



FLEET AND PLANT ASSET MANAGEMENT PLAN SUMMARY 2014 - 2017



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CONTENTS

1. INTRODUCTION	3
2. LEVELS OF SERVICE	4
3. ENTERPRISE RISK MANAGEMENT	5
5. FUTURE GROWTH & DEMAND	6
4. LIFECYCLE MANAGEMENT	7
5.1 Maintenance and operational expenditure analysis	7
5.2 Condition profile for Fleet and Plant assets	7
6. FINANCIAL ANALYSIS	9
6.1 Asset valuations – current replacement cost and depreciation	9
6.2 Projected renewals and budget allocation – All Fleet and Plant assets	10
6.3 Sustainability of service delivery	11
7. PLAN IMPROVEMENT AND MONITORING	12
APPENDIX A Preliminary renewal program 14/15 - Fleet	13

Front cover page photo is taken at Lucius Park, Spearwood

1. INTRODUCTION

1. EXECUTIVE SUMMARY

With the implementation of the Strategic Community Plan 2012-2022, the Asset Management Plan (AMP) has been developed to promote and establish sustainable financial management and continuous improvement of the City’s infrastructure assets.

The Fleet and Plant Asset Management Plan (FLAMP) cover the management of the City’s 443 Fleet, Plant and Machinery. The data utilised in the creation of the FLAMP is based on the City’s operational asset register and is considered to be approximately 95% accurate.

This is the first FLAMP developed by the City of Cockburn and reflects the plans core level status. The plan demonstrates the current Asset Management maturity and further reinforces the City’s commitment to continuously improve its asset management practice and methodologies.

The FLAMP covers the 2015/16 and 2016/17 financial years providing the necessary funding requirements to support the creation of the revised long term financial plan due to be completed in late 2015.

To ensure alignment with the Department of Local Government & Communities Asset Management Planning Framework the City’s AMP’s act as Informing Strategies and will be developed every two years between May and October ensuring that future iterations of the Long Term Financial Plan (LTFP) are established utilising the most accurate asset information and financial projections.

Further details of the City’s Fleet and Plant assets are listed below as at October 2014.

Asset Category	Asset Type	Number	Asset Cost ex GST (CRC)
Light Fleet	Sedans & Wagons	60	\$1,846,016
	Utes & Vans	50	\$1,632,417
Major plant	Buses	9	\$857,817
	Loaders & Backhoes	12	\$3,048,284
	Tractors & RO Mowers	19	\$603,060
	Trucks	61	\$10,996,975
Minor plant	Minor Plant & Machinery	20/202	\$211,001
	Trailers & Caravan	50	\$533,487
		463	\$19,729,056

2. LEVELS OF SERVICE

Fleet and plant are measured by the technical level of services delivered to the City:

Technical Levels of Service	Measured	2012/13	2013/14
Quality – equipment	Breakdown for repairs/ reactive maintenance:		
	Buses	8%	-
	Loaders & Backhoes	10%	8%
	Minor Plant & Machinery	7%	23%
	Sedans & Wagons	6%	11%
	Tractors & RO Mowers	5%	7%
	Trailers & Caravans	14%	12%
	Trucks	14%	2%
	Utes & Vans	18%	12%
	TOTAL OVERALL	12%	10%
Function – Are fit for purpose, efficient and adaptable for other jobs	Fleet utilisation against benchmark for total km per asset type		
	Buses	85%	70%
	Loaders & Backhoes	54%	43%
	Minor Plant & Machinery	na	na
	Sedans & Wagons	217%	52%
	Tractors & RO Mowers	66%	57%
	Trailers & Caravans	na	na
	Trucks	213%	288%
	Utes & Vans	445%	36%
	TOTAL OVERALL	220%	106%

- Analysis of the quality of the equipment, maintenance/ servicing of them and the utilisation of the fleet provide good results in all these areas.

See **(Section 3 – Page 10)** of the FLAMP for further information

3. ENTERPRISE RISK MANAGEMENT

In 2013 the City of Cockburn engaged an external consultant to review the risk management arrangements to ensure compliance with the International Standard for risk management.

Following this review those risks being assessed as ‘Substantial’ have been extracted from the risk register and summarised below.

Substantial risk and proposed treatment

Risk description	Risk Rating	Proposed Treatment	Due Date
Major Plant/ Truck failure	Substantial	<ol style="list-style-type: none"> 1. Budget for a second spare truck. 2. Spare parts to be retained. 3. Plant replacement alternatives 4. Develop business continuity plan for this risk. 5. Develop plant and key/ critical parts register. 	July 2016 with revised Council
Fuel shortage/ resources unavailable resulting in service disruption	Substantial	<ol style="list-style-type: none"> 1. Investigate alternative fuels/ suppliers for vehicle parts. 2. Purchase non fossil fuel powered vehicles. 3. Develop improved care and maintenance strategies to lengthen the life of trucks. 	July 2017 Electric fleet trials completed; little demand. Sustainability investigating.

Monitoring and reviewing occurs concurrently throughout the risk management process and with the City embracing a more structured approach to risk management and mitigation, our systems and processes will mature.

Current practices are satisfactorily managing risk; removal of these practices through lack of funding will create increase the risk and may impact on service delivery.

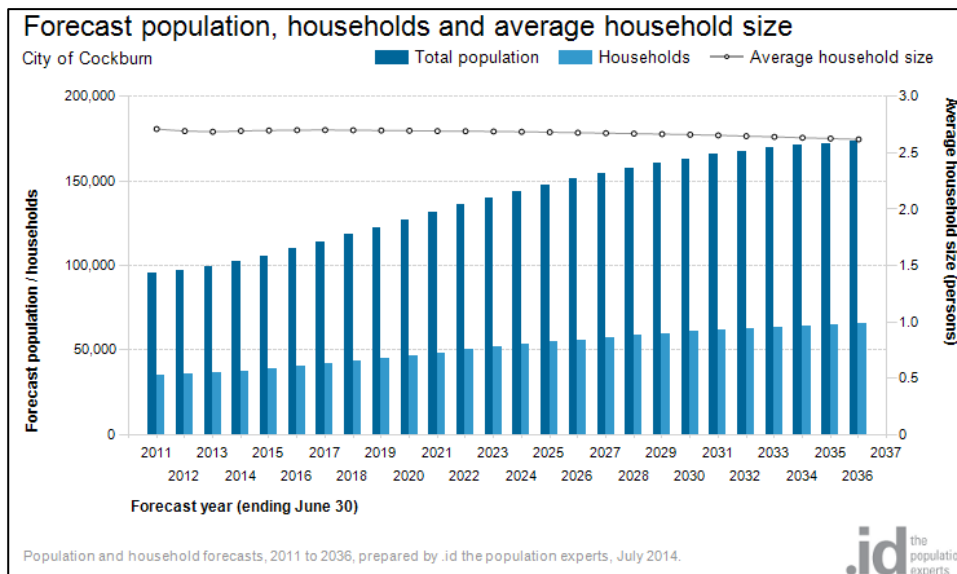
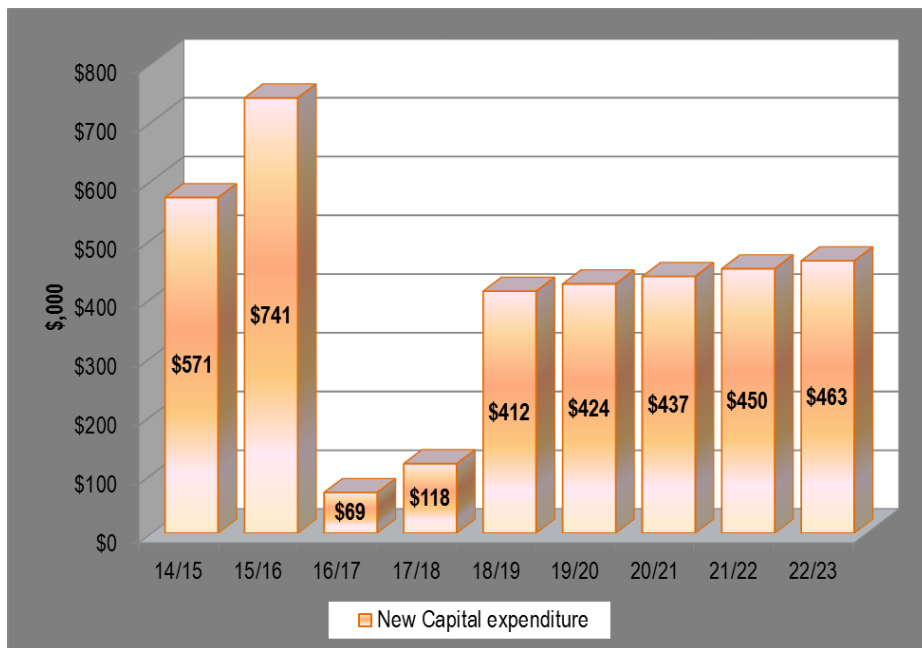
See **(Section 3.3 – Page 13)** of the FLAMP for further information

5. FUTURE GROWTH & DEMAND

Future growth projections are supported by the City’s Strategic Planning Service Units Population and demographic research, whilst Demand for new services will be catered for through upgrading existing and providing new assets.

- New assets are estimated at a total of \$1.5 million for the next 4 years.
- By the year 2023 the City’s Fleet and Plant Current Replacement Cost total will be approximately \$29 million, representing a 54% increase (affected by the 3% CPI compounded yearly).

New assets from growth (CPI included)



See (Section 4 - Page 15) of the FLAMP for further information

4. LIFECYCLE MANAGEMENT

5.1 Maintenance and operational expenditure analysis

The lifecycle management section details how the City plans to manage and operate both current and future assets to the agreed levels of service whilst optimising life cycle costs.

Year	Planned	Reactive	Reactive %	Total Maintenance	Operating Expenditure	Total Operating & Maintenance
2010/11				\$1,201,599	\$1,696,967	\$2,898,566
2011/12	\$1,022,810	\$209,486	17%	\$1,232,296	\$1,860,225	\$3,092,521
2012/13	\$1,451,677	\$199,950	12%	\$1,651,627	\$2,068,619	\$3,720,246
2013/14	\$964,984	\$624,918	39%	\$1,589,902	\$2,304,012	\$3,893,914

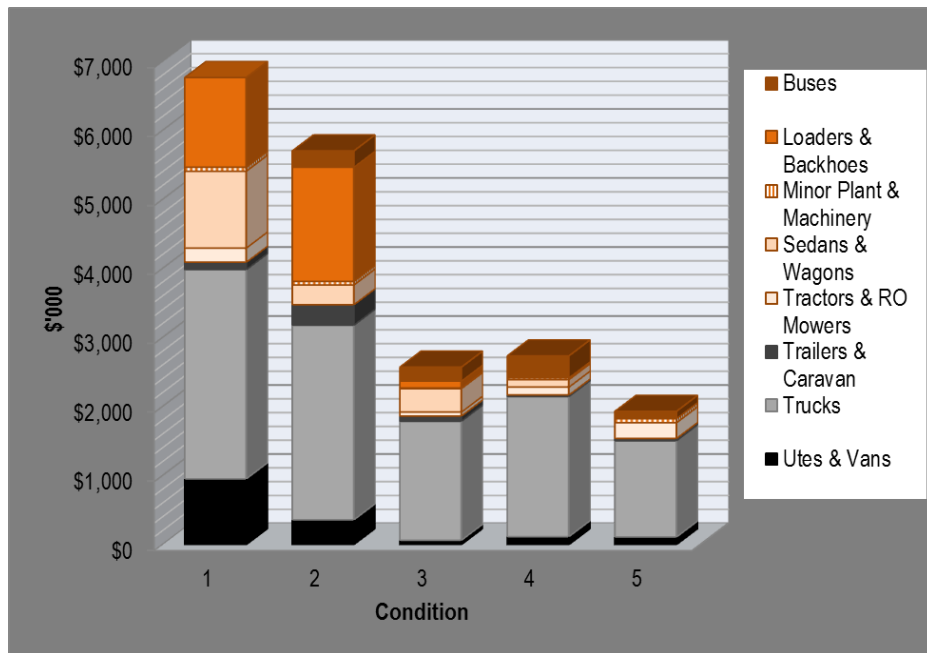
Maintenance and operational findings

- Maintenance expenditure levels are considered to be adequate to meet current service levels
- Planned maintenance work was 61% of total maintenance expenditure for 2013/14.
- By 2022/23 required expenditure for Operations and Maintenance is expected to be around \$5 million (affected by the 3% CPI compounded yearly).

5.2 Condition profile for Fleet and Plant assets

The condition has been estimated based on the age and useful life (depreciation rate). It is not a true representation of the actual condition of the asset and is purely an assumption for the purpose of this AMP.

The condition profile for fleet and plant assets is shown in the graph below.



- The majority of assets (63%) are assumed to be in a good to excellent condition.
- Of the 36 assets assumed to be in a poor condition 13 are included in the renewal programme for this financial year 2014/15.

See **(Section 5 - Page 18)** of the FLAMP for further information

6. FINANCIAL ANALYSIS

The Financial Analysis section of this report provides the recommended financial forecasts for the next 10 years. This section brings together the various types of expenditure described throughout the previous sections of the AMP and provides recommended budgets for Council to achieve the appropriate level of service.

From the financial asset register the value of assets as covered by this asset management plan are summarised below. The current replacement cost, fair value (also known as written down value or depreciated replacement cost) and the annual depreciation expense are shown.

6.1 Asset valuations – current replacement cost and depreciation

Asset Category	Asset Type	Current Replacement Cost	Fair Value	Annual Depreciation Expense
Light Fleet	Sedans & Wagons	\$1,846,016	\$1,312,382	\$323,439
	Utes & Vans	\$1,632,417	\$1,110,149	\$231,665
	Total Light Fleet	\$3,478,433	\$2,422,531	\$555,105
Major Plant	Buses	\$857,816	\$318,629	\$108,920
	Loaders & Backhoes	\$3,048,283	\$2,076,668	\$411,492
	Tractors & RO Mowers	\$603,060	\$220,936	\$175,176
	Trucks	\$10,996,975	\$5,954,542	\$1,818,822
	Total Major Plant	\$15,506,136	\$8,570,775	\$2,514,412
Minor Plant	Min Plant & Machinery	\$211,000	\$84,646	\$26,375
	Trailers & Caravans	\$533,486	\$327,104	\$53,348
	Total Minor Plant	\$744,487	\$411,750	\$79,724
TOTAL ALL FLEET		\$19,729,056	\$11,405,056	\$3,149,240

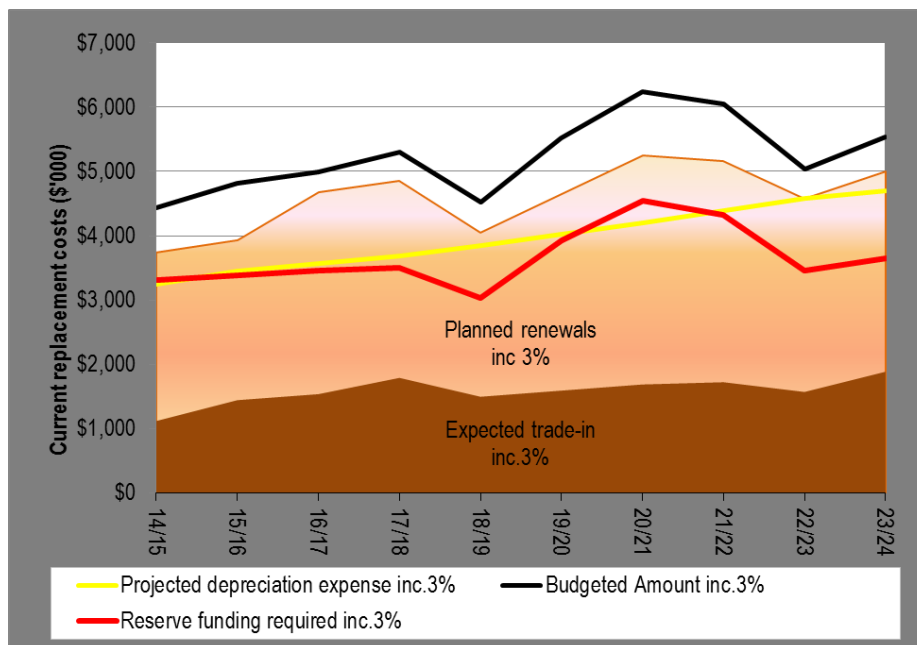
The City has developed a 10 year renewal plan which will drive the budget planning process and form the basis to the City's long term financial planning.

The following table shows the reserve funding required (the difference between the projected budget allocation and the expected trade-in value)

6.2 Projected renewals and budget allocation – All Fleet and Plant assets

Year	Renewals by CRC (ex GST)	Renewals Budget Allocation	Expected Trade-in	Reserve Funding Required	Reserve Funding inc. 3% CPI
2014/15	\$3,736,692	\$4,430,000	\$1,120,778	\$3,309,222	\$3,309,222
2015/16	\$3,813,535	\$4,682,000	\$1,402,379	\$3,279,621	\$3,378,010
2016/17	\$4,412,211	\$4,706,000	\$1,449,582	\$3,256,418	\$3,454,734
2017/18	\$4,433,587	\$4,849,000	\$1,639,454	\$3,209,546	\$3,507,157
2018/19	\$3,591,051	\$4,022,000	\$1,330,222	\$2,691,778	\$3,029,620
2019/20	\$4,004,063	\$4,767,000	\$1,374,072	\$3,392,928	\$3,933,334
2020/21	\$4,394,695	\$5,223,000	\$1,414,282	\$3,808,718	\$4,547,809
2021/22	\$4,190,531	\$4,915,000	\$1,401,171	\$3,513,829	\$4,321,566
2022/23	\$3,614,451	\$3,973,000	\$1,241,064	\$2,731,936	\$3,460,735
2023/24	\$3,828,459	\$4,241,000	\$1,445,532	\$2,795,468	\$3,647,451
2024/25	\$4,238,002	\$4,536,000	\$1,496,612	\$3,039,388	\$4,084,683
TOTAL	\$44,257,278	\$50,344,000	\$15,315,148	\$35,028,852	\$40,674,321

The above table is displayed in a line graph below:



Renewal forecast findings

- The City’s Fleet are in excellent condition with the majority of the assets (63%) currently having a condition rating of either 1 or 2. (Excellent or Good)
- It should be noted that whilst these assets have much longer lives, the adopted Useful Life is considered to be the most effective time at which the City will be able to gain optimal usage and trade in values.
- The 10 year Renewals program is analysed yearly at budget time; hence, the required renewals are met.

See **(Section 6 - Page 26)** of the FLAMP for further information

6.3 Sustainability of service delivery

The asset management framework is part of the of the Western Australian Government’s Local Government Reform Program. The aim of the framework is to enhance the sustainable management of local government assets by encouraging ‘whole of life’ and ‘whole of organisation’ approaches and the effective identification and management of risks associated with the use of the assets.

The City will comply and report its fleet and plant assets performance in relation to the Department of Local Government’s Asset Management Guidelines and Framework.

Based on actual expenditure in 2013/14, the following table indicates the City’s performance in managing our Fleet and Plant assets.

Asset	Consumption Ratio 2013/14	Sustainability Ratio 2014/15	Renewal Funding Ratio 2014-2024
Fleet & Plant	57.81%	105%	80%
Dept of LG Framework Standard	Met	Improving	Met

See **(Section 6 – Page 27)** for further information

7. PLAN IMPROVEMENT AND MONITORING

A number of strategic improvements have been identified throughout the organisation which will improve future revisions of the plan and provide greater financial alignment with the Long Term Financial Plan 2013-2022.

- Continued focus on a 'whole of life' approach to development, procurement and receipt of donated assets.
- Review and recommend improvements so that the Dept of LG Framework Standards is achieved.

See **(Section 8 - Page 39)** for further information

APPENDIX A Preliminary renewal program 14/15 - Fleet

Asset No.	Asset Type	Plant description	Budget	Trade-in	Reserve Required
2485	Sedans and Wagons	Plant /Facilities Manager P Crabbe	\$34,000	\$16,284	\$17,716
2794	Sedans and Wagons	Roads – Colin Lane	\$29,000	\$12,957	\$16,043
2435	Sedans and Wagons	Parks L Murnane	\$26,000	\$11,358	\$14,642
2535	Sedans and Wagons	Parks F D'Antonio	\$26,000	\$10,142	\$15,858
4263	Sedans and Wagons	Mazda CX5 Maxx Wagon	\$29,000	\$14,695	\$14,305
2314	Sedans and Wagons	Hyundai ix35 Wagon	\$34,000	\$16,135	\$17,865
5041	Sedans and Wagons	Honda Accord Euro Sedan	\$34,000	\$15,905	\$18,095
5431	Sedans and Wagons	Subaru Liberty 2.5i Wagon	\$34,000	\$18,242	\$15,758
2045	Sedans and Wagons	Subaru XV Wagon	\$38,000	\$17,696	\$20,304
5412	Sedans and Wagons	Hyundai Sante Fe Wagon	\$38,000	\$20,136	\$17,864
5302	Sedans and Wagons	Hyundai i45 Premium Sedan	\$34,000	\$17,405	\$16,595
2105	Sedans and Wagons	Hyundai ix35 Wagon	\$34,000	\$16,081	\$17,919
2805	Sedans and Wagons	Nissan Dualis Ti-L Wagon	\$34,000	\$15,564	\$18,436
2065	Sedans and Wagons	Hyundai Sante Fe Wagon	\$38,000	\$20,241	\$17,759
2275	Sedans and Wagons	Volkswagen Passat 118TSI Wagon	\$38,000	\$19,219	\$18,781
5421	Sedans and Wagons	Toyota Camry Hybrid Sedan	\$46,000	\$10,856	\$35,144
2764	Sedans and Wagons	Hyundai ix35 Wagon	\$29,000	\$15,778	\$13,222
5531	Sedans and Wagons	Kia Sportage Sli Wagon	\$34,000	\$17,614	\$16,386
3014	Sedans and Wagons	Kia Grand Carnival 8 Seater	\$50,000	\$20,793	\$29,207
2894	Sedans and Wagons	Nissan Patrol Ti Wagon	\$80,000	\$11,574	\$68,426
5541	Sedans and Wagons	Toyota Camry	\$33,000	\$12,935	\$20,066
5401	Utes and Vans	Community Service – B. Mentz	\$34,000	\$17,777	\$16,223
2695	Utes and Vans	Ranger vehicle Supercab	\$35,000	\$19,693	\$15,307
2572	Utes and Vans	Ranger vehicle Supercab	\$35,000	\$20,181	\$14,819
2424	Utes and Vans	Facilities Maintenance – Sign Shop	\$35,000	\$16,200	\$18,800
2344	Utes and Vans	Plant Workshop Steve Elliott	\$29,000	\$15,558	\$13,442
4253	Utes and Vans	Landfill Coordinator – M Hayes	\$35,000	\$19,589	\$15,411
2405	Utes and Vans	Landfill Triton Ute – S Palmer	\$35,000	\$16,488	\$18,512
2444	Utes and Vans	Parks Spray Vehicle	\$35,000	\$16,022	\$18,978
2494	Utes and Vans	Parks P Godridge	\$26,000	\$14,012	\$11,988
2653	Utes and Vans	Parks Retic	\$24,000	\$8,520	\$15,480
5391	Utes and Vans	Mitsubishi Triton Dual Cab 4X4	\$35,000	\$21,626	\$13,374
2232	Utes and Vans	Mitsubishi Triton Dual Cab 4X5	\$35,000	\$20,587	\$14,414
2744	Utes and Vans	Mitsubishi Triton Dual Cab Ute 4X4	\$35,000	\$20,322	\$14,678
3002	Utes and Vans	Mitsubishi Triton GLX 4x4 Dual Cab	\$35,000	\$20,309	\$14,691
LIGHT Total			\$1,235,000	\$578,492	\$656,508
2992	Buses	Mitsubishi Rosa Bus 22 Seater	\$175,000	\$31,548	\$143,452
7681	Loaders and Backhoes	Bomag BC772RB Compactor	\$850,000	\$24,000	\$826,000
1094	Tractors & RO Mowers	Out Front Mower	\$28,000	\$6,246	\$21,754

Asset No.	Asset Type	Plant description	Budget	Trade-in	Reserve Required
1104	Tractors & RO Mowers	Out Front Mower	\$28,000	\$6,346	\$21,654
1133	Tractors & RO Mowers	Out Front Mower	\$28,000	\$6,346	\$21,654
1152	Tractors & RO Mowers	Out Front Mower	\$28,000	\$5,495	\$22,505
1182	Tractors & RO Mowers	Out Front Mower	\$28,000	\$6,346	\$21,654
1632	Tractors & RO Mowers	2.4Mtr Blade runner	\$20,000	\$625	\$19,375
tba	Tractors & RO Mowers	Out Front Mower Deck Plate	\$10,000	\$140	\$9,860
tba	Tractors & RO Mowers	Out Front Mower Deck Plate	\$10,000	\$140	\$9,860
7102	Trucks	Iveco F2350G/Hooklift	\$100,000	\$30,619	\$69,382
7482	Trucks	Hino Recycle	\$385,000	\$69,275	\$315,725
7493	Trucks	Hino Waste	\$380,000	\$70,449	\$309,551
7523	Trucks	Hino Waste	\$380,000	\$70,449	\$309,551
7781	Trucks	Iveco Hooklift	\$100,000	\$27,092	\$72,908
7142	Trucks	Hino Ranger Pro 9XX-Long	\$160,000	\$54,397	\$105,603
7642	Trucks	Hino FE3H	\$340,000	\$115,872	\$224,128
2752	Trucks	Toyota Landcruiser Fire TD	\$80,000	\$15,620	\$64,380
MAJOR Total			\$3,130,000	\$541,006	\$2,588,994
6269	Min Plant & Machin	Cage to suit PL269	\$15,000	\$550	\$14,450
6291	Min Plant & Machin	Cage to suit PL257	\$15,000	\$550	\$14,450
3352	Trailers and Caravan	Trailer Polmac	\$35,000	\$181	\$34,819
MINOR Total			\$65,000	\$1,281	\$63,719
TOTAL YEAR 14/15			\$4,430,000	\$1,120,778	\$3,309,222

