




**PLANT AND EQUIPMENT
INFRASTRUCTURE ASSET
MANAGEMENT PLAN**

Version No:	2.0
Issued:	Jun 2015
Next Review:	Feb 2019

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ABBREVIATIONS

AAAC	Average annual asset consumption
ARI	Average recurrence interval
CRC	Current replacement cost
DA	Depreciable amount
IAMP	Infrastructure and asset management plan
IRMP	Infrastructure risk management plan
MMS	Maintenance management system
RV	Residual value
vph	Vehicles per hour

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GLOSSARY

Annual service cost (ASC)

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 operating, maintenance, depreciation, finance/ opportunity and disposal costs, less revenue.

Asset class

Grouping of assets of a similar nature and use in an entity's operations (AASB 166.37).

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

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.

Assets

Future economic benefits controlled by the entity as a result of past transactions or other past events (AAS27.12).

Property, plant and equipment including infrastructure and other assets (such as furniture and fittings) with benefits expected to last more than 12 month.

Average annual asset consumption (AAAC)*

The amount of a local government's asset base consumed during a year. This may be calculated by dividing the Depreciable Amount (DA) by the Useful Life and totalled for each and every asset OR by dividing the Fair Value (Depreciated Replacement Cost) by the Remaining Life and totalled for each and every asset in an asset category or class.

Brownfield asset values**

Asset (re)valuation values based on the cost to replace the asset including demolition and restoration costs.

Capital expansion expenditure

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

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 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

Capital new expenditure

Expenditure which creates a new asset providing a new service to the community that did not exist beforehand. As it increases service potential it may impact revenue and will increase future operating and maintenance expenditure.

Capital renewal expenditure

Expenditure on an existing asset, which returns the service potential or the life 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 has no impact on revenue, but may reduce future operating and maintenance expenditure if completed at the optimum time, eg. resurfacing or resheeting a material part of a road network, replacing a material section of a drainage network with pipes of the same capacity, resurfacing an oval. Where capital projects involve a combination of renewal, expansion and/or

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upgrade expenditures, the total project cost needs to be allocated accordingly.

Capital upgrade expenditure

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 operating and maintenance expenditure in the future because of the increase in the council's asset base, eg. widening the sealed area of an existing road, replacing drainage pipes with pipes of a greater capacity, enlarging a grandstand at a sporting facility. Where capital projects involve a combination of renewal, expansion and/or upgrade expenditures, the total project cost needs to be allocated accordingly.

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

An individual part of an asset which contributes to the composition of the whole and can be separated from or attached to an asset or a system.

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, plus 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.

Current replacement cost "As New" (CRC)

The current cost of replacing the original service potential of an existing asset, with a similar modern equivalent asset, i.e. the total cost of replacing an existing asset with an as NEW or similar asset expressed in current dollar values.

Cyclic Maintenance**

Replacement of higher value components/sub-components of assets that is undertaken on a regular cycle including repainting, building roof replacement, 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.

Depreciable amount

The cost of an asset, or other amount substituted for its cost, less its residual value (AASB 116.6)

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.

Greenfield asset values **

Asset (re)valuation values based on the cost to initially acquire the asset.

Heritage asset

An asset with historic, artistic, scientific, technological, geographical or environmental qualities that is held and maintained principally for its contribution to knowledge

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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 of the entity or of another entity that contribute to meeting the public's 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 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 (AASB 140.5)

Level of service

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

Life Cycle Cost **

The life cycle cost (LCC) is average cost to provide the service over the longest asset life cycle. It comprises annual 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 maintenance and capital renewal expenditure incurred in providing the service in a particular year. Life Cycle Expenditure may be compared to Life Cycle Cost to give an initial indicator of life cycle sustainability.

Loans / borrowings

Loans result in funds being received which are then repaid over a period of time with interest (an additional cost). Their primary benefit is in 'spreading the burden' of capital expenditure over time. Although loans enable works to be completed sooner, they are only ultimately cost effective where the capital works funded (generally renewals) result in operating and maintenance cost savings, which are greater than the cost of the loan (interest and charges).

Maintenance and renewal gap

Difference between estimated budgets and projected expenditures for maintenance and renewal of assets, totalled over a defined time (eg 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 (eg 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

An item is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial report. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances.

Modern equivalent asset

A structure similar to an existing structure and having the equivalent productive capacity, which could be built using modern materials, techniques and design. Replacement cost is the basis used to estimate the cost of constructing a modern equivalent asset.

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, eg. parks and playgrounds, footpaths, roads and bridges, libraries, etc.

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Operating expenditure

Recurrent expenditure, which is continuously required excluding maintenance and depreciation, eg power, fuel, staff, plant equipment, on-costs and overheads.

Pavement management system

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

Planned Maintenance**

Repair work that is identified and managed includes 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.

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).

Reactive maintenance

Unplanned repair work that carried out in response to service requests and management/supervisory directions.

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 operating and maintenance expenditure.

Recurrent funding

Funding to pay for recurrent expenditure.

Rehabilitation

See capital renewal expenditure definition above.

Remaining life

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

Renewal

See capital renewal expenditure definition above.

Residual value

The net amount which an entity expects to obtain for an asset at the end of its useful life after deducting the expected costs of disposal.

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, eg 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 capacity to provide goods and services in accordance with the entity's objectives, whether those objectives are the generation of net cash inflows or the provision of goods and services of a particular volume and quantity to the beneficiaries thereof.

Service potential remaining*

A measure of the remaining life of assets expressed as a percentage of economic life. It is also a measure of the percentage of the asset's potential to provide services

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that is still available for use in providing services (DRC/DA).

Strategic Management Plan (SA)**

Documents Council objectives for a specified period (3-5 yrs), the principle activities to achieve the objectives, the means by which that will be carried out, estimated income and expenditure, measures to assess performance and how rating policy relates to the Council's objectives and activities.

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. It is the same as the economic life.

Value in Use

The present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. 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 new cash flows, where if deprived of the asset its future economic benefits would be replaced.

Source: DVC 2006, Glossary

Note: Items shown * modified to use DA instead of CRC

Additional glossary items shown **

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1. EXECUTIVE SUMMARY

What Council Provides

Council provides plant and equipment to enable it to provide services to the Community. These include graders, trucks, tractors, rollers mowers, utilities, cars, etc.

What does it Cost?

There are two key indicators of cost to provide the plant and equipment assets. The life cycle cost being the average cost over the life cycle of the asset and the total maintenance and capital renewal expenditure required to deliver existing service levels in the next 10 years covered by Council's Long Term Financial Plan.

The 10 year life cycle cost to provide Council's plant and equipment assets is estimated at \$341,000 per annum. Council's planned life cycle expenditure for year 1 of the Plant and Equipment Asset Management Plan is \$341,000. This figure includes \$125,000 for maintenance and \$216,000 for depreciation expense.

The total maintenance and capital renewal expenditure required to provide the plant and equipment in the next 10 years is estimated at \$5.22m. This is an average of \$522,000 per annum.

Plans for the Future

Council plans to operate and maintain the plant and equipment to achieve the following strategic objectives.

1. Ensure plant is maintained to a safe and functional standard as set out in this infrastructure and asset management plan.
2. Provide efficient delivery of Council works program and community services.

Measuring our Performance

Quality

Plant and equipment assets will be maintained in good useable condition. Defects found or reported that are outside our service standard will be repaired.

Function

Our intent is that plant will be provided and maintained in safe working order at all times. Plant provided will be appropriate for the task at hand.

Safety

Safety checks will be maintained for all items of Council plant, with priority repairs carried out to ensure plant is fit for use.

The Next Steps

The actions resulting from this asset management plan are:

- Replacement of Plant and equipment as programmed
- Staff consultation process followed for all plant replacements to ensure suitability of plant purchased.

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2. INTRODUCTION

2.1 Background

This asset management plan is to demonstrate responsive management of assets (and services provided from assets), compliance with regulatory requirements, and to detail funding required to meet the needs of Council's Plant Replacement Program.

The Tumby Bay Plant and Equipment Asset Management Plan is to be read with the following associated planning documents:

Asset Management Policy

10 Year Long Term Financial Plan

Plant Replacement Program

This Tumby Bay Plant and Equipment Asset Management Plan covers all major items of plant and equipment – See Appendix 1.

Key stakeholders in the preparation and implementation of this Plant and Equipment Asset Management Plan are:

T.J. Smith	Chief Executive Officer
D.C. Watson	Deputy CEO
D.M. Windsor	Manager Works

2.2 Goals and Objectives of Asset Management

The Council exists to provide services to its community. Some of these services are provided through the use of various plant and equipment assets. Council purchases most plant items through a tender process to ensure competitive pricing and value in provision of services.

Council's goal in managing plant and equipment assets is to meet the required level of service in the most cost effective manner for present and future consumers. The key elements of plant and equipment 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 plant investment,
- Managing risks associated with asset failures,
- Sustainable use of physical resources,
- Continuous improvement in asset management practices,
- Provision of adequate funds for routine maintenance.

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This Plant and Equipment Asset Management Plan is prepared under the direction of Council's vision, mission, core values, goals, outcomes and strategies.

Council's vision is:

"To create an unrivalled location incorporating growth, prosperity and an amenity in which to reside, work or visit."

Council's mission is:

"Council commits to a safe, healthy and sustainable community through leadership, quality service provision and partnerships."

Relevant Council goals, outcomes and strategies and how these are addressed in this Plant and Equipment Asset Management Plan are:

Table 2.2 - Council Goals and how these are addressed in this Plan

Goal	Outcomes & Strategies	How Goal and Objectives are addressed in IAMP
INFRASTRUCTURE: - Maintain, develop and improve Council's infrastructure to meet current & future needs.	Effectively manage Council assets. Asset Upgrades: - Upgrade Council assets requiring attention. Assets Management System: - Fully implemented and operating assets management system in place.	Routine maintenance and planned replacement program for plant items.

2.3 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 Council 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 Council's outcomes and strategies,
- Asset management improvement plan.

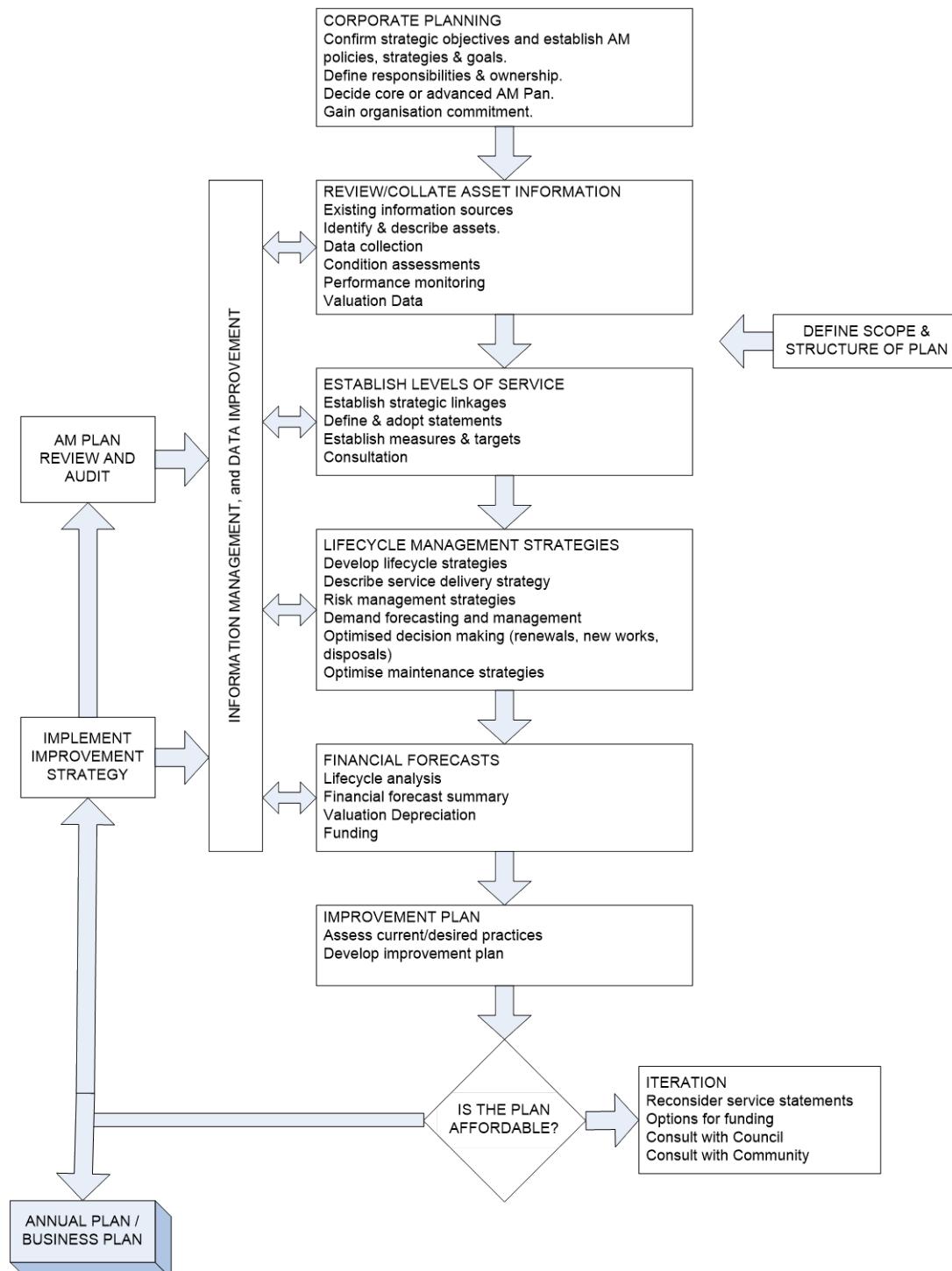
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A road map for preparing an infrastructure and asset management plan is shown below.

Road Map for preparing an Asset Management Plan

Source: IIMM Fig 1.5.1, p 1.11



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2.4 Core and Advanced Asset Management

This Plant and Equipment Asset Management Plan is prepared as a 'core' asset management plan in accordance with the International Infrastructure Management Manual. 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.

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3. LEVELS OF SERVICE

3.1 Customer Research and Expectations

Council has not carried out any research on customer expectations. This may be investigated for future updates of the Plant and Equipment Asset Management Plan if deemed necessary.

3.2 Legislative Requirements

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

Table 3.2 - Legislative Requirements

Legislation	Requirement
Local Government Act	Sets out role, purpose, responsibilities and powers of local government including the preparation of a Long Term Financial Plan supported by asset management plans for sustainable service delivery.
Work Health and Safety Act	Sets out the role, purpose responsibilities and powers of an employer in providing a safe work place for their employees, contractors, volunteers, etc.

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4. FUTURE DEMAND

4.1 Demand Forecast

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

Demand factor trends and impacts on service delivery are summarised in Table 4.1.

Table 4.1 - Demand Factors, Projections and Impact on Services

Demand factor	Present position	Projection	Impact on services
Population	2700 residents	Largely dependant on the future of mining on EP and the possible establishment of a port facility.	Road networks will be subject to increased traffic flows.
Climatic Change	Limited water is used in road construction	Increase in usage may become necessary	Plant replacement program may need to be varied

4.2 Changes in Technology

Technology changes are forecast to have little effect on the delivery of services covered by this plan.

4.3 Demand Management Plan

Demand for new services will be managed through a combination of managing existing assets, upgrading of existing assets and providing new assets to meet demand and demand management. Demand management practices include non-asset solutions, insuring against risks and managing failures.

No opportunities identified to date for demand management. New opportunities may be investigated in future revisions of this Tumby Bay Plant and Equipment Asset Management Plan.

4.4 New Assets from Growth

Acquiring new assets will commit council to fund ongoing operations and maintenance costs into the future. These future costs are identified and considered in developing forecasts of future operating and maintenance costs.

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5. LIFECYCLE MANAGEMENT PLAN

The lifecycle management plan details how Council plans to manage and operate the assets to continue to provide the current service levels.

5.1 Background Data

5.1.1 Physical parameters

The assets covered by this Plant and Equipment Asset Management Plan are shown in Appendix 1.

The age profile of Council's assets is shown in Appendix 1.

5.1.2 Asset capacity and performance

Council's services are generally provided to meet design standards where these are available. There have been no identified deficiencies in the provision of plant.

5.1.3 Asset condition

The condition profile of Council's plant and equipment assets is (2) – very good.

Condition is measured using a 1 – 5 rating system.

Rating	Description of Condition
1	Excellent condition: Only planned maintenance required.
2	Very good: Minor maintenance required plus planned maintenance.
3	Good: Significant maintenance required.
4	Average: Significant renewal/upgrade required.
5	Poor: Unserviceable.

5.1.4 Asset valuations

The value of assets as at 1st July, 2014 covered by this Plant and Equipment Asset Management Plan is summarised below.

Current Replacement Cost	\$3,202,000
Accumulated Depreciation	\$ 899,000
Depreciated Replacement Cost	\$2,303,000
2013/2014 Depreciation Expense	\$ 213,000

5.2 Risk Management Plan

An assessment of risks associated with service delivery from plant and equipment assets has not been undertaken to identify critical risks to Council. 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.

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5.3 Routine Maintenance Plan

Routine maintenance is the regular on-going work that is necessary to keep assets operating, including instances where portions of the asset fail and need immediate repair to make the asset operational again.

5.3.1 Maintenance plan

Maintenance includes reactive, planned and cyclic maintenance work activities.

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

Planned maintenance is repair work that is identified and managed through regular servicing and inspection. 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.

Cyclic 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.

Council does not segregate its Plant and equipment maintenance into these categories. Our maintenance expenditure trends are shown in Table 5.3.1

Table 5.3.1 - Maintenance Expenditure Trends

Year	Maintenance Expenditure
2014/15	\$125,000
2015/16	\$125,000
2016/17	\$125,000

Maintenance expenditure levels are considered to be adequate to meet required service levels.

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

5.3.2 Standards and specifications

Maintenance work is carried out in accordance with the plant and equipment operating manuals.

5.3.3 Summary of future maintenance expenditures

Future maintenance expenditure is forecast based on present day values.

Maintenance is funded from Council's operating budget

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5.4 Renewal/Replacement Plan

Renewal expenditure is major work which does not increase the asset's design capacity but restores, rehabilitates, replaces or renews an existing asset to its original service potential. Any expenditure over and above restoring an asset to original service potential is upgrade or new plant and equipment expenditure.

5.4.1 Renewal plan

Assets requiring renewal are identified from estimates of remaining life obtained from the asset replacement program

Renewal will be undertaken in line with Council policy and will endeavour to change over plant items at regular intervals to avoid major repairs and disruptions to work programs.

5.4.2 Renewal standards

Renewal of plant items is carried out in accordance with the plant and equipment specifications for that particular item.

5.4.3 Summary of future renewal expenditure

Projected future renewal expenditures are forecast to increase over time as items are renewed. Note that all costs have been based on present day values.

The projected capital renewal program is shown in Appendix 2.

There are no plant and equipment assets deferred for renewal.

Renewals are to be funded from Council's capital plant and equipment program.

5.5 Creation/Acquisition/Upgrade Plan

New Plant and equipment are those items that are not replacing an existing asset.

5.5.1 Selection criteria

New plant and equipment purchases are identified by Council staff and approved by Council.

5.5.2 Standards and specifications

Standards and specifications for new assets and for upgrade of existing assets are the same as those for renewal shown in Section 5.4.2.

5.5.3 Summary of future upgrade/new assets expenditure


No future upgrade/new plant items have been identified for purchase at this time.

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5.6 Disposal Plan

Disposal includes any activity associated with disposal of a decommissioned asset including sale and wrecking. Council's plant replacement program incorporates the sale and or trade of plant at the time of replacement. There are no plant or equipment assets identified as surplus to requirements within the time frame of this plan.

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6. FINANCIAL SUMMARY

This section contains the financial requirements resulting from all the information presented in the previous sections of this Plant and Equipment Asset Management Plan. The financial projections will be improved as further information becomes available on desired levels of service and current and projected future asset performance.

6.1 Financial Statements and Projections

The financial projections are shown below for planned maintenance, depreciation and capital expenditure (renewal and upgrade/expansion/new assets) works.

Planned Capital Renewal Expenditure

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2014/15	\$521,000	2019/20	\$106,000
2015/16	\$520,000	2020/21	\$560,000
2016/17	\$267,000	2021/22	\$443,000
2017/18	\$152,000	2022/23	\$544,000
2018/19	\$259,000	2023/24	\$599,000

Future Annual Maintenance & Depreciation Expenditure

<u>Year</u>	<u>Mtce</u>	<u>Dep'n</u>	<u>Total</u>
2014/15	\$125,000	\$216,000	\$341,000
2015/16	\$125,000	\$216,000	\$341,000
2016/17	\$125,000	\$216,000	\$341,000
2017/18	\$125,000	\$216,000	\$341,000
2018/19	\$125,000	\$216,000	\$341,000
2019/20	\$125,000	\$216,000	\$341,000
2020/21	\$125,000	\$216,000	\$341,000
2021/22	\$125,000	\$216,000	\$341,000
2022/23	\$125,000	\$216,000	\$341,000
2023/24	\$125,000	\$216,000	\$341,000

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6.1.1 Sustainability of service delivery

There are two 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 and medium term costs over the 10 year financial planning period.

Long Term - Life Cycle Cost

Life cycle costs (or whole of life costs) are the average costs that are required to sustain the service levels over the longest asset life. Life cycle costs include maintenance and asset consumption (depreciation expense). The annual average life cycle cost for the services covered in this Plant and Equipment Asset Management Plan is \$341,000.

Life cycle costs can be compared to life cycle expenditure to give an indicator of sustainability in service provision. Life cycle expenditure includes maintenance plus capital renewal expenditure. Life cycle expenditure will vary depending on the timing of asset renewals. The capital renewal expenditure averages approximately \$397,000 per annum. The average maintenance costs are estimated to be \$125,000 giving a total of \$522,000 per annum.

A gap between life cycle costs and life cycle expenditure gives an indication as to whether present consumers are paying their share of the assets they are consuming each year. The purpose of this Plant and Equipment Asset Management Plan is to identify levels of service that the community needs and can afford and develop the necessary long term financial plans to provide the service in a sustainable manner.

In the current Plant and Equipment Asset Management Plan; life cycle expenditure exceeds life cycle costs resulting in a positive gap for this class of assets.

Medium Term – 10 year financial planning period

This Plant and Equipment Asset Management Plan identifies the estimated maintenance and capital expenditures required to provide an agreed level of service to the community over a 10 year period. Cost projections are included in Council's Long Term Financial Plan to ensure funding of the asset in a sustainable manner.

This may be compared to existing or planned expenditures in the 10 year period to identify any gap. In a core Plant and Equipment Asset Management Plan, a gap is generally due to increasing asset renewals.

Appendix 2 shows the projected asset renewals in the 10 year planning period. The projected asset renewals are compared to the capital renewal expenditure as shown in Appendix 3. There is no gap between the projected and planned renewals.

Providing services in a sustainable manner will require matching of projected asset renewals to meet agreed service levels with planned capital Plant and equipment programs and available revenue.

A gap between projected asset renewals, planned asset renewals and funding indicates that further plant and equipment is required to manage required service levels and funding to eliminate any funding gap.

Council will manage the 'gap' by developing this Plant and Equipment Asset Management Plan to provide guidance on future service levels and resources required to provide these services.

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Council's Long Term Financial Plan covers the first 10 years of the 20 year planning period. The total maintenance and capital renewal expenditure required over the 10 years is \$5.22m.

This is an average expenditure of \$522,000. Estimated maintenance and capital renewal expenditure in year 1 is \$646,000.

6.2 Funding Strategy

Projected expenditure identified in Section 6.1 is to be funded from Council's operating and capital budgets. The funding strategy is detailed in the Council's 10 year Long Term Financial Plan.

Achieving the financial strategy will require use of Council revenue and loan funds.

6.3 Valuation Forecasts

Asset values are forecast to remain constant as no major additional assets are envisaged.

Depreciation expense values are forecast in line with asset values.

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.

6.4 Key Assumptions made in Financial Forecasts

This section details the key assumptions made in presenting the information contained in this Plant and Equipment 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 infrastructure and asset management plan are:

- Assumption on changes to useful life estimated to reflect improved maintenance and renewal practices.
- Present service levels will remain constant for the life of this Asset Management Plan.
- Planned maintenance and depreciation expenditure is based on present day values.

Accuracy of future financial forecasts may be improved in future revisions of this Plant and Equipment Asset Management Plan by the following actions.

- Revision of maintenance expenditure levels
- Current asset valuation

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7. ASSET MANAGEMENT PRACTICES

7.1 Accounting/Financial Systems

Civica – Local Government Authority

The Deputy CEO is responsible for the maintenance and updating of the accounting system.

Council is required to comply with the Australian Accounting Standards and Regulations under the Local Government Act, 1999.

Council has a threshold policy in relation to capital and maintenance expenses.

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds the materiality threshold and the following thresholds apply:-

Plant and Equipment \$10,000

No changes to the accounting and financial systems resulting from this Plant and Equipment Asset Management Plan are envisaged.

7.2 Plant and Equipment Asset Management Systems

The Plant and Equipment Asset Management System is linked to Council's Strategic Plan and 10 year Long Term Financial Plan.

The Chief Executive Officer, Deputy CEO and Manager Works are all responsible for the implementation of the Plant and Equipment Asset Management Plan.

There are no changes to the asset management system as a result of this plan.

7.3 Information Flow Requirements and Processes

The key information flows *into* this Plant and Equipment Asset Management Plan are:

- The asset replacement program data on age, value, remaining life of the plant;
- The unit rates for categories of plant and equipment;
- The adopted service levels;
- Correlations between maintenance and renewal;
- Data on new assets acquired by council.

The key information flows *from* this Plant and Equipment Asset Management Plan are:

- The assumed plant and equipment program and trends;
- The resulting budget, valuation and depreciation projections;
- The useful life analysis.

These will impact Council's Strategic Plan, Long Term Financial Plan, Annual Business Plan and Annual Budget.

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7.4 Standards and Guidelines

In preparing this asset management plan consideration was taken of Council's Asset Management Policy.

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8. PLAN IMPROVEMENT AND MONITORING

8.1 Performance Measures

The effectiveness of the Plant and Equipment Asset Management Plan can be measured in the following ways:

- The degree to which the required cashflow identified in this Plant and Equipment Asset Management Plan are incorporated into council's Long Term Financial Plan and Strategic Management Plan;
- The degree to which 1-5 year detailed plant and equipment programs, budgets, and organisational structures take into account the 'global' plant and equipment program trends provided by the Plant and Equipment Asset Management Plan;

8.2 Improvement Plan

This asset management plan is considered to be adequate for the class of assets concerned and will be reviewed periodically to maintain its accuracy. No specific improvements are deemed necessary for the plan at this time.

8.3 Monitoring and Review Procedures

This Plant and Equipment 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.

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REFERENCES

Council, 'Strategic Management Plan 2012 – 2022,

10 Year Long Term Financial Plan

Council Budget.

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Appendix 1-V2.0	Schedule of Major Plant and Equipment
Appendix 2-V2.0	Plant and Equipment Capital Renewal Program - Acquisitions Plant and Equipment Capital Renewal Program – Disposals
Appendix 3-V2.0	Schedule of Planned Maintenance, Depreciation & Capital Expenditure for Plant and Equipment
Report	Assessment of Asset Condition and Remaining/Useful Life for Plant and Equipment Assets

District Council of Tumby Bay

Plant and Equipment Asset Management Plan

Plant Replacement Program

Plant	No	Purchase	Status	Yrs Held	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Lincoln Stone Roller	28	89/90	New	20										Repair
Jumana Stone Roller	48	96/97	New	20	Repair									
Komatsu Grader	103	04/05	New	8	Major								Major	
Combination Roller	111	05/06	New	15							Medium			
Woodchipper	115	05/06	S/H	10		Medium								
Pig Trailer	119	05/06	New	20										
Mitsubishi Truck	124	06/07	New	10				Major						
Caterpillar Grader	128	07/08	New	8		Major								Major
Caterpillar Backhoe	134	09/10	New	15										Major
Caterpillar Vib Roller	138	09/10	New	20										
Case Tractor	139	09/10	New	15										
Combination Roller	140	09/10	New	15										
Ford Utility (Noel C)	142	10/11	New	4	Minor				Minor				Minor	
Ranger Utility (Trevor)	144	10/11	New	4	Minor				Minor				Minor	
Volvo Truck	145	10/11	New	11								Major		
Toyota Bus	NA	10/11	S/H	25										
Nissan Navara (Bullet)	148	11/12	New	4		Minor				Minor				Minor
Nissan Navara (Mtce)	149	11/12	New	4		Minor				Minor				Minor
Nissan Patrol (W)	150	11/12	New	10								Medium		
Kubota Mower	151	11/12	New	5			Minor					Minor		
Caterpillar Loader	152	11/12	New	15										
Pahl Combination Roller	153	11/12	New	15										
Isuzu Dmax Utility (Const/Mtce)	154	12/13	New	4			Minor				Minor			
Isuzu Dmax Utility (Parks)	155	12/13	New	4			Minor				Minor			
Subaru Outback (MES)	157	12/13	New	3		Minor			Minor			Minor		
Mitsubishi Triton (WS)	158	12/13	New	2	Minor		Minor		Minor		Minor		Minor	
Isuzu Dmax Utility (Parks)	159	12/13	New	4			Minor				Minor			
New Holland Tractor	160	12/13	New	15										
Mitsubishi Utility (DCEO)	161	12/13	New	3		Minor			Minor			Minor		
Mitsubishi Wagon (WM)	162	12/13	New	2	Minor		Minor		Minor		Minor		Minor	
Caterpillar Grader	163	12/13	New	8							Major			
Isuzu Dmax Utility (Gary)	164	13/14	New	4				Minor				Minor		
Isuzu Dmax Utility (Noel H)	165	13/14	New	4				Minor				Minor		
Isuzu GIGA Tipper	166	13/14	New	10										
Mitsubishi Wagon (CEO)	167	13/14	New	3			Minor			Minor			Minor	

DISTRICT COUNCIL OF TUMBY BAY

REPORT

Assessment of Asset Condition and Remaining/Useful Life
for
Plant and Equipment Assets

Objective

To assess the condition and useful life of Plant and Equipment assets.

Scope

This report covers the assessment of the condition and useful life of Council's plant and equipment.

Background

Council's plant and equipment comprises.

Vehicle No.	Type	Rego No.
Plant 28	Lincoln Stone Roller	TYU – 642
Plant 48	Jumana Stone Roller	GSV – 413
Plant 61	Lincoln Drum Roller	BVS – 984
Plant 103	Komatsu Grader	CVP – 841
Plant 111	Combination Drum Roller	GVP –125
Plant 115	Woodchuck Woodchipper	TDG – 739
Plant 119	Tandem Axle Tag Trailer	YGI – 486
Plant 124	Mitsubishi Fuso Truck	XKS – 062
Plant 128	Caterpillar Grader	OVP – 427
Plant 134	Cat 434E Backhoe	S59 – SPJ
Plant 138	Caterpillar Vibratory Roller	S96 – SRS
Plant 139	Case Tractor	S92 – SRB
Plant 140	Pahl Combination Drum Roller	S84 – SPZ
Plant 142	Ford Ranger Single Cab	S072 – AHA
Plant 144	Ford Ranger Super Cab	S073 – AHA
Plant 145	Volvo FM11 Truck	SB4 – 6DZ
Plant 148	Nissan Navara Utility	S642 – ALY
Plant 149	Nissan Navara Utility	S628 – ALY
Plant 150	Nissan Patrol	S647 – ALY
Plant 151	Kubota Mower	No Rego
Plant 152	Caterpillar 930H Loader	S30 – SUY
Plant 153	Pahl Combination Roller	SY9 – 2AI
Plant 154	Isuzu DMax Utility	S467 – APF
Plant 155	Isuzu DMax Utility	S472 – APF
Plant 157	Subaru Outback	S858 – ATF
Plant 158	Mitsubishi Triton	S103 – ATG
Plant 159	Isuzu DMax Utility	S428 – ATG
Plant 160	New Holland Tractor	S07 – SWH
Plant 161	Mitsubishi Triton	S102 – ATG

Plant 162	Toyota Prado	S167 – ATX
Plant 163	Caterpillar Grader	S39 – SWX
Plant 164	Isuzu DMax Utility	S301 – AZG
Plant 165	Isuzu DMax Utility	S303 – AZG
Plant 166	Isuzu GIGA Tipper	SBO - 7HP
Plant 167	Toyota Prado	S134 - BAB
Community Bus	Toyota Coaster	SB3 – 8CZ

Council’s financial statements report the plant & equipment asset class as at 30 June 2014.

Current Replacement Cost	\$3,202,000
Accumulated Depreciation	\$ 899,000
Depreciated Replacement Cost	\$2,303,000

The depreciation expense for the period ending 30 June 2014 was \$213,000

Current Useful Life Estimates

Council currently uses the following useful life estimates

Utilities & Wagons	1-4	Years
Mowers	5	Years
Graders	8	Years
Trucks, Chippers & Patrol	10	Years
Prime Mover	11	Years
Tractors & Loaders	15	Years
Backhoe & Combination Rollers	15	Years
Stone Rollers & Drum Rollers	20	Years
Community Bus	25	Years

The useful life estimates have been calculated and adjusted over time based on Council’s current replacement cycles.

Condition assessment

All Council plant and equipment has been assessed in very good condition with an estimated useful life that will provide the future economic benefits to the council and community until it is replaced, renewed or disposed of.

Conclusions

Council’s current plant replacement program which is funded through 4 year loan borrowings has proven very successful with all plant and equipment maintained in very good condition.

T.J. Smith
Chief Executive Officer
02/06/2015

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APPENDIX 1

DISTRICT COUNCIL OF TUMBY BAY

SCHEDULE OF PLANT AND EQUIPMENT

<u>Plant No</u>	<u>Machine Make</u>	<u>Year of Purchase</u>
Plant 28	Stone Roller	1989/1990
Plant 48	Jumana Stone Roller	1996/1997
Plant 103	Komatsu Grader	2004/2005
Plant 111	Combination Drum Roller	2005/2006
Plant 115	Woodchuck Woodchipper	2005/2006
Plant 119	Tag Trailer	2005/2006
Plant 124	Mitsubishi Truck	2006/2007
Plant 128	Caterpillar Grader	2007/2008
Plant 134	Caterpillar 434E Backhoe	2009/2010
Plant 138	Caterpillar Vibratory Roller	2009/2010
Plant 139	Case Tractor	2009/2010
Plant 140	Pahl Combination Roller	2009/2010
Plant 142	Ford Ranger Utility	2010/2011
Plant 144	Ford Ranger Utility	2010/2011
Plant 145	Volvo Truck	2010/2011
Plant 148	Nissan Navara Utility	2011/2012
Plant 149	Nissan Navara Utility	2011/2012
Plant 150	Nissan Patrol	2011/2012
Plant 151	Kubota Mower	2011/2012
Plant 152	Caterpillar Loader	2011/2012
Plant 153	Pahl Combination Roller	2011/2012
Plant 154	Isuzu DMax Utility	2012/2013
Plant 155	Isuzu DMax Utility	2012/2013
Plant 157	Subaru Outback	2012/2013
Plant 158	Mitsubishi Triton	2012/2013
Plant 159	Isuzu DMax Utility	2012/2013
Plant 160	New Holland Tractor	2012/2013
Plant 161	Mitsubishi Triton	2012/2013
Plant 162	Toyota Prado	2012/2013
Plant 163	Caterpillar Grader	2012/2013
Plant 164	Isuzu DMax Utility	2013/2014
Plant 165	Isuzu DMax Utility	2013/2014
Plant 166	Isuzu GIGA Tipper	2013/2014
Plant 167	Toyota Prado	2013/2014
Community Bus	Toyota Coaster	2010/2011

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APPENDIX 2

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PLANT AND EQUIPMENT CAPITAL RENEWAL PROGRAM - AQUISITIONS

<u>Year</u>	<u>Plant</u>	<u>Capital Cost</u>	
2014/15	Stone Roller Rebuild	\$ 31,000	
	Grader	\$ 316,000	
	Utility	\$ 26,000	
	Utility (CO)	\$ 47,000	
	Utility (WS)	\$ 47,000	
	Wagon (MW)	<u>\$ 54,000</u>	\$ 521,000
2015/16	Woodchipper	\$ 67,000	
	Grader	\$ 316,000	
	Utility	\$ 26,000	
	Utility	\$ 26,000	
	Wagon (MES)	\$ 38,000	
	Utility (DCEO)	<u>\$ 47,000</u>	\$ 520,000
2016/17	Mower	\$ 34,000	
	Utility	\$ 26,000	
	Utility	\$ 26,000	
	Utility (WS)	\$ 47,000	
	Utility	\$ 26,000	
	Wagon (MW)	\$ 54,000	
	Wagon (CEO)	<u>\$ 54,000</u>	\$ 267,000
2017/18	Truck	\$ 100,000	
	Utility	\$ 26,000	
	Utility	<u>\$ 26,000</u>	\$ 152,000
2018/19	Utility	\$ 26,000	
	Utility (CO)	\$ 47,000	
	Wagon (MES)	\$ 38,000	
	Utility (WS)	\$ 47,000	
	Utility (DCEO)	\$ 47,000	
	Wagon (WM)	<u>\$ 54,000</u>	\$ 259,000
2019/20	Utility	\$ 26,000	
	Utility	\$ 26,000	
	Wagon (CEO)	<u>\$ 54,000</u>	\$ 106,000



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2020/21	Combination Roller	\$ 65,000	
	Utility	\$ 26,000	
	Utility	\$ 26,000	
	Utility (WS)	\$ 47,000	
	Utility	\$ 26,000	
	Wagon (MW)	\$ 54,000	
	Grader	<u>\$ 316,000</u>	\$ 560,000
2021/22	Truck	\$ 220,000	
	Utility (Dozer)	\$ 52,000	
	Mower	\$ 34,000	
	Wagon (MES)	\$ 38,000	
	Utility (DCEO)	\$ 47,000	
	Utility	\$ 26,000	
	Utility	\$ 26,000	\$ 443,000
2022/23	Grader	\$ 316,000	
	Utility	\$ 26,000	
	Utility (CO)	\$ 47,000	
	Utility (WS)	\$ 47,000	
	Wagon (MW)	\$ 54,000	
	Wagon (CEO)	<u>\$ 54,000</u>	\$ 544,000
2023/24	Stone Roller Rebuild	\$ 31,000	
	Grader	\$ 316,000	
	Backhoe	\$ 200,000	
	Utility	\$ 26,000	
	Utility	<u>\$ 26,000</u>	\$ 599,000

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PLANT AND EQUIPMENT CAPITAL RENEWAL PROGRAM – DISPOSALS

<u>Year</u>	<u>Plant</u>	<u>Trade Value</u>	
2014/15	Stone Roller Rebuild	N/A	
	Grader	\$ 70,000	
	Utility	\$ 8,000	
	Utility (CO)	\$ 11,000	
	Utility (WS)	\$ 22,000	
	Wagon (MW)	<u>\$ 41,000</u>	\$ 152,000
2015/16	Woodchipper	\$ 12,000	
	Grader	\$ 70,000	
	Utility	\$ 8,000	
	Utility	\$ 8,000	
	Wagon (MES)	\$ 21,000	
	Utility (DCEO)	<u>\$ 22,000</u>	\$ 141,000
2016/17	Mower	\$ 10,000	
	Utility	\$ 8,000	
	Utility	\$ 8,000	
	Utility (WS)	\$ 22,000	
	Utility	\$ 8,000	
	Wagon (MW)	\$ 41,000	
	Wagon (CEO)	<u>\$ 41,000</u>	\$ 138,000
2017/18	Truck	\$ 27,000	
	Utility	\$ 8,000	
	Utility	<u>\$ 8,000</u>	\$ 43,000
2018/19	Utility	\$ 8,000	
	Utility (CO)	\$ 21,000	
	Wagon (MES)	\$ 21,000	
	Utility (WS)	\$ 22,000	
	Utility (DCEO)	\$ 22,000	
	Wagon (WM)	<u>\$ 41,000</u>	\$ 135,000
2019/20	Utility	\$ 8,000	
	Utility	\$ 8,000	
	Wagon (CEO)	<u>\$ 41,000</u>	\$ 57,000



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2020/21	Combination Roller	\$ 12,000	
	Utility	\$ 8,000	
	Utility	\$ 8,000	
	Utility (WS)	\$ 22,000	
	Utility	\$ 8,000	
	Wagon (MW)	\$ 41,000	
	Grader	<u>\$ 70,000</u>	\$ 169,000
2021/22	Truck	\$ 80,000	
	Utility (Dozer)	\$ 20,000	
	Mower	\$ 10,000	
	Wagon (MES)	\$ 21,000	
	Utility (DCEO)	\$ 22,000	
	Utility	\$ 8,000	
	Utility	<u>\$ 8,000</u>	\$ 169,000
2022/23	Grader	\$ 70,000	
	Utility	\$ 8,000	
	Utility (CO)	\$ 21,000	
	Utility (WS)	\$ 22,000	
	Wagon (MW)	\$ 41,000	
	Wagon (CEO)	<u>\$ 41,000</u>	\$ 203,000
2023/24	Stone Roller Rebuild	N/A	
	Grader	\$ 70,000	
	Backhoe	\$ 75,000	
	Utility	\$ 8,000	
	Utility	<u>\$ 8,000</u>	\$ 161,000

	PLANT AND EQUIPMENT INFRASTRUCTURE ASSET MANAGEMENT PLAN	Version No:	2.0
		Issued:	June 2015
		Next Review:	Feb 2019

APPENDIX 3

DISTRICT COUNCIL OF TUMBY BAY

SCHEDULE OF PLANNED MAINTENANCE, DEPRECIATION & CAPITAL EXPENDITURE FOR PLANT AND EQUIPMENT

<u>Year</u>	<u>Mtce</u>	<u>Depn</u>	<u>Total</u>	<u>Capital</u>
2014/15	\$ 125,000	\$ 216,000	\$ 341,000	\$ 521,000
2015/16	\$ 125,000	\$ 216,000	\$ 341,000	\$ 520,000
2016/17	\$ 125,000	\$ 216,000	\$ 341,000	\$ 267,000
2017/18	\$ 125,000	\$ 216,000	\$ 341,000	\$ 152,000
2018/19	\$ 125,000	\$ 216,000	\$ 341,000	\$ 259,000
2019/20	\$ 125,000	\$ 216,000	\$ 341,000	\$ 106,000
2020/21	\$ 125,000	\$ 216,000	\$ 341,000	\$ 560,000
2021/22	\$ 125,000	\$ 216,000	\$ 341,000	\$ 443,000
2022/23	\$ 125,000	\$ 216,000	\$ 341,000	\$ 544,000
2023/24	\$ 125,000	\$ 216,000	\$ 341,000	\$ 599,000