



# 2022-2027 Plant and Fleet

## Asset Management Plan

**Coorong District Council**

RECORD

15 March 2022

## Document History and Status

Version	Description	Author	Approved	Date
1.0	DRAFT 2022-27 Plant and Fleet Asset Management Plan for consultation	MJ		
2.0	DRAFT 2022-27 Plant and Fleet Asset Management Plan for endorsement by Audit & Risk Committee	MJ		
3.0	2022-27 Plant and Fleet Asset Management Plan for adoption by Council.	MJ	ADOPTED	15 March 2022
3.1	2022-27 Plant and Fleet Asset Management Plan for adoption by Council with minor changes to include environmental impact, operational cost (fuel) and lease/hire/purchase options	MJ	MJ	2 May 2022

- NB: 1. Primary number changes to Versions (e.g. V1.00 to V2.00) will be made when the document undergoes its regular review and when significant changes are made to standards and guidelines for inspections, intervention levels or work
2. Secondary number changes (V1.00 to V1.01) will apply to minor amendments that do not materially impact the document and are intended only to clarify or update issues.



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# 1 INTRODUCTION

The Coorong District Council manages an extensive range of infrastructure including a road network encompassing almost 2,000km of sealed and unsealed roads, and vast range of buildings and community facilities, Stormwater, Waste Supply and Community Wastewater Management Schemes (Sewer).

To enable Council's staff to effectively manage and maintain the vast range of infrastructure under its care and control, it is imperative that they have the correct plant and fleet assets, in sound condition at its disposal.

The intent of the 2022-2027 Plant and Fleet Asset Management Plan is to provide for the responsive management of plant and fleet assets through effective and adaptive processes aligned to safety, efficiency, compliance and regulatory requirements.

This plan will specifically address the changing needs of the community, the shift in technology and construction techniques, consider the operating model required to efficiently deliver services, and inform Council's future plant and fleet requirements.

New technology, improved construction and maintenance methodologies, and the changing landscape of the Coorong District Council and its community will drive Council's Plant and Fleet Asset Management Plan from a traditional "like for like" renewal model to a "fir for purpose" model where innovation and efficiency is the focus.


## 1.1 Strategic Intent

In March 2021 the Coorong District Council launched its 2021-2025 Community Vision Plan. This plan sets the direction for Council work over a four-year period and provides the framework for how Council will meet its legislative requirements and achieve balanced, effective outcomes for the community.

The 2022-2027 Plant and Fleet Asset Management Plan aligns with the Community Vision Plan and considers the communities long-term visions, values, aspirations, and priorities.

Council's Community Vision Plan focuses on five (5) key themes:

- Economy
- Infrastructure
- Community
- Environment
- Leadership



Plant and Fleet plays a significant role as an enabler in the delivery of service and provision of infrastructure for the community. It is Council's goal to ensure its plant and fleet is managed in a manner that is fit for purpose, aligned to operational delivery model, is adaptable, safe, and is financially responsible.

A component of the Plant and Fleet Asset Management Plan is to address the renewal backlog that currently exists within Council's plant and fleet inventory. Historically, plant and fleet has not been renewed at a rate that matches the level of utilisation, resulting in several items reaching and passing the end of their useful life, being fully depreciated and retained by Council with little resale value in the open market.

Over a five year period, the goal of this Asset Management Plan is to:

- Eliminate plant and fleet renewal backlog.
- Transition plant and fleet inventory to match Council operating model.
- Create flexibility to address changing technology and operational methodologies.
- Address surplus plant and fleet and utilise gain of sale to fund new plant and fleet.
- Develop cost-effective models for the long-term management of plant and fleet.
- Provide a defined level of service and monitoring performance.
- Manage risks associated with asset failures, poor utilisation and items not fit for purpose
- Utilise technology improvement to minimise environmental impact

## 2 STAKEHOLDERS

The 2022-2027 Plant and Fleet Asset Management Plan has several key stakeholder groups, and it is critical that each of these groups understand the role they have in the management of each asset class under Council care and control.

The Coorong District Council has an organisational structure consisting of four (4) levels with the overarching level, the community, represented by the Mayor and Elected Members.

Each level within the organisations structure plays a critical role in the successful management of Council’s Plant and Fleet. Roles range from the Elected Body setting Council’s the strategic direction which guides the development of operational models.

Table 1 details the key stakeholder groups that have an interest in the management and use of the Plant and Fleet assets and the functional roles each perform

Stakeholder Group	Asset Management Functions
The Community	Set long term vision in line with the 2021-25 Community Vision Plan
Elected Members	Setting high-level direction through the development and endorsement of asset management principles in the Community Strategic Plan.
Executive Management	<p>Endorse the development of asset management plans and provide the resources required to complete this task.</p> <p>Set high-level priorities for asset management development in Council and raise the awareness of this function among Council staff and contractors.</p> <p>Support asset management principals in driving budget development and Councils Long Term Financial Plan</p>
Senior Leadership & Coordinator	<p>Provide strategic information to Executive Management regarding the management of Councils assets.</p> <p>Undertake financial analysis to support the development of Council annual budget and Long-Term Financial Plan.</p> <p>Lead change by developing and implementing efficient operating models that meet the changing needs of the community</p>

Stakeholder Group	Asset Management Functions
Council Officers and Operations Staff	<p>Provide detailed knowledge on all assets</p> <p>Analyse and manipulate asset data to provide recommendation regarding the management of asset.</p> <p>Managing the Asset Register and ensuring the asset valuations are accurate.</p> <p>Preparation of asset sustainability and financial reports incorporating asset depreciation in compliance with current Australian Accounting Standards.</p>

Table 1: Stakeholder Asset Management Functions

### 3 PLAN FRAMEWORK


The key elements of this Asset Management Plan are:

- **Levels of service** – specifies the attributes Council’s Plant and Fleet are measured against in providing core service to the community and what is deemed acceptable.
- **Future demand** – how the changing landscape will impact on the decisions Council will need to make regarding the make-up of its plant and fleet inventory. This will relate to the provision of future service delivery and how these services will be met.
- **Life cycle management** – relates to how Council will manage its existing and future assets to provide the required services.
- **Financial summary** – Details the levels of funding required to support the most efficient and economical life cycle management of Council’s plant and fleet inventory to meet both internal and external customer requirements.
- **Monitoring** – how the Asset Management Plan will be monitored to ensure it is meeting Council’s management of plant and fleet.

#### 3.1 Level of Services

The provision of reliable, fit for purpose and efficient plant and fleet is a key element in the provision of services which meet or exceed, the expectation of the Community.

While provision of plant and fleet is not a direct service the community utilises, the result of what Council’s plant and fleet provides, does have a direct impact on the Community and is therefore critical that, the “customer” can see value in how Council manages its Plant and Fleet.



The Coorong District Council has a broad and varied range of customers who perceive the management of plant and fleet in terms of:

- Safety
- Quality & Reliability
- Quantity
- Responsiveness
- Cost, value and efficiency
- Legislative compliance

The community expects that services are delivered on time and on budget, displays value, are environmentally sustainable, and are undertaken in a safe and efficient manner. Plant and Fleet that is not fit for purpose, inadequate, unreliable resulting in down time, or is unsafe, can significantly affect the provision of service resulting in a poor reflection on Council competence.

## 3.2 Current Levels of Service

The 'level of service' is the defined service quality for a particular activity or service area against which service performance is measured. Level of Service provides the basis for the life cycle management strategies and works programme identified within the Asset Management Plan.

Two forms dictate Levels of Service - Community Levels of Service and Technical Levels of Service.

### 3.2.1 Community Levels of Service

Community Levels of Service relate to the service outcomes that the community wants in terms of safety, quality, quantity, reliability, responsiveness, cost effectiveness and legislative compliance.

Community Levels of Service measures used in this Asset Management Plan are:

- **Quality** - How good is the service provided by Council staff and the equipment used?
- **Function** – Does service meet the users' (communities) needs?
- **Capacity or Utilisation** – Is the asset sustainable, can it deliver on its intended purpose, is it being used to its full potential?
- **Safety** – Is the service provided in a safe manner and does the equipment being used pose a risk?



## 3.2.2. Technical Levels of Service

Detailed Technical Levels of Service are required to assess performance on a day-to-day basis and guide decision making and workflows. The prime objective in setting the Technical Levels of Service is to set targets that will lead to achieving the desired Community based Service Levels.

Technical Levels of Service measures are linked to annual budgets covering:

- **Fit for Purpose** – Is the Plant/Fleet item performing the task it is designed to undertake?
- **Condition** – Is Plant/Fleet item in good working order?
- **Operation Expense** – Is the Plant/Fleet item cost effective and efficient?
- **Utilisation** – Is the Plant/Fleet item standing idle for a substantial period of time (daily/monthly/annually)?
- **Maintenance Expense** - Does the Plant/Fleet item attract unreasonable levels of maintenance?
- **Plant Renewal/Sale** – Has the Plant/Fleet item reached the end of its useful life (age) and represent value through its disposal (sale/trade)

A detailed Level of Service Matrix is provided in Table 4

Level of Service Objective	Performance Measure Process	Current Level of Service	Desired Level of Service
Fit for purpose (Function)	Consultation with operators over renewal options and timeframes	I&A Leadership make recommendations regarding the purchase of new equipment	Consultation with operators over renewal options and timeframes 100% off time
	Plant items are being used for their intended purpose and do not exceed operating guidelines	Not formally measured, all staff are trained in Safe Operating Procedures	100% of staff who operate plant are formally trained in plant and fleet SOP's and deemed competent
	Plant and Fleet is procured in accordance with operating models and consultation with end users is undertaken	Plant and fleet asset management has historically been renewed based on a like for like model	I&A committee consult with end users and develop fit for purpose recommendations based on operational models aligned to service levels.
	Plant items used are best practice items, using latest technology available	Plant and fleet asset management has historically been renewed based on a like for like model	I&A committee consult with end users and develop fit for purpose recommendations based on operational models aligned to service levels.
Condition (Quality)	Plant is in good working order, deemed safe and is in clean and tidy condition	Prestart inspection is undertaken on each Plant and Fleet item at the commencement of each shift	Plant is cleaned when required each day both inside and out ready for use the next day 80% Plant and Fleet is thoroughly cleaned at the end of each fortnight
		Not measured	Plant and Fleet will have a prestart inspection undertaken 100% of the time where hours/kilometres and general condition is recorded
	Plant and Fleet hours/kilometres are within agreed benchmark levels	Recorded informally and used as a trigger for renewal	Plant renewal and disposal plant take account of plant and fleet utilisation and adjusted accordingly
Operation Expense	Breakdowns per annum	Measured through service data but not analysed	<10% of total available hours lost due to breakdown (excluding planned maintenance)
	Maintenance schedules programmed as per manufacturer's specification	100% - Planned service is carried out in accordance with Specification	100% - Planned service is carried out in accordance with Specification
	Prestart/Pre-Op safety checks are performed on every item of plant and equipment	100% compliance regarding Prestart/Pre-Ops safety check being undertaken	100% - Develop technology/digital based system that provided automatic prompts and develops works schedule
	Plant and Fleet utilisation rate to be benchmarked against industry standards and provide value to the community	Measured but not analysed	Plant utilisation to be minimum of 60% available working hours per annum.
Maintenance Expense	Plant items do not attract higher than expected maintenance attention	Measured but not analysed	Routine/scheduled maintenance costs are not exceeded by 25%
Plant provided meets the needs of the operators	Pre purchase risk assessment carried out prior to 100% of purchases	Pre purchase risk assessment carried out prior to 100% of purchases	Pre purchase risk assessment carried out prior to 100% of purchases
	Consultation with operators over renewal options and timeframes	Discussed informally but not documented	Consultation with operators and Fleet Assessment Officer on 100% of renewal options. Hold plant review meeting and minute discussions
Minimise life cycle asset costs	Develop analyses of life cycle costs and make recommendations for Plant replacement program including comparison between lease, hire and purchase options	Plant replaced in accordance with Plant Replacement Policy	For each item of Plant with a value > \$100,000

Table 2: Key Performance Measures

### 3.3 Legislative & Policy Requirements

Coorong District Council must meet many legislative requirements, including Australian and State legislation and State regulations. These key requirements are set out below.

Legislation	Requirement
Local Government Act, 1999	Sets out role, purpose, responsibilities and powers of local governments including the preparation of a long term financial plan supported by asset management plans for sustainable service delivery.
Road Traffic Act, 1974	Requirement to licence vehicles to be driven on the road, and all driving regulations.
Road Traffic Amendment Act, 2000	Requirement for the owner of the vehicle to be liable for drivers' compliance with the regulations
Motor Vehicle Standards Act, 1989	Requirement to register and assign identification to each vehicle imported to or manufactured in Australia
Australian Design Rules	Requirement for all new vehicles sold in Australia to meet standards relating to anti-theft, safety and emissions.
Australian Accounting Standards	Prescribes requirements for recognition and depreciation of property, plant and equipment assets.
Commonwealth Disability Discrimination Act, 1992	The responsibilities and power of the Council in providing equitable access for a person with disability
Work Health and Safety Act, 2012	The responsibility of the Council to provide safe work practices and work site.
Asset Accounting Policy (May 2018)	To provide guidance, clarity and consistency regarding the treatment of capital expenditure
Infrastructure & Asset Management Policy (June 2020)	This policy provides the overall framework to guide the sustainable management and protection of Council's asset portfolio as a platform for service delivery to ensure:
Disposal of Council Land and Other Assets Policy (June 2020)	Sets out the principles and processes which apply when Coorong District Council is disposing of land and other assets including major and minor plant and equipment
Motor Vehicle Policy, July 2020	Provides guidelines for fair, equitable and transparent vehicle use, allocation and vehicle replacement to Council's passenger and light vehicle fleet.
Risk Management Policy, June 2021	The Risk Management Policy is intended to demonstrate that Coorong District Council understands and manages risk to ensure: <ul style="list-style-type: none"> <li>• there is a consistency to the methods used in assessing, monitoring and communicating risks throughout Council and</li> <li>• that risk management efforts are aligned with Council's strategic, operational and project objectives.</li> </ul>

**Table 3: Key Legislative Requirements**

## 4 FUTURE DEMAND

As indicated in previous sections of this Asset Management Plan, the management of plant and fleet directly relates to the services the Community expect Council to deliver. Plant and Fleet are the tools Council staff utilise to deliver works and services in an efficient, safe and high-quality fashion. It is therefore vitally important for Council to anticipate changing demands that may influence the make-up of Council's plant and fleet Inventory.

The modelling of demand changes is a critical factor in ensuring Council's manages its plant and fleet in a sustainable manner. The key factors influencing the demand for plant and fleet managed by the Coorong District Council include:

- Changes to agriculture and associated industry
- Variations in population demographics
- Economic factors
- Increased tourism
- Improved parks and gardens infrastructure and recreational open space
- Development, both residential and industrial
- Current Plant and Fleet inventory, (efficiency, fit for purpose, utilisation)
- Changes in technology, methodology, ideology

Forecasting the affect these key factors have on Council's operating model is difficult to quantify in a manner that provides a sufficient level of confidence. Variations in Council's strategic direction and changes in the regional landscape can significantly and rapidly alter the needs of the community and therefore the plant and fleet necessary to deliver outcomes. It is therefore paramount to develop a Plant and Fleet Asset Management Plan that is flexible enough to accommodate these changes.

Monitoring changes in demand and altering Council forward Plant and Fleet procurement requirements is a process that requires constant attention, and unlike other Infrastructure Asset Management Plans, requires a full annual review.

In addition to Community service expectations, which drive the Plant and Fleet needs of Council, there is a market demand for the purchase, trade and sale of Plant and Fleet. These fluctuations have potential to significantly influence the estimated replacement cost and the proceeds (or loss) generated through the disposal of plant and fleet.

## 5 LIFE CYCLE MANAGEMENT

Life Cycle Management is recognised by Council as an essential component by which Plant and Fleet is managed. It provides a framework regarding how Council operate Plant and Fleet assets at agreed levels of service while optimising life cycle costs for the entire useful life each Plant and Fleet item.

This section of the plan provides details of data necessary, and the processes required, to effectively manage, renew and upgrade the Council's plant and fleet inventory. It also documents the analysis that Council undertakes regularly to predict and monitor expected future expenditure required to responsibly manage plant and fleet renewal.

Undertaking life cycle asset management means considering all management options and strategies as part of the asset life cycle, from planning, procurement, operation and disposal. The objective of managing the assets in this manner is to look at long-term cost impacts (or savings) when making asset management decisions.

Data for each individual plant item is collected and analysed to measure, performance, utilisation, age and demand (internal and external), in order to make sound decisions. This data, coupled with levels of service measurements, enables Council to determine the optimum life cycle (period of ownership) for each asset.


This data includes:

- Build year
- Make and Model
- Date of Purchase
- Estimated/Optimum useful life
- Estimates Resale value (market value at end of useful life)
- Utilisation (km, hours over a set period)
- Estimate/Optimum disposal date
- Reliability/Reactive maintenance cost (breakdowns)
- Routine/Operational costs (routine servicing, tyres, fuel, consumables)

### 5.1 Risk Management

All Plant and Fleet items are required to undergo a three-step risk assessment process that includes:

1. A pre-purchase assessment to determine that the plant items is fit for purpose and safe to operate.



This process is required before any plant item is approved for use by Council once it has taken possession. The induction of staff into the use of said plant item must include the review of the pre-purchase risk assessment

2. A daily operational risk assessment to assess that the plant item is in good working order and safe to perform the intended task during the shift

Prior to every shift or when a new operator takes charge of a plant or fleet item an operational risk assessment must be performed

3. An annual risk assessment to review all aspect of the plant and how it is operated

Each year all plant and fleet must undergo a fulsome risk assessment undertake by a competent operator, WHS professional and third-party independent person. This process should identify all credible risks and provide control measures to mitigate those risks


The risk assessment process can be summarised as follows:

- Identify credible risks
- Assess the likelihood of the risk event occurring
- Assess the consequences should the event occur
- Develop a risk rating
- Evaluate the risk
- Develop and implement a risk treatment plan for non-acceptable risks

Control measures and treatment plans for risk may include elimination, engineering, signage, personal protective equipment, or education. All uncontrolled risk rated “high” or greater must be reported to management and the associated Plant or Fleet item must not be operated or used until all non-acceptable risks are controlled.

## 5.2 Routine Maintenance

Routine maintenance is the undertaking of preventative tasks and performed in accordance with manufacturer’s recommended service periods and schedules. The work includes minor tasks necessary to keep assets on their expected life-cycle path. Failing to carry out necessary maintenance when it is required will result in assets deteriorating faster than expected. Plant and Fleet assets that do not reach their expected life place a financial burden of Councils as it forces early renewal resulting in generation inequity and financial loss on disposal.



Reactive maintenance is unplanned repair work carried out in response to service requests generated by breakdown or failure. This work is unplanned but inevitable and therefore it is necessary to make an allowance as part of Council operating budget development. This formulation of the operating budget is not part of this Plant and Fleet Asset management Plan.

By the very nature of Council diverse operational requirements, Council Plant and Fleet inventory has evolved over time to match the extensive and diverse needs of the community. As a direct result of this diversity, Council requires the support of external service to maintain and service its Plant and Fleet inventory.

It is the intent of Council operational team to develop a proactive service schedule based on forecast utilisation and regular intervals. This will enable both staff and managers to understand what plant items may be “out of service” at any time and subsequently improve Councils planning and resourcing of works and operational task.


In addition, through the procurement process, Council will look to include the provision of fixed price, routine servicing into the purchase price of plant items where appropriate. This option enables the manufacturer to remotely monitor plant utilisation and work with Councils operational staff to program service and maintenance activities at the most practical time for all stakeholders involved.

### **5.3 Renewal**

Plant and Fleet management is a dynamic environment, subject to changing technology, differing markets, improvements to management systems and operating models. It is important that Council’s Plant and Fleet policies are flexible and adaptable to take advantage of positive trends or, protect and isolate negative aspects, that may place a financial burden on Council.

Council’s Plant Renewal Program has been developed with the goal of achieving least whole of life cost to Council by striking a balance between annualised change over costs that generally decrease with age, and annual maintenance and repair costs that generally increase with age. Retention periods have been initially set based on general industry standards, anticipated servicing costs and resale market values.

The Plant and Fleet asset category comprises a complex mix of asset types, age, function, and condition. Councils Infrastructure and Assets team have developed a set of standard retention periods and usage thresholds that are based on industry standards, market trends and benchmarking against similar Local Government organisations. (Table 5: Plant and Fleet Useful Life and Retention Triggers)



Notwithstanding the need for Council to benchmark itself against industry standards, it is also important to note that by implementing standard retention periods and usage thresholds it identified that many Plant and Fleet items within Council inventory (as at 30 June 2021) have already exceeded their useful life. For Council to address this renewal backlog it will need to consider increasing its annual Plant and Fleet renewal budgets over and above annual depreciation for a period sufficient to eliminate the backlog. This plan recommends that the identified backlog is addressed over a 5-year period.

As previously indicated in the plan, some Plant and Fleet items will become redundant as a result in the changing landscape in which Council operates. As such, from time to time, Council will be in a position where an item of Plant will be disposed of and not replaced. Provided the Plant can be sold at a higher value than its written down (book) value, there will be gain on sale which will generate income for Council to be utilised in the provision of new Plant and Fleet. Conversely, any loss on sale will need to be absorbed within the allocated capital budget for the provision of Plant and Fleet renewal.

From an accounting point of view, an Asset Renewal Program is intended to return assets of a given type to an “as new” condition. Renewal activities are appropriate for all assets types and can involve the complete replacement of the asset with the new, providing the original (intended) level of service is maintained.

In theory, this practice is simple and historically Council has renewed its Plant and Fleet using a “Like for Like” model. This practice replaces a Plant/Fleet item with an identical item, but without adequately considering the operational needs of the organisation, the needs of staff, and most critically, the service expectations of the community.

In order to address this compounding issue, the approach to acquisition and disposal needs to be one of continuously analysing and updating the Councils entire Plant and Fleet inventory, as a whole, in order to respond to Level of Service requirements and operating models rather than the renewal of individual items that Council no longer requires.

This approach provides Council administration with the flexibility to dispose of a surplus plant items and renew its entire fleet by introducing new or improved plant items it previously did not have without placing a financial burden on Council regarding the level of capital investment it allocates to the provision of Plant and Fleet. While this practice is not considered renewal in isolation, and contains a component of enhancement, it is the most appropriate and financially responsible strategy for the management of Plant and Fleet.

This plan recommends that Council review and reissue its plant and fleet renewal program annually



## 5.4 Enhancement

The purchase of new Plant and Fleet is considered “enhancement” of Council’s inventory and separate to the renewal of Council assets. As such, the purchase of new plant needs to be isolated within Council’s capital budget and funded through the provision of budget allocation over and above renewal funds or the proceeds gained through the sale/disposal of surplus plant and fleet.

New plant will often be required to provide changed or new services required by the community. These changes can be driven by new development, change in legislation or development of new technology. Irrespective of the drivers that initiates change, Councils Plant and Fleet Asset Management and Procurement practices need to be adaptable and accommodate the acquisition of new Plant and Fleet items as required.

## 5.5 Disposal

Two key factors can trigger the need for Council to dispose of a Plant and Fleet asset: **Age and Utilisation**.


The age of a plant item is primarily measured in two ways, **Useful Life** and **Optimal Retention Period**.

Council has adopted an age measure where the useful life of a plant item determines the annual depreciation by applying a straight-line model. A plant item will attract an equal depreciated (Replacement Value ÷ Age) expense each year over its useful life until a book value of zero (\$0.00) is reached.

Optimal Retention/Ownership Period is a measure of time that the Council will retain or “own” an asset and will be determine by the point in time when Council will receive the most financially beneficial return on disposal. The point in time at which this measure tips in favour of disposal is variable and can depend greatly on market drivers, economic environment, and the needs of the organisation.

Council’s disposal plan is driven by Optimal Retention Period must always be less than or equal to Useful Life - Table 5 below details the current Useful Life and Optimal Retention Period for each Plant and Fleet type.

Utilisation of a Plant item is also measured in two ways, A unit measure of **Operational Time**, and **Physical Condition**.



**Operational Time** is a measure of how many hours/kilometres (units) an item of plant operates and is used to determine how efficiently an item of plant is being used daily, monthly, and annually.

Daily, Monthly and Annual utilisation is a measure of operational hours versus working hours available. It is Council's target performance measure, as detailed in Table 2, to have an annual utilisation figure of 60% for all plant items. Any plant items that fall below a utilisation measure of 60% should be reviewed and potentially considered for disposal.

The Accumulation of total Operating Hours measures the total amount of work a plant item has undertaken during its life. Council has set benchmark thresholds (detailed in table 5) for each plant type based on when it is likely to achieve optimum resale value to maximise gain on sale and before operational expenses become problematic. These thresholds will be monitored and reviewed annually.

The **physical condition** of plant and fleet items is also an indication of utilisation; the more work an asset performs the more likely its condition will deteriorate. The physical condition of Plant and Fleet can be significantly impacted through operator error resulting in damage over and above what could be expected from normal use. When unforeseen damage occurs that renders a plant item no longer fit for purpose or safe, Council will impair the Plant and Fleet asset and dispose, at a loss, before the optimal retention time or operational threshold is reached.

Category	No.	Ave Age	Disposal Trigger <sup>1</sup>	unit	UL <sup>2</sup>	Total Replacement Value	Total Annual Depreciation
Float	1	14.6	500,000	km	20	\$ 150,000.00	\$ 6,000.00
Grader	4	3.9	10,000	hr	4	\$ 1,500,000.00	\$ 300,000.00
Heavy Plant	4	8.3	7,500	hr	8	\$ 690,000.00	\$ 69,000.00
Heavy Truck	5	12.2	500,000	km	10	\$ 410,000.00	\$ 32,800.00
Light Commercial	14	4.2	150,000	km	7	\$ 550,000.00	\$ 62,857.14
Light Plant	2	4.7	6,000	hr	7	\$ 155,000.00	\$ 17,714.29
Light Truck	5	8.4	250,000	km	10	\$ 735,000.00	\$ 58,800.00
Misc	5	8.1	NA	na	7	\$ 75,000.00	\$ 3,742.86
Mower	7	4.2	4,000	hr	5	\$ 235,000.00	\$ 37,600.00
Passenger	9	2.2	100,000	km	5	\$ 345,000.00	\$ 55,200.00
Roller	7	9.2	5,000	hr	10	\$ 735,000.00	\$ 59,777.78
Tractor	3	9.6	5,000	hr	9	\$ 120,000.00	\$ 10,666.67
Trailer	15	3.2	NA	na	10	\$ 147,500.00	\$ 11,800.00
<b>TOTAL</b>						<b>\$ 5,847,500.00</b>	<b>\$ 725,958.73</b>

**Table 4: Plant and Fleet Useful Life, Retention triggers, Replacement Value and Annual Depreciation.**

Note:

1. The optimum retention time for Plant and Fleet is measure by either a disposal trigger<sup>1</sup> based on usage, that being hours of use of kilometres travelled, OR, an Useful Life(UL)<sup>2</sup> which is an aged based figure relating to the length of time since date of manufacture.
2. Councils asset management strategy for Plant and Fleet is to monitor the usage on all items on a monthly basis and forecast the approximate time each item will reach their disposal trigger. Assessing this information against the optimum retention time measure in terms of Useful Life (UL) will determine the financial renewal will be programmed by which ever trigger occurs first.

## 6 FINANCIAL SUMMARY

By implementing a change in Acquisition and Disposal philosophy, in conjunction with revised Renewal and Enhancement Plans, Council has been able to develop financial models and forecast a five year Plant and Fleet Asset Management Plan, that meets the current operational model needs and the expectations of the community.

Through the review of Plant and Fleet replacement values, based on current market trends, an accurate calculation of Councils annual Plant and Fleet depreciation expense has been calculated, it will enable Council administration to manage its existing inventory in a sustainable manner.

Table 4 above summarises Councils Plant and Fleet into specific categories and provides a depreciation allocation for each. The total calculated depreciation expense based on plant replacement value is \$725,985 per annum. This figure does not take into consideration the accumulated depreciation of the existing plant nor does it account for the proceeds generated through the sale of Plant and Fleet.

### 6.1. 5-Year Funding Requirements

For Council to deliver on the proposed acquisition and disposal plan, as well as eliminate renewal backlog, Council will need to allocate sufficient funds within its annual business plan and budget to accommodate current renewal requirements plus the existing backlog legacy of Council's Plant and Fleet inventory.

Funding the provision of new Plant and Fleet identified in the future is not included within this plan. The purchase of any new plant will need to be approved through the annual budget development process and accompanied by a detailed business case that provides benefits and whole of life cost associated with the purchase of a new plant item.

For Council to fund its current renewal requirements, plus the backlog accumulated over previous periods, it will need to allocate and average of \$1,016,700 over a 5-year period (22/23 to 26/27) to replace its existing Plant and Fleet. This figure accounts for plant and fleet items to be depreciated to a level consistent with the optimal retention time but does not account for any future gains (or losses) made on the sale of assets. These figures above do not account for the \$1,510,000 allocated in Council adopted 2021/22 Annual Budget.

As a majority of Plant and Fleet will have a residual market value remaining at time of sale it is proposed that any gain (or loss) on sale will be reinvested into the renewal, replacement

or enhancement of Councils Plant and Fleet inventory in future years and quarantined in a Plant Reserve Fund.

The backlog within Councils Plant and Fleet inventory will need to be managed through a robust consultative process involving Council Operational Staff and applying a risk-based approach ensuring that backlog is cleared over a sustainable period. For Council to achieve this it will need to allocate funds to its renewal budget over and above the current depreciation as reflected in the average annual Plant and Fleet renewal budget recommended for the life of this plan.

It is anticipated from 2025/26 Council would have addressed its renewal backlog return to purely funding renewal in of approximately \$725,000 per annum (based on current Plant and Fleet inventory). Table 5 below provides a summary of Council 5-year renewal plan and indicates the level of funding required each year over and above annual depreciation.

Financial Year	Plant and Fleet Budget	Status	Backlog	ASR%
2021/22	\$ 1,510,000.00	Adopted	\$ 784,041.27	216%
2022/23	\$ 1,182,500.00	Recommended	\$ 456,541.27	169%
2023/24	\$ 1,030,000.00	Recommended	\$ 304,041.27	147%
2024/25	\$ 1,015,000.00	Recommended	\$ 289,041.27	145%
2025/26	\$ 687,500.00	Recommended	-\$ 38,458.73	98%
2026/27	\$ 675,000.00	Recommended	-\$ 50,958.73	97%
<b>TOTAL</b>	<b>\$ 6,100,000.00</b>		<b>\$ 1,744,247.62</b>	
<b>Average</b>	<b>\$ 1,016,666.67</b>		<b>\$ 290,707.94</b>	<b>145%</b>

**Table 5: Annual Plant and Fleet Renewal Summary**

\*ASR% - Asset Sustainability Ratio = Value of renewal spend / Annual depreciation expense