



Wandering Council Draft Plant Asset Management Plan



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EXECUTIVE SUMMARY

Context

The Shire of Wandering is a small rural authority located in the Central South region of Western Australia. Some 120km South East of Perth it is a short yet scenic drive off the Albany Highway to picturesque fields and homes. With an area of 1, 955 km² it is a cosy farming town with approximately 500 people residing in the Shire with just over 100 people in the Township itself.

The Shire borders the local authorities of Armadale, Serpentine – Jarrahdale, Murray, Boddington, Williams, Cuballing, Pingelly, Brookton and Beverley.

The Shire of Wandering has had a stable population growth over the past 10 years. The Preliminary Census of Population and Housing data from the Australian Bureau of Statistics (ABS) estimates the resident population for the Shire at 439 people in 2011.

The fundamental purpose of this Plant Asset Management Plan is to improve Council's long term strategic management of its plant assets to support Wandering Council's service provision in accordance with Council's key strategic documents.

The Plant Management goal is to provide, maintain and operate Council's plant effectively and efficiently, providing a commercially competitive option for the provision of equipment in support of Council services.

1 INTRODUCTION

1.1 Background

The intent of this asset management plan is to demonstrate responsive management of assets (and services provided from assets), compliance with regulatory requirements, and to communicate funding needed to provide the required levels of service.

The asset management plan is to be read with Council's Asset Management Policy, Asset Management Strategy, complimentary Asset Management Plans and the following associated planning documents:

- Wandering Community Strategic Plan
- Wandering Long Term Financial Plan

WANDERING - PLANT ASSET MANAGEMENT PLAN

This infrastructure assets covered by this asset management plan are shown in Table 1.1

Table 1.1: Assets covered by this plan

Asset Category	Quantity	Replacement Value
Light Vehicles	4	\$145,050
Trucks	4	\$746,800
Construction Plant	6	\$1,444,000
Other Plant	4	\$264,950
Small Plant	9	\$120,930
TOTAL	27	\$2,721,730

The replacement value is the estimated cost of replacement for each item and is an estimation based on knowledge of current market conditions. The detailed ten year Plant Replacement Program forms part of Council's Long Term Financial Plan.

Plant and Equipment assets were recorded in Council's audited General Purpose Financial Statements as at 30 June 2012, as follows.

Table 1.2: General Purpose Financial Statements 30 June 2012

Cost	Accumulated Depreciation	Written Down Value	Annual Depreciation Expense
\$2,721,729	\$1,305,513	\$1,416,216	\$234,109

1.2 Goals and Objectives of Asset Management

The Council exists to provide services to its community. Some of these services are provided by infrastructure assets. Council has acquired infrastructure assets by 'purchase', by contract, construction by council staff and by donation of assets constructed by developers and others to meet increased levels of service.

Council's goal in managing infrastructure assets is to meet the required level of service in the most cost effective manner for present and future consumers. The key elements of infrastructure asset management are:

- Taking a life cycle approach,
- Developing cost-effective management strategies for the long term,
- Providing a defined level of service and monitoring performance,
- Understanding and meeting the demands of growth through demand management and infrastructure investment,
- Managing risks associated with asset failures,

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- Sustainable use of physical resources,
- Continuous improvement in asset management practices.¹

This asset management plan is prepared under the direction of Council's vision and mission; and is aligned with the Wandering Community Strategic Plan and Wandering Corporate Plan.

This asset management plan is prepared under the direction of Council's vision, mission, goals and objectives

Vision A sustainable local government supporting a vibrant community.

Mission To value and enhance our community's lifestyle and environment through strong local leadership, community involvement, and effective service delivery.

Our goals are:

- To create and develop a responsive and inclusive community that provides opportunities for all, balancing the competing needs of the local and wider communities.
- To plan, develop, enhance and maintain a quality built and natural environment based on sustainability principles.
- To foster the ongoing economic development of the Shire, encouraging investment and employment in a sustainable manner.
- To foster the use of alliances and partnerships committed to achieving sustainable economic benefits and enhanced expertise to benefit the community.
- To be a dynamic, effective, customer-focused organisation, through the provision of a positive work culture that leads, values and supports its people, thus positioning the Shire as an Employer of Choice.

1.3 Plan Framework

Key elements of the plan are

- Levels of service – specifies the services and levels of service to be provided by council.
- Future demand – how this will impact on future service delivery and how this is to be met.
- Life cycle management – how the organisation will manage its existing and future assets to provide the required services
- Financial summary – what funds are required to provide the required services.
- Asset management practices
- Monitoring – how the plan will be monitored to ensure it is meeting the organisation's objectives.
- Asset management improvement plan

1.4 Core and Advanced Asset Management

This asset management plan is prepared as a first cut 'core' asset management plan. It is prepared to meet minimum legislative and organisational requirements for sustainable service delivery and long term financial planning and reporting.

Core asset management is a 'top down' approach where analysis is applied at the 'system' or 'network' level. Moving towards an "advanced" asset management plan requires increased resources and financial inputs. Future revisions of the asset management plan will consider if there is value for the community in moving to an advanced asset management plan.

1.5 Limitations

This asset management plan initially provides an approach to basic asset management based on:

- Best available current information
- Current level of service
- Contrasting existing management strategies with opportunities for improvement
- A long term financial plan for 10 years, resulting from financial needs predictions through particular asset's economic life span then prioritising work for a rolling 4 years program focusing in detail on capital, operational and maintenance requirements.
- A life cycle approach

This initial plan is based on the best information available at the time of preparation. The plan will be regularly reviewed and updated with the level of sophistication improving incrementally to an optimum level that is appropriate to the needs of council and the community. Council may consider in the future investing in an asset management system to improve processes and prepare asset management plans based on increased data accuracy, including expenditure history and asset performance.

2 LEVELS OF SERVICE

2.1 Customer Expectations

The provision of reliable, fit for purpose and cost efficient plant is a key element in the provision of Council services.

Customers of Wandering Councils plant management service are identified as:

1. The Wandering community who perceive the service in terms of safety, quality, quantity, reliability, responsiveness, cost/efficiency and legislative compliance, noting that in most cases the perception of the plant will be considered as part of a wider service that is being provided e.g. the condition of the park is affected by the appearance and quality of output from the mowing plant and equipment.
2. Internal customers who perceive the plant service in terms of safety, quality, quantity, reliability, responsiveness, cost/efficiency and legislative compliance.

It is clearly expected that services to the community will be delivered on time, within budget and in a cost efficient manner. Inadequate or unsuitable plant and equipment, down time of equipment through unnecessary or extensive repairs, and delays in the availability of new items, can impact heavily on the deadlines for progress on Council projects and services.

2.2 Legislative Requirements

Wandering Council has to meet many legislative requirements including Australian and state legislation and state regulations. These include:

Table 2.1: Legislative Requirements

Legislation	Requirement
Local Government Act 1995	Sets out role, purpose, responsibilities and powers of local governments including the preparation of Community Strategic Plan and Corporate Plan. Specifies requirements relating to purchasing (Tendering) and disposal of assets.
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

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Motor Vehicle Standards Act 1989	Requirement to register and assign identification to each vehicle imported to or manufactured in Australia
Work Health and Safety Act 2011	Requirement for organisations and individuals to apply a duty of care to others. Includes requirements for undertaking to ensure, so far as is reasonably practicable the provision and maintenance of safe plant and the safe use, handling and storage of plant.

2.3 Current Service Levels

Technical Levels of Service measures are linked to annual budgets covering

- Workshop operations – the regular activities to provide a quality and efficient in-house service where practicable.
- Maintenance – the activities necessary to intervene with a maintenance repair and responding to maintenance faults.
- Plant replacement program – the activities that ensure that new plant assets meet the design / specification and maintainability standards to support Council objectives.

Table 2.2: Technical Levels of Service

Key Performance Measure	Level of Service Objective	Performance Measure Process	Desired Level of Service	Current Level of Service
Operations and Maintenance	Plant is well maintained	Breakdowns per Annum	< 15	Not measured
		Maintenance schedules programmed as per manufacturer's specification	100%	100%
		Safety checks are performed on every item of plant and equipment	100%	100%

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	Plant and equipment owned is matched with works program commitments	Utilisation rates are checked and reviewed against industry standards	Utilisation reviews are carried out for each item of plant	Not measured
Replacement	Plant provided meets the needs of the operators	Consultation with operators over renewal options and timeframes	Consultation with operators and Works Supervisor on 100% of renewal options	Not measured
	Minimise life cycle asset costs	Develop analyses of life cycle cost and make recommendations for plant replacement program	For each item of plant with a value > \$80,000	Plant replaced in accordance with Plant Replacement Policy

3 Lifecycle Management Plan

3.1 Risk Management Plan

All plant items are subjected to a risk assessment process. This identifies areas of risk in relation to physical injury to staff or the public associated with the operation of the item. Those risks identified are then controlled through elimination, engineering, signage, personal protective equipment or education.

3.2 Routine Maintenance Plan

Regular preventative maintenance is performed in accordance with manufacturer's recommended service periods and schedules. Maintenance is provided through in-house mechanical maintenance where practicable. Drivers and operators of vehicles, plant and equipment are responsible for the day to day checking and minor maintenance of the vehicle / plant item under their control. Vehicle drivers are expected to check oil, water, fuel and tyre condition on a regular basis and report any unusual condition to the Works Supervisor for rectification.

3.3 Plant Replacement Program

Plant and vehicle management is a dynamic environment subject to changing technology, differing markets and improvements to management systems. It is important not to lock in to policies that may become redundant quickly. Council's plant and vehicle changeover policies are flexible in order to take advantage of positive turns in the market for second hand items by bringing forward the timing of changeovers or changing the plant mix.

Council's plant replacement program has been developed with the goal of achieving least cost to Council by striking a balance between annualised changeover costs that generally decrease with age of vehicle and annual maintenance and repair costs that generally increase with age. Retention periods have been initially set based on general industry standards and anticipated servicing costs and resale market values, and will be reviewed annually.

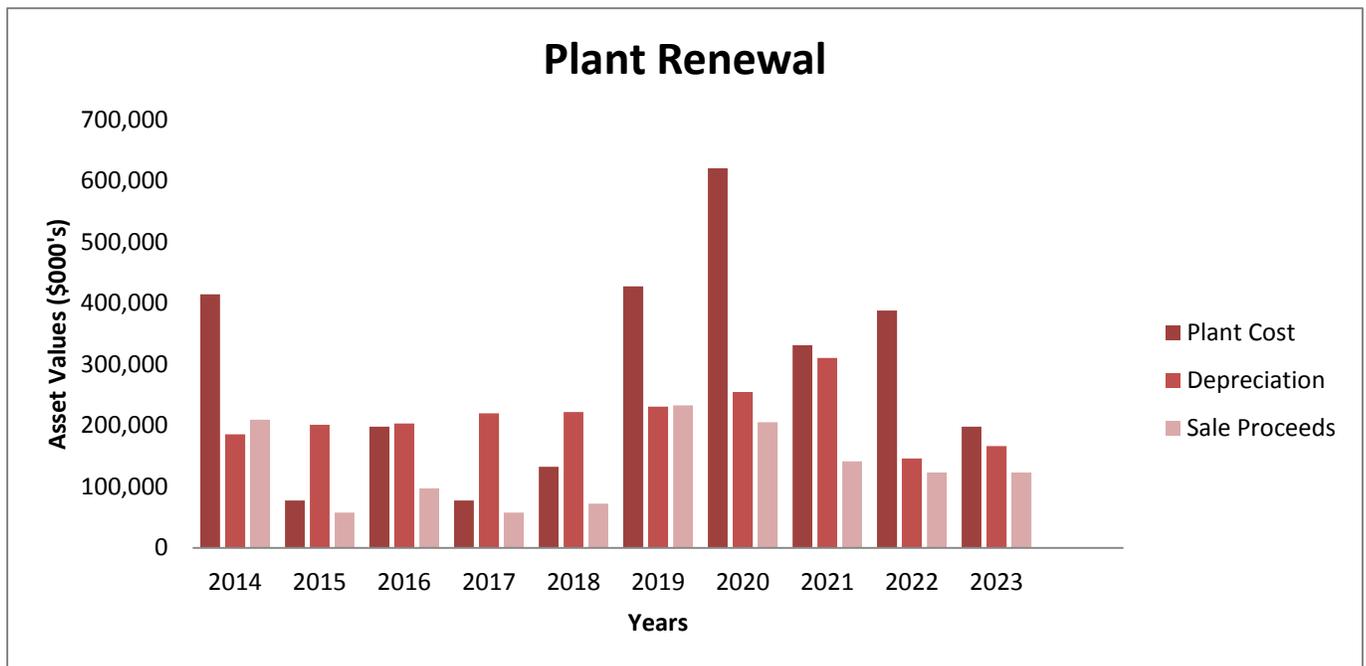
4 Financial Summary

4.1 Financial Projections

This section contains the financial requirements resulting from all the information presented in previous sections of this asset management plan. The financial projections will be improved as further information becomes available on current and projected future asset performance. The detailed ten year income and expenditure budget forms part of Council’s Long Term Financial Plan.

The net cost of plant management and operations is allocated to Council projects through the use of a calculated internal plant hire rate. These rates are calculated using the whole of life methodology previously described, and are reviewed annually. The hire rates include replacement costs and a plant replacement reserve is used to even out peaks and troughs in replacement expenditure where required.

Table 1.1 Plant Renewal



4.2 Key Assumptions made in Financial Forecasts

This section 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. It is presented to enable readers to gain an understanding of the levels of confidence in the data behind the financial forecasts.

Key assumptions made in this asset management plan are:

- Wandering Council will continue, where possible to maintain plant and equipment internally or locally;
- Current Council services will not diminish; (except for one-off grant funded flood recovery works)
- The current mix of plant represents a reasonable and cost effective method of providing Council services;
- Repair and maintenance estimates are based on existing vehicle averages and historical costs, and these provide reasonable projections of future expenditure;
- Fuel expenditure can be estimated from the current fleet, using current fuel consumption rates, utilisation, and target fuel prices;
- Residual values of vehicles are evaluated using historical values and industry guides, and these are accurate enough to set income budgets for the following years.

5 Asset Management Practices

5.1 Accounting/Financial Systems

5.1.1 Accounting and financial systems

The long term financial plan is a spreadsheet model developed in-house. It includes works and capital programs. Asset registers are internally developed spreadsheets from data analysed in the IT Vision software. Operational transactions are recorded in IT Vision local government accounting software system

5.1.2 Accountabilities for financial systems

The Corporate Support Function is accountable for the financial system, and the Manager Administration and Finance (MAF), with the support of the CEO is responsible for the asset registers.

5.1.3 Accounting standards and regulations

The long term financial plan is a budgeting model that reports forecast budgets in accordance with Australian Accounting Standards as they apply to Local Government

5.1.4 Capital/Maintenance Threshold

Council may consider developing a capitalisation policy. For the purpose of this asset management plan only renewals identified will be considered as capital

5.1.5 Changes to accounting financial systems arising from this asset management plan

It is not anticipated at this stage that as a result of the development of Council's asset management plans, any major changes will be required to Council's general ledger

5.2 Asset Management Systems

5.2.1 Asset management systems

Wandering Council does not currently utilize any formal asset management system or any asset management software packages. Assets are currently managed using a combination of staff knowledge and asset registers in IT Vision software.

The above mentioned method of managing assets allows Wandering Council to manage asset life cycle, knowledge needed to plan, construct or acquire, inspect, operate, maintain and review each asset and component

Prepare long term financial plans to merge assets at lowest possible cost whilst controlling exposure to risk and loss

5.2.2 Asset registers

Councils asset registers are currently maintained in Synergy Soft. Outputs are spreadsheet based and are effective at providing information required for asset management planning. The asset register requires future development which includes further validation of unit rates, useful lives and acquisition dates. This will be undertaken during future reviews of the asset management plan.

5.2.3 Linkage from asset management to financial system

Asset management and financial systems have been manually linked by developing AMP's concurrently with the long term financial plan. Further integration may be developed between asset systems and financial systems.

5.2.4 Accountabilities for asset management system and data

The Asset Management system and data is managed by Wandering's finance department in close consultation with other sections of Council. The asset management system and data management are currently under the responsibility of the Manager of Administration and Finance.

5.2.5 Changes to asset management system arising from this asset management plan

There are no changes to the current asset management system resulting from this AMP; however Council will review all asset management systems and practices under its asset management strategy. These will impact the Long Term Financial Plan, Strategic Longer-Term Plan, annual budget and departmental business plans and budgets

5.3 Standards and Guidelines

Standards, guidelines and policy documents referenced in this asset management plan are:

- Local Government Act 1995
- Local Government (Functions and General) Regulations 1996
- Local Government (Administration) Amendment Regulations (No. 2) 2011
- Integrated Planning and Reporting Framework and Guidelines
- Integrated Planning and Reporting Advisory Standard
- Asset Management Framework and Guidelines

6 Plan improvement and Monitoring

6.1 Improvement Plan

Council staff intend to continue to develop and improve plant and vehicle management practices.

Table 6.1: Improvement Plan

Task No	Task	Responsibility	Resources Required	Timeline
1.	Improve systems for accurately recording and reviewing utilisation of all plant.	MAF	Nil additional	2014
2.	Improve systems for gathering information about whole of life plant costs, and use this information as a basis for resourcing decisions, including optimisation of changeover / replacement timing of plant.	MAF	Fleet / Plant management Training Subscription costs for market information	Review Annually
3	Improve systems for recording and categorising cost of unscheduled plant maintenance and use the information to instigate procedures to reduce the impact on operational productivity.	MAF	Training & Networking costs	2014
4	Review and continuously improve risk assessment procedures for plant assets.	Works Supervisor	Training & Protective equipment	2014 and Annual Review

6.2 Monitoring and Review Procedures

This asset management plan will be reviewed during annual budget preparation and amended to recognise any changes in service levels and/or resources available to provide those services as a result of the budget decision process.

The Plan has a life of 4 years and is due for revision and updating within 2 years of each Council election.