Asset Management Plan
Fleet and Plant

DOCUMENT CONTROL			
Document Status	Final	**Council Meeting Minute**	OM 2018/11/14.13
Version Number		**Last Edit Date**	
Last Edit Author		**Document Owner**	

INTRODUCTION

Whitsunday Regional Council is committed to providing sustainable, efficient and cost-effective services to its community. These services are essential for the maintenance of the lifestyle, economy, affordability and public health of the region. Through the adoption of a Strategic Asset Management Plan, Council recognises the importance of its role and is striving to further improve its service capacity through the establishment of sound, long term planning for the communities' assets.

This Asset Management Plan identifies the specific service requirements for fleet and plant assets, and the expectations of those accountable for the asset performance outcomes, planning, acquisition, operations maintenance and renewal of the assets.

Service Planning Alignment

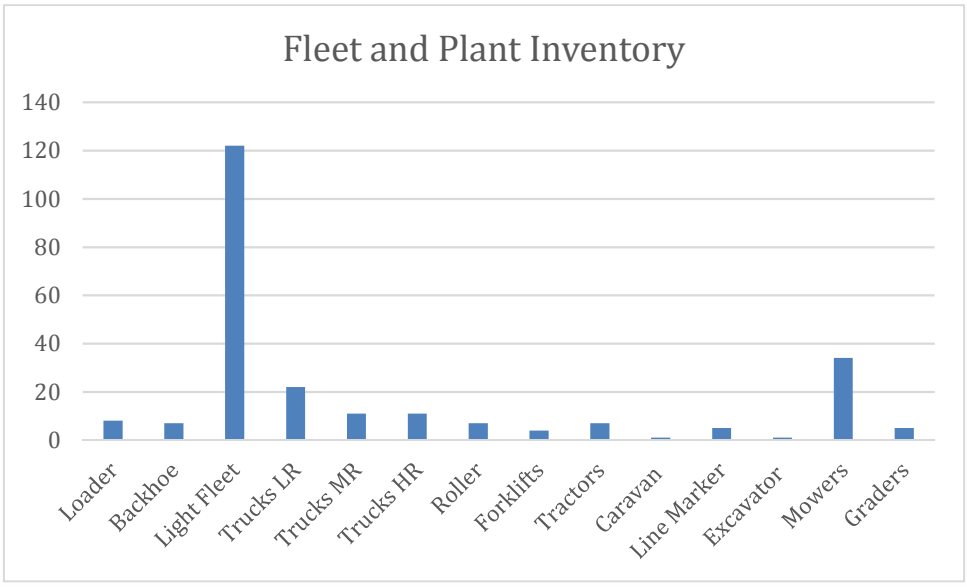
Councils Corporate plan aims to ensure the efficient use of resources to provide a wide range of services across the Community. Through the provision of suitable mobile and fixed fleet and plant assets as forecast in this Asset Management Plan, Fleet Management supports the following strategies:

- Management and development of fleet and plant to address the emerging needs of Council operations.
- Management of fleet and plant which is sustainable and efficient.
- Management of the quality and appropriate fleet and plant which is innovative, efficient and financially sustainable.
- Enforcement and identification of current and emerging regulatory and compliance.

Overview of the Assets Included in the Plan

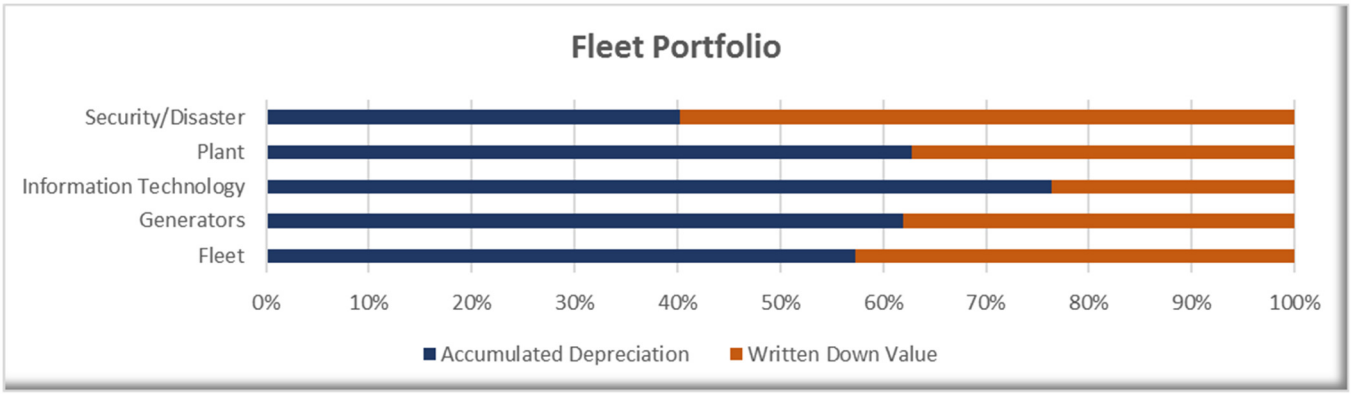
The Fleet and Plant AMP incorporates light fleet, yellow plant trucks and miscellaneous machinery. These assets have a current replacement cost of **$32,762,152** and a written down value of **$12,902.400**. All asset values quoted in this plan were either established via independent valuation in 2015 or, if established after 2015, the asset values are based on their actual commissioned costs less any written down amounts. Confidence in the asset information, including financial information is assessed as **HIGH (80-85% accurate)** based on independent valuation, internal and external audit efforts and day to day maintenance activities of asset data. In addition to specific project activities approved via the 10 Year Capital Planning process, Council budgets approximately **$2,170,860** each year towards maintenance activities for these assets.

Councils fleet and plant is comprised of the following assets:


Fleet and Plant Inventory
140
120
100
80
60
40
20
0
Loader
Backhoe
Light Fleet
Trucks LR
Trucks MR
Trucks HR
Roller
Forklifts
Tractors
Caravan
Line Marker
Excavator
Mowers
Graders

Asset Management Plan
Fleet and Plant

FINANCIAL OVERVIEW



Fleet Portfolio

Asset Portfolio	No of Assets	Replacement Value	Written Down Value	Accumulated Depreciation	Ave Useful Life (years)	Average Remaining Life (years)
Fleet	279	$ 11,934,168	$ 5,091,602	$ 6,842,566	7.97	2.59
Generators	12	$ 245,446	$ 93,550	$ 151,896	11.25	3.63
Information Technology	54	$ 1,498,701	$ 355,054	$ 1,143,648	4.52	0.17
Plant	200	$ 13,479,033	$ 5,021,281	$ 8,457,752	8.53	2.78
Security/Disaster	2	$ 39,105	$ 23,364	$ 15,740	12.50	7.81
	547	**$ 27,196,453**	**$ 10,584,851**	**$ 16,611,602**		

ASSET MANGEMENT DRIVERS

Council Strategies and Commitments

The aim of fleet services is to provide fit for purpose, safe, reliable and cost-effective fleet, enabling the council to deliver its services effectively. The long-term goal being to have the right sized fleet with the right equipment meeting utilisation benchmarks, enabling the Council to meet community expectations of service delivery whilst maintaining best practice and financial management.

Statutory Requirements

- Work Health and Safety Act 2011
- Transport Operations (Road Use Management) Act 1995
- Australian Light Vehicle Standards Rules 2015 – National Transport Commission
- Local Government Act 2009
- Local Government Regulation 2012

Response to Growth

The current fleet and plant inventory largely remains unchanged since the amalgamation of two former shires of Bowen and Whitsunday. As a result, the risk of being required to expand the current fleet and plant value due to growth is low.

There is an opportunity to reconfigure the fleet and plant to address technology changes, construction practices and community expectations regarding service delivery.

Industry Trends

Across light fleet assets considerable change has occurred in particular in the size and composition of local government fleet. Focus has been on the introduction fuel efficient, "Green Fleet", which reduces and organisations carbon footprint. To this aim the market has no introduced commercially available electric vehicles which can be charged at government installed charging stations.

Traditionally local governments have held significant numbers of various items due to poor business case approvals and lack of oversight. Following on from amalgamations across Queensland in 2008 many newly formed local governments rationalised their plant.
To supplement local government plant various commercial agreements are executed. These are typically:

- Wet plant hire (Reactive plant hire with an operator)
- Dry hire (Plant hire no operator)
- Lease agreement (Term hire with service/support included)

Largely as a result in the relaxation of import tariffs, Councils light fleet inventory has in the last decade transitioned from being heavily dominated by the traditional Ford and Holden six-cylinder vehicles to the more fuel efficient and sustainable options such as Sports Utility Vehicles (SUV) or compact sedans.
As the complexity of fleet items increases there is increased need for workshop personnel both internal and external, to upgrade their skills and knowledge to the auto electrical trade.

As Council gradually replaces its aging fleet the impact of this change will increase. The outsourcing of lig fleet servicing and repairs can mitigate this risk; however, the capacity of local suppliers must be able to r this demand. The table below identifies the technology changes and potential impact on service delivery.

Technology Change	Effect on Service Delivery
Vehicle control systems are increasing in complexity, with some light vehicles already having engine control software that the in-house team is unable to access. Trucks are increasingly being fitted with electronic engine management systems that require laptop software to diagnose and change.	Vehicles are still able to be maintained. Those supplied with the more advanced systems will need to be met by either purchasing in-house computers and software or sourcing local agents that can assist. By 2020 electronics and software diagnostic tools may become mandatory requirements for mechanical workshops.
Alternative fuels	The workshop staff will need to gain familiarity with alternative fuel handling, combustion and safety issues, pressurised systems, and battery systems.
Vehicle, plant and equipment advances in operational complexity	This is a general issue that over time will require mechanics to take new studies and learn appropriate skills (e.g. CAN-Bus and air suspension systems).

Community Expectations

Whilst the community are not direct stakeholders or users of Council fleet assets, the use of fleet assets assists in the provision of the service to the community. Community expectation that Council utilises fleet efficiently and safely which have minimal or zero impact on the environment.

LEVELS OF SERVICE OBJECTIVES

Overarching Service Objective

Fleet Managements service objectives include:

- Customer service focused outcomes for servicing, repair, maintenance, fit out and decommissioning of fleet vehicles;
- Drive maintenance tasks to a higher level of scheduled work to provide lower operational costs;
- Procuring and disposal of vehicles and equipment in a timely and cost-effective manner
- Ensure assets are provided fit for purpose through user consultation;
- Provision of reports to users to facilitate cost effective operation and benchmark asset utilisation;
- Assess new technologies for application to improve operational and environmental performance.

Statutory Level of Service

Performance Measure Category	Level of Service Expectations/Outcomes	Current Performance Measure
Quality	All fleet and plant comply with relevant Australian Standard	Use of only compliance suppliers.
Service Function	Assist the Council in achieving its Corporate objectives.	Reporting of issues through Fleet management Committee.
Safety	Plant and provides does not affect the health and welfare of the community, employees or other members of the public.	Incident reporting and inspections.
Accessibility and Availability	Council fleet and plant to be provided to staff to maintain their legislative and regulatory requirements; water and sewerage.	Downtime reporting.
Sustainability/ Affordable	Provide effective and efficient asset management of fleet and plant assets.	Long Term Financial Plan/Annual Audit
Environmental	Environmental protection through the fleet and plant operations.	Incident reporting.

Functional Level of Service		
Performance Measure Category	**Level of Service Expectation/Outcome**	**Current Performance Measure**
Quality	Provide a fleet which is well maintained and operational.	Scheduled maintenance as per manufacturers recommendations. Reporting in place for maintenance failures and proactive maintenance completion.
Service Function	Assist in the provision of services in the Whitsunday Region.	Operational department operations which are satisfied by plant and fleet.
Capacity	Able to satisfy the current demand across the region.	Approximately eighty percent of the demand is met by Council owned Fleet and Plant.
Safety	Plant causes no harm to the operator or public through the plant and equipment's operations.	Safety inspection on Council fleet and plant and defect inspections.
Accessibility and Availability	Plant and fleet are available to operational departments.	Downtime reporting.
Sustainability/ Affordable	The plant hire rates are competitive with industry rates which provide value for money outcomes for users.	Benchmarking against other government organisations and private industry.
Environmental	Plant and fleet provides the least impact possible on their work environment through their allocated plant's operations and maintenance activities.	Reportable incidents to relevant Queensland Government department.
Technical Level of Service		
Performance Measure Category	**Level of Service Expectation/Outcome**	**Current Performance Measure**
Quality	Council ensures the fleet specified meet industry standards.	Inspection of fleet and plant.
Service Function	Fleet and plant meet the projected utilisation rates for the term of the agreement.	Monthly reporting and review of anomalies at Fleet Management Committee.
Capacity	Fleet and plant assets are provided to users which satisfies the agreed demand.	Reporting at Fleet Management Committee.
Safety	Council fleet are inspected at a minimum on an annual basis by a suitably trade qualified workshop (Internal/external).	Proactive maintenance program.

Accessibility and Availability	Downtime is reduced through appropriate maintenance planning and replacement of assets.	Downtime reporting and workshop time allocation.
Sustainability/ Affordable	Council only owns and maintains plant and fleet whose utilisation and/or business case supports ownership.	Utilisation reporting.
Environmental	Reduce plant and fleet emissions through the purchase of smaller cylinder fleet and Euro 5 and 6 engines for plant and trucks.	Use of Green Vehicle Guide and fuel consumption data.

Gaps in Level of Service

Known Gaps
Councils 10-year replacement program does not currently adequately fund the replacement of plant and fleet in accordance with the benchmark durations. This is currently $8.3 million past optimal replacement which represents 20 percent of the asset value.

Due to this funding gap a number of plant and fleet asset items do not satisfy the agreed Level of Service.

Projected Change
As a support function for the provision of services to maintaining other Asset functions, the risk of significant change to Fleet and Plant Level of Service is high.

Variability in legislation which affects fleet operations, input cost increases (Fuel, insurance) and technology change present significant challenges for the business.

Due to a strong review of plant and fleet asset ownership the rationalisation of fleet assets it is predicted to assist in off-setting any cost drivers identified.

LIFE CYCLE MANAGEMENT APPROACH

Growth and Demand Management
Key factors influencing the demand for fleet and plant assets and services, and changes to existing assets include:
• Organisational growth;
• Changes in fleet and plant requirements;
• Changes in fleet and plant trends; and
• Change in organisation and community expectations

Reduction of the impact of increases in demand will be addressed through a number of mechanisms:
- Fixed term hire arrangements
- Reconfiguration of existing fleet to satisfy need.

Risk Approach
Through the application of Councils Enterprise Risk Management Framework assets whose score after Controls are implemented does not exceed a Moderate score are able to be kept in service.

Strategies to mitigate should this occur include:
- Outsourcing of a function (Temporary)

- Dry hire of plant

Asset Criticality
Plant and fleet assets are generally utilised by operational departments throughout the course of their working days. Assets which provide services to departments whose Level of Service is directly dependant (Mowing of parks assets/street sweeping) on fleet and plant are identified as being more critical than those which support these operations.
The local supplier markets ability to backfill these assets during asset failure reduces the fleet assets criticality rating and therefore funding/service priority.

Asset Performance / Condition
Councils overall condition rating has gradually increased over recent years due to the increased investment in fleet and plant. Additionally, the removal of old assets which were no longer required assisted in increasing this ratio. Councils overall fleet condition is currently recording 42% above a rating 3.

Approach to Asset Operations

Council utilises the IPWEA Fleet Management Manual as its key source in relation to the management of Fleet and Plant Assets. The manual has been adopted across Australian local governments and also some state authorities to ensure the effective and efficient management of assets.

Capital Response

New and Upgraded Assets
Prior to the purchase of any New Asset or the need to Upgrade a asset, a comprehensive Business Case is to be developed to ensure that all relevant factors have been assessed prior to any approach to market. The Business Case is presented at the Fleet Management Committee for comment only.
Asset Renewals

Council utilises the IPWEA Fleet Management Manual replacement durations for replacement of plant and fleet assets. The plant and fleet10- year replacement program identifies significant underfunding of plant and fleet based upon the current inventory and replacement durations. Key strategies to assist in addressing this short fall include:

- Reduction in fleet – through disposal of underutilised plant and fleet.
- Reduction in specification of plant and fleet to ensure only what is needed is procured.
- Being brand neutral to assist in competitiveness in buying decisions.

Operational Maintenance Response
Routine Maintenance Plan Routine maintenance is the regular on-going work that is necessary to keep assets operating, including instances where portions of the asset fail and need immediate repair to make the asset operational again. Maintenance includes reactive, planned and cyclic maintenance work activities. Reactive maintenance or Unplanned maintenance is unplanned repair work carried out in response to service requests or breakdown.

Planned maintenance or scheduled maintenance, is any variety of scheduled maintenance to an object or item of equipment. Specifically, planned maintenance is a scheduled service visit carried out to ensure that an item of equipment is operating correctly and to therefore avoid any unscheduled breakdown and downtime. Cyclic maintenance is maintenance that is scheduled on a regular cycle including Certificate of Inspections for heavy vehicles required annually by the Transport Department, annual trailer servicing etc…

Planned Maintenance Strategies

Strategy	Activities
Driver/Operator initiated	• Daily and Weekly inspections by drivers/operators, • Documenting/reporting defects to workshop staff, • Arrange unscheduled work if required • Document maintenance failures
Planned Maintenance Servicing.	• Maintenance schedules as per manufactures specification, • Recording of maintenance performed, labour and materials used. • Maintain register of maintenance issues and condition reports • Prioritisation of maintenance work to minimise operational downtime

Scheduled and Unscheduled Maintenance Responsibilities

Fleet Management is responsible for:

• Scheduled maintenance and preventative maintenance planning
• Frequent safety checks on all items of plant / vehicles / equipment
• Emergency breakdown repairs
• Establishing failure records and identifying the reasons for plant / vehicle failures. It is essential to identify if the failure is due to:

- operator negligence – in the field or lack of daily maintenance (such as failure to check the oil and water at start up)
- application the machine is being used – wrong machine for the task required to be performed
- manufacturers fault, or
- simply the age of machine – expected component failure

• Monitoring downtime, including equipment availability, and downtime related to parts and labour

Disposal Strategy

Disposal includes any activity associated with disposal of a decommissioned asset including sale, demolition, scrapping or relocation. Assets identified for decommissioning and disposal have been determined within the modelling that informs this plan. The table below outlines some of the reasons as to why and when fleet and plant assets would be disposed.

Reasons for Disposal

Reason for Disposal	Timing
A low utilisation/surplus item that shall not be replaced	Disposal due to low utilisation will be where utilisation is well below benchmarks to own and operate and other options are available to fulfil operational needs. E.g. Hire.
Dispose of all Fleet Assets at end of useful life	Dispose of Fleet Assets in line with Councils Plant Replacement Thresholds.

The disposal of Council's fleet assets is by means of trade-in, by tender or public auction conducted by licensed auctioneers. The aim is to changeover items before excessive maintenance and repair and downtime costs start to occur and impact on resale values.

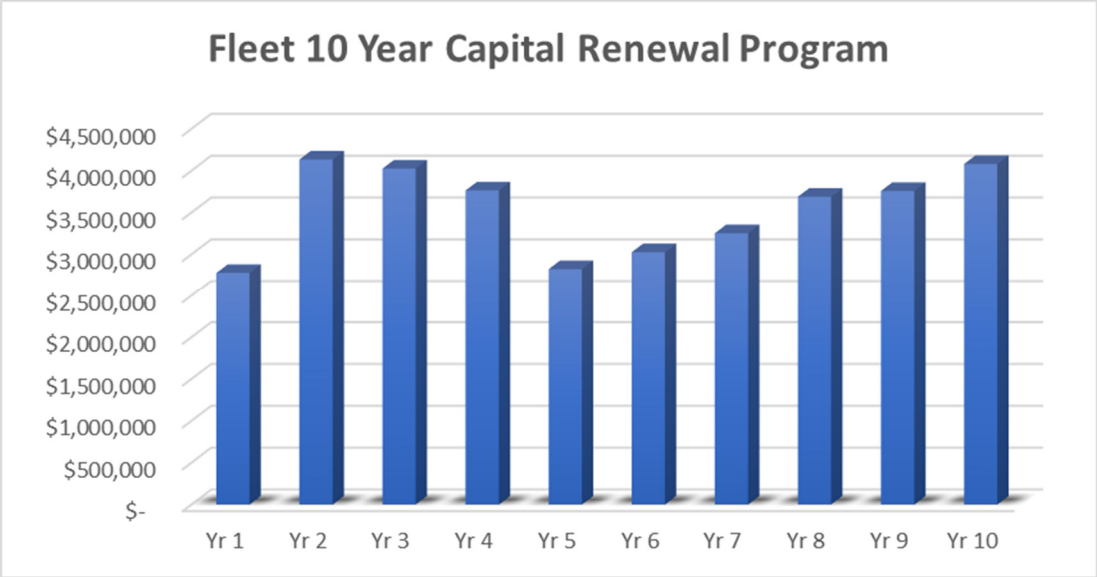
This is the trigger point for an increase in depreciation and reduced resale value. Council utilises the Institute of Public Work Engineers Australia Fleet Management Manual as the trigger for planned disposals and/or replacement.

	Optimum Replacement Timing	
Group/Type	**Years**	**Hours/Km**
Grader	10	8000hr
Backhoe loader	7	5000hr
Loader	8	8000hr
Skid Steer	5	5000hr
Excavator (15 tonne)	10	8000hr
Excavator (8 tonne)	10	8000hr
Excavator (3.5 tonne)	8	5000hr
Heavy duty truck (HR and HC)	8	500,000km
Medium-duty truck (MR)	8	200,000km
Light-duty truck (LR)	6	150,000km
Rubber-tyred roller	10	5000hr
Vibrating drum roller	8	5000hr
Mower front deck	5	2000hr
Slasher mower	7	5000hr
Tractor (PTO Hours)	7	5000hr
Rear Lift compactor	10	8000hr
Side lift compactor	8	8000hr
Landfill compactor	10	8000hr
Landfill wheel loader	10	8000hr
Road sweeper	8	8000hr
Carpark/footpath sweeper	8	5000hr
Wood chipper	8	5000hr
Bus Mini	8	150,000km

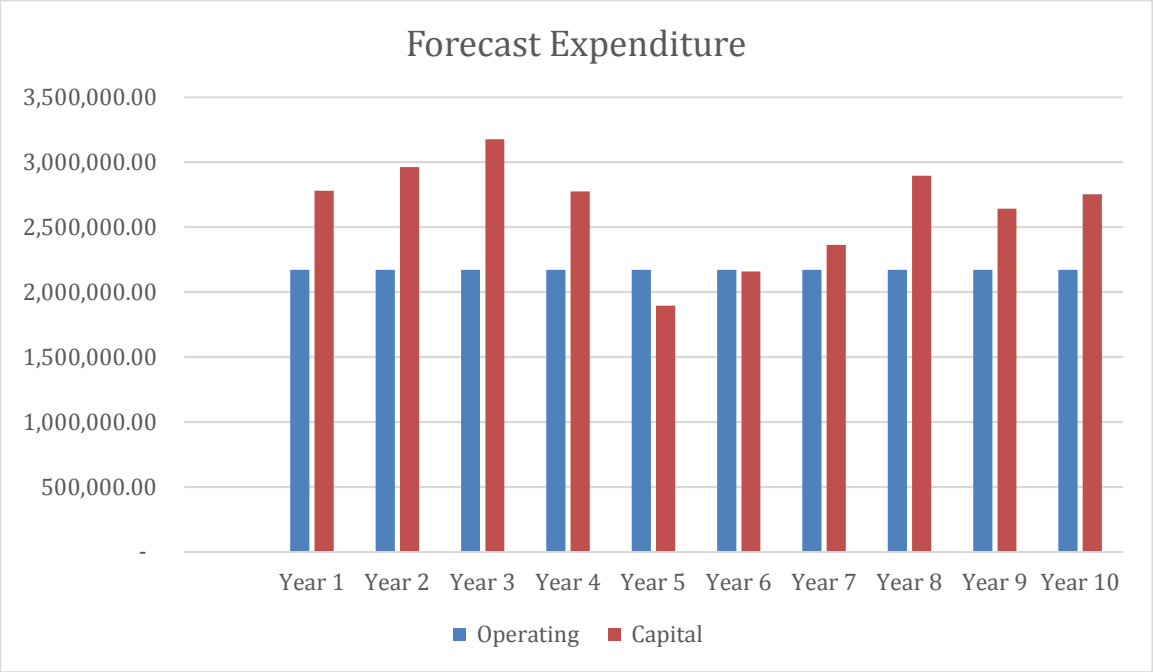
Key Roles and Responsibilities

Role	Responsibilities
Director Corporate Services	Obtaining and managing organisational commitment
	Communicating asset management objectives to staff
	Overseeing the implementation, review and audit of the Asset Management Plans
	Reporting on the performance of the asset management plan in the annual reports
	Monitoring finances and developing the long term financial plan
	Linking asset management with other organisational plans and documents.
Executive Manager Procurement, Property and Fleet	Update the asset management plan as required.
	Liaising with the finance office to ensure data in the financial asset register is kept up to date and accurate
	Updating and maintaining the technical asset register
	Monitoring and managing budget
	Corrective action is undertaken such that the plant / fleet remains effective and operable.
	Implementing, monitoring and reporting on the performance of the asset management plan
	Developing and implementing capital, renewal, operations and maintenance works programs
Fleet Coordinator	Routine maintenance works are undertaken and recorded in log book;
	Condition assessment of plant and fleet are undertaken regularly and recorded on inspection sheets;
	Assessing performance of assets against service levels

FINANCIAL IMPLICATIONS



See Appendix A – Fleet 10 year Capital Works Renewal Program



MONITORING AND IMPROVEMENT

Monitoring Approach

The Asset Management Leadership Advisory Group (AMLAG) leads the monitoring and reporting on the performance of Council's asset management system, including the delivery of adopted asset management plans and the achievement of established levels of service. The AMLAG will provide regular summary performance reports to the Council.

Internal and external auditors will assess and report on the performance of the asset management plans.

Asset custodians are responsible for ongoing monitoring of asset performance against the established levels of service.

Improvement Initiatives

Tasks	By Whom
Review service providers capability and identify gaps for inclusion in Learning and Development Plan and/or Procurement Plan	Fleet Coordinator
Clarify and confirm fleet criticality with key customers and determine the required service levels	Fleet Coordinator
Draft and execute Service Level Agreements with all operational departments to ensure clarity of roles.	Executive Manager Procurement, Property and Fleet
Draft and execute service level agreements with all service and repair providers, both internal and external.	Executive Manager Procurement, Property and Fleet
Update policy structure and procedures to provide strong governance and controls regarding Fleet Management	Executive Manager Procurement, Property and Fleet
Implement benchmark workshop activity rates/durations for routine maintenance activities	Fleet Coordinator
Strengthen the governance provided by the Fleet Management Committee, including the reports provided by Fleet to the Committee	Executive Manager Procurement, Property and Fleet
Review the charging regime to ensure full costs are recovered. Include a market benchmarking for external hire of plant and fleet.	Fleet Coordinator
Develop improved cost reporting practices that include monthly and annual fleet cost reports and utilization reports.	Fleet Coordinator
Develop downtime reporting and benchmark where possible	Fleet Coordinator
Develop supply contracts to improve the cost of supplies and the downtime due to ordering parts etc	Contracts Coordinator

Appendix A – Fleet 10 Year Capital Works Program

Fleet 10 Year Capital Works Program

Business Unit	Portfolio	Project/Program Title	Nearest Township	New / Renewal / Upgrade	Funding Source	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Corporate	**Fleet**	Fleet Renewal 10 year Program	**WRC**	Renewal	Carry over Reserves	$ 400,000									
					Council reserves	$ 1,964,000									
					General Revenue	$ -	$ 2,961,000	$ 3,175,780	$ 2,774,000	$ 1,894,500	$ 2,158,500	$ 2,362,680	$ 2,895,600	$ 2,641,500	$ 2,751,000
					Sale of NCA's	$ 414,500	$ 1,174,000	$ 850,000	$ 991,000	$ 929,500	$ 868,500	$ 890,500	$ 794,000	$ 1,117,500	$ 1,329,500
						$ 2,778,500	**$ 4,135,000**	**$ 4,025,780**	**$ 3,765,000**	**$ 2,824,000**	**$ 3,027,000**	**$ 3,253,180**	**$ 3,689,600**	**$ 3,759,000**	**$ 4,080,500**