URALLA SHIRE COUNCIL

PLANT AND EQUIPMENT ASSET MANAGEMENT PLAN

August 2022 (Version 4.3)

Document Control	Uralla Shire Council Plant and Equipment Asset Management Plan

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1. SUMMARY

1.1 This asset management plan is prepared to meet the minimum legislative and organisational requirements for sustainable service delivery and long term financial planning and reporting.

1.2 Uralla Shire Council and its employees will strive to uphold and follow the practices outlined in this Plant and Equipment Asset Management Plan.

1.3 This Plant and Equipment Asset Management Plan is one of seven asset management plans (AMPs) covering all community assets for which Council is responsible. These, all fall under the Asset Management Policy and the Asset Management Strategy.

1.4 Asset management planning is a comprehensive process to ensure the delivery of services from infrastructure are provided in a financially sustainable manner.

1.5 An asset management plan details information about infrastructure assets including actions required to provide an agreed level of service in the most cost effective manner. The plan defines the services to be provided, how the services are provided and what funds are required to provide the services.

1.6 Council plant and equipment assets assist Council to undertake its functions and provide quality services aligning with Council's strategic objectives and strategies as set out in the Community Strategic Plan 2022-2032, Delivery Program 2022-2026, Operational Plan 2022-2023, and Draft Long Term Financial Plan 2022-2032.

1.7 The key issues factored into Council's plant and equipment asset management plan include:

- 1.7.1 Maintenance and repair costs
- 1.7.2 Replacement or rehabilitation cost
- 1.7.3 Age of asset
- 1.7.4 Life cycle of asset
- 1.7.5 Integrating new technologies
- 1.7.6 Hire costs
- 1.7.7 Usage and data capture
- 1.7.8 Employee compliance
- 1.7.9 Budget

1.8 The plant and equipment assets comprise of machinery, vehicles and small equipment utilised in the following service areas:

- 1.8.1 Roads and Infrastructure construction, renewal and maintenance.
- 1.8.2 Parks and garden maintenance.
- 1.8.3 Water and sewer infrastructure and maintenance.
- 1.8.4 Landfill operations.
- 1.8.5 Kerbside waste collection.
- 1.8.6 Administration.
- 1.8.7 Community services.
- 1.8.8 Aged care facilities.

1.9 Uralla Shire's plant and equipment is split into the following asset classes (Table 1.9):

Table 1.9: Uralla Shire Council Asset Classes

Heavy Plant and equipment	Heavy Trucks	Light Trucks <7.5T	Light Plant and equipment	Utilities	Passenger	Small Plant and equipment
Graders	Bogie Tippers	Fuel/transport	Road broom	Dual cab	SUV	Push mowers
Rollers	Single Tippers	Maintenance	Plant and equipment trailers	Single cab	Sedans	Chainsaws
Excavators	Garbage	2 tonne tippers	Zero turns		Small Buses	Hedge trimmers
Compactors	Prime Mover		Slashers			Brush cutters
Backhoes	Water Carts					Trash pumps
Loaders						Etc.
Low Loader						
Tipper Trailer						
Tractors						

1.10 At the time of this plan, the recorded replacement value in a current active plant and equipment register as at 30 June 2021 had a replacement value of $11,008,300 and the projected value as at 30 June 2022 is $11,255,988 (Table 1.10).

Table 1.10 Plant and equipment replacement values in 2021 and 2022

Plant and equipment	Replacement Value 2021 ($)	Replacement Value 2022($)
Light Plant and equipment	1,099,000	1,123,728
Light Truck	730,000	746,425
Small Plant and equipment	156,300	159,817
Passenger	868,000	887,530
Transport	585,000	598,163
Heavy Truck	3,580,000	3,660,550
Heavy Plant and equipment	3,990,000	4,079,775
Total	**$11,008,300**	**$11,255,988**

1.11 Uralla Shire Council has historically budgeted, in its 10 year financial plan, 4-year Delivery program and annually in its operational plan, for a small surplus regarding the replacement and maintenance of its plant and equipment, thus fully funding its non-cash depreciation expense. The cash transfers, asset disposal income and general fund are utilised to carry out the planned replacement program and annual maintenance.

1.12 The capital expenditure required, for the forward estimates of the ten year plant and equipment replacement program, is $9,409,698. This is an average of $940,970 per annum. This expenditure is funded by disposal income of $3,335,000, transfers of $1,308,000 and general fund of $4,766,698

1.13 So that Council has the financial resources to achieve this surplus and mitigate any deficit risk for the plant and equipment asset replacement schedule, Council staff will:

1.13.1 Undertake timely replacement of major plant and equipment assets within the forecasted 10 year replacement projection program.

1.13.2 Undertake timely replacement of small plant and equipment assets within the forecasted small plant and equipment 4 year replacement projection program.

1.13.3 Analyse the usage trends and needs of all current, additional and future assets. Identifying assets surplus to needs for disposal in order to make savings in future operations and maintenance costs.

1.13.4 Analyse current hire rates, replacement vs rehabilitation, and strategise to resolve any plant and equipment replacement funding deficit.

1.13.5 Apply Council's Procurement Policy to obtain best value for money for council.

1.13.6 Restrict funds from the programmed plant and equipment replacement budget not expended in a particular year (for those assets that were not able to be purchased in that year) for the purchase of those assets in the following year.

1.13.7 Continually improve asset knowledge so that data accurately records the asset inventory and usage.

1.13.8 Capture third party hire usage and subsequent charges to enable accurate accounting.

1.13.9 Schedule works programs to suit current plant and equipment capacities.

1.13.10 Analyse rates of hire to optimise plant and equipment income.

1.13.11 Establish the fair value of the assets and determine the appropriate rate of depreciation of these assets.

1.13.12 Balance service levels and costs so that the community receives the optimum return from the plant and equipment pool.

1.13.13 Develop partnerships with third parties, where available, to provide services and/or bulk purchase of plant and equipment.

1.13.14 Develop options and prioritise for future plant and equipment.

1.13.15 Continue to improve Council's efficiency in operating, maintaining, replacing existing and renewing assets to optimise life cycle costs and return on trade-in and sales on disposal.

1.14 There are other risks associated with providing adequate plant and equipment for Council services. The following major risks have been identified in managing the plant and equipment:

1.14.1 Major plant and equipment assets not being available due to breakdowns caused by age or lack of maintenance.

1.14.2 Reduction in quality of service from ageing or under maintained plant and equipment.

1.14.3 Safety to operators and the general public.

1.14.4 Delays in works programs, business disruption and public access.

1.15 Council will endeavour to manage these risks within available funding by:

1.15.1 Proactively maintaining plant and equipment to serviceable levels.

1.15.2 Regularly analysing staffing strategy, to develop and keep the necessary knowledge and skills base for the future.

1.15.3 Replace plant and equipment to the schedule of replacement programs to maximise the life and residual value of the asset, while considering safety of operation.

1.15.4 Train plant and equipment operators to the level required to operate the machinery in their care.

1.16 Council, through this asset management plan, will endeavour to have enough funding to provide all services at the desired service and replacement levels, while maximising the benefit to the community in the most feasible manner.

2. INTRODUCTION

2.1 Background

2.1.1 This asset management plan defines and demonstrates 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.

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

- Community Strategic Plan 2022-2032
- Delivery Program 2022-2026
- Operational Plan 2022-2023
- Draft Long Term Financial Plan 2022-2032

2.1.3 This plant and equipment asset management plan has a direct relationship with the following associated planning process and documents included in Figure 1 below.

Figure 1 – Asset management planning process within the Integrated Planning and Reporting Framework

2.1.4 The plant and equipment asset hierarchy, supporting Council's Key Service Areas per the 2022-2023 Operational Plan is as shown below:

2.1.5 Council's current plant and equipment assets covered by this asset management plan are tabled in Table 1.10 on page 2.

2.1.6 Plant and equipment assets are defined as long-term fixed capital items that are used to produce or sell products and services for Council. These assets are tangible in nature and are expected to produce benefits over a long term period**.** Plant and equipment items are listed in an asset register and given plant and equipment numbers if the asset is utilised over more than one different service of Council.

2.2 Goals and Objectives of Asset Management

2.2.1 Council exists to provide services to its community. Most of these services (from a value perspective) are provided by infrastructure assets. The provision of infrastructure assets is supported by plant and equipment. Council has acquired infrastructure assets by purchase, by contract, construction by Council staff and by donation of assets constructed by developers and others to, over time, increase the levels of service.

2.2.2 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 cost management 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 future demand analysis and infrastructure investment;
- managing risks associated with asset failures;
- sustainable use of physical resources; and
- Continuous improvement in asset management practices.

2.2.3 The purpose of this asset management plan is to:

- document the services/service levels to be provided and the costs of providing the service;
- communicate the consequences for service levels and risk, where desired funding is not available; and
- provide information to assist decision makers in trading off service levels, costs and risks to provide services in a financially sustainable manner.

2.2.4 This asset management plan is prepared under the direction of Council's vision, mission, goals and objectives as set out in the Community Strategic Plan 2022-2032.

2.2.5 **Council's Vision is:** In 2032 the Uralla Shire community will be vibrant with a growing economy supporting a sustainable quality of life that values its heritage.

2.2.6 **Council's Mission is:** Uralla Shire Council listens to and facilitates the aspirations of the community.

2.2.7 **Council's Community Strategic Objectives:**

1. We have an accessible, inclusive and sustainable community.
2. We drive the economy to support prosperity.
3. We are good custodians of our environment.
4. We are an independent shire and well-governed community.

2.2.8 The Uralla Shire road networks, sealed and unsealed, are critical to economic and social interaction throughout the Shire. The continuing maintenance and construction of the Council road network into the future depends on funding and a modern, well-maintained plant and equipment asset fleet.

2.2.9 Plant and equipment assets are inspected, maintained, upgraded and renewed as necessary so that they:

- reach their expected lifecycle,
- perform to their maximum capability,
- satisfy community expectations and needs,
- satisfy budget limitations, and
- meet safety and other regulatory requirements

2.2.10 With respect to this Plant and Equipment Asset Management Plan, Uralla Shire Council's relevant strategic objectives and organisational goals relating to this plan are listed in Table 2 below and are addressed throughout this plan in the following way:

Table 2: Organisation Goals

Strategic Objective	Goals	How Goal and Objectives are addressed
To own and operate a modern plant and equipment of appropriate size and composition, effectively and efficiently, in order to carry out the provision of services for the benefit of the Shire's residents.	That plant and equipment are maintained in a serviceable condition at all times.	Maintain a service register of all major plant and equipment and ensure that staff and skill levels are maintained to achieve full servicing. Small plant and equipment and tools maintained.
	That Council's operators and workshop staff are adequately skilled and appropriately licensed and have access to modern tools and equipment.	Send staff to appropriate training courses which are to be included in Council's training plan. Keep staff records of all licences needed and held.
	To achieve no less than 1000 operating hours per year for major plant and equipment assets and 1500 operating hours for key machines such as graders.	Vary start and finish times for crews on the job when working at sites more than 30km from the depot. Review work practices to take advantage of good weather conditions.
	To set plant and equipment hire rates, which will cover plant and equipment operating costs and provide a small surplus.	Rates set by staff using historical records. Staff to consider third party rates.
	Maintain a 10-year plant and equipment replacement program to maintain a modern and efficient fleet.	Replacement purchases and sales by tender or quotation. Agreed upon by staff after any necessary analysis.

2.3 Plan Framework

2.3.1 Key elements of this Plant and Equipment Asset Management 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.

3. LEVELS OF SERVICE

3.1 Legislative Requirements

3.1.1 Council has to meet many legislative requirements including Australian and state legislation and state regulations. Key legislation is listed in Table 3 below.

Table 3: Legislative Requirements

Legislation	Requirement
Road Rules 2014 – NSW Regulation	Sets the requirements for vehicles and operators using roads. Obtained from the NTC – Australian Road Rules.
National Transport Commission - Australian Road Rules	Form the basis of road rules for each Australian state
Australian Standards	Provides guidance for transport asset managers in use of transport services
Local Government Act 1993	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.
NSW Roads Act 1993	Provides authority to Council for administration and development of roads.
NSW Road Transport Act 2013	Sets the requirements for vehicles and operators using roads.
RTA NSW regulations	Provides requirements for vehicle configurations including dimensions, axle loads, weights, capacities, speeds, traffic management, warning signs, lights etc., noise emissions, chemical emissions, minimum safety standards, licensing requirements, conditional registration, and registration.
Road Vehicle Standard Act 2018 *Motor Dealer & Repairs Act 2013* *Road Vehicle Standard Rules 2019*	Sets the requirements for vehicle and operational safety. Sets requirements for the repairs of plant and equipment
Environmental Planning and Assessment Act 1979 (EP&A Act) *Environmental Planning and Assessment Amendment Act 2008*	Set out the guidelines used by Council to provide sustainable and environmentally responsible planning, development and land use.
Protection of the Environment Operations Act 1997	Sets environmental standards, goals, protocols and guidelines to reduce pollution and environmental harm.

3.2 Current Levels of Service

3.2.1 Council has defined service levels in two ways:

3.2.2 **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.

3.2.3 Community levels of service measures used in the asset management plan are:

Quality	How good is the service?
Function	Does it meet users' needs?
Safety	Is the service safe?

3.2.4 **Technical Levels of Service** - Supporting the community service levels are operational or technical measures of performance. These technical measures relate to the allocation of resources to service activities that Council undertakes to best achieve the desired community outcomes.

3.2.5 Technical service measures are linked to annual budgets covering:

- Operations – the regular activities to provide services such as hours of operation, maintenance frequency, operating efficiencies, etc.
- Maintenance – the activities necessary to retain an asset as near as practicable to its original condition (e.g. routine plant and equipment maintenance and emergency maintenance capacity.
- Renewal/Rehabilitation – the activities that return the service capability of an asset up to that which it was as new. Renewal -complete changeover, old to new. Rehabilitation – refurbishing and upgrading components.

3.3 Desired Levels of Service

3.3.1 Indications of desired levels of service are obtained from various sources including service requests and correspondence, feedback and maintenance schedules.

3.3.2 Council's current service levels are detailed in Table 4 below.

3.3.3 The International Infrastructure Management Manual (IIMM) (2011) describes **Levels of Service** (LoS) as 'defined service quality for an activity or service area against which service performance may be measured.

3.3.4 Levels of service measurable and definable outcome that typifies an outcomes-based paradigm in accordance with ISO 55000.

Table 4: Current Service Levels

Key Performance Measure	Level of Service Objective	Performance Measure Process	Desired Level of Service	Current Level of Service
COMMUNITY LEVELS OF SERVICE				
Quality	Equipment is maintained to quality standards and meets service demand.	Machinery breakdown time	All equipment serviced within 10% of recommended interval. Breakdowns are assessed within 24hrs with a plan of action drafted. Repairs are completed within 1 week from receiving necessary parts.	Desired level of service is being achieved >95%.
Function	Appropriate plant and equipment is available for tasks and can be operated with ease.	Feedback on suitability of Council owned plant and equipment	>80% of operational tasks completed with Council owned plant and equipment. <20% of operational tasks are completed with hired equipment	Desired level of service is being achieved.
Safety	Plant and equipment is used safely and checked for safety issues.	Number of incidents requiring investigation. Number of incidents requiring mandatory reporting. Plant and equipment pre-start checks are completed.	< 4 plant and equipment incident reports requiring investigation per year < 2 plant and equipment incident reports requiring mandatory reporting. Pre-start checks of plant and equipment are completed >95% of time.	Records reveal that all works staff have the appropriate current licences. Machinery is checked regularly to a program of work.

Key Performance Measure	Level of Service Objective	Performance Measure Process	Desired Level of Service	Current Level of Service
TECHNICAL LEVELS OF SERVICE				
Operations	Utilisation of plant and equipment to its full potential.	Number of operating hours.	Achieve 1,000 operating hours per year for major plant and equipment assets and 1,500 operating hours for key machinery.	Desired level of service is being achieved.
Accessibility	Hire of machinery	Rate of hire.	Surplus on plant and equipment operation plus depreciation to fund plant and equipment purchases.	Desired level of service is not being achieved. Analysis is required
Maintenance	Maintain to a serviceable condition.	Reports to management on the number of major breakdowns/or accidents due to faulty plant and equipment.	A reduction in machinery and equipment faults and breakdowns.	Desired level of service is being achieved.
		Service register	Maintain a service register to record that equipment is maintained to full servicing and staff have the skills necessary to service plant and equipment	Service registers maintained for plant and equipment s by Plant and equipment Manager.
Rehabilitation	Repair plant and equipment as necessary and only if economically viable.	Cost of part repair versus replacement cost.	Plant and equipment reaches/ fulfils its usable life.	Market sale prices being achieved.
Renewal	Maintain a ten year planned plant and equipment replacement program for life of asset to maintain a modern and efficient fleet.	Successful delivery of the Replacement Program	Plant and equipment can cope with the demand of services.	Desired level of service is being achieved.
	Maintain the four year planned small plant and equipment replacement program. Maintain a tool register.		Tools are up-to-date and able to cope with works demand.	Desired level of service is being achieved.

4. FUTURE DEMAND

4.1 Demand Forecast

4.1.1 Factors affecting demand include population change, changes in demographics, seasonal factors, vehicle ownership, consumer preferences and expectations, economic factors, agricultural practices, environmental awareness and technological advancement.

4.1.2 Demand factor trends and impacts on service delivery are summarised in Table 5 below.

Table 5: Demand factors, projections and effect on services

Demand factor	Present position	Projection	Impact on services
Population	5,971 (2021 Census)	The NSW Department of Planning and Environment has predicted minor decreases annually of 1.15% over the next 20 years. In 2031, the population of the Uralla Shire is estimated to be 5,319.	Minor decreases in population will impact on Council's revenue and ability to pay for required community services.
Demographics	As of 2021, 57.7% of the population were 45 years and over.	There will be a concentration of older residents in the next two decades.	A high demand on aged care services and community facilities over the coming 20 years.
Environmental awareness	The community and Council are more environmentally aware and responsible.	Council will be required to implement further sustainability measures.	This requires Council to be focused on fuel consumption and associated emission controls to meet environmental standards and regulations.
Technology	Plant and equipment has increasingly become more technologically advanced.	Staff will need to upgrade their skills and knowledge more frequently to keep up with technology advancement.	Increased budget allocation for staff training.

4.2 Changes in Technology

4.2.1 Technology changes forecast to affect the delivery of services covered by this plan are detailed in Table 6 below.

Table 6: Changes in Technology and Forecast effect on Service Delivery

Technology Change	Effect on Service Delivery
Diesel conversion	Council is currently purchasing machinery and vehicles with diesel engines when replacing units and where the machine/vehicle has long operating hours. This will increase costs in the short-term in capital acquisition; however it will provide a reduction in operating cost in the long term.
Emissions standards	An increasingly demanding European Emission Standards means increased costs and changes to service processes. No effect on service delivery, however there will be a reduction in emissions from plant and equipment. However, depending on the type of emission control, may increase the plant and equipment running costs, ie ad-blue exhaust gas additive.
LPG	Council has previously investigated moving towards LPG powered vehicles, however, with the cost of LPG 2/3 reward of diesel in 2021, the long-term cost-benefit is not yet established.
Electric	Council has purchased one hybrid electric powered passenger car. Hybrid electric powered vehicles are likely to dominate the market in the coming decades.

4.3 New Assets for Growth

4.3.1 Annually, Council will analyse and investigate the need for additional or new plant and equipment.

4.3.2 New plant and equipment are those assets that Council did not previously possess, or plant and equipment expenditure that upgrades or improves an existing asset beyond its existing capacity. They may result from the need to support growth, social or environmental needs.

4.3.3 New assets and upgrade/expansion of existing assets are identified from various sources such as staff, councillor or community requests, proposals identified by strategic plans or reports, analysis of external plant and equipment hire charges incurred, testing or demonstrations of new technologies, or partnerships with other organisations. Candidate proposals are inspected to verify need and to develop a preliminary estimate. Verified proposals are ranked by priority and available funds are scheduled into replacement programs.

4.3.4 Acquiring these new assets (e.g as in Figure 2 below) commits Council to fund ongoing operations and maintenance costs for the period that the service provided from the assets is required.

Figure 2 – Landfill Compactor (acquired 1 September 2021)

5 LIFE CYCLE MANAGEMENT

5.1 Acquisition

5.1.1 Acquisition of plant and equipment for Uralla Shire is the responsibility of the Fleet Stores and Workshop Team Leader (Team Leader FSW), under the direction of the Executive Director Infrastructure and Development and the General Manager.

5.1.2 The Team Leader FSW will pay attention in detail and abide by all documents relating to the acquisition of plant and equipment, with regular review.

5.1.3 Legislation, policies and control documents for acquisition are:

Local Government Act 1993 (NSW)	USC Procurement Framework and Principles
Local Government (General) Regulation 2021 (NSW)	USC Procurement Policy
Public Works and Procurement Act 1912	USC Purchasing Procedures
Work Health and Safety Act 2011	USC Rolling 10 - Year Plant and equipment Replacement Projection
Road Vehicle Standards Act 2018	USC Rolling Small Plant and Equipment Replacement Projection

5.2 Capacity

5.2.1 Staff directly responsible for the direction for use of plant and equipment should take care and consideration to each assets usage capacity. Works programs should be scheduled so an even balance can exist between plant and equipment use, external hire and budget so as not to cause deficiencies in service or strains on Uralla Shire's plant and equipment capacities.

5.2.2 Locations where deficiencies in service performance are known are detailed in Table 7 below.

Table 7: Service Capacity

Plant and equipment Category	Capacity Deficiency
Heavy Plant and equipment	Capacity matches our requirements. Any service deficiency is met by the hire of plant and equipment. Hire costs are to be regularly analysed to determine, whether new plant and equipment or retaining a potential trade unit, is warranted.
Heavy Trucks	
Light Trucks	
Light plant and equipment	
Other	Annual replacement programmes maintain plant and equipment at service capacity

5.3 Risk Management

5.3.1 Risk management is the identification, evaluation, and prioritisation of risks followed by coordinated and economical application of resources to minimise, monitor, and control the probability or impact of events or to maximise the realisation of opportunities. Mitigation factors in relation to key plant and equipment activities are detailed below.

5.3.2 Maintenance: plant and equipment maintenance is carried out to manufacturer specifications on a regular basis outlined by the manufacturer. Safety inspections form part of this service schedule.

5.3.3 Safety: Work Health and Safety obligations must be met in relation to the use of all plant and equipment. All personnel are inducted into their area of responsibility with regular checks and inspections documented. Site or activity specific risk assessments are performed with relevant safe work methods statements (SWMS) (for legislated high risk work) and safe operating procedures (SOPs). Daily pre-start plant and equipment checks, safety checks at service intervals and pre-purchase safety assessments, form part of Council's plant and equipment safety obligations.

5.3.4 Insurance: all Uralla Shire Council's plant and equipment is comprehensively covered under a blanket protection scheme. The Manager Governance is responsible for maintaining the policy and controlling claims. Plant and equipment operators are responsible for reporting incidents within 24 hours of occurring.

5.3.5 Plant and equipment selection criteria: when calling for specifications for plant and equipment all relevant stakeholders are advised and provide contribution. Stakeholders include overseers and operators who in conjunction with the Team Leader FSW set the key criteria for each specific plant and equipment or piece of equipment. When calling for quotes or tenders it is a requirement of all parties providing submissions to address applicable safety standards and include a specific risk assessment of the asset tendered.

5.3.6 An assessment of risks associated with service delivery from infrastructure assets has identified critical risks that will result in loss or reduction in service from infrastructure assets or a 'financial shock' to the organisation. The risk assessment process identifies credible risks, the likelihood of the risk 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. Table 5.3.6 below is used to develop a typical risk treatment.

Table 5.3.6: Uralla Shire Council Risk Matrix

	CONSEQUENCES				
LIKELIHOOD	Minimal	Minor	Moderate	Major	Catastrophic
Almost certain	Medium	Medium	High	Catastrophic	Catastrophic
Likely	Medium	Medium	High	Catastrophic	Catastrophic
Possible	Low	Medium	Medium	High	Catastrophic
Unlikely	Low	Low	Medium	High	High
Rare	Low	Low	Medium	Medium	High

5.3.7 Some high-level infrastructure based risks have been identified that are associated with the management of plant and equipment assets as given in Table 5.3.7 below.

Table 5.3.7: Strategic Infrastructure Risks

Risk Details / Event	Likelihood	Consequence	Risk	Actions Needed / Treatment Plan	Controls Adequate
Council may not have sufficient funds for required capital and maintenance	Possible	Medium	Medium	Apply a criticality framework to vehicles to ensure essential services can be delivered. Option to lease or borrow vehicles from neighbouring councils or private companies in case of extended disruption.	Yes
Loss of key staff and operators, leading to downtime of plant and equipment	Possible	Medium	Medium	Develop staff succession plan.	Yes
Injury to operators	Likely	Medium	Medium	Plant and equipment to have correct SWMS, SOPS, and Manuals. Machinery to have up to date risk assessments.	Yes
Overall condition of assets decrease due to inadequate renewal and maintenance programs	Likely	Medium	High	Programs controlled by budget and staff availability.	Yes
Changes in legislation affect Council's responsibilities e.g. changes to disposal proceeds (trade in)	Unlikely	Moderate	Medium	Monitor legislative changes.	Yes
Non-compliance with Heavy Vehicle (HV) Laws		Medium	High	Vehicles are compliant with HV Laws, including digital scales and correct dimensions.	Yes
Specialist plant and equipment unavailable	Possible	Major	High	Maintenance for existing specialist equipment, and consider share arrangements with other councils or leasing options to reduce business disruption during long lead times.	Yes
Rise in fuel costs and tariffs	Likely	Major	High	Adjust the budget and charge out rates.	Yes
Changes to disposal proceeds (trade in)	Likely	Major	Medium	Update expected disposal proceeds regularly in line with market prices. Consider net cost when changing useful lives.	Yes
Unnecessary, and/or inefficient plant and equipment and equipment	Possible	Medium	Medium	Review and assess utilisation and capacity of plant and equipment every two years.	Yes

5.4 Routine Maintenance Plan

5.4.1 Routine maintenance is the regular on-going work that is necessary to keep assets operational such as in Figure 3 below.

5.4.2 Maintenance includes reactive, proactive, and specific maintenance work activities.

5.4.3 Reactive maintenance is unplanned repair work carried out in response to failures and management/supervisory directions.

5.4.4 Proactive maintenance is repair work that is identified and managed through a maintenance management system (MMS). MMS activities include inspection, assessing the condition against failure/breakdown experience, prioritising, scheduling, actioning the work and reporting what was done to develop a maintenance history and improve maintenance and service delivery performance.

5.4.5 Specific maintenance is replacement of higher value components/sub-components of assets that is undertaken on a regular cycle. This work generally falls below the capital/maintenance threshold but may require a specific budget allocation.

5.4.6 Assessment and prioritisation of reactive maintenance is undertaken by operational staff using experience and judgement.

5.4.7 Maintenance is informed by the required levels of service and within the detailed budget structure for the projected expenditure in section 6 on page 21.

Figure 3 – Council's oldest (26 years) working heavy truck, still serviceable for tar patching operation.

5.4.8 The photograph in Figure 3 above (Plant and equipment 4028 – 1996 Nissan UD Tar Patching Truck) illustrates the benefit of programmed maintenance. Whilst still in use, this unit is in the process of being reviewed for replacement.

5.4.9 Council's current maintenance expenditure level has resulted in the maintaining of plant and equipment at a standard that is considered to be adequate to meet required service levels.

5.4.10 Council operates a plant and equipment workshop (Figure 4 below) under the direction of the Team Leader FSW with two senior mechanics. Staffing requirements are reviewed annually in conjunction with the Executive Director Infrastructure and Development.

Figure 4 – Uralla Shire Council Workshop – Uralla Depot

5.4.11 Periodic and emergency maintenance work is carried out in accordance with the manufacturer's specifications as described in each unit's maintenance manual.

5.4.12 Council's plant and equipment operators are required to complete daily pre-start checks on a weekly report and return weekly to the Team Leader FSW. This report includes a whole machine daily check list including engine oil level, water level, major components, and daily grease points. There is also a notation of hours and sufficient space to report any defects or repairs required.

5.4.13 The Team Leader FSW organises the major maintenance, based upon the weekly reports, to fit into the workshop program. Regular maintenance on plant and equipment and vehicles is mostly carried out on the major flexi-day of the outside workforce, when most of the plant and equipment is available in the depot.

5.4.14 Accidents are reported immediately through Council's incident reporting procedures. Any insurance claims are organised through the Manager Governance with Council's insurance agent. Council also has a procedure for the reporting of near misses.

5.4.15 Council includes the cost of maintenance of its major plant and equipment as part of plant and equipment operating costs, which also includes fuel and oil, licencing, registration, insurance and administration costs. These costs are allocated as a dry hire charge to the works and other programs utilising the major plant and equipment. These charges are reviewed annually.

5.4.16 The costs of maintenance on community services' motor vehicles are charged directly to the relevant principal activity program's operational cost.

5.5 Replacement/Rehabilitation

5.5.1 Replacement is defined as the changeover of an item. The complete replacement of an old item of plant or equipment to a new one of the same function.

5.5.2 Rehabilitation is defined as the repair or refurbishment required to bring an old item of plant or equipment to its original service potential.

5.5.3 Replacement expenditure replaces or rehabilitates an existing asset to its original service potential.

5.5.4 Council will perform specific analysis of replacement verse rehabilitation costs in each individual transaction to achieve the best value outcome achievable.

5.5.5 Rehabilitation will be undertaken using 'low-cost' refurbishment methods where practical. The aim of 'low-cost' refurbishment is to restore the service potential for future economic benefits of the asset by rehabilitating the asset at a substantial cost less than the replacement cost.

5.5.6 Plant and equipment assets requiring replacement or rehabilitation are identified from the 10 Year plant and equipment replacement projection program. The items of plant and equipment scheduled for replacement according to the program are reviewed by the Team Leader FSW referencing life expectancy, age and capacity. The items of plant and equipment scheduled for rehabilitation according to the program are usually the product of prior analysis of the said plant or equipment item and are also determined by the same process.

5.5.7 Plant and equipment is replaced, through request for quote or tender, to:

- specifications sort after by Council staff that fulfil the requirements of the tasks and are within the manufacture's specification parameters; and to
- relevant clauses in *Local Government Act 1993* and the *Local Government (General) Regulation 2021*.

5.6 Disposal

5.6.1 Disposal is guided by Council's Disposal of Assets Policy.

5.6.2 Disposal of Council plant and equipment assets forms an integral part of the plant and equipment asset management plan. Disposal sales figures obtained are a key ingredient to the total available funds for plant and equipment replacement.

5.6.3 Disposals are items of old plant and equipment or equipment sold independently as surplus to requirement. Disposals may result from the replacement or decommissioning of an item of plant and equipment; however decommissioning is a rare occurrence and only undertaken following a full evaluation and regard of the condition and need of the asset and any alternatives.

5.6.4 Disposal should, in every transaction, give the best value to Council.

6 FINANCIAL SUMMARY

6.0.1 This section contains the financial requirements resulting from all the information presented in the previous sections of this plant and equipment asset management plan.

6.1 Financial statements and projections

6.1.1 This asset management plan identifies the projected operations, maintenance and capital renewal expenditures required to provide the sufficient level of service to the community over a 10 year period. This plan provides input into the long term financial plan aimed at providing the required services in a sustainable manner.

6.1.2 Valuations are undertaken in alignment with Australian Accounting Standard 'AASB13 Fair Value', and 'AASB116 Property Plant and equipment. These valuations are required every three to five years, with an independent audit required every five years. Valuations are undertaken to satisfy the financial reporting requirements and to understand the cost to replace assets.

6.1.3 Operating expenditure is covered from general fund income and the cost attributable to the plant and equipment section are distributed throughout the organisation via the charge out rates of each specific piece of plant and equipment.

6.1.4 Projected operating (operations and maintenance) expenditure, and operational income (plant and equipment hire services) are set out in Table 6.1.4 below. Figure 6.1.4.1 below shows the projected operation expenditure and capital renewal costs as compared with projected income

Table 6.1.4 Operating and maintenance expenditure, operational income and surplus fund from 2022 to 2032

Year	Projected Operational Expenditure			Operational Income ($)	Surplus ($)
	Operational expenditure ($)	Depreciation Expense ($)	Total Operating Expenditure ($)		
2022-23	642,091	433,179	1,075,270	1,290,325	215,055
2023-24	645,712	444,008	1,089,720	1,307,664	217,944
2024-25	660,755	455,108	1,115,863	1,339,036	223,173
2025-26	676,360	466,486	1,142,846	1,371,415	228,569
2026-27	720,639	478,148	1,198,787	1,438,544	239,757
2027-28	708,685	490,102	1,198,787	1,438,544	239,757
2028-29	725,424	502,354	1,227,778	1,473,334	245,556
2029-30	742,560	514,913	1,257,473	1,508,968	251,495
2030-31	760,102	527,786	1,287,888	1,545,466	257,578
2031-32	778,058	540,981	1,319,039	1,582,847	263,808
10 year=	**7,060,386**	**4,853,065**	**11,913,451**	**14,296,143**	**2,382,692**
5 year=	**3,345,557**	**2,276,929**	**5,622,486**	**6,746,984**	**1,124,498**

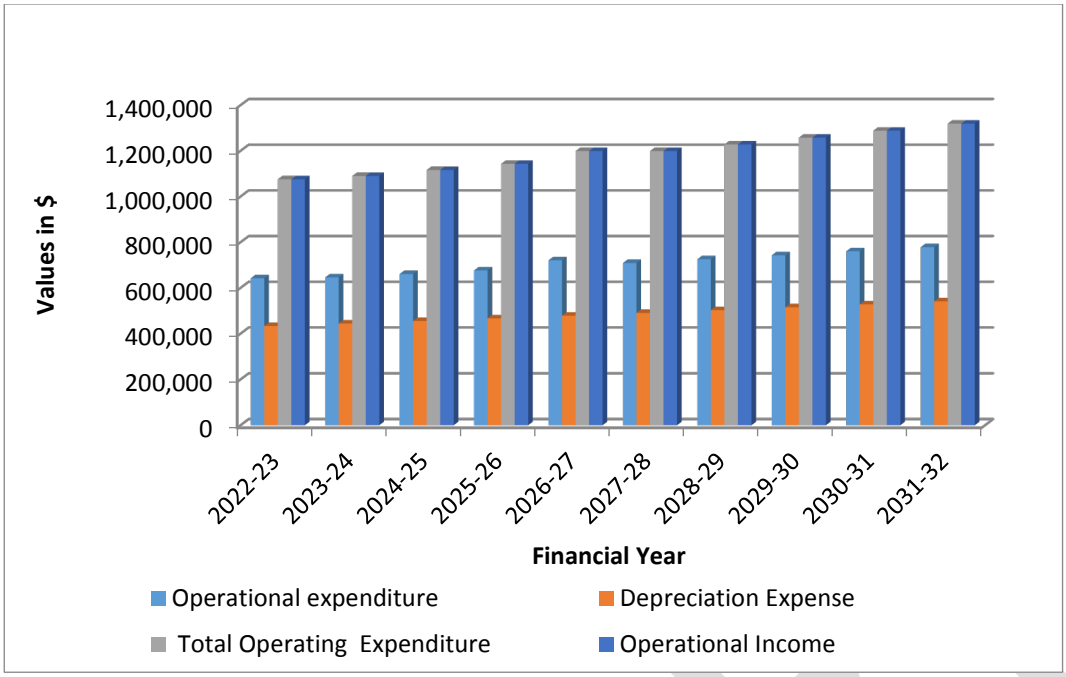

Figure 6.1.4.1 – Projected operational expenditure, depreciation and operational income from 2022 to 2032

6.1.5 Projected asset renewal and its source of funding are set out in Table 6.1.5 below.

Table 6.1.5 Projected proposed capital renewals and sources of income for funding from 2022 to 2032

Year	proposed Capital Renewals /New assets	Potential Source of income			Total potential capital renewal funding
		Proposed Disposal Income	Transfers in from plant and vehicle replacement reserve	General fund income	
	($)	($)	($)	($)	($)
2022-23	1,392,198	401,500	990,698	0	1,392,198
2023-24	980,500	323,000	317,302	340,198	980,500
2024-25	853,000	256,500	0	596,500	853,000
2025-26	809,500	361,000	0	448,500	809,500
2026-27	865,000	267,000	0	598,000	865,000
2027-28	1,038,000	474,000	0	564,000	1,038,000
2028-29	710,000	273,000	0	437,000	710,000
2029-30	1,048,000	330,500	0	717,500	1,048,000
2030-31	886,500	309,500	0	577,000	886,500
2031-32	827,000	339,000	0	488,000	827,000
10 year=	**9,409,698**	**3,335,000**	**1,308,000**	**4,766,698**	**9,409,698**
5 year=	**4,900,198**	**1,609,000**	**1,308,000**	**1,983,198**	**4,900,198**

6.1.6 An asset age and condition based renewal plans have been developed and are in use to provide a realistic renewals pattern and renewals expenditure requirements. Although the plan provides optimal year of renewals for each asset, to set the budget to match the pattern is not practical.

6.1.7 Council has prepared this asset management plan in accordance with Special schedules – Local Government Code of Accounting 2021/22 – Section 4 which requires l councils to calculate the annual permissible rates income based on the adjusted notional general income from the previous year.

6.1.8 There are three key indicators for financial sustainability that have been considered in the analysis of the services provided by this asset category, these being long term life cycle costs/expenditures and medium term projected/budgeted expenditures over 5 and 10 years of the planning period.

6.1.9 The capacity to meet the projected/budgeted expenditures is dependent upon the capacity of the organisation to provide sufficient funding from its own resources to sustain the ongoing costs.

6.1.10 Council funds its new and renewal assets for major plant, machinery and equipment from surplus asset income, sale proceeds of trade-in or sale by tender of replaced assets, and is supported by surpluses in Council's General Fund. Surpluses in the General Fund mean that the non-cash depreciation charge is fully funded and the emerging cash is then available for renewal and new infrastructure asset expenditure.

6.1.11 Whilst having fully funded capital expenditure for the renewal, rehabilitation and new plant and equipment, it is imperative for the long term sustainability of the Council's plant and equipment assets for those assets to be fully maintained. Council has to be able to afford to fund the maintenance life cycle cost of holding assets.

6.1.12 Council has a history of fully funding its maintenance and repair program from plant and equipment income resources. The consolidated forward estimates provide sufficient funds for maintenance of plant and equipment, so that even reasonable unforseen eventualities can be met. Such eventualities include the major break-down expenditure costs above the budgeted forecast for plant and equipment items outside of the regular programmed maintenance and replacement of wearable parts.

6.1.13 Life Cycle Cost: Life cycle costs (or whole of life costs) are the total annual costs that are required to sustain the service levels over the assets life. Life cycle costs include the original purchase, operations, depreciation and maintenance expenditure to hold the asset over its period of use.

6.1.14 A comparison should be used between the predicted life cycle costs and actual life cycle expenditure to highlight any differences. If the life cycle expenditure is more than that life cycle cost, it is most likely that charges will need to be increased to meet requirements.

6.1.15 Knowing the extent and timing of any required outlays, and the service consequences if funding is not available, will assist Council in providing services to the community in a financially sustainable manner.

6.1.16 Providing services from infrastructure in a sustainable manner requires the matching and managing of service levels, risks, projected expenditures and funding to achieve a financial sustainability.

6.2 Funding Strategy

6.2.1 Projected expenditure is to be funded from future operating and capital budgets.

The Uralla Shire Council funds its new and renewal assets for major plant, machinery and equipment from cash transfers from the plant and vehicle reserve fund and sale proceeds of trade-in or sale by tender of replaced assets. This, then ensures availability of funds for renewal and new infrastructure asset expenditure.

Whilst having fully funded capital expenditure for the renewal, rehabilitation and new plant and equipment it is imperative for the long term sustainability of the Council's plant and equipment assets for those assets to be fully maintained. The Council has to be able to afford to fund the maintenance life cycle cost of holding assets.

The Uralla Shire Council has a history of fully funding its maintenance program be the allocation of an appropriate amount of maintenance, funded from its own resources. The forward estimates therefore provide sufficient funds in its maintenance of plant and equipment, so that even reasonable unforseen eventualities can be met. Such eventualities include the break-down expenditure costs for major plant and equipment items outside of the regular programmed maintenance and replacement of wearable parts.

6.3 Valuation Forecasts

6.3.1 Council annually reassesses replacement costs for plant and equipment within the term plant and equipment replacement documents. This occurs when finalising the next year's plant and equipment replacement budget.

6.3.2 Figure 6.3.2 below shows the projected plant and equipment assets values over the planning period in 2021 dollar values.

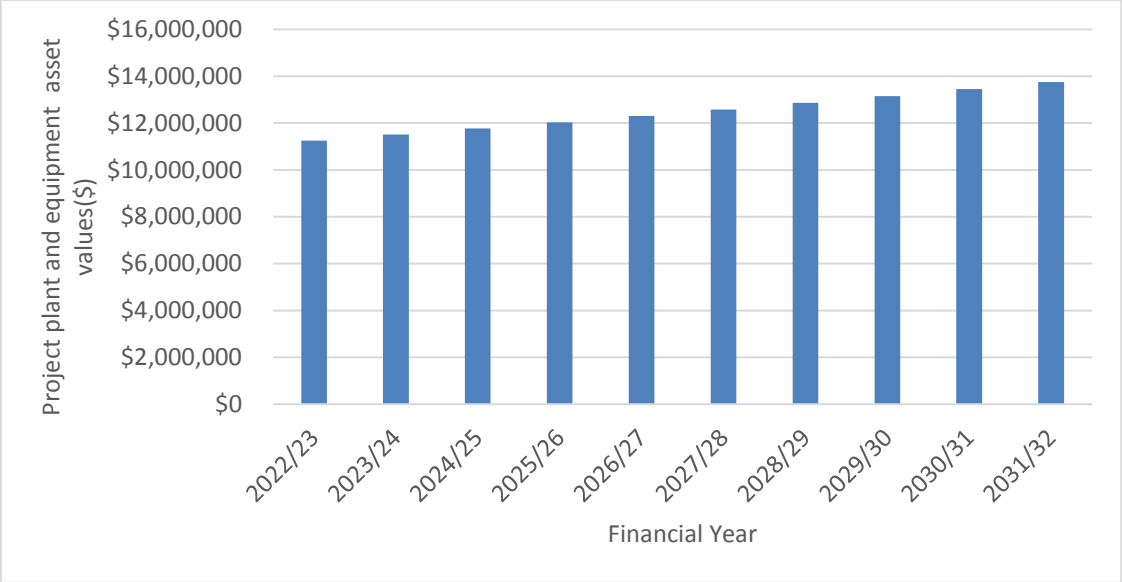

Figure 6.3.2 Projected plant and equipment assets values over the planning period 2022-2032

6.3.2 Asset values are forecast to increase. Factors can include, inflation and acquiring extra units. This is countered to a degree from the increase in depreciation and disposal value.

6.3.3 As a result, this increase should be taken into account and factored into the annual revision of the plant and equipment hire rates.

6.3.4 The depreciated replacement cost (current replacement cost less accumulated depreciation) will vary over the forecast period depending on the rates of addition of new assets, disposal of old assets and consumption and renewal of existing assets. Forecasting of the assets' depreciation expense in comparison with disposable income is shown in Figure 6.3.4 below.

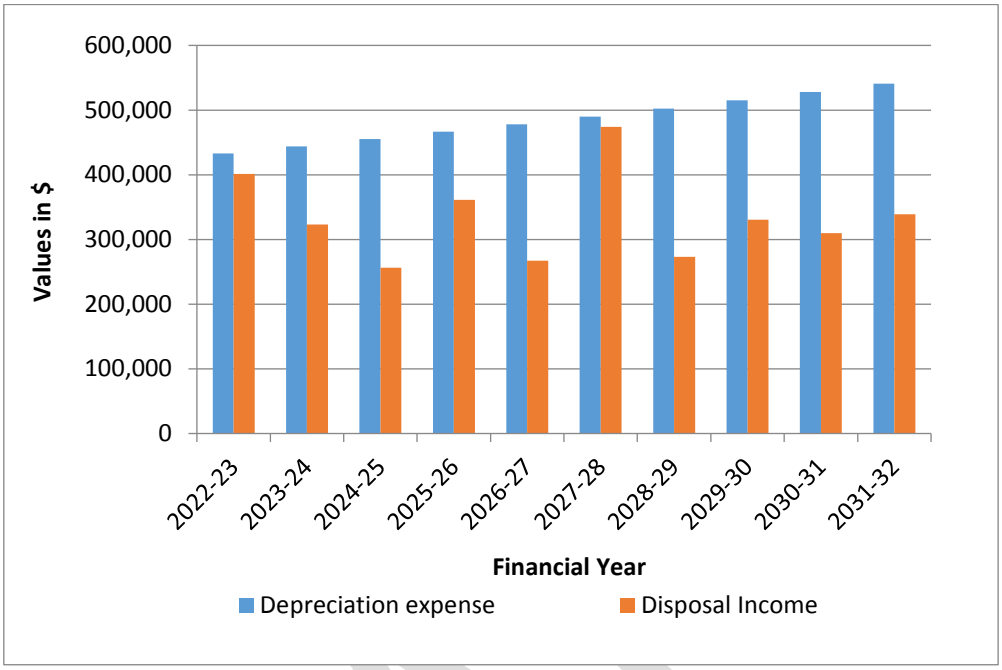

Figure 6.3.4 – Annual plant and equipment depreciation and income forecasts (2022-2032)

6.3.5 The value of assets recorded in the asset register as at 30 June 2022 covered by this asset management plan is shown below. Plant and equipment assets were last revalued at 30 June 2020.

Current Replacement Cost	$	11,255,987
Depreciable Amount	$	11,255,987
Annual renewal	$	1,392,198
Annual Depreciation Expense	$	433,179

Council's sustainability reporting reports the rate of annual asset consumption and compares this to asset renewal and asset upgrade and expansion in percentage as follow:

Asset Consumption	3.8 %	(Depreciation/Depreciable Amount)
Asset renewal	12%	Capital renewal exp/Depreciable amount)
Annual Upgrade/New	0%	(Capital upgrade exp/Depreciable amount)
Annual Upgrade/New	0%	(including contributed assets)

6.4 Key Assumptions in Financial Forecasts

6.4.1 The key assumptions made in presenting the information and forecasts contained in this asset management plan are presented to enable stakeholders to gain an understanding of the levels of confidence in the data presented.

6.4.1 Key assumptions made in this asset management plan are:

- Plant and equipment costs indexation is based on an average of 2.5% per annum but does not consider inflation rates.
- Plant and equipment will be required at the current service levels due to:
  - RMS Block Grant funding continuing for regional roads,
  - Roads to Recovery funding continuing for local roads
  - Roads and bridges component of the financial assistance grants (FAGs) continuing from the federal government budget.
- Estimated purchase prices
- Estimated sale prices

7. ASSET MANAGEMENT PRACTICES

7.1 Accounting/Financial Systems

7.1.1 The financial system used by the Uralla Shire Council is Authority, through a managed service provider contract with Civica Australia. The system is managed by Council's finance section, producing monthly financial reports for management and Council's Finance Advisory Committee, while also producing reports for annual financial statements for audit and production to the Uralla community and other interested parties.

7.1.2 Council's significant accounting policies are set out in the annual financial statements Note 1. Those applicable specifically to property, plant and equipment are in Sections 4, 6 and 10.

7.1.3 Council currently complies with the following standards and regulations with respect to asset accounting:

- AASB116 – Property, Plant and equipment
- The Australian equivalents to International Financial Reporting Standards, to the extent that the Australian Accounting Standards and the NSW Local Government Act, Regulations and Local Government Code of Accounting Practice and Financial Reporting require.
- The Local Government Code of Accounting and financial reporting
- The *Local Government Act 1993* requires Council to prepare an annual report as to its achievements with respect to the objectives and performance targets set out in its management plan for that year.
- Australian Accounting Standard (AAS) 27 is applicable to financial reporting by local governments, and provides guidelines for accounting methods and procedures.

7.1.4 The determination of expenditure as capital or maintenance is a combination of purpose, value and economic life of the asset received from the expenditure. The guidelines for the determination are set out in Note 1, Section 6 of the Annual Financial Statements as adopted annually by Council.

7.1.5 Initial Recognition**:** All non-current assets purchased are capitalised as the expenditure is incurred and assets are depreciated from the first full year of use. For the initial recognition, an asset's cost is measured at its fair value, plus all expenditure that is directly attributable to the acquisition. Where settlement of any part of an asset's cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of recognition or date of exchange of the asset to arrive at fair value. The discount rate used is Council's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

7.1.6 Where infrastructure, property, plant and equipment assets are acquired for no cost or for an amount other than cost, the assets are recognised in the financial statements at their fair value at acquisition date – being the amount that the asset could have been exchanged.

7.1.7 Materiality: assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining and in annually reviewing such thresholds, regard is had to the nature of the asset and its estimated service life.

7.1.8 For transportation assets, Council has determined that there will be no threshold value.

7.1.9 Subsequent Costs: subsequent costs are added to an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably.

7.1.10 Maintenance: all other expenditure on transport asset, including the excess of fair value addition expense noted above, is recorded as repairs and maintenance and charged to the Income Statement during the financial period in which they are incurred.

7.1.11 Regularly maintained plant and equipment kept under warranty for its entire service life has a higher overall maximum Re-Sale Value. It's a clear indicator the equipment has been serviced properly and any and all issues were addressed. Transferable coverage is an attractive selling point when putting plant and equipment up for sale on the used market

7.2 Asset Management Systems

7.2.1 A number of systems and registers are used by the Uralla Shire Council for the purpose of plant and equipment asset management:

- Microsoft® Excel spreadsheets – manipulate, interrogate and report on asset data
- Civica© "Authority" software – finance system
- TRIM (© (HP Software Division) – document management

7.2.2 The responsibility for operating and maintaining the core asset management systems is with the Team Leader Fleet Stores Workshop, Asset Manager/Asset Management Team under the direction of the Executive Director Infrastructure and Development. The development of an annual budget allocation is the responsibility of the Executive Director Infrastructure and Development, the Manager Finance and IT, and the General Manager, based upon the ten year financial plan forward estimates. Refer to Appendix A on page 33 for organisational responsibilities.

7.2.3 Currently, there is no core corporate system for asset management thus various duplications of assets records exist in different databases and have misaligned information. There are no direct links with operations and maintenance expenses and the individual asset.

7.2.4 The ongoing maintenance of this system should become a core function within Council's operations. However, as stated in the previous paragraph, there is no link between the asset management system and Authority and this therefore is a required change.

7.3 Information flow requirements and processes

7.3.1 The key information flows *into* this asset management plan are:

- Council strategic and operational plans,
- service requests from the community,
- network assets information,
- the unit rates for categories of work/materials,
- current levels of service, expenditures, service deficiencies and service risks,
- projections of various factors affecting future demand for services and new assets acquired by Council,
- future capital works programs,
- financial asset values.

7.3.2 The key information flows *from* this asset management plan are:

- the projected works program and trends,
- the resulting budget and long term financial plan expenditure projections,
- financial sustainability indicators.

7.3.3 These will impact the Long Term Financial Plan, Strategic Longer-Term Plan, annual budget and departmental business plans and budgets.

8 PLAN IMPROVEMENT AND MONITORING

8.1 Performance Measures

8.1.1 The effectiveness of the asset management plan can be measured in the following ways:

- The degree to which the required projected expenditures identified in Plant & Equipment Asset Management Plan are incorporated into the draft Long Term Financial Plan,
- The degree to which the existing and projected service levels and service consequences (what we cannot do), risks and residual risks are incorporated into the Strategic Plan and associated plans, and
- The Asset Renewal Funding Ratio achieving the target of >1.00,
- Accuracy of forecast hours/operational actual hours
- Accuracy of purchase estimates
- Accuracy of sales estimates

8.2 Improvement Plan

8.2.1 The asset management improvement plan generated from this asset management plan is shown in Table 8 below.

Table 8: Improvement Plan

Task No	Task	Responsibility	Resources Required	Timeline
1.	Analyse performance against Performance measures – Asset management / Authority link	Asset Manager/Asset Management Team		1 year
2.	Plant and equipment audit	Team Leader FSW		Annually
3.	System plant and equipment data	Asset Manager/Finance		Annually
4.	Revision 5	Team Leader FSW /Asset Manager		4 years
5.	Implement Asset Management system in Authority with direct links between operations and maintenance expenses and the individual assets	Asset Manager/Finance Team Leader FSW /Asset Manager		2024

8.3 Monitoring and Review Procedures

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

8.3.2 This asset management plan has a life of 4 years and is due for revision and updating within twelve months of each Council election.

REFERENCES

1. Uralla Shire Council Website – www.uralla.nsw.gov.au
2. Uralla Shire Council 2022/2023 Operational Plan
3. Department for Victorian Communities (DVC), 2006, *Asset Investment Guidelines*, Glossary, Department for Victorian Communities, Local Government Victoria, Melbourne, http://www.dpcd.vic.gov.au/localgovernment/publications-and-research/asset-management-and-financial
4. International Infrastructure Management Manual (IIMM); National Asset Management Support: Wellington, New Zealand, 2011
5. Institute of Public Works Engineering Australasia (IPWEA), 2006, *International Infrastructure Management Manual*, Institute of Public Works Engineering Australia, Sydney, www.ipwea.org.au
6. Institute of Public Works Engineering Australasia (IPWEA), 2008, *NAMS.PLUS Asset Management* Institute of Public Works Engineering Australia, Sydney, www.ipwea.org.au/namsplus
7. Institute of Public Works Engineering Australasia (IPWEA), 2009, *Australian Infrastructure Financial Management Guidelines*, Institute of Public Works Engineering Australia, Sydney, www.ipwea.org.au/AIFMG

APPENDICES

Appendix A Organisational Structure Responsibilities (relating to Plant and equipment)

Appendix B Glossary of Terms

Appendix A – Organisational Structure Responsibilities

Position	Activity	Description	Record Reference
General Manager	Review and approve plan	• Approve plan for submission to Council	
	Plant and equipment Replacement	• Approve individual plant and equipment replacement within delegation	
		• Appoint 3 member panel for plant and equipment replacement over delegation (tender)	
	Plant and equipment Management	• Review and approve analyses for submission to Council or purchase	
Executive Director Infrastructure and Development	Review and approve plan	• Approve plan for submission to GM	
	Plant and equipment Replacement	• Review and approve annual replacement schedule	
		• Approve individual plant and equipment replacement within delegation	
	Plant and equipment Management	• Review plant and equipment analyses	
Manager Finance & IT	Review financial information	• Confirm financial position submitted	
Asset Manager/ Asset Management Team	Asset Management Plan	• Facilitate development of Asset Management Plans • Oversee the implementation of the Asset Management Policy and Asset Management Strategies • Oversee the ongoing development and review of service plans and asset management plans • Ensure that community needs and the outcomes of service reviews are incorporated into asset management plans • Promote and raise awareness of asset management within Council • Ensure relevant health and wellbeing, human rights and equity principles and strategies are taken into consideration • Develop and implement asset management improvement plan • Provide and manage the asset management information system(s) • Integrate asset management and financial plans and reporting	
Senior Finance Officer	Provide financial information	• Provide overall plant and equipment statistics regarding value, depreciation, expenses	
	Enter plant and equipment data	• Create and update plant and equipment into Council operating system	
Records Officer	Plant and equipment Replacement	• Create Corporate TRIM container for plant and equipment tenders	
Governance Manager	Insurance	• Cover fleet for comprehensive insurance	
		• Initiate and control insurance claims	
WHS Advisor	Near misses, incidents	• Record analyse and report on all near misses or incidents	
Managers/Overseers/ Team Leaders	Plant and equipment Usage	• Ensure operators are performing duties	
		• Schedule works within capacity	
	Plant and equipment Replacement	• Analyse plant and equipment costs, review plant and equipment needs	
		• Assist in plant and equipment specifications and tenders when required	
Team Leader Fleet Stores and Workshop	Review plan	• Review Plant and equipment Asset Management Plan. Have revision approved and ready for submission to Council.	

Position	Activity	Description	Record Reference
Team Leader Fleet Stores and Workshop	Plant and equipment replacement	• Maintain 10 year rolling plant and equipment replacement projection	UINT/20/2734
		• Maintain 4 year rolling small plant and equipment replacement projection	UINT/20/10997
		• Submit annual replacement schedule to Executive Director for annual budget approval	
		• Analyse plant and equipment costs, review plant and equipment life cycles, needs and usage.	
		• Consult with stakeholders and develop plant and equipment specifications	
		• Organise Request for Quotes/Tenders, evaluate fairly and submit recommendations	
		• Approve individual plant and equipment replacement within delegation (small plant and equipment)	
		• Record contracts over $20,000 into Contracts Register	UINT/21/10668
	Plant and equipment Maintenance	• Record service and repairs	U19/7523
		• Record plant and equipment sheets received	UINT/21/1953
		• Liaise with stakeholders and direct line staff on service and repair schedule	
		• Maintain and update rolling service and repair schedule	UINT/20/6497
		• Oversee plant and equipment service and repair	
		• Liaise with plant and equipment suppliers regarding warranty and/or repair	
		• Record and organise registered plant and equipment safety checks, Common expiry registrations and CTP	U19/7523
(Senior) Mechanics	Plant and equipment Maintenance	• Maintain service and repair levels to manufacturer specification and document.	U19/7523
Apprentice Mechanic	Plant and equipment Maintenance	• Assist in the service and repair of plant and equipment	
Operators	Plant and equipment Usage	• Daily pre-start checks	
		• Plant and equipment operation per manufacturers guidelines and operator manual	
		• Record usage on timesheet	
		• Submit plant and equipment sheet weekly	
		• Record and report faults, damage, near misses and incidents	

Appendix B– Glossary of Terms

Annual service cost (ASC)

1) Reporting actual cost
   The annual (accrual) cost of providing a service including operations, maintenance, depreciation, finance/opportunity and disposal costs less revenue.
2) For investment analysis and budgeting
   An estimate of the cost that would be tendered, per annum, if tenders were called for the supply of a service to a performance specification for a fixed term. The Annual Service Cost includes operations, maintenance, depreciation, and finance / opportunity and disposal costs, less revenue.

Asset

A resource controlled by an entity as a result of past events and from which future economic benefits are expected to flow to the entity. Infrastructure assets are a sub-class of property, plant and equipment which are non-current assets with a life greater than 12 months and enable services to be provided.

Asset class

A group of assets having a similar nature or function in the operations of an entity, and which, for purposes of disclosure, is shown as a single item without supplementary disclosure.

Asset condition assessment

The process of continuous or periodic inspection, assessment, measurement and interpretation of the resultant data to indicate the condition of a specific asset so as to determine the need for some preventative or remedial action.

Asset management (AM)

The combination of management, financial, economic, engineering and other practices applied to physical assets with the objective of providing the required level of service in the most cost effective manner.

Average annual asset consumption (AAAC)*

The amount of an organisation's asset base consumed during a reporting period (generally a year). This may be calculated by dividing the depreciable amount by the useful life (or total future economic benefits/service potential) and totalled for each and every asset OR by dividing the carrying amount (depreciated replacement cost) by the remaining useful life (or remaining future economic benefits/service potential) and totalled for each and every asset in an asset category or class.

Borrowings

A borrowing or loan is a contractual obligation of the borrowing entity to deliver cash or another financial asset to the lending entity over a specified period of time or at a specified point in time, to cover both the initial capital provided and the cost of the interest incurred for providing this capital. A borrowing or loan provides the means for the borrowing entity to finance outlays (typically physical assets) when it has insufficient funds of its own to do so, and for the lending entity to make a financial return, normally in the form of interest revenue, on the funding provided**.**

Capital expenditure

Relatively large (material) expenditure, which has benefits, expected to last for more than 12 months. Capital expenditure includes renewal, expansion and upgrade. Where capital projects involve a combination of renewal, expansion and/or upgrade expenditures, the total project cost needs to be allocated accordingly.

Capital expenditure - expansion

Expenditure that extends the capacity of an existing asset to provide benefits, at the same standard as is currently enjoyed by existing beneficiaries, to a new group of users. It is discretionary expenditure, which increases future operations and maintenance costs, because it increases the organisation's asset base, but may be associated with additional revenue from the new user group, egg. extending a drainage or road network, the provision of an oval or park in a new suburb for new residents.

Capital expenditure - new

Expenditure which creates a new asset providing a new service/output that did not exist beforehand. As it increases service potential it may impact revenue and will increase future operations and maintenance expenditure.

Capital expenditure - renewal

Expenditure on an existing asset or on replacing an existing asset, which returns the service capability of the asset up to that which it had originally. It is periodically required expenditure, relatively large (material) in value compared with the value of the components or sub-components of the asset being renewed. As it reinstates existing service potential, it generally has no impact on revenue, but may reduce future operations and maintenance expenditure if completed at the optimum time, egg. resurfacing or re-sheeting a material part of a road network, replacing a material section of a drainage network with pipes of the same capacity, resurfacing an oval.

Capital expenditure - upgrade
Expenditure, which enhances an existing asset to provide a higher level of service or expenditure that will increase the life of the asset beyond that which it had originally. Upgrade expenditure is discretionary and often does not result in additional revenue unless direct user charges apply. It will increase operations and maintenance expenditure in the future because of the increase in the organisation's asset base, egg. widening the sealed area of an existing road, replacing drainage pipes with pipes of a greater capacity, enlarging a grandstand at a sporting facility.

Capital funding
Funding to pay for capital expenditure.

Capital grants
Monies received generally tied to the specific projects for which they are granted, which are often upgrade and/or expansion or new investment proposals.

Capital investment expenditure
See capital expenditure definition

Capitalisation threshold
The value of expenditure on non-current assets above which the expenditure is recognised as capital expenditure and below which the expenditure is charged as an expense in the year of acquisition.

Carrying amount
The amount at which an asset is recognised after deducting any accumulated depreciation / amortisation and accumulated impairment losses thereon.

Class of assets
See asset class definition

Component
Specific parts of an asset having independent physical or functional identity and having specific attributes such as different life expectancy, maintenance regimes, risk or criticality.

Cost of an asset
The amount of cash or cash equivalents paid or the fair value of the consideration given to acquire an asset at the time of its acquisition or construction, including any costs necessary to place the asset into service. This includes one-off design and project management costs.

Current replacement cost (CRC)
The cost the entity would incur to acquire the asset on the reporting date. The cost is measured by reference to the lowest cost at which the gross future economic benefits could be obtained in the normal course of business or the minimum it would cost, to replace the existing asset with a technologically modern equivalent new asset (not a second hand one) with the same economic benefits (gross service potential) allowing for any differences in the quantity and quality of output and in operating costs.

Depreciable amount
The cost of an asset, or other amount substituted for its cost, less its residual value.

Depreciated replacement cost (DRC)
The current replacement cost (CRC) of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

Depreciation / amortisation
The systematic allocation of the depreciable amount (service potential) of an asset over its useful life.

Economic life
See useful life definition.

Expenditure
The spending of money on goods and services. Expenditure includes recurrent and capital.

Fair value
The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties, in an arms length transaction.

Funding gap
A funding gap exists whenever an entity has insufficient capacity to fund asset renewal and other expenditure necessary to be able to appropriately maintain the range and level of services its existing asset stock was originally designed and intended to deliver. The service capability of the existing asset stock should be determined assuming no additional operating revenue, productivity improvements, or net financial liabilities above levels currently planned or projected. A current funding gap means service levels have already or are currently falling. A projected funding gap if not addressed will result in a future diminution of existing service levels.

Heritage asset
An asset with historic, artistic, scientific, technological, geographical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture and this purpose is central to the objectives of the entity holding it.

Impairment Loss
The amount by which the carrying amount of an asset exceeds its recoverable amount.

Infrastructure assets
Physical assets that contribute to meeting the needs of organisations or the need for access to major economic and social facilities and services, eg. roads, drainage, footpaths and cycleways. These are typically large, interconnected networks or portfolios of composite assets. The components of these assets may be separately maintained, renewed or replaced individually so that the required level and standard of service from the network of assets is continuously sustained. Generally the components and hence the assets have long lives. They are fixed in place and are often have no separate market value.

Investment property
Property held to earn rentals or for capital appreciation or both, rather than for:
(a) use in the production or supply of goods or services or for administrative purposes; or
(b) sale in the ordinary course of business.

Key performance indicator
A qualitative or quantitative measure of a service or activity used to compare actual performance against a standard or other target. Performance indicators commonly relate to statutory limits, safety, responsiveness, cost, comfort, asset performance, reliability, efficiency, environmental protection and customer satisfaction.

Level of service
The defined service quality for a particular service/activity against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental impact, acceptability and cost.

Life Cycle Cost
1. **Total LCC** The total cost of an asset throughout its life including planning, design, construction, acquisition, operation, maintenance, rehabilitation and disposal costs.
2. **Average LCC** The life cycle cost (LCC) is average cost to provide the service over the longest asset life cycle. It comprises annual operations, maintenance and asset consumption expense, represented by depreciation expense. The Life Cycle Cost does not indicate the funds required to provide the service in a particular year.

Life Cycle Expenditure
The Life Cycle Expenditure (LCE) is the actual or planned annual operations, maintenance and capital renewal expenditure incurred in providing the service in a particular year. Life Cycle Expenditure may be compared to average Life Cycle Cost to give an initial indicator of life cycle sustainability.

Loans / borrowings
See borrowings.

Maintenance
All actions necessary for retaining an asset as near as practicable to its original condition, including regular ongoing day-to-day work necessary to keep assets operating, egg road patching but excluding rehabilitation or renewal. It is operating expenditure required to ensure that the asset reaches its expected useful life.

- **Planned maintenance**
  Repair work that is identified and managed through a maintenance management system (MMS). MMS activities include inspection, assessing the condition against failure/breakdown criteria/experience, prioritising scheduling, actioning the work and reporting what was done to develop a maintenance history and improve maintenance and service delivery performance.
- **Reactive maintenance**
  Unplanned repair work that is carried out in response to service requests and management/supervisory directions.
- **Significant maintenance**
  Maintenance work to repair components or replace sub-components that needs to be identified as a specific maintenance item in the maintenance budget.
- **Unplanned maintenance**
  Corrective work required in the short-term to restore an asset to working condition so it can continue to deliver the required service or to maintain its level of security and integrity.

Maintenance and renewal gap
Difference between estimated budgets and projected required expenditures for maintenance and renewal of assets to achieve/maintain specified service levels, totalled over a defined time (e.g. 5, 10 and 15 years).

Maintenance and renewal sustainability index
Ratio of estimated budget to projected expenditure for maintenance and renewal of assets over a defined time (egg 5, 10 and 15 years).

Maintenance expenditure
Recurrent expenditure, which is periodically or regularly required as part of the anticipated schedule of works required to ensure that the asset achieves its useful life and provides the required level of service. It

is expenditure, which was anticipated in determining the asset's useful life.

Materiality
The notion of materiality guides the margin of error acceptable, the degree of precision required and the extent of the disclosure required when preparing general purpose financial reports. Information is material if its omission, misstatement or non-disclosure has the potential, individually or collectively, to influence the economic decisions of users taken on the basis of the financial report or affect the discharge of accountability by the management or governing body of the entity.

Modern equivalent asset
Assets that replicate what is in existence with the most cost-effective asset performing the same level of service. It is the most cost efficient, currently available asset which will provide the same stream of services as the existing asset is capable of producing. It allows for technology changes and, improvements and efficiencies in production and installation techniques

Net present value (NPV)
The value to the organisation of the cash flows associated with an asset, liability, activity or event calculated using a discount rate to reflect the time value of money. It is the net amount of discounted total cash inflows after deducting the value of the discounted total cash outflows arising from egg the continued use and subsequent disposal of the asset after deducting the value of the discounted total cash outflows.

Non-revenue generating investments
Investments for the provision of goods and services to sustain or improve services to the community that are not expected to generate any savings or revenue to the Council, e.g. parks and playgrounds, footpaths, roads and bridges, libraries, etc.

Operations expenditure
Recurrent expenditure, which is continuously required to provide a service. In common use the term typically includes, egg power, fuel, staff, plant and equipment equipment, on-costs and overheads but excludes maintenance and depreciation. Maintenance and depreciation is on the other hand included in operating expenses.

Operating expense
The gross outflow of economic benefits, being cash and non-cash items, during the period arising in the course of ordinary activities of an entity when those outflows result in decreases in equity, other than decreases relating to distributions to equity participants.

Pavement management system
A systematic process for measuring and predicting the condition of road pavements and wearing surfaces over time and recommending corrective actions.

PMS Score
A measure of condition of a road segment determined from a Pavement Management System.

Rate of annual asset consumption
A measure of average annual consumption of assets (AAAC) expressed as a percentage of the depreciable amount (AAAC/DA). Depreciation may be used for AAAC.

Rate of annual asset renewal
A measure of the rate at which assets are being renewed per annum expressed as a percentage of depreciable amount (capital renewal expenditure/DA).

Rate of annual asset upgrade
A measure of the rate at which assets are being upgraded and expanded per annum expressed as a percentage of depreciable amount (capital upgrade/expansion expenditure/DA).

Recoverable amount
The higher of an asset's fair value, less costs to sell and its value in use.

Recurrent expenditure
Relatively small (immaterial) expenditure or that which has benefits expected to last less than 12 months. Recurrent expenditure includes operations and maintenance expenditure.

Recurrent funding
Funding to pay for recurrent expenditure.

Rehabilitation
See capital renewal expenditure definition above.

Remaining useful life
The time remaining until an asset ceases to provide the required service level or economic usefulness. Age plus remaining useful life is useful life.

Renewal
See capital renewal expenditure definition above.

Residual value
The estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Revenue generating investments
Investments for the provision of goods and services to sustain or improve services to the community that are expected to generate some savings or revenue to offset operating costs, egg public halls and theatres, childcare centres, sporting and recreation facilities, tourist information centres, etc.

Risk management
The application of a formal process to the range of possible values relating to key factors associated with a risk in order to determine the resultant ranges of outcomes and their probability of occurrence.

Section or segment
A self-contained part or piece of an infrastructure asset.

Service potential
The total future service capacity of an asset. It is normally determined by reference to the operating capacity and economic life of an asset. A measure of service potential is used in the not-for-profit sector/public sector to value assets, particularly those not producing a cash flow.

Service potential remaining
A measure of the future economic benefits remaining in assets. It may be expressed in dollar values (Fair Value) or as a percentage of total anticipated future economic benefits. It is also a measure of the percentage of the asset's potential to provide services that is still available for use in providing services (Depreciated Replacement Cost/Depreciable Amount).

Strategic Longer-Term Plan
A plan covering the term of office of councillors (4 years minimum) reflecting the needs of the community for the foreseeable future. It brings together the detailed requirements in the council's longer-term plans such as the asset management plan and the long-term financial plan. The plan is prepared in consultation with the community and details where the council is at that point in time, where it wants to go, how it is going to get there, mechanisms for monitoring the achievement of the outcomes and how the plan will be resourced.

Specific Maintenance
Replacement of higher value components/sub-components of assets that is undertaken on a regular cycle including repainting, building roof replacement, cycle, replacement of air conditioning equipment, etc. This work generally falls below the capital/ maintenance threshold and needs to be identified in a specific maintenance budget allocation.

Sub-component
Smaller individual parts that make up a component part.

Useful life
Either:
(a) the period over which an asset is expected to be available for use by an entity, or
(b) the number of production or similar units expected to be obtained from the asset by the entity.

It is estimated or expected time between placing the asset into service and removing it from service, or the estimated period of time over which the future economic benefits embodied in a depreciable asset, are expected to be consumed by the council.

Value in Use
The present value of future cash flows expected to be derived from an asset or cash generating unit. It is deemed to be depreciated replacement cost (DRC) for those assets, whose future economic benefits are not primarily dependent on the asset's ability to generate net cash inflows, where the entity would, if deprived of the asset, replace its remaining future economic benefits.

Source: IPWEA, 2009, Glossary