



*Bridge to Opportunity*

*The Rural City of*  
**MURRAY  
BRIDGE**



# **Plant and Fleet Asset Management Plan**

2019-2024

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Revision	Document ID	Issue Date	Council Res	Revision Description
1		September 2019		Original Issue
2		December 2020		Annual review to update order of renewal based on plant and fleet utilisation, level of service and  Include revision to align with Councils update 2020-2024 Strategic Plan



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## 1. EXECUTIVE SUMMARY

***The Rural City of Murray Bridge's vision is to be connected with and working towards the aims and aspirations of its community.***

***In order to achieve this Council must continually service and maintain its current asset inventory aligned to Asset and Operational Management Plans***

***The Plant and Fleet Asset Management Plan is a critical support element in the provision of achieving this vision.***

## 2. INTRODUCTION

### 2.1. Background

The intent of this Plant and Fleet Asset Management Plan is to provide for the responsive management of assets through efficient, effective and adaptive Plant and Fleet Management aligned to compliance with regulatory requirements.

The Asset Management Plan is to be read in conjunction with Council's Asset Management Policy, complimentary Asset Management Plans and the following associated planning documents:

- Rural City of Murray Bridge Community Plan 2016-2032
- Rural City of Murray Bridge Strategic Plan 2020-2024
- Rural City of Murray Bridge Long Term Financial Plan

This plan will specifically address the changing needs of the community and this will inform Council's future Plant and Fleet requirement. It will also address how this transition will be managed both operationally and financially and highlight potential gains through the sale of surplus Plant and Fleet.

New technology, improved construction and maintenance methodologies, and the changing landscape of Murray Bridge and its community will drive Council's Plant and Fleet Asset management plan from a "Like for Like" renewal model to a "Fit for Purpose" model where innovation and efficiency are key.

It will be critical for Council Administration to lead this Transition by clearly articulating the reasons and benefits, while carefully managing the emotions of both staff and the community associated with fear of managing Plant and Fleet differently to achieve Council's vision.



## 2.2. Goals and Objectives of Asset Management

The Rural City of Murray Bridge exists to provide services to its community and deliver outcomes that align to the Rural City of Murray Bridge Community Plan 2016-2032 and 2020-2024 Strategic Plan.

This Plant and Fleet Asset Management Plan will provide guidance in the development of Council's Long Term Financial Strategy and Annual Business Plans.

The following Strategic Goals are addressed by this Plan

### Valued Environment

- Enlivened community spaces:
  - Town entrances are enhanced and beautified
  - Improved connectivity and accessibility through expansion of footpath networks, cycling and walking trails
  - Enhance community facilities to improve accessibility and suitability to support our community organisations and activities
- A city geared for growth:
  - Locations are identified to support planning for future large community infrastructure projects
- The river is the lifeblood of our towns:
  - Establish an active riverfront at Sturt Reserve that provides opportunities for nature play, accommodation, recreation, tourism and water activities
  - Develop and promote water recreational trails providing linkages with townships, land based trails and community spaces that encourage engagement with nature

### Great People and Lifestyle

- A modern city with country charm:
  - Deliver contemporary Council services, taking advantage of technology advances and updated service provision methods
- Secure and resilient communities:
  - Potential emergencies are considered, evaluated and prepared for
  - We ensure support for emergency services and providers
  - The community is supported to adapt to the changing external circumstances such as climate or economic change

### Dynamic Economy

- Attractive Murray Bridge:
  - Put the Rural City of Murray Bridge 'on the map' through brand promotion
  - Improve attractiveness and linkages within the city centre
  - Promote the lifestyle benefits of living in the Rural City of Murray Bridge to attract workers and other residents to live in the region
- Effective economic infrastructure:
  - Improve access to local and external markets through provision of transportation routes and infrastructure



- Active citizens and community leaders:
  - Informed communities through delivery of timely, transparent communication and reporting
  - Ensure community input informs Council decision making

Plant and Fleet plays a significant role in the delivery of service and infrastructure to 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 deliver model, is adaptable, safe, and is financially responsible.

A component of the Plant and Fleet Asset Management Plan 2019-2024 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.

In addition to the underfunding of Plant and Fleet renewal, the landscape in which Council operates is rapidly changing. Construction equipment used for the development of a growing region is now surplus to Council needs and needs to be replaced with equipment specifically design for the maintenance of infrastructure and open space assets.

It is therefore the specific goal of the Plant and Fleet Asset Management Plan 2019-2024 to transition Council's Plant and Fleet inventory from being primarily construction focused, to a fluid and adaptable model that is able address the changing expectations of the community.

Over a 5-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 contemporary 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.
- Communicate the consequences for service levels and risk, where desired funding is not available.

To achieve Plant and Fleet management goals Council will need to:

- 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.

### **2.3. Key Stakeholders**

The Rural City of Murray Bridge Plant and Fleet Asset Management Plan 2019-2024 has several key stakeholder groups and it is critical that each of these groups understand the role they have in the management of the each asset class under Council care and control.

The Rural City of Murray Bridge has an organisational structure consisting of four (4) levels with an overarching level, the community, represented by the Mayor and Elected Members.



Each level within the organisation's structure plays a critical role in the successful management of Council's Plant and Fleet. Roles range from the Elected Body setting the strategic direction of Councils that guides the development of operational models, through to the day-to-day operation and maintenance of an individual plant item. The table below details the key 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
<p>Elected Members  (The Community)</p>	<ul style="list-style-type: none"> <li>• Endorsement of the asset management policy, strategy and plans.</li> <li>• Setting high-level direction through the development of asset management principles in the Community Strategic Plan.</li> </ul>
<p>Executive Management</p>	<ul style="list-style-type: none"> <li>• Endorse the development of asset management plans and provide the resources required to complete this task.</li> <li>• Set high-level priorities for asset management development in Council and raise the awareness of this function among Council staff and contractors.</li> <li>• Support the implementation of actions resulting from this plan and lead change to ensure continuous improvement regarding the management of assets and the delivery services.</li> <li>• Support asset management principals in driving budget development and Councils Long Term Financial Plan</li> </ul>
<p>Leadership &amp; Management</p>	<ul style="list-style-type: none"> <li>• Provide strategic information to Executive Management regarding the management of Councils assets.</li> <li>• Lead the development of Asset Management Plans</li> <li>• Undertake financial analysis to support the development of Council annual budget and Long Term Financial Plan.</li> <li>• Lead change by developing and implementing efficient operating models that meet the changing needs of the community</li> </ul>





Stakeholder Group	Asset Management Functions
Council Officers and Operations Staff	<ul style="list-style-type: none"> <li>• Provide detailed knowledge on all assets</li> <li>• Perform repairs and maintenance on assets.</li> <li>• Undertake selected capital works projects including the procurement of Plant and Fleet</li> <li>• Analyse and manipulate asset data in order to provide recommendation regarding the management of asset.</li> <li>• Managing the Asset Register and ensuring the asset valuations are accurate.</li> <li>• Development of supporting policies such as capitalisation and depreciation.</li> <li>• Preparation of asset sustainability and financial reports incorporating asset depreciation in compliance with current Australian Accounting Standards.</li> </ul>

**Table 2: Key Stakeholders in Council's Assets**

## 2.4. Plan Framework

The key elements of this Asset Management Plan are:

- Levels of service – specifies the attributes Councils Plant and Fleet are measured against in providing core service to the community and what is deemed acceptable.
- Future demand – how the changing landscape in Murray Bridge 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 Plant and Fleet Inventory required to meet both internal and external customer requirements.
- Monitoring – how the Asset Management Plan will be monitored to ensure it is meeting Council's regarding the management of Plant and Fleet





### 3. LEVELS OF SERVICE

#### 3.1. Customer Expectations

The provision of reliable fit for purpose and efficient Plant and Fleet is a key element in the provision services that meet or exceed the expectation of the Community.

While provision of Plant and Fleet is not a direct service the community enjoys, the result of what Councils 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.

Rural City of Murray Bridge has a broad and varied range of customers who perceive the management of Plant and Fleet in terms of:

- Safety
- Quality
- Quantity
- Reliability
- 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. Legislative & Policy Requirements

The Rural City of Murray Bridge must meet many legislative requirements including Australian and State legislation and State regulations. These key requirements are set out in Table 4.

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
National Environment Protection (Diesel Vehicle Emissions) Measure	Supporting legislation to the National Environment Protection Council Act 1994 that requires monitoring and control of emissions from diesel vehicles.
Australian Design Rules	Requirement for all new vehicles sold in Australia to meet standards relating to anti-theft, safety and emissions.



Legislation	Requirement
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 Work Health and Safety Regulation, 2012	The responsibility of the Council to provide safe work practices and work site.
Asset Accounting Policy	Responsible long-term financial sustainability includes ensuring: <ul style="list-style-type: none"> <li>• Funding is made available for the maintenance, replacement and upgrade of</li> <li>• assets to meet community expectations</li> <li>• Consistent delivery of essential community services and the efficient development of infrastructure</li> <li>• Maintenance of community assets so that the cost does not become a burden for future ratepayers.</li> </ul>
Asset Management Policy	This policy seeks to ensure: <ul style="list-style-type: none"> <li>• Assets will be managed using a “life-cycle cost” approach and in accordance with best practice asset management techniques</li> <li>• Assets will be utilised to achieve their fullest potential to maximise usage and economic performance</li> <li>• The asset portfolio will be continually monitored and reviewed to ensure it is responsive to service delivery requirements</li> <li>• Assets will be properly maintained to ensure that they continue to function effectively for the duration of their economic life</li> </ul>
Asset Sale and Disposal Policy	This policy seeks to <ul style="list-style-type: none"> <li>• Define the methods by which Council Land or Assets are sold or disposed</li> <li>• Demonstrate accountability and responsibility of Council to ratepayers</li> <li>• Be fair and equitable to all parties involved</li> <li>• Enable all processes to be monitored and recorded</li> <li>• Ensure that the best possible outcome is achieved for the Council</li> </ul>
Risk Management Policy & Framework	Council’s Risk Management Policy ensures a consistent and structured approach to: <ul style="list-style-type: none"> <li>• Protecting against potential exposure to risk</li> <li>• Minimising uncertainty in achieving its goals and objectives</li> <li>• Meeting all relevant Legislative responsibilities</li> </ul> In particular the Policy: <ul style="list-style-type: none"> <li>• Enables Council to demonstrate that it is actively managing its risks</li> <li>• Minimises exposure to financial losses and facilitates the protection of physical and intangible assets</li> <li>• Minimises interruptions to services provided to the Community</li> <li>• Improves and increases community confidence in Council’s performance</li> <li>• Promotes a culture of measured risk taking and effective management of risks through a continuous improvement approach</li> <li>• Facilitates effective delivery of Council programs and allocation and use of resources.</li> </ul>

**Table 3: Key Legislative Requirements**



### **3.3. 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

#### **3.3.1. 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?
- Function – Does it meet users' needs?
- Capacity or Utilisation – Is the asset sustainable - over or under capacity?
- Safety – Is the service safe?

#### **3.3.2. 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 work flows. 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 - Dose 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)

Key Performance Measure	Level of Service Objective	Performance Measure Process	Current Level of Service	Desired Level of Service
Operations and Maintenance	Fit for purpose (Function)	Consultation with operators over renewal options and timeframes	Plant review group 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	Plant and Fleet review 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	Plant and Fleet review 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 are 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 80%
			Not measured	Plant and Fleet will have a prestart inspection undertaken 100% of the time where hours/kilometres and general condition is recorded
	Operation Expense	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
			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%	100% - Develop technology/digital based system that provided automatic prompts and develops works schedule
	Maintenance Expense	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 70% available working hours per annum.
			Plant items do not attract higher than expected maintenance attention	Measured but not analysed
Replacement	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	Plant replaced in accordance with Plant Replacement Policy	For each item of Plant with a value > \$100,000

Table 4: Key Performance Measures



## 4. FUTURE DEMAND

### 4.1. Demand Forecast

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 and is vitally important for Council to anticipate changing demands that may influence of the make-up of Councils Plant and Fleet Inventory

The modelling of demand changes is a critical factor in ensuring Councils manages its Plant and Fleet in a sustainable manner. The key factors influencing the demand for Plant and Fleet managed by the Rural City of Murray Bridge include:

- Changes to agriculture and associated industry
- Variations in population demographics
- Economic factors
- Increased tourism.
- Improved riverfront infrastructure and recreational open space
- Development including major residential land subdivisions
- Current Plant and Fleet inventory, (efficiency, fit for purpose, utilisation)
- Changes in technology, methodology, ideology

Forecasting the affect these key factors have on Councils operating model is difficult to quantify in a manner that provides a sufficient level of confidence. Variations in Councils 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 the demand the Community has for service that 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 well as the proceeds generated through the disposal of Plant and Fleet.



## 5. LIFE CYCLE MANAGEMENT PLAN

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 collected 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 assets.

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 of time)
- Estimate/Optimum disposal date

### 5.2. 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.
2. A daily operational risk assessment to assess that the plant item if in good working order and safe to perform the intended task during the shift
3. An annual risk assessment to review all aspect of the plant and how it is operated

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

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.

### **5.3. 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 on 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.

Historically, Council Depot Workshop has undertaken both Routine and Reactive Maintenance. Over the first half of 2020 Councils Assets and Infrastructure Team has undertaken a review of the workshop operating model in order to identify opportunities for service delivery improvement and generation of efficiencies in order to reduce operational costs.

By the very nature of Council diverse operational requirements, Council Plant and Fleet inventory has grown over time in order to match the extensive and diverse needs of the community. As a direct result of this diversity, Council has worked to resource the Workshop operation in order to manage the ongoing routine and reactive maintenance.

Through the review of Councils Workshop operating model it has been identified that this may not be the most efficient use of resources. This is most evident in the areas where specific tools and skill sets are required to manage the operations of specialised Plant and Fleet items.

As a result of the Workshop Operational Review, it is Council intention to continue to work on developing and implementing recommendation in order to improve the level of service relating to the maintenance of Plant and Fleet.

Future revisions of the 2019-2024 Plant and Fleet Asset Management Plan will provide further details regarding the Routine and Reactive maintenance of Councils Plant and Fleet inventory.





## 5.4. Plant Replacement Program

### 5.4.1. 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 in order 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 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. Council's Plant Review Group have developed a set of standard retention periods and usage thresholds that are based on industry standards, advice from Council's Senior Mechanic and market trends. (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 2019) have already exceeded their useful life. For Council to address this renewal backlog it will need consider increasing its annual Plant and Fleet renewal budgets over and above annual depreciation for a period depending on the appetite Council has for eliminating 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 the compounding issue, the approach to acquisition and disposal needs to be one of continuously analysing and updating the Council's 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

#### 5.4.2. **Enhancement**

The purchase of new Plant and Fleet, is considered “enhancement” of Councils inventory and separate to the renewal of Council assets. As such, the purchase of new plant needs to be isolated within council 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.

#### 5.4.2. **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 councils target performance measure, as detailed in Table 4, to have an annual utilisation figure of 70% for all plant items. Any plant items that fall below a utilisation measure of 70% 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.



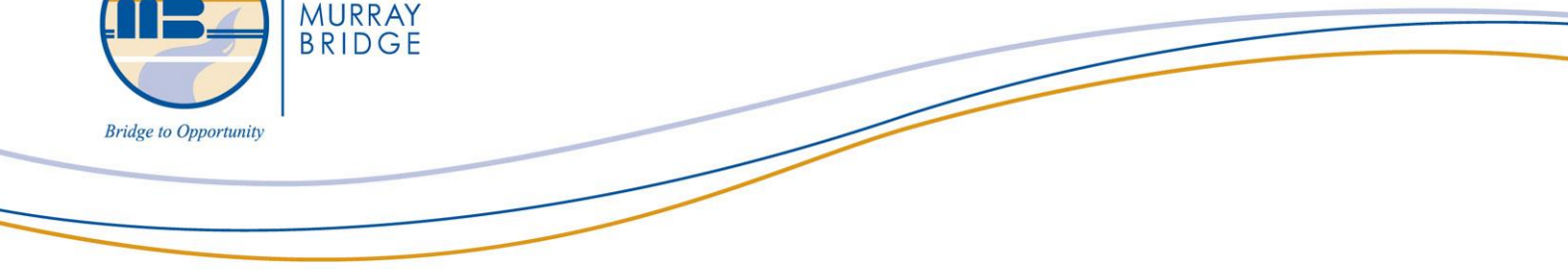
Asset Type for AMP	No	Average Age	Total Replacement Value	Annual (Total) Depreciation	Useful Life	Optimal Retention	Optimal Disposal (Units)	
Bulldozer	1	11	\$ 800,000.00	\$ 44,444.44	18	15	7500	hr
Bus	1	3	\$ 76,034.01	\$ 6,336.17	12	10	200000	km
Compaction Roller	4	16	\$ 605,000.00	\$ 43,214.29	14	12	4000	hr
Grader	3	2	\$ 1,125,000.00	\$ 125,000.00	9	7	7500	hr
Jet patcher	1	11	\$ 275,000.00	\$ 30,555.56	9	7	400000	km
Loader	2	9	\$ 600,000.00	\$ 66,666.67	9	7	7500	hr
Medium Rigid Truck	10	10	\$ 1,070,000.00	\$ 118,888.89	9	7	250000	km
Misc. Plant Items	6	6	\$ 247,630.01	\$ 32,697.14	7	5	NA	
Mower	4	2	\$ 334,661.98	\$ 37,184.66	9	7	4000	hr
Passenger Vehicle	7	5	\$ 179,301.99	\$ 25,614.57	7	5	75000	km
Prime Mover & Side Tipper	2	14	\$ 430,000.00	\$ 47,777.78	9	7	500000	km
Small Load Shifting	4	4	\$ 416,000.02	\$ 46,222.22	9	7	6000	hr
Specialised Truck	2	3	\$ 460,000.00	\$ 38,333.33	12	10	400000	km
Tandem Tipper and Trailer	6	8	\$ 1,045,210.00	\$ 116,134.44	9	7	500000	km
Tractor	3	1	\$ 338,000.00	\$ 37,555.56	9	7	5000	hr
Trailer Small	11	5	\$ 104,840.35	\$ 11,648.93	9	7	NA	
Trailer Small VMS	3	3	\$ 69,600.00	\$ 9,942.86	7	5	NA	
Utility	16	3	\$ 656,473.40	\$ 72,941.49	9	7	125000	km
Water Truck	3	12	\$ 480,000.00	\$ 43,194.44	9	7	400000	km
<b>TOTAL</b>			<b>\$ 9,312,751.76</b>	<b>\$ 954,353.44</b>				

**Table 5: Plant and Fleet Useful Life, Retention Triggers, Annual Depreciation & Replacement Value**



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## 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 5 year Plant and Fleet Asset Management Plan that meets the operational model needs and the needs of the community.

Through the review of Plant and Fleet replacement values, based on current market trends, a far more 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 5 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 \$862,392.60 per annum. This figure does not take into consideration the accumulated depreciation of the existing plant nor does it account for the processed generated through the sale of Plant and Fleet.

### 6.3. 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, the existing backlog legacy, and the enhancement of Councils Plant and Fleet inventory required to accommodate the communities' changing needs.

In order to fund its current renewal requirements, Council will need to allocate \$954,353.44<sup>1</sup> per annum 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. 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 in to the renewal, replacement or enhancement of Councils Plant and Fleet inventory in future years and quarantined in a Plant Reserve Fund.

The management of 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. In order to achieve this Council will need to allocated funds to its renewal budget over and above the current depreciation for the life of this plan before returning to purely funding renewal in 2025/26. **Table 6** below details the proposed renewal plan and indicates the level of funding required each year over and above annual depreciation.

The enhancement (expansion) of Council Plant and Fleet is a function of changing operating models driven by the needs of the community. In the long term, funding of new Plant and Fleet must not be undertaken at the expense of renewal otherwise Councils renewal backlog will not be cleared and the compounding liability will simply be shifted to future generations. Plant and Fleet Expansion must be funded through budget saving and justified through sound business case development.

As a result of the communities desire to improve the amenity of Murray Bridge, Council Open Space team has undergone a rapid expansion and has develop a new operating model design to deliver the on communities requirement. As a result of this new operating model a transition over 2 consecutive budget is required and will involve the acquisition of \$1.2M worth of new Plant and Fleet. This expansion has been included in Council 5 year Plant and Fleet Asset Management Pan and is detailed in Table 6

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<sup>1</sup> Annual depreciation is based on Councils current Plant and Fleet inventory on hand as at 30 November 2020. Approximately \$655,000 worth of surplus plant has been identified for disposal in 2021.



Planned Disposal Year	Profit on Sale	Renew*	Backlog +	ASR	Enhancement	Total	Total from (Rev 1)
PROGRAM COMPLETED							
2019-2020							
2020-2021	\$ 115,000.00	\$ 830,044.59	-\$ 124,308.85	87%	\$ 665,000.00	\$ 1,380,044.59	\$ 1,452,954.00
2021-2022	\$ -	\$ 1,024,320.38	\$ 69,966.94	107%	\$ -	\$ 1,024,320.38	\$ 1,012,313.96
2022-2023	\$ -	\$ 941,892.09	-\$ 12,461.35	99%	\$ -	\$ 941,892.09	\$ 1,082,313.55
2023-2024	\$ -	\$ 999,863.93	\$ 45,510.49	105%	\$ -	\$ 999,863.93	\$ 1,022,567.90
2024-2025	\$ -	\$ 1,037,955.67	\$ 83,602.23	109%	\$ -	\$ 1,037,955.67	\$ 935,881.76
<b>Average</b>		<b>\$ 966,815.33</b>	<b>\$ 12,461.89</b>	<b>101%</b>		<b>\$ 1,076,815.33</b>	
Annual depreciation figure as at 30 November 2020 - \$954,353.44							

Table 6: Plant and Fleet Asset Management Plan Summary

## 7. DETAILED ASSET RENEWAL, ENHANCEMENT & DISPOSAL PLAN

	Asset Name	Planned Disposal Year		Profit on Sale	Renew*	Backlog +	Enhancement	Total
2019-20	Bobcat, K-Series Loader, QVP622	2020	complete	\$ 6,250.00	\$ 80,000.00		\$ -	
	Bulldozer / Tractor, Caterpillar, S19SRN	2020	Retain (change in process)		\$ -		\$ -	
	Grader, Caterpillar, OVP428	2020	complete	\$ 11,875.00	\$ 375,000.00		\$ -	
	Mower, Howard Pegasus (model 493)	2020	complete	\$ 1,500.00	\$ 70,000.00		\$ -	
	Tractor, John Deere, KPS344	2020	complete	\$ 5,000.00	\$ 90,000.00		\$ -	
	Tractor, Massey Ferguson, HVP775	2020	complete	\$ 7,857.14	\$ 90,000.00		\$ -	
	Utility, Holden Colorado, S109BAO	2020	complete	\$ 9,967.06	\$ 42,000.00		\$ -	
	Utility, Holden Colorado, S110BAO	2020	complete	\$ 10,337.20	\$ 42,000.00		\$ -	
	EWP - Tree Care	2020	complete	\$ -	\$ -		\$ 200,000.00	
	Small Truck - Outer Parks	2020	complete	\$ -	\$ -		\$ 115,000.00	
	Trailer - Outer Parks	2020	complete	\$ -	\$ -		\$ 20,000.00	
	Deck Mower - Outer Parks	2020	complete	\$ -	\$ -		\$ 85,000.00	
	Vac Truck - 3000Ltr Hino FM1628	2020	complete	\$ -	\$ -		\$ 150,000.00	
	Utility, Holden Colorado 4x4, S700AUJ	2020	complete	\$ -	\$ 42,000.00		\$ -	
		2020		\$ 52,786.39	\$ 831,000.00	-\$ 123,353.44	\$ 570,000.00	\$ 1,348,213.61
2020-21	Loader, John Deere, JVP751	2021	ordered Nov 2020	\$ -	\$ 217,000.00		\$ -	
	Motorcycle, Kawasaki, YYS611	2021	complete	\$ -	\$ 8,000.00		\$ -	
	Roller, Dynapac, (single drum) EVP244	2021	ordered Nov 2020	\$ -	\$ 200,000.00		\$ -	
	Tipper, Isuzu, XFE859 (Wood Chipping)	2021	ordered Nov 2020	\$ -	\$ 115,000.00		\$ -	
	Tipper, Isuzu, XFE856 (Water Truck)	2021	ordered Nov 2020	\$ -	\$ 115,000.00		\$ -	
	Trailer, YER973 (for Mack Rigid Tipper) (**)	2020	dispose (from 2020 )	\$ 15,000.00			\$ -	
	Truck, Mack Tipper, WWO223 (**)	2020	dispose (from 2020 )	\$ 40,000.00			\$ -	
	Roller, Dynapac, EVP898	2022	dispose low use (from 2022)	\$ 40,000.00			\$ -	
	Polmer Combination Roller		dispose (replaced by ecombi)	\$ 20,000.00			\$ -	
	Truck, Mitsubishi Fighter, XDD349 (Water Truck)	2021	Renew (Truck Only)		\$ 115,000.00		\$ -	
	Utility, Holden Colorado, S137BVG	2025	bring forward from 2025	\$ -	\$ 40,044.59		\$ -	
	Trailer (blue small plant trailer), YGH912	2021	found asset		\$ 20,000.00		\$ -	
	Vac Mower - Town Entrance	2021	ordered Nov 2020	\$ -	\$ -		\$ 75,000.00	
	eCombi Broons Roller	2021	ordered Nov 2020	\$ -	\$ -		\$ 120,000.00	
	Excavator - Cemeteries	2021	ordered Nov 2020	\$ -	\$ -		\$ 120,000.00	
	Small Truck - Town Entrance	2021	ordered Nov 2020	\$ -	\$ -		\$ 115,000.00	
	Small Truck - ports Grounds	2021	ordered Nov 2020	\$ -	\$ -		\$ 115,000.00	
Trailer - Town Entrance	2021	Order in early 2021	\$ -	\$ -		\$ 20,000.00		
Trailer - River Res	2021	Order in early 2021	\$ -	\$ -		\$ 20,000.00		
Ute - Response	2021	Order in early 2021				\$ 40,000.00		
Ute - Building Services	2021	New item (fund through profit on sale)	\$ -	\$ -		\$ 40,000.00		
	2021		\$ 115,000.00	\$ 830,044.59	-\$ 124,308.85	\$ 665,000.00	\$ 1,380,044.59	



2021-22

2022-23

2023-24

2024-25

Mower, Toro	2022		\$ -	\$ 83,359.10		\$ -	
Roller, Dynapac, EVP245	2022		\$ -	\$ 55,000.00		\$ -	
Truck, Fuso Fighter Water Truck, SB51BL	2022		\$ -	\$ 200,000.00		\$ -	
Truck, Isuzu, SB41JJ (Sign Truck)	2022		\$ -	\$ 115,000.00		\$ -	
Trailer, Side Tipper for Mack Prime Mover, YDL063	2023	bring forward from 2023	\$ -	\$ 150,000.00			
Truck, Mack Prime mover, SB32AE	2023	bring forward from 2023	\$ -	\$ 225,000.00			
Car, Toyota RAV4 GX Station Wagon, S198BKA	2022		\$ -	\$ 27,566.46		\$ -	
Car, Toyota Camry L4 Altise, S197BKA	2022		\$ -	\$ 21,388.40		\$ -	
Utility, Toyota Workmate, XOT153	2022		\$ -	\$ 40,000.00		\$ -	
Utility, Isuzu D-Max, S144BKP	2023	bring forward from 2023	\$ -	\$ 34,302.45		\$ -	
Utility, Mazda 3.2L Freestyle 4X4 XL, S407BPF	2024	bring forward from 2024	\$ -	\$ 38,409.56		\$ -	
Car, Holden Colorado Trailblazer LT, S135BVG	2024	bring forward from 2024	\$ -	\$ 34,294.41		\$ -	
	2022		\$ -	\$ 1,024,320.38	\$ 69,966.94	\$ -	\$ 1,024,320.38
Tipper, Isuzu, XFE857 (maintenance)	2022	defer from 2022	\$ -	\$ 115,000.00		\$ -	
Truck, Isuzu Tipper, SB14FJ (Crane Truck)	2022	defer from 2022	\$ -	\$ 115,000.00		\$ -	
Station Wagon, Holden Evoke, S776BAU	2021	defer from 2021	\$ -	\$ 29,777.45		\$ -	
Car, Holden Evoke, S920BAA	2021	defer from 2021	\$ -	\$ 28,177.45		\$ -	
Backhoe, Caterpillar, S68STY	2023		\$ -	\$ 170,000.00		\$ -	
Jetpatcher, SB52DF	2023		\$ -	\$ 275,000.00		\$ -	
Tipper, Isuzu, XFO093 (dual cab)	2023		\$ -	\$ 135,000.00		\$ -	
Utility, Isuzu D-Max, S143BKP	2023		\$ -	\$ 38,658.64		\$ -	
Utility, Isuzu D-Max, S145BKP	2023		\$ -	\$ 35,278.55		\$ -	
	2023		\$ -	\$ 941,892.09	-\$ 12,461.35	\$ -	\$ 941,892.09
Stump Grinder, Bobcat SG60	2024		\$ -	\$ 13,750.00		\$ -	
Forklift Truck, Mitsubishi, QVP804	2024		\$ -	\$ 45,000.00		\$ -	
Grader, Caterpillar 12M, S48SCL	2024		\$ -	\$ 375,000.00		\$ -	
K-9 Kube	2024		\$ -	\$ 16,040.00		\$ -	
Toolcat Hi Flow Utility	2024		\$ -	\$ 83,000.01		\$ -	
Toolcat Hi Flow Utility	2024		\$ -	\$ 83,000.01		\$ -	
Truck, Isuzu, SB42JJ (Tipper)	2024		\$ -	\$ 115,000.00		\$ -	
Car, Mazda Sedan Neo, S402BPF	2024		\$ -	\$ 19,073.91		\$ -	
Water Truck, Isuzu Giga, SB13FJ	2024		\$ -	\$ 250,000.00		\$ -	
	2024		\$ -	\$ 999,863.93	\$ 45,510.49	\$ -	\$ 999,863.93
Car, Mazda Hatch, S401BPF	2023	defer from 2023	\$ -	\$ 19,073.91		\$ -	
Utility, Holden Colorado, S134BVG	2025		\$ -	\$ 38,049.14		\$ -	
Utility, Mazda BT-50 Dual Cab 4x4, S423BPF	2025		\$ -	\$ 40,093.91		\$ -	
Utility, Mazda BT-50 S6, S418BPF	2025		\$ -	\$ 34,391.92		\$ -	
Utility, Holden Colorado, S132BVG	2025		\$ -	\$ 38,049.14		\$ -	
Utility, Holden Colorado, S136BVG	2025		\$ -	\$ 35,195.50		\$ -	
Utility, Holden, S368BWH	2025		\$ -	\$ 40,000.00		\$ -	
Utility, Holden, S369BWH	2025		\$ -	\$ 40,000.00		\$ -	
Loader, Hitachi PSV2, 2 Axle, ZW180-5, S39SES	2025		\$ -	\$ 300,000.00		\$ -	
Truck, Freightliner Coronado FLX 114 Tipper, SB16MU	2025		\$ -	\$ 224,000.00		\$ -	
Trailer, Dog Tipping Trailer, SY61HG (Freightliner)	2025		\$ -	\$ 110,000.00		\$ -	
Trailer, S016TFA, Graffiti Removal	2025		\$ -	\$ 31,102.15		\$ -	
Woodchipper, Vermeer BC1500, S12SEH	2025		\$ -	\$ 88,000.00		\$ -	
	2025		\$ -	\$ 1,037,955.67	\$ 83,602.23	\$ -	\$ 1,037,955.67

\*\* Profit on sale is estimated based on current market value and used as a guide only. Profit/Loss on sale is assumed zero until realised



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