, renewal or upgrading of existing assets. The associated future costs will be identified and considered in developing forecasts of future operating and maintenance costs and included in future revisions of this BAMP.

5. LIFECYCLE MANAGEMENT PLAN

The lifecycle management plan details how the CoM plans to manage and operate the assets at the agreed levels of service (defined in section 3) while optimising life cycle costs.

5.1 Background Data

5.1.1 Physical parameters

The buildings covered by this BAMP are as shown below.

Amenity buildings	16
Civic Buildings	9
Community Buildings	48
Heritage Buildings	19
Recreation Buildings	34
Strategic Buildings	10
TOTAL	**136**

The current building portfolio varies in age from 97 years to 3 years with the average age being 37 years. A number of the buildings were not originally constructed to provide their current service but rather tenants were found for them in preference to disposal.

The building portfolio is generally spread evenly throughout the CoM with a slight preference towards the river foreshore. Current issues which may affect the building asset stock are:

- The shortage of storage space at recreation and community facilities:
- The recently commenced Canning Bridge Precinct Project (master planning exercise)
- The review of Scouting facilities in the area.
- The rationalisation of Child Health Services in the area, and
- The outcomes of the ‘Strengthening Communities’ Project

The age profile of CoM’s building assets is shown below.

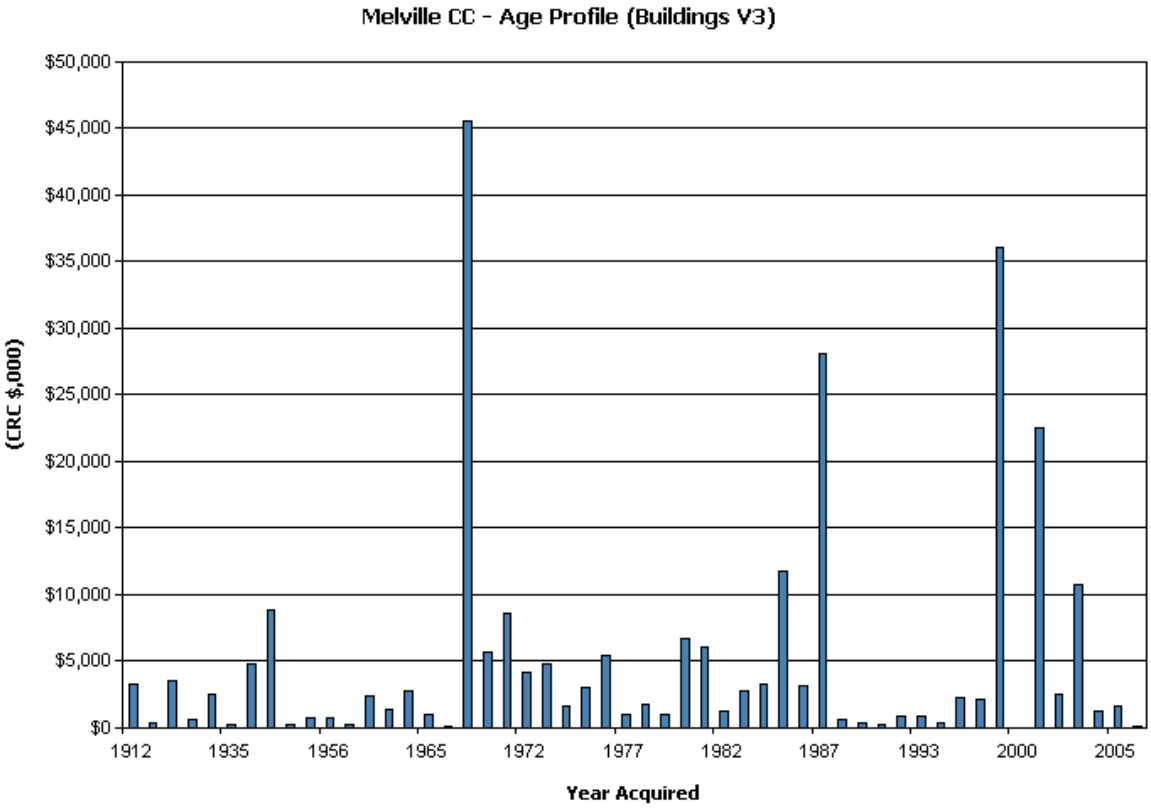


Fig 2: Building Asset Age Profile

The remaining life of building assets assumes that no major refurbishment will occur during this time. In practice, many significant buildings will have their useful lives extended 'indefinitely' by refurbishment or renewal of major components to meet current and changing operational and community needs.

5.1.2 Asset capacity and performance

CoM's building assets are generally provided to meet design service standards where these are available. Locations where there may be deficiencies in service performance have not been identified at5 this stage. This will be included in future revisions of this BAMP.

Asset condition

The condition profile of the COM's building assets is measured using the 1 – 5 rating system outlined below. This system is used to measure the condition of components and subcomponents to arrive at the average condition rating for each building. The aim is to maintain the condition of each building at or above condition 3. The building hierarchy including a target condition level and intervention level is also included below.

1 **Excellent**. As new and structurally sound. No evidence of deterioration, damage or discoloration. Fully functional and fit for purpose. Excellent appearance. No work required.

2 **Good**. Structurally sound. Minor deterioration, discoloration and wear to surfaces. Fully functional and fit for purpose. Good appearance. Few customer concerns. Only minor work required.

3 **Average**. Minor cracking in structural elements. Minor deterioration, discoloration, wear or damage to surfaces. Minor evidence of weatherproof breaches, dampness or mildew. Fittings

generally operational with minor breakages or defects. Functional but occasional restrictions on use. Deterioration affecting appearance. Some customer concerns. Some work required.

4 **Poor.** Building structure functional but signs of significant cracking or distortion. Breaches of weatherproofing evident. Surfaces in need of significant repair or replacement before recoating or painting. Fixtures often inoperable or damaged. Services have limited function with frequent failures. Appearances affected by cracking, staining, overflows or breakages. Regular customer complaints. Some replacement/ rehabilitation needed within 1-2 years.

5 **Failed.** Building has serious problems and the Integrity of structure is questionable, serious cracking, distortion, leakages or breakages compromising operation and/or safety. Coatings badly damaged or non existent. Fittings unsafe or inoperable. Building is generally not fit for purpose or for use by customers. Urgent replacement/ rehabilitation required.

6. **Nonexistent**. Building absent or no longer exists.

Where data from the condition monitoring program indicates changes to the intervention period, the strategic, operational, maintenance, renewal, and financial plans will be updated as appropriate.

The City of Melville Building Hierarchy (or order of importance) is shown below:

5.1.4 Asset valuations

The value of building assets covered by this BAMP as at 30 June 2009 is summarised below. Assets were last re-valued at 30 June 2009 and are undertaken as part of the insurance valuation process. Buildings are valued at 'brown field' rates

Current Replacement Cost	$263,137,000
Depreciated Replacement Cost	$238,644,116
Annual Depreciation Expense (2009/10)	$2,589,075

5.2 Risk Management Plan

An assessment of risks associated with service delivery from building assets has identified critical risks to the CoM. The risk assessment process identifies credible risks, the likelihood of the risk event occurring, the consequences should the event occur, develops a risk rating, evaluates the risk and develops a risk treatment plan for non-acceptable risks. These credible risks, their evaluation and treatment plans are addressed in the Corporate Risk Management Plan which is still in production.

5.3 Routine Maintenance Plan

Routine maintenance is the regular on-going work that is necessary to keep building assets operating, including instances where portions of the asset fail and need immediate repair to make the asset operational again. Many buildings, particularly those associated with sporting clubs, are subject to lease arrangements with varying levels of commitment to maintenance. As such, the expenditure shown is only for the building assets over which the CoM has day to day control.

5.3.1 Maintenance plan

Maintenance includes reactive and planned maintenance work activities.

Reactive maintenance is unplanned repair work carried out in response to service requests and management/supervisory directions.

Planned maintenance is repair work that is identified by statutory requirements, manufacturers maintenance recommendations, condition audits or inspections and includes some cyclic activities.

Inspections to identify any reactive maintenance issues and to monitor the rate of "wear and tear' on building components are carried out on all buildings annually and the results along with any identified maintenance items are recorded directly into the Asset Management System (Archibus).

All maintenance is logged into the Asset Management System (Archibus) as a maintenance request. After assessment and prioritisation undertaken by CoM staff, the request is then converted into a work order which is sent to the appropriate contractor for action. Work history is captured in Archibus and the financial records are captured in the finance system (Finance One).

Possible future integration of the finance and asset management systems would result in a complete history being captured in Archibus.

This process was only introduced for all buildings from 1 July 2009 which means that the current budget was based on a best estimate rather than actual historic information.

Reactive and planned maintenance is currently budgeted for collectively as 'operational expenses.'

Maintenance expenditure levels are considered to be inadequate to meet required service levels. Future revision of this BAMP will include detailed maintenance plans to identify actual maintenance funds required.

5.3.2 Standards and specifications

Maintenance work is carried out in accordance with the following Standards and Specifications.

- Building Code of Australia
- Australian Standards
- Manufacturers requirements for proprietary products.

5.3.3 Summary of future maintenance expenditures

Future maintenance expenditure is forecast to increase as present and new legislative requirements are incorporated into the maintenance plan. The increase will be offset to some extent by a reduction in the level of reactive maintenance due to improved monitoring of the rate of consumption on the building components.

Future maintenance expenditure is shown in Fig 4. and will increase as the size of the portfolio increases due to new works. The graph does not include the expected increase in legislative requirements as this have not been quantified as yet. This will be included in future revisions of this BAMP.

Note that all costs are shown in current 2010 dollar values.

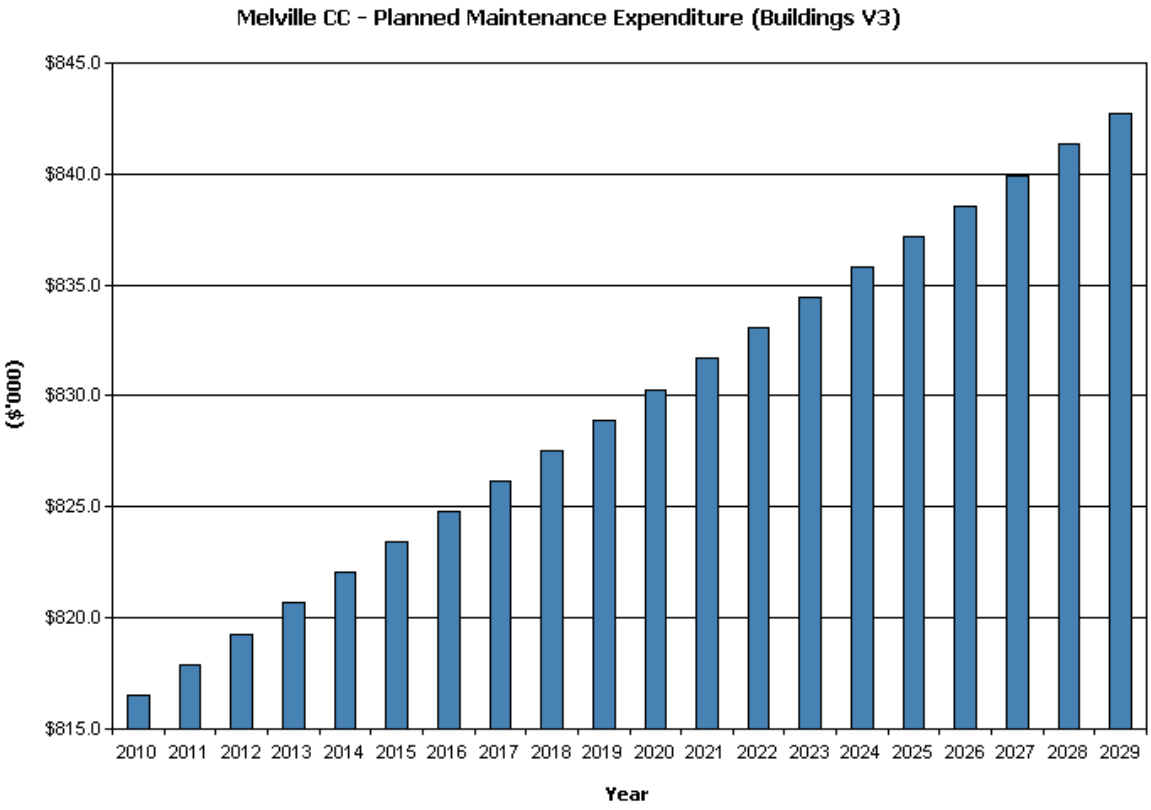


Fig 4: Planned Maintenance Expenditure

Maintenance is funded from the CoM's operating budget and grants where available. This is further discussed in Section 6.2.

5.4 Renewal/Replacement Plan

Renewal expenditure is works which does not increase the building's design capacity but restores, rehabilitates, replaces or renews an existing asset or asset component to its original service potential. Work over and above restoring an asset or asset component to its original service potential is upgrade/expansion or new works expenditure.

Significant buildings will have their useful lives extended 'indefinitely' by refurbishment or renewal of major components to maintain current levels of service.

The intention is to maintain the overall condition of each building at or above condition 3.

5.4.1 Renewal plan

Building assets or their components requiring renewal are identified from condition audits which is carried out at five yearly intervals: that is, 20% of buildings are audited each year. Component condition and estimates of remaining life, risk assessment, and renewal cost obtained are entered directly into the asset management system (Archibus) which can produce short, medium or long term renewal plans. The condition audits, remaining life estimates, and the development of a preliminary renewal estimate is carried out by CoM staff or Consulting Structural Engineers as appropriate.

This program was introduced in 2008 so only a portion of the buildings have been audited to date. As such, the long term renewal plan is based on a combination of a single year's audit, assessments from inspections and condition modelling. Future revisions of this BAMP will better address this.

Proposals are scheduled in the Design Capital Works Program as capital renewal projects or as major "one off" projects in the Long Term Capital Works Program.

Capital Renewal is the renewal or replacement of components which have been identified through the condition audit process as having reached the intervention level (3 or 4) or have failed (level 5) and are therefore due for replacement or renewal and is budgeted for as 'capital expenses'.

The priority ranking criteria is detailed in Table 5.4.1.

Priority	Criteria
1	Building components have failed or have serious identified defects (condition 5) resulting in unacceptable appearance, user comfort or safety. Urgent work required.
2	Building components have identified defects (condition 3 or 4) resulting in restricted performance, appearance, and user comfort. Renewal/refurbishment work required in the medium term.
3	Building components have reached the end of their design life and replacement has been programmed.

Table 5.4.1: Renewal Priority Ranking Criteria

Renewal will be undertaken using low cost renewal methods where practical. The aim of low cost renewals is to restore the service potential or future economic benefits of the asset by renewing the assets at a cost less than replacement cost.

Examples of low cost renewal include refurbishment rather than replacement, recycle instead of new and the use of low cost materials.

5.4.2 Renewal standards

Renewal work is carried out in carried out in accordance with the following Standards and Specifications.

- Building Code of Australia
- Australian Standards
- Manufacturers' requirements for proprietary products.

5.4.3 Summary of future renewal expenditure

Projected future planned renewal expenditures are forecast to increase over time as the asset stock ages however this is not evident in Fig 5 as a full condition audit cycle has not been completed as yet. .

It is also unlikely that all projected building renewals will occur as some of the buildings included in the projected renewals in Fig 5 have been identified as 'at risk' in the Strengthening Communities Project and their future is undecided.

Note that all costs are shown in current 2010 dollar values.

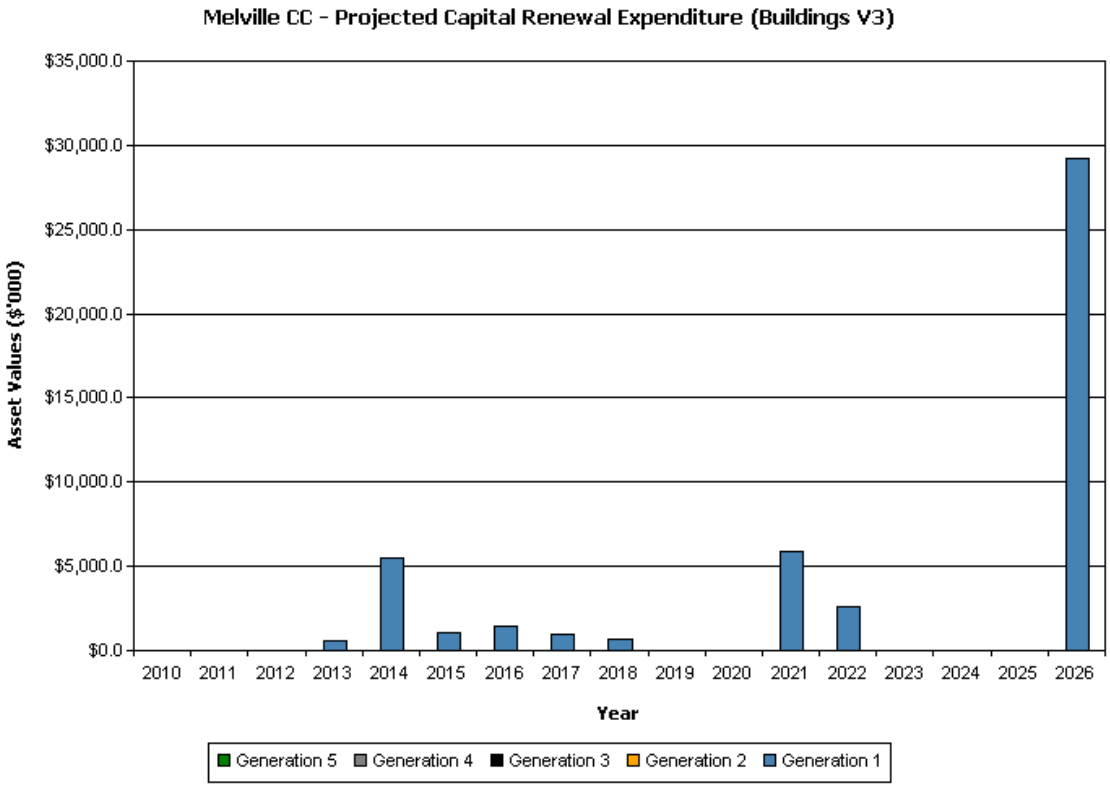


Fig 5. Projected Capital Renewal Expenditure

Deferred renewal is those assets identified for renewal and not scheduled for renewal in capital works programs and should be included in the risk assessment process in the risk management plan.

Renewals are to be funded from CoM's municipal funds, borrowings, and grants where available. This is further discussed in Section 6.2.

5.5 Creation/Acquisition/Upgrade Plan

New works are those works that create a new building asset that did not previously exist, or works which upgrade or improve an existing building asset beyond its existing capacity. They may result from growth, social or environmental needs or evolve from a review of CoM services. Assets may also be acquired at

no cost to the CoM from land development or abandonment of owned facilities on CoM land. There are several building assets CoM land that are owned by the lessees. However, there is no plan for their acquisition should they be abandoned. A Creation/Acquisition/Upgrade Plan will be developed in future revisions of this BAMP. New building assets from growth are considered in Section 4.4.

5.5.1 Selection criteria

New assets and upgrade/expansion of existing assets are identified from various sources such as Elected Member or community requests, proposals identified by strategic plans or partnerships with other organisations.

Candidate proposals must follow the Project Management Process and progress through the Project Development phase before a decision to invest is considered. The decision to invest includes the executive-led process of prioritising the worthwhile projects, and maximising what can be delivered within the Long Term Financial Plan. The competing business cases should be prioritised to ensure that the projects with the greatest impact and the best value are selected for investment at the optimal time. After prioritisation and funding has been approved, the project can be scheduled in the appropriate Capital Works Programme.

5.5.2 Standards and specifications

Standards and specifications for new building assets and for upgrade/expansion of existing building assets are the same as those for renewal shown in Section 5.4.2.

5.5.3 Summary of future upgrade/new assets expenditure

Planned upgrade/new building asset expenditures are summarised in Fig 6.

Note that the graph is based on the proposed upgrade/new capital works to be carried out in the first year of this BAMP and estimates for future years. Year1 includes funding for the proposed Melville Aquatic extension. A more extensive programme with updated graphs will be included in future revisions of this BAMP.

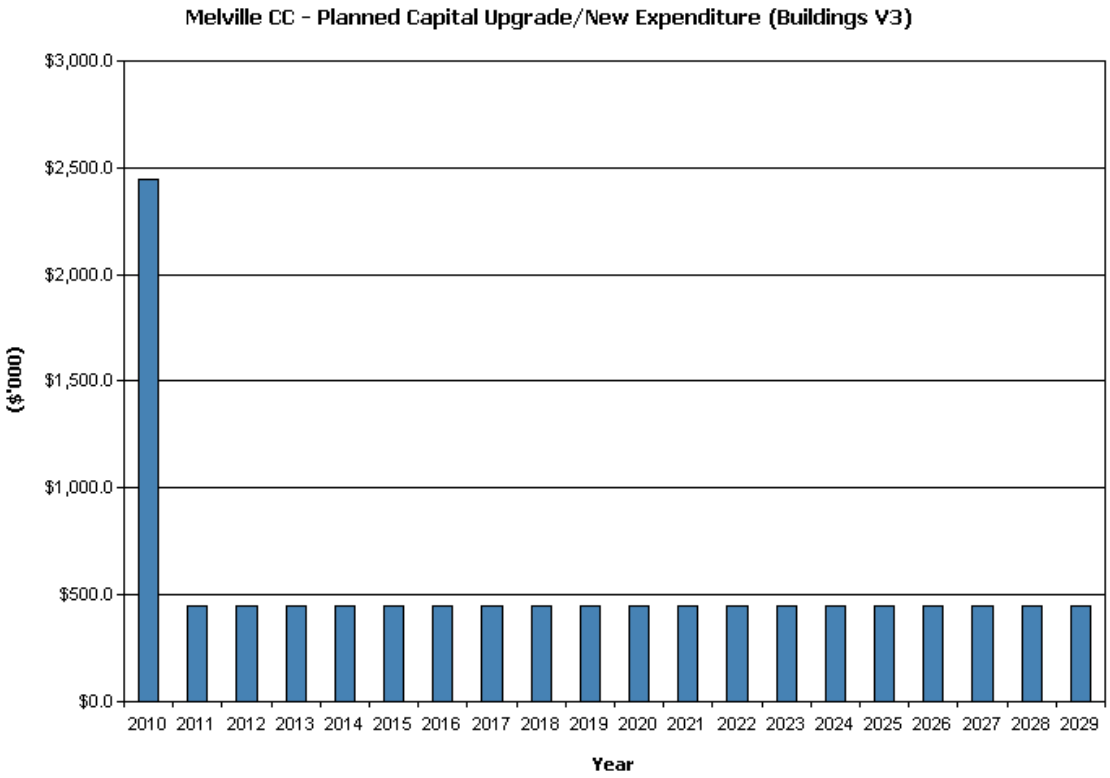


Fig 6: Planned Capital Upgrade/New Asset Expenditure

New building assets and services are to be funded from CoM's municipal funds, reserves, borrowings, and grants where available. This is further discussed in Section 6.2.

5.6 Disposal Plan

Disposal includes any activity associated with disposal of a decommissioned asset including sale, demolition or relocation. Currently there is no disposal plan in place for building assets. Decommissioning and demolition is carried out on an ad-hoc basis.

A Disposal Plan including cash flow projections from asset disposals will be developed in future revisions of this BAMP.

6. FINANCIAL SUMMARY

This section contains the financial requirements resulting from all the information presented in the previous sections of this BAMP. The financial projections will be improved as further information on desired levels of service and current and projected future asset performance becomes available.

6.1 Financial Statements and Projections

The financial projections are shown in Fig 7 for planned operating (operations and maintenance) and capital expenditure (renewal and upgrade/expansion/new assets).

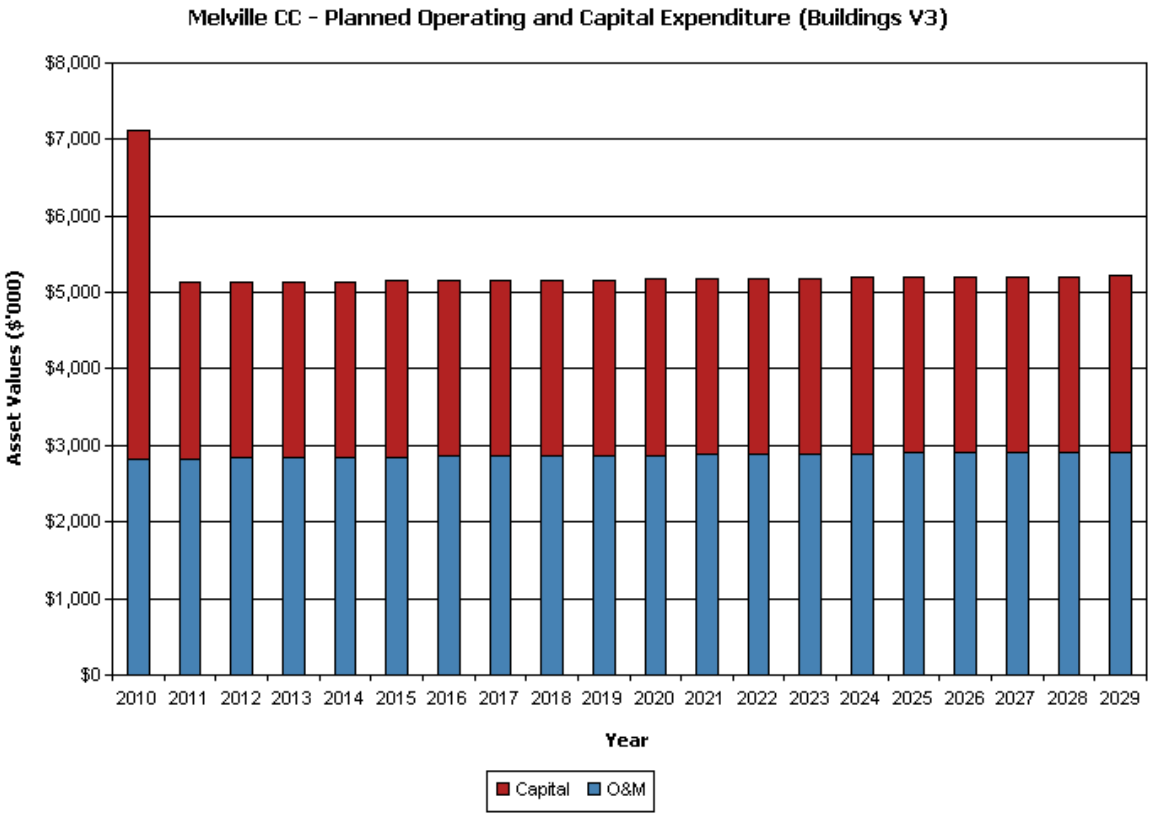


Fig 7: Planned Operating and Capital Expenditure

Note that all costs are shown in current 2010 dollar values.

6.1.1 Sustainability of service delivery

There are two key indicators for financial sustainability that have been considered in the analysis of the services provided by this asset category. These are long term life cycle costs and medium term costs over the 10 year financial planning period.

Long term - Life Cycle Cost

Life cycle costs (or whole of life costs) are the average costs that are required to sustain the service levels over the longest asset life. Life cycle costs include maintenance ($809,000) and asset consumption (depreciation expense of $2,589,075). The annual average life cycle cost for the services covered in this BAMP is $3,398,075.

Life cycle costs can be compared to life cycle expenditure to give an indicator of sustainability in service provision. Life cycle expenditure includes maintenance ($809,000) plus capital renewal expenditure ($1,849,000). Life cycle expenditure will vary depending on the timing of asset renewals. The life cycle expenditure at the commencement of the plan is $2,658,000.

A gap between life cycle costs and life cycle expenditure gives an indication as to whether present consumers are paying their share of the assets they are consuming each year. The purpose of this BAMP is to identify levels of service that the community needs and can afford and develop the necessary long Term financial Plans to provide the service in a sustainable manner.

The life cycle gap for services covered by this BAMP is $740,075 per annum. This is different to the renewal gap identified as this figure considers depreciation rather than required renewal.

The life cycle sustainability index is life cycle cost/life cycle expenditure (= 2,658,000 / 3,398,000) = 78%

This indicates that the life cycle of buildings assets is reasonably sustainable although spending does need to increase marginally.

Medium term – 10 year financial planning period

This BAMP identifies the estimated maintenance and capital expenditures required to provide an agreed level of service to the community over a 20 year period. This may be compared to existing or planned expenditures in the 20 year period to identify any funding gap.

Fig 8 shows the projected asset renewals in the 20 year planning period. The projected asset renewals are compared to planned renewal expenditure in the capital works program and capital renewal expenditure in year 1 of the planning period as shown in Fig 8.

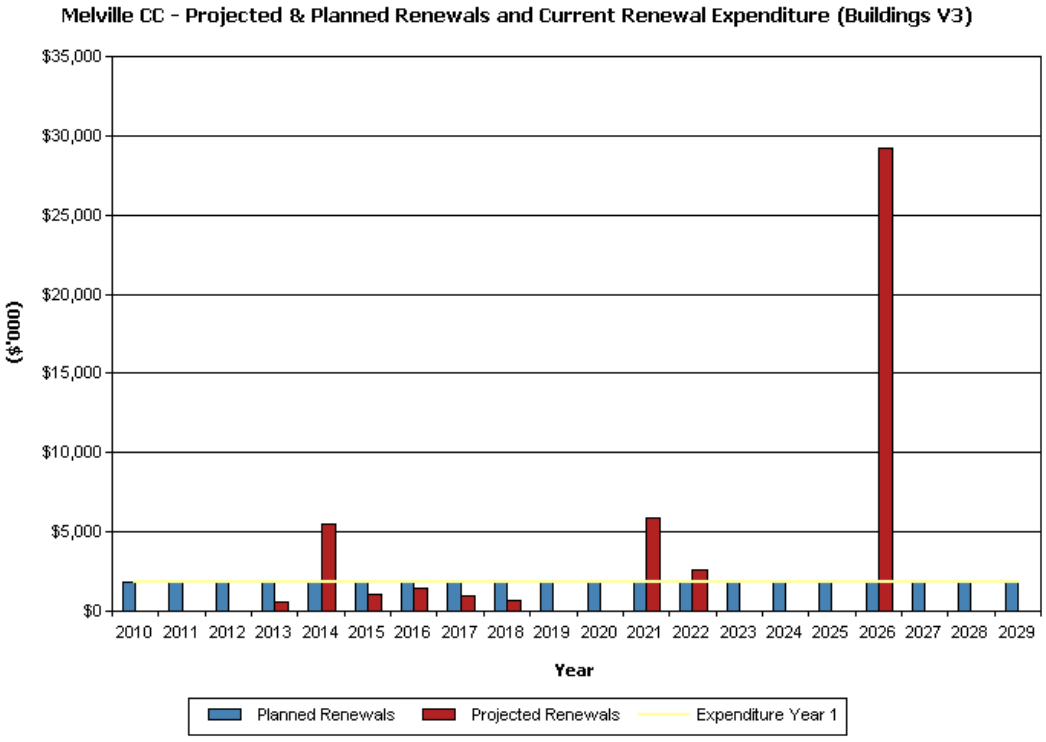


Fig 8. Projected and Planned Renewals and Current Renewal Expenditure

Table 6.1.1 below compares the projected renewals with the current budgeted 'planned' renewals. It also identifies the renewal gap if current expenditure continues.

Year	Projected Renewals	Planned Renewals	Renewal Funding Gap	Cumulative Gap
2010	$0.00	$1,849.00	-$1,849.00	-$1,849.00
2011	$0.00	$1,849.00	-$1,849.00	-$3,698.00
2012	$0.00	$1,84 9.00	-$1,849.00	-$5,547.00
2013	$552.00	$1,849.00	-$1,297.00	-$6,844.00
2014	$5,500.00	$1,849.00	$3,651.00	-$3,193.00
2015	$1,100.00	$1,849.00	-$749.00	-$3,942.00
2016	$1,415.00	$1,849.00	-$434.00	-$4,376.00
2017	$960.00	$1,849.00	-$889.00	-$5,265.00
2018	$700.00	$1,849.00	-$1,149.00	-$6,414.00
2019	$0.00	$1,849.00	-$1,849.00	-$8,263.00
2020	$0.00	$1,849.00	-$1,849.00	-$10,112.00
2021	$5,890.00	$1,849.00	$4,041.00	-$6,071.00
2022	$2,600.00	$1,849.00	$751.00	-$5,320.00
2023	$0.00	$1,849.00	-$1,849.00	-$7,169.00
2024	$0.00	$1,849.00	-$1,849.00	-$9,018.00
2025	$0.00	$1,849.00	-$1,849.00	-$10,867.00
2026	$29,192.00	$1,849.00	$27,343.00	$16,476.00
2027	$0.00	$1,849.00	-$1,849.00	$14,627.00
2028	$0.00	$1,849.00	-$1,849.00	$12,778.00
2029	$0.00	$1,849.00	-$1,849.00	$10,929.00

Table 6.1.1 Projected and Planned Renewals and Expenditure Gap

This renewal funding gap is estimated to accumulate to $10.9 million after 20 years. Due to the simplicity of the model used, the renewal requirement has been averaged at $2.395 million indicating an annual gap of $0.546 million.

Providing services in a sustainable manner will require balancing of projected building renewals to meet agreed service levels with planned capital works programs and available revenue.

A gap between projected building renewals, planned building renewals and funding indicates that further work is required to manage required service levels and funding to eliminate this funding gap.

CoM will manage the 'gap' by developing this BAMP to provide guidance on future service levels and resources required to provide these services, by developing a more comprehensive long term renewal plan as more audit information is processed and the development of a disposal/rationalisation plan following current internal asset reviews.

CoM's long term financial plan covers the 20 year planning period. The total maintenance ($8,209,000) and capital renewal expenditure ($18,490,000) required over the 10 years is $26,699,000.

This is an average expenditure of $2,669,900.

Estimated maintenance and capital renewal expenditure in year 1 is $2,658,000.

The 10 year sustainability index is lifecycle Exp year 1 /planned lifecycle costs (10 year average)

= 2,658,000 / 2,669,900 = 100%

This tends to indicate that this level of funding is sustainable over the 10 year period.

6.2 Funding Strategy

Projected expenditure identified in Section 6.1 is to be funded from CoM's operating and capital budgets. The funding strategy is detailed in the CoM's 20 Year Long Term Financial Plan.

6.3 Valuation Forecasts

Asset values are forecast to increase as additional buildings are added to the asset stock from construction and acquisition by the CoM and from assets constructed by land developers and others and donated to the CoM. Fig 9 shows the projected replacement values over the planning period in current 2010 dollar values.

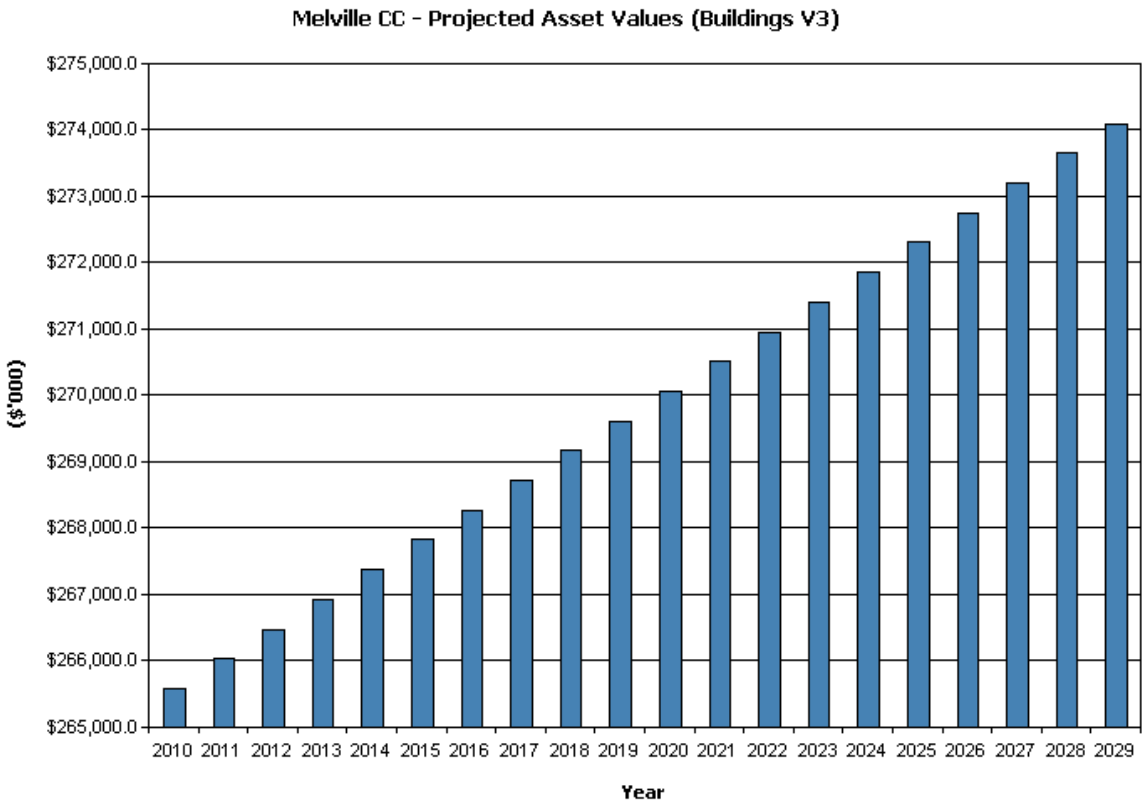


Fig 9. Projected Asset Values

Depreciation expense values are forecast in line with asset values as shown in Fig 10

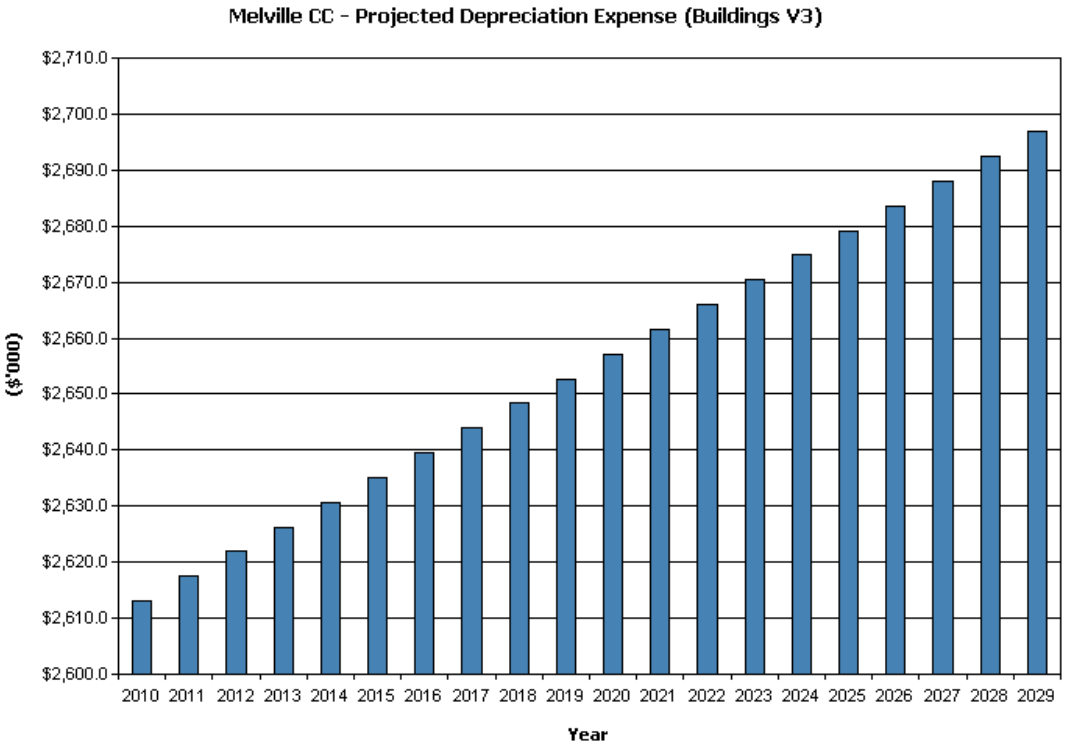


Fig 10. Projected Depreciation Expense

The depreciated replacement cost (current replacement cost less accumulated depreciation) will vary over the forecast period depending on the rates of addition of new buildings, disposal of buildings and consumption and renewal of existing buildings. Forecast of the buildings' depreciated replacement cost is shown in Fig 11.

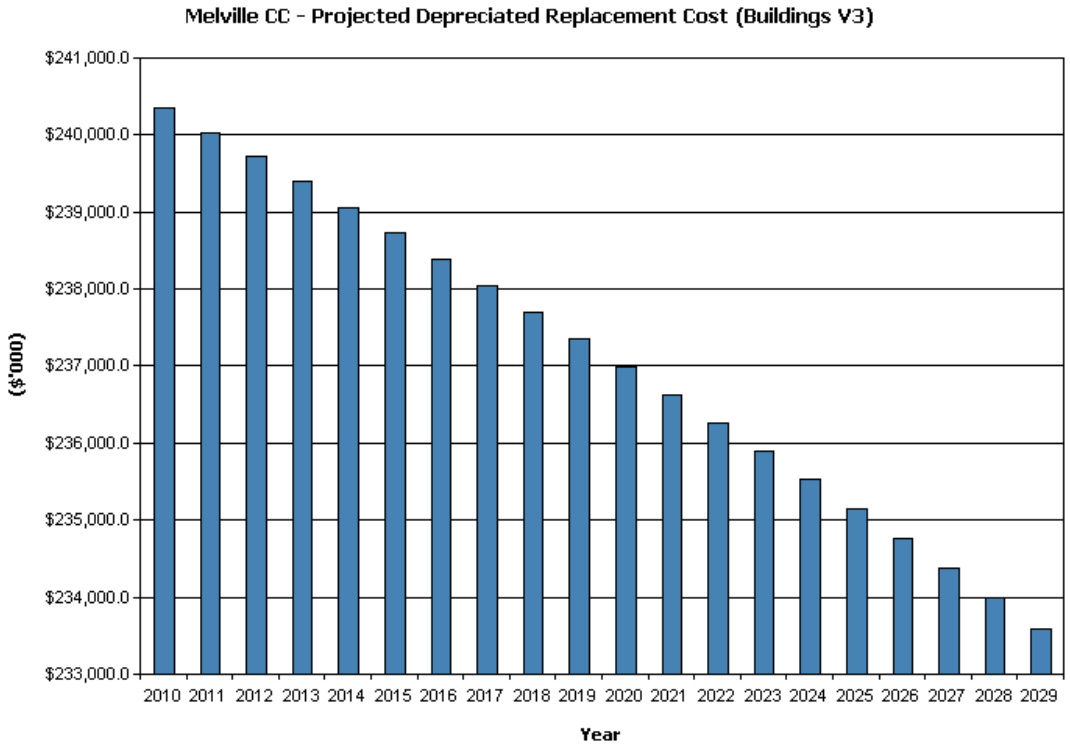


Fig 11: Projected Depreciated Replacement Cost

6.4 Key Assumptions made in Financial Forecasts

This section details the key assumptions made in presenting the information contained in this BAMP and in preparing forecasts of required operating and capital expenditure, building values and depreciation expense. It is presented to enable readers to gain an understanding of the levels of confidence in the data behind the financial forecasts.

Key assumptions made in this BAMP are:

- Financial data obtained is accurate
- Interpretation of the guidelines are correct
- Information is based on current knowledge only. The anticipated results of current surveys or reviews or their impact on future projections has not been considered.
- This is the current position of asset management in the City of Melville and represents the starting point of the asset management journey.

Improvements that will increase the City's knowledge of building assets are included the Improvement Plan in section 8.2

7. ASSET MANAGEMENT PRACTICES

7.1 Accounting/Financial Systems

The current financial package is 'Finance One'

Accountabilities for the finance system reside with the Finance Manager

Australian Accounting Standards must be complied with.
City of Melville Financial Sustainability – Forward Financial Planning and Funding Allocation Policy (Policy No. 13-PL-001).
City of Melville Borrowings and Asset Financial Policy (Policy No. 13-006).
City of Melville Accounting Policy (Policy No. 13-PL-007).

The capitalisation threshold for buildings is $1000 which is very low.

Changes to the accounting/financial system resulting from this BAMP are included in section 8.2 Improvement Plan

7.2 Asset Management Systems

The asset management system, (Archibus) is the central source for all the building information. This system has the capability to manage all of the planned and reactive maintenance of the building assets and produce reports on demand to provide the City of Melville with the management information required to make informed decisions for the life cycle of the building assets. The Archibus system has not been developed to this level as yet and additional resources are required to update and keep current the database information to provide meaningful information and reports.

All planned and reactive maintenance work issued through the asset management system is captured in the finance system. The planned and reactive maintenance work not issued through the asset management system is issued through and captured by the finance system. In summary, all financial transactions are captured by the finance system but not in the asset management system. The link between the financial and asset management systems is one way at present which means that the financial information stored in Archibus is not complete.

Changes to the asset management system resulting from this BAMP are included in section 8.2 Improvement Plan.

7.3 Information Flow Requirements and Processes

The key information flows *into* this BAMP are:

- The asset register data on size, age, value, remaining life of the network;
- The unit rates for categories of work/material;
- The adopted service levels;
- Projections of various factors affecting future demand for services;
- Correlations between maintenance and renewal, including decay models;
- Data on new assets acquired by the City

The key information flows *from* this BAMP are:

- The planned Works Program;
- The resulting budget, valuation and depreciation projections;
- The useful life analysis.

- Tasks for inclusion in the Improvement Plan.

These will impact the Long Term Financial Plan, Strategic Business Plan, annual budget and departmental business plans and budgets.

The key information flows *from* the asset management to the financial systems are:

- Work order details and costs.

7.4 Standards and Guidelines

The following asset management policies, procedures and references were used in the preparation of this plan:

IPWEA, 2006, 'International Infrastructure Management Manual', Institute of Public Works Engineering Australia, Sydney, www.ipwea.org.au

IPWEA NAMS.PLUS Asset Management 2009

City of Melville Asset Management Policy (Policy No. 13-PL-008)

City of Melville Asset Management Deployment Strategy

The City of Melville's Plan for the Future (2008-2012)

City of Melville Financial Sustainability – Forward Financial Planning and Funding Allocation Policy (Policy No. 13-PL-001)

City of Melville Borrowings and Asset Financial Policy (Policy No. 13-PL-006)

City of Melville Accounting Policy (Policy No. 13-PL-007)

City of Melville Strategic Financial Plan – The City's Long Term Financial Plan which outlines all aspects of the key financial strategy objectives and commitments and how future expenditure needs will be funded.

8. PLAN IMPROVEMENT AND MONITORING

8.1 Performance Measures

The effectiveness of the BAMP can be measured in the following ways:

- The degree to which the required cash flows identified in this BAMP are incorporated into council's long term financial plan and Strategic Management Plan;
- The degree to which 1-5 year detailed works programs, budgets, business plans and organisational structures take into account the 'global' works program trends provided by the BAMP;

8.2 Improvement Plan

The asset management improvement plan generated from this BAMP is shown in Table 8.2.

Task No	Task	Responsibility	Resources Required	Timeline
1.	Establish an Asset Management Working Group (AMWG) to ensure a corporate approach to asset management	Manager Asset Management	Staff	April 2010
2.	Investigate integrating the finance and asset management systems	Manager Asset Management	Staff	July 2010
3.	Update and maintain all building data in the AM system	Coordinator Facilities and Assets	Staff	Ongoing
4.	Review financial data and processes, particularly those relating to asset valuations and depreciation	Manager Finance/Manager Asset Management	Staff	December 2010
5.	Ensure the financial (Finance 1) and operational (Archibus) asset registers reflect the same building inventory	Coordinator Facilities and Assets	Staff	December 2010
6.	Set performance targets and implement recording processes for levels of service	Coordinator Facilities and Assets	Staff	July 2010
7.	Quantify desired levels of service	Coordinator Facilities and Assets/AMWG	Staff	July 2011
8	Identify and quantify all building legislative requirements	Coordinator Facilities and Assets	Staff	June 2011
9	Continue to develop the Long Term Financial Plan for buildings to reflect creations, acquisitions, renewals, upgrades and disposals	AMWG	Staff	July 2010
10	Increase renewal spending on building infrastructure to approximately $2.4	Council	Staff	July 2010

	million per annum, with transfers to reserve of any unexpended funds			

Table 8.2 Improvement Plan

8.3 Monitoring and Review Procedures

This BAMP will be reviewed during annual budget preparation and amended to recognise any changes in service levels and/or resources available to provide those services as a result of the budget decision process. The financial figures will be updated annually.

The Plan has a life of 4 years and is due for revision and updating within 2 years of each Council election.

REFERENCES

The City of Melville's plan for the future (2008-2012),

City of Melville Asset Management Deployment Strategy,

City of Melville, 'Budget,

City of Melville, 'Community Plan,

City of Melville, Community Wellbeing Survey,

City of Melville, 'Long Term Financial Plan,

City of Melville, 'Policies;

- 04-PL-002 Property Retention and Disposal,
- 13-PL-001 Financial Sustainability- Forward Financial Planning and Funding Allocation,
- 13-PL-006 Borrowings and Asset Financial Policy
- 13-Pl-007 Accounting Policy,
- 13-PL-008 Asset Management,
- 26-PL-001 Risk Management,
- 26-PL-002 Occupational Safety and Health,
- 28-PL-005 Community Concept Plan,

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IPWEA, 2006, 'International Infrastructure Management Manual', Institute of Public Works Engineering Australia, Sydney, www.ipwea.org.au