

Fleet, Plant and Equipment Asset Management Plan 2020 - 2030



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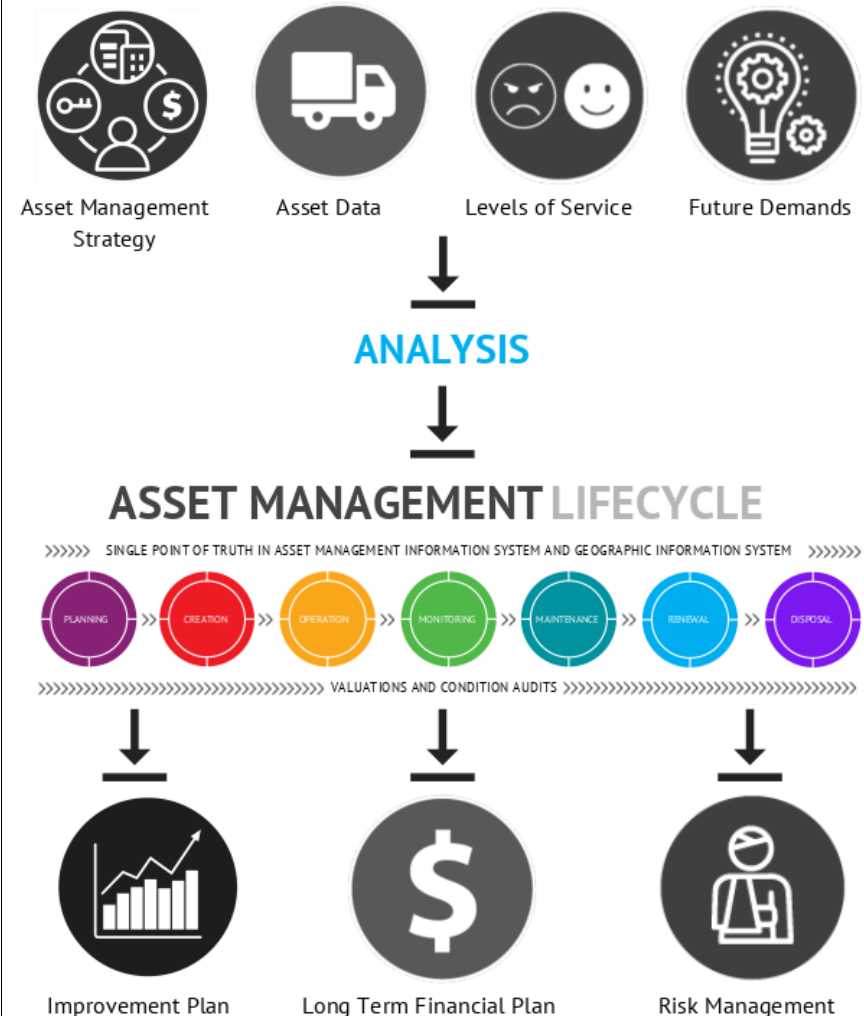
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REFERENCES

IPWEA, 2008, 'NAMS.PLUS Asset Management', Institute of Public Works Engineering Australasia, Sydney, www.ipwea.org/namsplus.

IPWEA, 2015, 2nd edn., 'Australian Infrastructure Financial Management Manual', Institute of Public Works Engineering Australasia, Sydney, www.ipwea.org/AIFMM.

IPWEA, 2015, 3rd edn. 'International Infrastructure Management Manual', Institute of Public Works Engineering Australasia, Sydney, www.ipwea.org/IIMM



1 - INTRODUCTION

What is this plan about?

The City of Marion uses a range of fleet, plant and equipment assets ('fleet assets') to deliver services to improve our residents' quality of life. These include trucks, mowers, trailers, utilities, buses, light vehicles, earthmoving equipment, mobile/fixed plant, and small plant.

Council seeks to maximise value to ratepayers and ensure sustainable services by optimising the use of our fleet assets.

This plan defines the fleet assets that help deliver the services we provide, how they are provided, and the funding required to deliver fleet replacement programs over 10 years.

What is asset management?

Asset management is about how assets are 'looked after', both on a day-to-day basis (maintenance, monitoring and operation) and in the medium-to-long term (planning, creation/purchase, renewal and disposal).

What will we do?

A significant part of Council's annual spend is devoted to the repair, maintenance and upgrade of the assets which deliver safe and sustainable services to the community. Council's fleet assets are used to deliver these services. Council will continue to invest in these assets as cost effectively as possible while considering beneficial advancements in technology.

Small plant (e.g. chainsaws, line trimmers, drills) are not recognised for accounting purposes as assets due to their low value. They are replaced at the end of their useful life (rather than on an official replacement cycle) and are considered 'out of scope' of this Asset Management Plan.

This plan has been aligned with Council's Asset Management Policy (2018) and Asset Management Strategy (2019). Any upgrades or new asset expenditure will require Council prioritisation.

Council recognises that climate change is likely to affect asset life and functionality. We are exploring what we can do to make fleet assets more environmentally sustainable and resilient to climate change.

What can you do?

Better understanding of community needs can help us improve user experience, attract more users and provide services more efficiently. Council will be pleased to consider your thoughts on the issues raised in this plan and suggestions on how we may change or reduce the mix of services to ensure that the appropriate level of service can be provided to the community within available funding.

2 - EXECUTIVE SUMMARY

FLEET, PLANT AND EQUIPMENT ASSET MANAGEMENT PLAN

EXECUTIVE SUMMARY

Assets covered by this plan



Fleet
Heavy Plant
Portable and Light Plant

Gross replacement cost \$9.5M
Written down value \$6.4M
Highly reliable asset data

What it will cost over the 10-year planning period



Renewal (net of disposal proceeds)	\$8.5M
Operation and Maintenance	\$15.2M
Total	\$23.7M

Extended operational life may reflect in marginally higher future maintenance costs

Levels of Service



- Appropriate fleet, plant and equipment to meet service levels set by Council in annual budgets
- Maintenance and servicing compliant with legislative requirements and manufacturers specifications
- Six-monthly safety check
- 95% service fleet availability

Funding levels are sufficient to continue to provide existing services at current levels in the medium term

Risk Management



Controls manage ageing fleet or technical obsolescence

Funding levels are sufficient to continue to manage risks in the medium term

Future Demands managed through ongoing monitoring



- Community Expectations
- Environmental Sustainability
- Improvement Initiatives
- Legislation
- Technology

Improvement Plan



- Undertake fleet maintenance expenditure cost allocation analysis
- Explore the option of undertaking a fleet maintenance optimisation review
- Explore alternative asset management systems (as part of council's Digital Transformation initiative)
- Calculate Asset Renewal Funding Ratio at Asset Management Plan level to better understand service delivery sustainability

3 - WHY WE NEED A PLAN

“Good asset management is critical for a high-performing Council. Investing in People, Data, Process and Systems enables effective and informed decision-making and optimises community outcomes” Brendon Lyons, Unit Manager Asset Solutions

ASSET MANAGEMENT FRAMEWORK



MAKING INFORMED DECISIONS THROUGH:

SKILLED PEOPLE **ACCURATE DATA** **IMPROVED PROCESSES** **INTELLIGENT SYSTEMS**

The Asset Management Framework aligns Council's asset portfolio to meet the service delivery needs of our community.

Council's purpose is:

To improve our residents' quality of life; continuously, smartly and efficiently

The City of Marion Asset Management vision is:

To maintain our assets to agreed Levels of Service which maximise community value throughout an asset's life

Supported by four Strategic Objectives:

- 1. MAXIMISE COMMUNITY VALUE**
- 2. DELIVER AGREED LEVELS OF SERVICE**
- 3. INFORMED DECISION MAKING**
- 4. OPTIMALLY MANAGED**

This Asset Management Plan is based on the format recommended in Section 4.2.6 of the *International Infrastructure Management Manual* (IPWEA 2015).

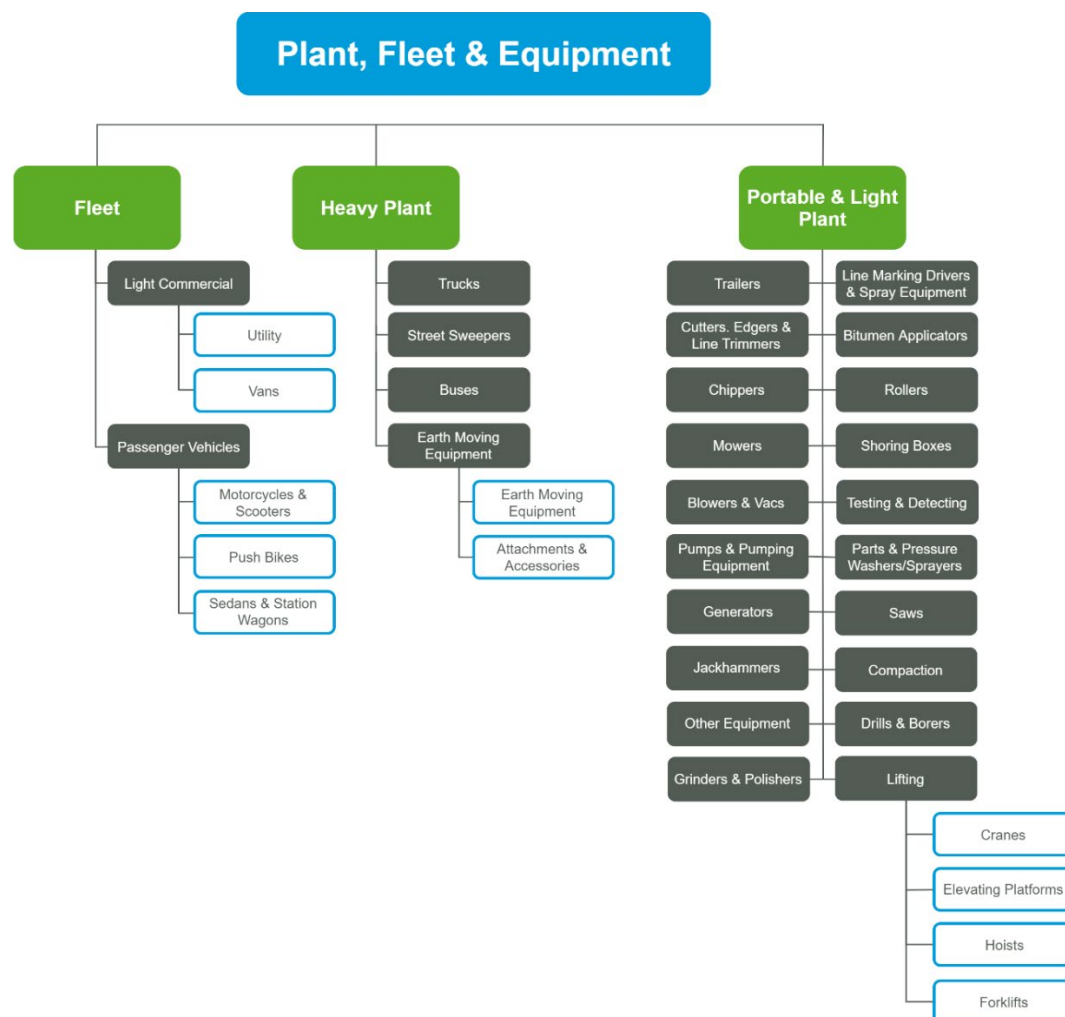
This plan is driven by the priorities of Council's Strategic Plan, the Asset Management Policy and Asset Management Strategy. It is funded by the Long Term Financial Plan and Annual Business Plan.

The effectiveness of this Asset Management Plan is measured annually through the following key performance indicators:

KEY PERFORMANCE INDICATOR
Asset Renewal Funding Ratio Calculated by measuring capital expenditure on renewal and replacement of assets relative to the Asset Management Plan required expenditure. This indicates whether Council is renewing or replacing existing non-financial assets in accordance with its future Asset Management renewal requirements
Asset Management Maturity Assessment Assessed against the Institute of Public Works Engineering Australasia (IPWEA) National Asset Management Strategy (NAMS) targets. The maturity scale builds from 1 - Aware to 3 - Core Maturity to 5 - Advanced Maturity.

4 - WHAT ASSETS WE HAVE

Assets exist to meet community needs through enabling the delivery of services to the service levels adopted by Council.



'Testing and Detecting' includes gas detectors, gas testers, pipe and cable locators, ground penetrating radar (GPR) and Radio-frequency identification detectors (RFID).

Small plant (e.g. chainsaws, line trimmers, drills) are not recognised for accounting purposes as assets due to their low value. They are replaced at the end of their useful life (rather than on an official replacement cycle) and are considered 'out of scope' of this Asset Management Plan.

Fleet assets are used by Council staff to construct, maintain and upgrade infrastructure and land and to transport materials, equipment, Council staff and community members. The table below outlines the current fleet assets and replacement strategy:

	Service Provided	Asset Category	Qty	Purchase Value	Average Age at June 2019	Estimated Annual Average Utilisation	Replacement Timing - Utilisation	Useful Life / Replacement Timing	Disposal Value - % of Purchase Price
Fleet	Transport of materials, equipment and staff	Utilities	21	\$618,000	2.6 years	13,200 km	60,000 km	5 years	45%
		Vans	5	\$167,000	4.0 years	11,400 km	100,000 km	5 years	40%
		Sedans & Wagons	41	\$1,042,000	1.8 years	15,400 km	50,000 km	5 years	60%
Heavy Plant	Transport of community members	Community Buses	2	\$185,000	2.6 years	26,000 km	220,000 km	8 years	15%
	Equipment used to carry out works	Trucks - GVM 15001 to 24000 kg	8	\$1,434,000	0.9 years	10,500 km	110,000 km	10 years	35%
		Trucks - GVM 6001 to 15000 kg	27	\$2,850,000	3.8 years	11,600 km	110,000 km	10 years	35%
		Trucks - GVM 6001 to 15000 kg – Hard Waste Truck only	1	\$140,000	5.6 years	23,600 km	180,000 km	8 years	35%
		Trucks - GVM to 6000 kg	0	N/A	N/A	N/A	110,000 km	8 years	35%
		Street Sweepers	2	\$615,000	3.0 years	720 hours	5,000 hours	7 years	30%
		Backhoes	4	\$586,000	2.2 years	500 hours	4,000 hours	7 years	30%
		Excavators	1	\$258,000	7.7 years	270 hours	8,000 hours	10 years	30%
		Loaders	2	\$370,000	11.3 years	560 hours	8,000 hours	10 years	30%
	Portable and Light Plant	Chippers	2	\$168,000	2.8 years	318 hours	3,750 hours	8 years	15%
		Elevating Platforms	2	\$163,000	8.8 years	138 hours		10 years	15%
		Forklifts, Cranes, Vibrating Plates, Concrete Saws	20	\$242,000	5.9 years	n/a		10 years	10%
		Line Marking Drivers	2	\$23,000	3.5 years	n/a		10 years	10%
		Line Marking Spray Equipment	3	\$44,000	3.7 years	n/a		7 years	10%
		Mowers	7	\$222,000	1.9 years	260 hours	2,000 hours	5 years	15%
		Trailers	17	\$295,000	5.6 years	n/a		10 years	10%
Rollers		2	\$72,000	4.7 years	n/a	500 hours	10 years	10%	
TOTAL			169	\$9,493,000					

Note: Utilisation is the primary consideration in decisions regarding retaining or replacing fleet assets.

Data Quality

Currency and accuracy of asset data is critical to effective asset and financial management. Data confidence is classified on a 5 level scale:

Confidence Grade	Data Confidence	Description
A	Highly reliable data	<ul style="list-style-type: none">• Based on sound records, procedures, investigations and analysis• Documented accurately• Agreed as the best method of assessment• Dataset is complete and estimated to be accurate $\pm 2\%$
B	Reliable data	<ul style="list-style-type: none">• Based on sound records, procedures, investigations and analysis• Documented properly but has minor shortcomings• For example, some data is old, some documentation is missing and/or reliance is placed on unconfirmed reports or some extrapolation• Dataset is complete and estimated to be accurate $\pm 10\%$
C	Uncertain data	<ul style="list-style-type: none">• Either based on sound records, procedures, investigations and analysis which is incomplete or unsupported• Or extrapolated from a limited sample for which grade A or B data are available• Dataset is substantially complete but up to 50% is extrapolated data and accuracy estimated $\pm 25\%$
D	Very uncertain data	<ul style="list-style-type: none">• Based on unconfirmed verbal reports and/or cursory inspections and analysis• Dataset may not be fully complete and most data is estimated or extrapolated.• Accuracy $\pm 40\%$
E	Unknown	<ul style="list-style-type: none">• Unknown, as none or very little data held

Data confidence is assessed as highly reliable (confidence grade A) for asset data used in the preparation of this plan.

As vehicle pricing does not tend to move in line with indexation, certain prices have been estimated where those vehicles are not replaced with such regularity that today's pricing would be a fair and reasonable estimate

5 - LEVELS OF SERVICE

Community Levels of Service

Community Levels of Service are associated with the variety of services provided by Council to our community. The following table demonstrates how the assets covered under this Asset Management Plan assist in achieving Community Levels of Service.

	Community Level of Service	Achieved By
Safety	No preventable injuries	Fleet, plant and equipment assets are risk assessed to ensure they are used safely within the community. This includes emissions, noise levels and compliance.
Quality	Operational requirements are safely and effectively met	Fleet, plant and equipment assets are managed and maintained to best practice industry standards.
Function	Provide sufficient assets to undertake council works to meet Levels of Service	Specifications for fleet, plant and equipment assets meet operator requirements.
Capacity	Availability of appropriate assets	Annual Utilisation Analysis against Fleet Policy and Fleet Replacement Matrix.
Sustainability	Operational requirements are safely and effectively met, whilst minimising impact on the environment	Environmental performance is assessed when selecting fleet, plant and equipment assets, including emission levels.

Fleet assets enable Council to deliver services to the community. Council uses a range of activities to engage with the community and stakeholders on these services, rather than at a fleet level. The improvement plan includes an action to investigate the feasibility of adding additional questions to Council's future Community Surveys.

Technical Levels of Service

Technical levels of service determine the allocation of resources to service activities to best achieve the desired community outcomes and demonstrate effective performance throughout an asset's lifecycle. Council manages and operates assets at the agreed levels of service while managing whole-of-life costs to ensure the best value for resources used. . The following table demonstrates the Technical Levels of Service for fleet, plant and equipment assets.

Technical Level of Service	Achieved By
Planning in line with a 10 year asset replacement program based on optimum replacement	Assets planned through 10 year Fleet Replacement Program Assets are provided to meet design standards where these are available. Annual Utilisation Analysis against Fleet Policy and Fleet Replacement Matrix Annual Replacement Program Budget developed and Long Term Financial Plan updated
Creation of the asset subject to a business case assessment which sets out capital requirements, whole of life costs, predicted utilisation and internal hire rates	Assets created to maintain Levels of Service through annual review of the 10 year Fleet Replacement Program All procurement follows the City of Marion Plant Procedure with asset specification and business requirements defined as required Plant Pre-Purchase Health Safety and Environment Checklist, Pre Delivery and Post Delivery Inspections, Pre Hand-Over Training and Risk Assessments are conducted Fleet Plant and Equipment are inspected by City of Marion Workshops as part of the fleet commissioning process
Operation of an asset in the manner it was designed to be used for	Safe Work SA's Code of Practice for Fleet is followed Training Database is maintained, including checks for Heavy Vehicle and High Risk Licencing. Training provided to operators as part of the asset commissioning process, and on an as-required basis. Daily pre-start inspections by drivers/operators with defects reported to workshop staff Service schedules are based on date/kilometres or hours of use as displayed in the Plant Register Items deemed unserviceable are tagged out of service, pending investigation, repair or replacement
Monitoring utilisation and recording asset downtime	Fleet and Plant Timesheets completed Monthly Fuel Invoice Analysis conducted Annual Utilisation Analysis against Fleet Policy and Fleet Replacement Matrix Recording asset downtime (out of service)
Maintenance of assets in line with manufacturer's requirements with flat rates for workshop maintenance and keeping detailed records of reasons for failures	Scheduled maintenance is compliant with industry standards and manufacturers specification Maintenance issues and condition reports are maintained within the Plant Register, Skytrust and the financial management program recording maintenance performed, labour and materials used. Plant Register drives scheduled servicing and maintenance of vehicles
Renewal in accordance with optimum replacement timing principles based on whole of life costs	Assets are programmed to be replaced based on utilisation triggers to keep them in good condition Assets renewed through 10 year Fleet Replacement Program Annual Utilisation Analysis against Fleet Policy and Fleet Replacement Matrix Annual Replacement Program Budget developed and Long Term Financial Plan updated
Disposal where the item fails to meet minimum utilisation benchmarks or is no longer required	Complies with legislative requirements including Fleet Policy, Disposal of Land and Assets Policy, and Disposal of Excess Plant Equipment, Stores & Salvaged or Recycled Materials Procedure Disposal of plant to be approved by a member of Executive Leadership Team

Legislative Requirements

Council considers the following legislative framework in the management of fleet, plant and equipment assets.

Australian Accounting Standards	Sets out the financial reporting standards relating to the (re)valuation and depreciation of infrastructure assets
Disability Discrimination Act 1992 and other relevant disability legislation	Sets the standard for accessibility to eliminate, as far as possible, discrimination against persons on the grounds of disability
Highways Act 1926	Sets out the legislative framework for roads and road authorities in SA
Local Government Act 1999	Sets out the role, purpose, responsibilities and powers of local governments including the preparation of a Long Term Financial Plan supported by infrastructure and asset management plans for sustainable service delivery
Local Government (Financial Management and Rating) Amendment Act 2005	Provides impetus for the development of a Strategic Management Plan, comprising an Asset Management Plan and Long Term Financial Plan
Motor Vehicles Standards Act 1989 (Australian Design Rules)	Sets national standards for vehicle safety, anti-theft and emissions
Relevant Australian Standards	Set standards relating to requirements to inspect and certify cranes, elevated work platforms and lifting devices
Relevant Heavy Vehicle National Law and Regulations	Provides laws and regulations related to heavy vehicles over 4.5 tonnes gross vehicle mass
Road Traffic Act 1961	Sets vehicle standards, mass and loading requirements and other safety measures in relation to light vehicles. Contains powers for Council to install and remove traffic control devices.
SafeWork SA as Relevant to Fleet Management	Provides the Code of Practice and registration for Managing Risks of Plant in the Workplace
Work Health and Safety Act 2012 (SA)	Provides guidelines for protection of the health, safety and welfare of persons at work

6 - HOW WE PROVIDE THE SERVICE

In simplest terms, asset management is about how assets are ‘looked after’, both on a day-to-day basis (operation, monitoring and maintenance) and in the medium-to-long term (planning, creation, renewal and disposal).

ASSET MANAGEMENT **LIFECYCLE**

»»»»» SINGLE POINT OF TRUTH IN ASSET MANAGEMENT INFORMATION SYSTEM AND GEOGRAPHIC INFORMATION SYSTEM »»»»»

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ASSET PLANNING AND CREATION

When specifying fleet asset requirements, Council seeks to balance a range of factors including:

- Safety requirements by applying the hierarchy of hazard controls to designs to ensure hazards are eliminated, or where that is not reasonably practicable, are effectively controlled.
- Operational needs and functional requirements and where possible seek to identify innovation that may provide for greater level of efficiency or effectiveness in undertaking council's services, or reduce risk of downtime.
- Emission levels, alternative fuel sources and other factors that impact on our environment or where the environment may impact on the function or lifecycle of the asset
- Whole of life costs when making buying decisions. Factors include, but are not limited to, purchase costs, future resale values, cost of maintenance over the life of the asset, warranty periods, value adds offered, aftersales support, ownership vs lease.

Future Demands

Political, economic, social, technological, legal, environmental and relationship drivers that may impact future service delivery and use of assets are monitored via Council's environmental scan and corporate risk register.

Council recognises that climate change is likely to affect asset life and functionality. We are exploring what we can do to build asset resilience in response to climate impacts such as less rainfall overall, more frequent and intense rainfall events, increased frequency and intensity of bushfires, increased temperatures, more frequent and intense heatwaves and increased risk of coastal erosion and flooding as a result of sea level rise. Climate change currently has minimal impact on our fleet assets; however, we will continue to consider climate change impacts within standard asset replacement processes.

Council will consider emission levels, alternative fuel sources and other environmental factors in future fleet asset replacement decisions, with the intention to transition to procure fleet assets with lower emissions over time, with an expected positive impact on our environment. As at 2018/19, carbon emissions from Council's fleet assets represented 20% of the overall emissions. The City of Marion Carbon Neutral Plan 2020 – 2030 is currently being developed as a roadmap to reduce carbon emissions from Council operations by 2030.

Demand for new services will be managed through a combination of managing existing assets, upgrading of existing assets and providing new assets. Demand management practices include non-asset solutions, insuring against risks and managing failures. Additional assets are provided by contractors (where they have been contracted to provide services to Council) or hired on an as-needs basis.

Council has considered the following future demands during development of this Asset Management Plan:

Area	Demand	Impact on services	Demand Management Plan
Political	Political changes, Productivity Commissioner's report and possibility of council amalgamations	Change in services or service levels	Approved business case through annual review of the 10 year Fleet Replacement Program
Social	Changing community demographics, needs and expectations	Change in services or service levels	Monitoring community expectation Communicating service levels and financial capacity with the community to balance asset priorities with what the community is prepared to pay for
Technological	Improvement in capability and emission standards of Car Fleet and Heavy Vehicles, and desire for carbon neutrality	Ability to deliver services at a higher operational level and greater safety features with less environmental impact	Considered within standard replacement cycle. Decisions made on a range of evaluation criteria. The City of Marion Carbon Neutral Plan 2020 – 2030 is being developed
Technological	Increased availability of hydrogen, hybrid and electric vehicles and charging stations	Ability to deliver services at a higher operational level and greater safety features with less environmental impact Vehicles may not be practical for use in emergency assist, such as iResponda	Monitor fuel usage, investigate alternative fuels, review logistics related to availability of filling and / or charging sites Considered within standard replacement cycle. Decisions made on a range of evaluation criteria.
Technological	Smart Cities, autonomous / connected vehicles and machine learning	Changes in design to streetscapes & parking zones to enable different modes of transport Increased proactive maintenance and reduced need for residents to call	Market driven, opportunities to lobby for funding
Technological	Being a smart organisation that uses data to drive decision-making.	Ability to deliver services at a higher operational level achieved through use of in vehicle GPS data. Implementing Internet of Things within facilities, assets and services to understand current demand and identify opportunities to improve service delivery.	Utilisation based asset maintenance and renewal

Area	Demand	Impact on services	Demand Management Plan
Legal	Legal changes	Complex legal and compliance requirements	Established compliance registers. Considered within standard replacement cycle. Decisions made on a range of evaluation criteria.
Environmental	Impacts of climate change	Change in services or service levels	<p>Considered within standard replacement cycle. Decisions made on a range of evaluation criteria.</p> <p>Climate Risk Assessments will determine impact on asset useful lives</p> <p>Communicating service levels and financial capacity with the community to balance asset priorities with what the community is prepared to pay for</p>
Environmental	Decreased availability of oil from the global fuel market	Reduced or inability to deliver services.	<p>Monitor fuel usage, investigate alternative fuels over time.</p> <p>Considered within standard replacement cycle. Decisions made on a range of evaluation criteria.</p>
Relationships	Collaboration between Cities of Marion, Charles Sturt and Port Adelaide Enfield	<p>Ability to deliver services at a higher operational level</p> <p>Improved information and data sharing</p>	<p>Adopting best practice principles across all three councils to deliver best value.</p> <p>Opportunity to share a Fleet Coordinator position</p> <p>Continue to engage and consult with key stakeholders</p>
Relationships	Collaboration between neighbouring councils and stakeholders within shared catchments	Improved information and data sharing.	Continue to work with neighbouring councils and share information.
Relationships	Testing of Levels of Service	Improved understanding of costs and capacity to maintain current service levels	Continue to analyse the cost of providing service and the capacity to fund at the current level of service

ASSET OPERATION, MONITORING AND MAINTENANCE

Council operates, monitors and maintains assets to provide the defined level of service to approved budgets in the most cost-efficient manner. Operation includes cost of fuel, registration, insurance, batteries and tyres. Maintenance programs are focused on industry best practice, legislative requirements and design specifications.

Year	Past Maintenance Expenditure		
	Proactive / Planned (Servicing)	Reactive - Unplanned (Repairs)	Total
2016/17	\$0.07M	\$0.36M	\$0.41M
2017/18	\$0.06M	\$0.40M	\$0.46M
2018/19	\$0.06M	\$0.35M	\$0.43M

Council's renewal program minimises the need for heavy reactive maintenance activities as the risk of these is minimised as part of the renewal schedule.

Further analysis of the process of costing fleet maintenance expenditure is required to ensure the allocation of costs between planned versus unplanned maintenance is accurate.

Proactive or planned maintenance is work that is identified and managed through a maintenance management system. Activities include inspection, undertaking scheduled servicing, assessing the condition against failure/breakdown experience, priority of works, scheduling, actioning the work and reporting what was done to develop a maintenance history and improve maintenance and service delivery performance.

Reactive or unplanned maintenance is repair work which is carried out in response to failure of an asset, e.g. breakdown, accidental damage, safety repairs (non-scheduled servicing). Assessment and priority of reactive maintenance is undertaken by staff using experience and judgement to minimise downtime.

Year	Operations Budget	Maintenance Budget
2020/21	\$0.85M	\$0.50M
2021/22	\$0.87M	\$0.51M
2022/23	\$0.89M	\$0.53M
2023/24	\$0.92M	\$0.54M
2024/25	\$0.94M	\$0.55M
2025/26	\$0.96M	\$0.57M
2026/27	\$0.99M	\$0.58M
2027/28	\$1.01M	\$0.60M
2028/29	\$1.04M	\$0.61M
2029/30	\$1.06M	\$0.63M
Total	\$9.53M	\$5.62M

Operations expenditure is impacted predominantly by the cost of fuel. The cost of registration and insurance has remained stable or reduced slightly over the past four years due to reductions in overall fleet numbers.

Proactive maintenance work is currently 15% of total maintenance expenditure. Current maintenance expenditure levels are considered to be adequate to meet required service levels.

During 2018 a revised Fleet Policy was adopted which effectively increased the length of time some fleet assets are retained. At this stage no additional maintenance funds have been allowed to maintain fleet, plant and equipment at current service levels. This will be monitored over time, and considered as part of the annual review of the 10 year Fleet Replacement Program.

Council assesses the condition of its fleet assets through a range of planned activities including:

- Daily pre-start inspections by drivers/operators with defects reported to workshop staff
- Regular service schedules (based on date/kilometres or hours of use) undertaken by workshop staff (or contractors as required)
- Six monthly safety check by workshop staff

Repairs are undertaken as and when needed.

ASSET RENEWAL AND DISPOSAL

Renewal is the replacement of an existing fleet asset. Utilisation is the primary consideration in decisions regarding retaining or replacing fleet assets. Low utilisation may also indicate council should consider disposal and/or hiring the asset as required. All utilisation analysis, budget programs and processes are guided by the Fleet Policy and associated Fleet Replacement Program Matrix. Council maintains a rolling ten year Fleet Replacement Program that is reviewed annually in consultation with key internal stakeholders, taking into consideration Council's agreed Optimised Utilisation Fleet Replacement Matrix, actual asset utilisation levels, and asset condition.

Year	Renewal Spend Budget	Disposal Proceeds Budget	Net Budget
2020/21	\$1.13M	\$0.41M	\$0.72M
2021/22	\$1.37M	\$0.47M	\$0.90M
2022/23	\$0.64M	\$0.25M	\$0.39M
2023/24	\$1.59M	\$0.61M	\$0.98M
2024/25	\$1.24M	\$0.40M	\$0.84M
2025/26	\$1.31M	\$0.45M	\$0.86M
2026/27	\$0.60M	\$0.20M	\$0.40M
2027/28	\$1.62M	\$0.58M	\$1.04M
2028/29	\$1.43M	\$0.50M	\$0.93M
2029/30	\$2.18M	\$0.73M	\$1.45M
Total	\$13.11M	\$4.60M	\$8.51M

Fleet assets are typically disposed due to end of useful life (and are being replaced), or are identified as surplus to requirements. All assets are disposed of in accordance with Council's Fleet Policy, Disposal of Land and Assets Policy, and Disposal of Excess Plant Equipment, Stores & Salvaged or Recycled Materials Procedure

Council's Fleet Replacement Program assumes of:

- 'like-for-like' replacement based on the original purchase price (escalated by 10% as at the date of replacement, being our best estimate of 2.5% increase per annum over a fleet with varying useful lives and replacement timeframes).
- Disposal values reflecting our historical returns achieved (reflecting asset consumption over time).

Collaboration between Cities of Marion, Charles Sturt and Port Adelaide Enfield may enhance future activities associated with the process of fleet asset renewal.

In the last five years, approximately 20 underutilised assets were disposed for approximately \$340,000, and not replaced. While this analysis is ongoing, no significant asset has been identified to be suitable for disposal (and not replaced) under this current plan.

7 - RISK MANAGEMENT

Risk management provides a process for the selection of treatment plans and management actions to protect the community against unacceptable risks. Risk assessment identifies credible hazards, the likelihood of the hazard 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

An assessment of risks associated with service delivery from fleet assets, using Council's risk matrix, has identified the hazards that will result in significant loss, 'financial shock' or a reduction in service:

Hazard	Current Controls	Current Rating	Further Actions	Forecast Rating
<p>Ageing fleet or technical obsolescence:</p> <ul style="list-style-type: none"> • High incidence of breakdowns • Increased maintenance costs • Increased downtime • Increased product costs and poor efficiency • Work programs run behind schedule • Increase risk of reactive plant maintenance and down time 	<p>Serviced and inspected in accordance with Manufacturer's requirements, including six monthly safety inspections</p> <p>Replace equipment at optimal time</p> <p>Regular condition assessment of key equipment to assist in predicting maintenance and renewal needs</p> <p>Maintenance managed appropriately at an operational level</p> <p>Workshops designed to meet current maintenance requirements</p>	Low	<p>Explore the option of undertaking a review of council's maintenance (and plant inspection processes) to ensure Council's services are optimised to meet current and future fleet maintenance requirements.</p> <p>Explore alternative asset management systems (as part of council's Digital Transformation initiative) to monitor servicing schedules, record maintenance activities undertaken, and impacts of asset downtime.</p>	Low
Injury to operators	<p>Implement WHS Management Plan including safe work procedures and safe work method statements</p> <p>Appropriate measures are undertaken to ensure that the plant is suitable and is not introducing unnecessary risks to employees, including:</p> <ul style="list-style-type: none"> • Consultation on purchase; • Undertaking of risk assessment; • Implementing risk controls; and • Monitoring and reviewing of risk controls. 	Low	Nil	Low

Hazard	Current Controls	Current Rating	Further Actions	Forecast Rating
Damaged fleet assets due to incorrect use	<p>Staff trained in use of new equipment as part of asset commissioning process</p> <p>Staff have current, appropriate licenses to operate plant</p> <p>Training provision and competency levels monitored through Corporate Training Registers</p>	Low	Nil	Low
Inadequate car fleet availability at times	<p>Use of fleet booking system</p> <p>Annual Review of Fleet replacement program</p>	Low	Nil	Low
Underutilised assets as a result of staffing, seasonal weather and communication across departments	Utilisation reviewed annually as part of update of Fleet Replacement Program, and fed into replace/dispose decision making	Low	Nil	Low

Critical assets are those which have a high consequence of failure causing significant loss or reduction of service. Investigative activities, condition inspection programs, maintenance and capital expenditure plans can be targeted at the critical areas. Activities may include increased inspection frequency and higher maintenance intervention levels.

A backup generator (used to maintain power supply to be able to maintain minimum IT network functionality in the event of a power blackout) is considered a critical item of plant. A regular maintenance and testing regime (including holding backup stocks of diesel to power the generator) have been established to minimise risk of loss of this item.

While losing a variety of fleet assets is likely to cause a degree of disruption, we consider we do not hold any other critical fleet assets, as a variety of risk management actions exist to eliminate/minimise the potential impact on Council's services including:

- adopting additional inspection/maintenance activities/regimes associated with these critical assets;
- hiring replacement fleet items at short notice;
- re-directing alternative Council assets be used; or
- engaging third parties (e.g. contractors, other councils) to provide equivalent services.

8 - WHAT IT WILL COST AND HOW WE WILL PAY FOR IT

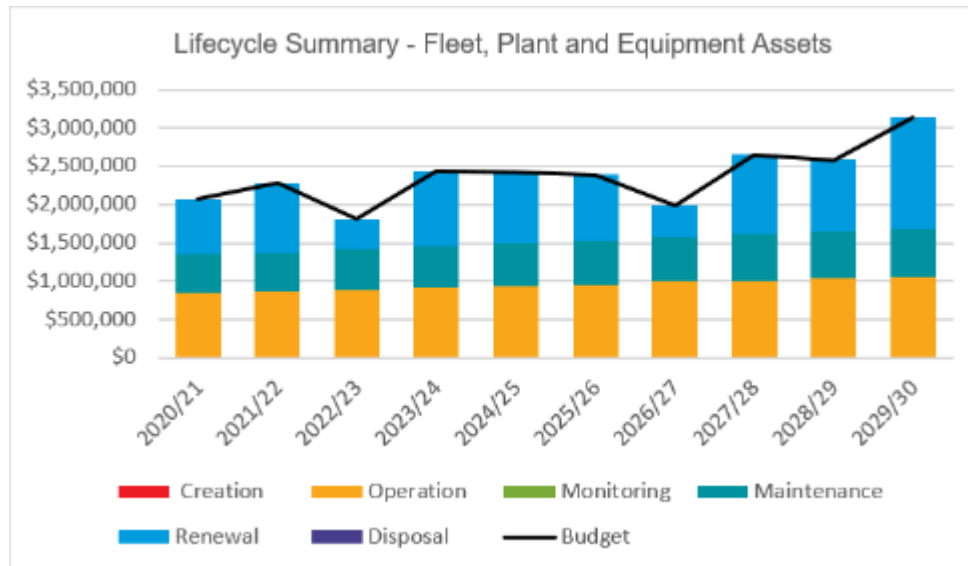
Financial Statements and Projections

The decisions made in adopting this Plan are based on achieving the optimum benefits from the available resources. This section contains the financial requirements resulting from all the information presented in the previous sections. The financial projections will be refined annually as further information becomes available on desired Levels of Service and current and projected future asset performance.

Council's Fleet Replacement Program assumes:

- 'Like-for-like' replacement based on the original purchase price (escalated by 10% as at the date of replacement, being our best estimate of 2.5% increase per annum over a fleet with varying useful lives and replacement timeframes). Procurement of non 'like for like' fleet assets would be based on an approved business case.
- Disposal values reflecting our historical returns achieved (reflecting asset consumption over time).
- As vehicle pricing does not tend to move in line with indexation, certain prices have been estimated where those vehicles are not replaced with such regularity that today's pricing would be a fair and reasonable estimate.

Funding Strategy



This Asset Management Plan identifies the projected expenditure required to provide an agreed Level of Service to the community over a 10 year period.

This provides input into 10 year financial and funding plans aimed at providing the required services in a sustainable manner.

These figures will be revisited with each iteration of the Long Term Financial Plan.

Year	Creation	Operation	Monitoring	Maintenance	Renewal	Disposal	TOTAL
2020/21	\$0	\$850,000	\$0	\$500,000	\$720,000	\$0	\$2,070,000
2021/22	\$0	\$870,000	\$0	\$510,000	\$900,000	\$0	\$2,280,000
2022/23	\$0	\$890,000	\$0	\$530,000	\$390,000	\$0	\$1,810,000
2023/24	\$0	\$920,000	\$0	\$540,000	\$980,000	\$0	\$2,440,000
2024/25	\$0	\$940,000	\$0	\$550,000	\$940,000	\$0	\$2,430,000
2025/26	\$0	\$960,000	\$0	\$570,000	\$860,000	\$0	\$2,390,000
2026/27	\$0	\$1,010,000	\$0	\$580,000	\$400,000	\$0	\$1,990,000
2027/28	\$0	\$1,010,000	\$0	\$600,000	\$1,040,000	\$0	\$2,650,000
2028/29	\$0	\$1,040,000	\$0	\$610,000	\$930,000	\$0	\$2,580,000
2029/30	\$0	\$1,060,000	\$0	\$630,000	\$1,450,000	\$0	\$3,140,000
TOTAL	\$0	\$9,550,000	\$0	\$5,620,000	\$8,610,000	\$0	\$23,780,000

Lifecycle costs (or whole of life costs) are the average costs that are required to sustain the service levels over the asset life cycle. Lifecycle costs include operations and maintenance expenditure and asset consumption (depreciation expense). The lifecycle cost for the services covered in this Asset Management Plan is **\$2.37M** per year (average operations and maintenance expenditure plus depreciation expense projected over 10 years).

Lifecycle costs can be compared to lifecycle expenditure to give an initial indicator of affordability of projected service levels when considered with age profiles. Lifecycle expenditure includes operations, maintenance and renewal expenditure. Lifecycle expenditure will vary depending on the timing of asset renewals. The Lifecycle expenditure over the 10 year planning period is **\$2.37M** per year (average operations and maintenance plus capital renewal budgeted expenditure in LTFP over 10 years).

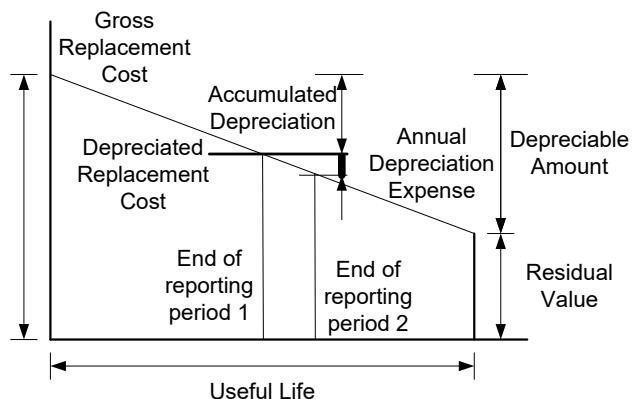
The matching of lifecycle cost to lifecycle expenditure gives asset renewal of **100%** to maintain the service potential of the fleet at year 10 as it was at year 1.

In the future, the Asset Renewal Funding Ratio will be calculated at Asset Management Plan level to better understand service delivery sustainability.

Appendix A contains council's budgeted expenditures accommodated in the Long Term Financial Plan.

Valuation Forecasts

The value of assets recorded in the asset register at 30 June 2019 covered by this Asset Management Plan is shown below. As assets are replaced regularly in line with Council's 10 year Fleet Replacement Program, the purchase price recorded on the asset register is considered to be adequate. If any significant changes are required to the registers these are made accordingly.



Gross Replacement Cost	\$9.5M
Depreciable Amount	\$3.1M
Depreciated Replacement Cost	\$6.4M
Annual Average Asset Consumption	\$0.9M

Council's useful life for fleet, plant and equipment is the projected replacement period defined in the Fleet Replacement Program. This includes annualised kilometres and/or hours of use and replacement funds.

Rate of Annual Asset Consumption	9.6 % (Depreciation/Depreciable Amount)
Rate of Annual Asset Renewal	100% (Capital renewal expenditure/Depreciable amount)

In 2020 Council will renew assets at **100%** of the rate they are being consumed and will be increasing its asset stock by **0%** in the year.

The table below details the key assumptions made in presenting the information contained in this Asset Management Plan and in preparing forecasts of required operating and capital expenditure and asset values, depreciation expense and carrying amount estimates.

Key Assumptions	Risk of Change to Assumptions
The Long Term Financial Plan will not change over the planning period	Medium
Carbon Neutral Plan may impact asset planning and renewal evaluation criteria	Medium
Climate Risk Assessments may impact asset useful lives	Low
Community level of service expectations remain consistent	Low
No significant changes in legislation	Low
Fleet, plant and equipment are replaced on a 'like for like' basis	Low
Fleet, plant and equipment are replaced based on meeting utilisation thresholds	Low
The materiality threshold for fleet, plant and equipment is \$3,000.	Low
Assets should have a useful life of greater than one year in order for the expenditure to be capitalised and have a value above a Materiality Threshold. Any expenditure considered to be Capital must also pass a materiality test. Materiality levels are set so as not to misstate Financial Statements and to provide a guide whether it is practical from an Administrative perspective that expenditure is capitalised.	Low
Networked/Aggregate Assets - Expenditure can still be capitalised on items that fall below materiality thresholds individually but operate together as a cohesive whole to form a substantial/significant total value. Examples are the Computer Network, Library Books, and Reserve Furniture.	Low
The new asset management system will be able to capture operations and maintenance costs to better manage the overall expenditure	Low
Operation and Maintenance costs for new assets will be consistent with the operation and maintenance costs of existing assets	Low

9 - WHAT WE WILL DO NEXT - IMPROVEMENT PLAN

	Task	Responsibility	Timeline/Frequency
1	Ensure asset handover process is utilised to ensure asset acquisition, upgrade, renewal and disposal is captured and communicated to maintain the Asset Management Information System.	Asset Owner – Strategic Procurement Lead	Now
2	Review and revise chart of accounts to facilitate consistent and accurate cost allocation for all asset expenditure aligned with the Asset Management Lifecycle.	Manager Finance	Now
3	Revise valuation procedures and valuer briefing to better reflect needs of Asset Management Planning cycle	Unit Manager Asset Solutions	June 2021
4	Undertake analysis of the process of costing fleet maintenance expenditure to ensure the allocation of costs between planned versus unplanned maintenance is accurate.	Subject Matter Expert – Unit Manager Operational Support	June 2021
5	Develop targets for community levels of service	Asset Owner – Strategic Procurement Lead	June 2021
6	Explore the option of undertaking a review of Council's maintenance (and plant inspection processes) to ensure Council's services are optimised to meet current and future fleet maintenance requirements.	Subject Matter Expert – Unit Manager Operational Support	June 2021
7	Investigate options to conduct Climate Risk Assessments for City of Marion assets and the forecast impacts on asset useful lives	Unit Manager Asset Solutions	June 2021
8	Investigate feasibility of adding additional questions of Council's future Community Satisfaction Surveys	Unit Manager Asset Solutions	June 2021
9	Explore alternative asset management systems (as part of council's Digital Transformation initiative) to monitor servicing schedules, record maintenance activities undertaken, and impacts of asset downtime.	Unit Manager Asset Solutions	June 2021 (highly dependent on other factors)
10	Annual review of KPIs and benchmarks aligned to Asset Management Strategy.	Unit Manager Asset Solutions	June 2021 then annually
11	Undertake annual review of Asset Renewal Funding Ratio for asset class to ensure assets are being renewed as they are consumed (Ratio of 1.0).	Unit Manager Statutory Finance and Payroll	June 2021 then annually
12	Investigate opportunities to integrate with Carbon Neutral Plan 2020 - 2030 to map out how the City of Marion Fleet Assets can reduce carbon emissions for Council operations by 2030.	Subject Matter Expert – Unit Manager Operational Support	November 2021
13	Update this Asset Management Plan during annual budget planning processes to show any material changes in service levels and/or resources available to provide those services as a result of budget decisions.	Asset Owner – Strategic Procurement Lead	November 2021 then annually
14	Undertake a full review of this plan at least every four years, within two years of each Council election or any review to Council's Strategic Plan.	Asset Owner – Strategic Procurement Lead	November 2024

APPENDIX A: Budgeted Expenditures Accommodated in Long Term Financial Plan

As vehicle pricing does not tend to move in line with indexation, certain prices have been estimated where those vehicles are not replaced with such regularity that today's pricing would be a fair and reasonable estimate.

FLEET, PLANT AND EQUIPMENT

Financial year ending	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operations										
Operations budget	\$850	\$870	\$890	\$920	\$940	\$960	\$990	\$1,010	\$1,040	\$1,060
Management budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
AM systems budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Operations	\$850	\$870	\$890	\$920	\$940	\$960	\$990	\$1,010	\$1,040	\$1,060
Maintenance										
Reactive maintenance budget	\$350	\$350	\$370	\$370	\$380	\$390	\$400	\$410	\$420	\$430
Planned maintenance budget	\$150	\$160	\$160	\$170	\$170	\$180	\$180	\$190	\$190	\$200
Specific maintenance items budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Maintenance	\$500	\$510	\$530	\$540	\$550	\$570	\$580	\$600	\$610	\$630
Capital										
Planned renewal budget	\$720	\$900	\$390	\$980	\$840	\$860	\$400	\$1,040	\$930	\$1,450
Planned upgrade/new budget	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Non-growth contributed asset value	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Capital	\$720	\$900	\$390	\$980	\$840	\$860	\$400	\$1,040	\$930	\$1,450
Asset Disposals										
Est Cost to dispose of assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Carrying value (DRC) of disposed assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Disposal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL	\$2,070	\$2,280	\$1,810	\$2,440	\$2,330	\$2,390	\$1,970	\$2,650	\$2,580	\$3,140

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Front Cover Artwork
Title: Touch a Truck
Year: 2019