



# Fleet Services Asset Management Plan





## Executive Summary

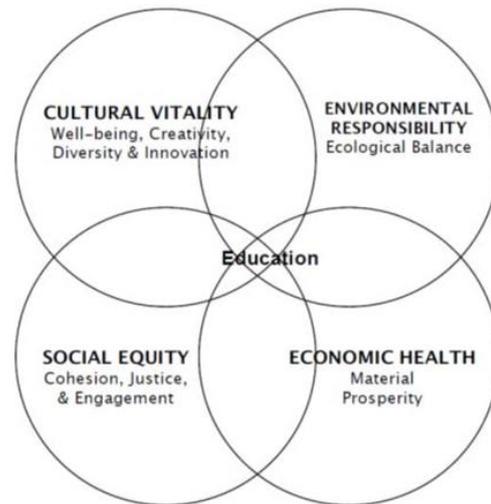
### Context

The City of Charles Sturt is one of South Australia's largest metropolitan council areas. The city spans approximately 5,500 hectares, has a population of around 115,000 and 56,000 rateable properties. Charles Sturt Council has developed a reputation for being as diverse as it is large, with the city providing a wide range of opportunities for housing, business, sporting and leisure.

People choose to live in the City because it is close to the beach, the City (of Adelaide), the port, the airport and regional shopping facilities. The City of Charles Sturt has long been considered the sporting and entertainment hub of Adelaide with national basketball and soccer stadiums, three privately owned golf courses, an international rowing course, the River Torrens Linear Park, the coast and numerous highly regarded local sporting venues. The City is also well catered for in terms of schools, medical services, local sporting and community facilities including libraries and community centres.

The City is undergoing change led primarily by the development of improved transport infrastructure and the objectives of the 30 Year Plan for Greater Adelaide which forecasts an increase in population, primarily along the City's transport corridors.

This plan contributes to achieving the appropriate balance of social, cultural, environmental and economic services, the keys to sustainability. Whilst assets are about the physical, at the forefront to this planning is our community – the current and future users that our assets support.



The City of Charles Sturt operates and maintains a fleet of minor plant, light fleet and heavy plant including trucks, trailers, sweepers and buses.

### What does it cost?

The projected outlays necessary to provide the services covered by this Asset Management Plan (AM Plan) including operations, maintenance, renewal and upgrade of existing assets over the 10 year planning period is \$56.91 million or \$5.69 million on average per year (refer Appendix 1 and 3).

Estimated available funding is 100% of the costs required to provide this essential service for the organisation. As such the required funding detailed within this AM Plan has been incorporated within the City of Charles Sturt's Long Term Financial Plan.

### What we will do

We plan to provide fleet management services for the following:

- Operation, maintenance, renewal and upgrade of major and minor plant and light fleet to meet service levels set in annual budgets.
- There are no new items or upgrades currently programmed and any future new ones will be addressed via the organisations 'budget bid' process following business case and cost/benefit analysis.

## Managing the Risks

Fleet Services have identified a number of risks as follows:

- WHS related risks;
- Business practices;
- Economic conditions;
- Environmental management;
- Financial operations;
- Natural hazards and disasters;
- Property loss;
- Public liability, and
- Statutory compliance.

Risk assessment process identifies credible risks, the likelihood of the risks occurring and the consequences should the risk eventuate. The Risk Management Reference Sheet is attached in Appendix 2.

## Confidence Levels

This AM Plan is based on a reliable level of confidence information. Table 5.2.1 describes 'reliable' as data based on sound records, procedures, investigations and analysis documented properly but has minor shortcomings.

## The Next Steps

The actions resulting from this asset management plan are to:

- Implement a whole of life plan for each fleet / plant item;
- Continue to analyse maintenance versus replacement costs to ensure the renewal program is based on best replacement value immaterial of time period;
- Review funding levels for any additional capital acquisitions or upgrades;
- Ongoing market review in regard to replacement periods and disposal strategies; and
- Review the current approach of replacing "like for like"

plant/equipment, recognising in some cases this approach is not the most effective as maintenance/service standards have changed or operational efficiencies have identified different plant requirements.

## Questions you may have

### What is this plan about?

The overall purpose of the fleet asset management plan is to:

- Ensure Council can manage its fleet assets in a sustainable manner for the long-term;
- Develop a fleet asset management system that is integrated with other elements of the asset portfolio;
- Ensure Council minimises any adverse environmental impacts caused by fleet operations; and
- Maintain fleet assets to a level of service commensurate with Council's operational needs.

It is also the purpose of this Fleet Asset Management Plan to demonstrate responsive management of assets, compliance with regulatory requirements and to communicate funding required to provide the required levels of service.

### What is an Asset Management Plan?

Asset management planning is a comprehensive process to ensure delivery of services from plant and equipment is provided in a financially sustainable manner.

An asset management plan details information about plant and equipment 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 they are provided and what funds are required to deliver the services.

## TABLE OF CONTENTS

<b>Executive Summary.....</b>	<b>3</b>
<b>1. Introduction.....</b>	<b>7</b>
1.1. Objectives of the AM Plan.....	8
1.2. Scope of the Plan .....	8
1.3. Purpose of the Plan .....	8
1.4. Asset Management Plan Framework.....	8
1.5. Key Stakeholders .....	9
1.6 Council’s Approach to delivering the Asset Management Framework.....	9
1.6.1 Council’s Vision.....	9
1.6.2 Council’s Mission .....	10
1.7. Rationale for Ownership .....	10
<b>2. Service Levels.....</b>	<b>10</b>
2.1. Drivers Affecting Service Levels .....	10
2.1.1 Legislative Requirements.....	10
2.1.2. Legislative Constraints.....	11
2.2. Current Levels of Service .....	11
2.3. Management Tactics .....	15
2.4. Risk Management.....	15
<b>3. Future Demand Issues.....</b>	<b>17</b>
3.1. Growth Trends .....	17
3.1.1. Demand Factors.....	17
3.2. Demand Management.....	17
<b>4. Asset Strategic Plan .....</b>	<b>17</b>
4.1. Background .....	18
4.1.1. Asset Useful Life .....	18
4.1.2. Recurrent and Capital Expenditure .....	19
4.1.3. Trends in Funding Allocations.....	20
4.2. Operational and Routine Maintenance .....	20
4.2.1. Maintenance Issues.....	20
4.2.2. Strategies.....	21
4.3. Renewal Plan .....	21
4.3.1. Rehabilitation / Renewal Issues .....	23
4.3.2. Renewal Strategies.....	23
4.3.3. Current Activities .....	23
4.3.4. Summary of Renewal Costs.....	24

4.4	Creation / Acquisition.....	24
4.4.1.	New Capital Issues.....	24
4.4.2.	Creation / Acquisition Strategies .....	24
4.4.3.	Current Activities .....	25
4.4.4.	Summary of Creation / Acquisition Costs .....	25
4.5.	Disposal Plan .....	25
4.5.1.	Disposal Issues.....	25
4.5.2.	Disposal Strategies .....	26
4.5.3.	Current Activities.....	26
4.5.4.	Summary of Disposal Costs .....	27
<b>5.</b>	<b>Financial Summary.....</b>	<b>27</b>
5.1.	Financial Statements and Projections.....	27
5.2.	Key Assumptions.....	28
5.2.1.	Confidence Levels .....	28
5.2.2.	Improving Accuracy.....	28
5.3.	Key Findings .....	29
<b>6.</b>	<b>Improvement Program.....</b>	<b>29</b>
6.1.	Introduction .....	29
6.2.	Asset Management Process Improvements .....	29
6.3.	Asset Management Information System Improvements.....	31
6.4.	Asset Management Data and Knowledge Improvements .....	31
	<b>APPENDIX 1 – Budget .....</b>	<b>33</b>
	<b>APPENDIX 2 – Risk Management Reference Sheet.....</b>	<b>34</b>
	<b>APPENDIX 3 – Total Recurrent Budget by Type .....</b>	<b>40</b>



### 1.1. Objectives of the AM Plan

The key objectives of this AM Plan are to:

- Outline the context for strategic asset management planning of the City of Charles Sturt's fleet assets;
- Apply the Asset Management Framework to the Council's fleet asset portfolio;
- Effectively manage the Council's financial investment in fleet assets;
- Ensure community requirements and expectations are translated into services through the application of appropriate service levels;
- Facilitate and demonstrate strategic asset management and the implementation of whole of life strategies to the fleet portfolio;
- Effectively manage the risks associated with the fleet portfolio; and
- Use a set of specific goals and objectives to guide the development and implementation of strategies for management of Council's fleet assets.

### 1.2. Scope of the Plan

The Fleet Asset Management Plan covers all fleet and plant assets.

### 1.3. Purpose of the Plan

The overall purpose of the fleet asset management plan is to:

- Ensure Council can manage its fleet assets in a sustainable manner for the long-term;
- Develop a fleet asset management system that is integrated with other elements of the asset portfolio;
- Ensure Council minimises any adverse environmental impacts caused by fleet operations; and
- Maintain fleet assets to a level of service commensurate with Council's operational needs.

It is also the purpose of this Fleet Asset Management Plan to demonstrate responsive management of assets, compliance with regulatory requirements, and to communicate funding required to provide the required levels of service.

The AMP is therefore to be read with the following associated planning documents:

- [City of Charles Sturt Corporate Plan 2016-2020](#);
- [City of Charles Sturt Community Plan 2013-2027](#);
- [City of Charles Sturt Living Green 2020](#);
- [City of Charles Sturt Asset Accounting Policy](#);
- [City of Charles Sturt Procurement Policy](#); and
- [City of Charles Sturt Asset Management Policy](#).

### 1.4. Asset Management Plan Framework

The key elements of the Asset Management Planning framework are as follows:

- **The Service Levels** - This element specifies the service levels to be provided by Council.
- **Future Demand issues** - Outlines how future demand will impact on future service delivery and how this is to be met.

- **Risk management issues** – Ensures risk-centric issues are managed within the guidelines described in ISO 31000:2009 – Risk Management.
- **The Financial Summary** - Describes what funds are required to provide the required services.
- **Performance Measurement** - how the outcomes of the plan will be monitored to ensure that the plan is meeting Council’s objectives.
- **The Asset Management Improvement Plan** - constant improvement processes to ensure best practice.
- **Life-cycle Management** - Describes how Council will manage its existing and future assets and liabilities to provide the required services
- **Operational Management** – the daily operational elements of the asset management system, including cleaning, security and waste management.

## 1.5. Key Stakeholders

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

### *Asset Management Services*

- Prioritisation and programming of maintenance and capital works, preparation and revision of asset management plans; and
- Undertaking programmed and reactive maintenance works.

### *Finance Services*

- Allocation of required funds for the implementation of this asset management plan.

## 1.6 Council’s Approach to delivering the Asset Management Framework

The Council exists to provide services to its community, some of which are supported by its fleet assets. Its approach to managing these assets is to meet the required level of service in the most cost effective manner for present and future consumers.

The key elements of asset management are:

- Adopting a whole-of-life approach to asset management;
- 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 judicious investment;
- Managing risk associated with asset failure;
- Ensuring a sustainable use of physical resources; and
- Providing continuous improvement in asset management practices.

This Asset Management Plan is prepared in consideration of the direction of Council’s Community and Corporate Plan and their associated strategies.

### 1.6.1 Council’s Vision

The ultimate role and responsibility of Council in all of its endeavours is to provide for and respond to the needs of its community. Our Community Plan is our public commitment to our City that we value our strong and connected community, are dedicated to providing a liveable City of great places, that we continue to be environmentally sustainable, that our economic strategies are targeted and that our leadership is bold and innovative.

## **1.6.2 Council's Mission**

The City of Charles Sturt is an innovative organisation that provides valued services in partnership with our community (Corporate Plan 2016-2020).

## **1.7. Rationale for Ownership**

Local Government authorities exist principally to supply core services that meet the needs of their communities. What services are provided, and how they are provided, depends on the level of service required by the community. Council currently owns all of its fleet assets.

## **2. Service Levels**

Understanding service levels is vital for the lifecycle management of assets. They will determine what type of assets will be provided, how often they will be maintained, when assets will be rehabilitated or replaced and how the assets will be disposed.

Service levels define the assets performance targets, in relation to reliability, quantity, quality, responsiveness, safety, capacity, environmental impacts, comfort, cost/affordability and legislative compliance.

The levels of service have been derived from current practices and target performance is based on perceived desired outcomes.

### **2.1. Drivers Affecting Service Levels**

The factors affecting levels of service can broadly be broken into three categories:

- Legislative Requirements - These are the objectives/standards that must be met, set by state, federal or international bodies, to ensure the safety of the general public and council staff.
- Strategic and Corporate Goals - The lifecycle management of assets will be consistent with goals and values stated in the Corporate Plan, which will include opportunities to embrace technological advancements to support the enhancement of community value.
- Customer Requirements - These are the expectations of the customers. These expectations must be balanced with the customer's ability and desire to pay.

The requirements and references for fleet assets have been listed in the following sections.

#### **2.1.1 Legislative Requirements**

The Local Government Act (1999) outlines the requirements for Councils to deliver infrastructure, facilities and services to the community, and ensures that certain performances are met for this infrastructure (See Sections 6 and 7 of the Local Government Act). The Act does not demand that Council must own its assets, but that where the provision of facilities is the means by which services are delivered, facilities may be owned, leased or delivered by some other mechanism.

### 2.1.2. Legislative Constraints

The Legislative 'constraints' for this asset class include:

Reference	Details / Impact
AASB Accounting Standards	Defines the rules to be applied when accounting for assets within the Local Government environment
Work Health and Safety Act 2012 (SA)	An Act to provide for the health, safety and welfare of persons at work
Australian Road Rules (SA) made under the Road Traffic Act 1961.	A guide to help understand the Australian Road Rules and the way they apply to different kinds of roads, vehicles and road users.

### 2.2. Current Levels of Service

The current Levels of Service (LOS) have been developed through internal consultation to represent the existing practices. This is based on the current understanding of the drivers against measurable performance indicators.

As this Fleet Asset Management Plan is reviewed and becomes more sophisticated the LOS will be developed in consultation with customers.

For each key performance indicator a target performance has been identified as has the actions and expenditure required to meet this. It is anticipated that this projected expenditure will be included in the base budget submissions for the 2018/19 financial year and beyond.

**Asset Group Key Performance Indicator**

Asset Group	Key Performance Indicator	Level of Service	Performance Measure Process	Target Performance	Current Performance	Actions to meet Target Performance	Resources
All Fleet Assets	Safety	Asset condition	Roadworthy Compliance	100% Compliant with Legislation	100%	Provide reporting mechanisms	Utilize Asset Management Software, TechnologyOne Enterprise Suit
					Reliant on Operator reporting defects/faults	Operator completing Vehicle and Plant Checklist	Vehicle and Plant Checklist, Intelledox
					Inspections during scheduled and reactive maintenance	Mechanics inspect/test drive all plant where practical during maintenance	Qualified tradespersons to identify/repair assets
						Carry out or schedule all faults for repairs as identified	Utilize Asset Management Software, TechnologyOne Enterprise Suit

**Level of Service Performance Measure Process**

Asset Group	Key Performance Indicator	Level of Service	Performance Measure Process	Target Performance	Current Performance	Actions to meet Target Performance	Resources
All Fleet Assets	Operational Assets	Fully Maintained	Scheduled Maintenance	100% Compliant with Manufactures specifications	100%	Provide reporting mechanisms	Utilize Asset Management Software, TechnologyOne Enterprise Suit
			Reactive maintenance	Asset to be operational	Reliant on Operator reporting defects/faults	Operator completing Vehicle and Plant Checklist	Vehicle and Plant Checklist, Intelledox
					Inspections during scheduled and reactive maintenance	Mechanics inspect/test drive all plant where practical during maintenance	Qualified tradespersons to identify/repair assets
						Carry out or schedule all faults for repairs as identified	Utilize Asset Management Software, TechnologyOne Enterprise Suit

## Level of Service Performance Measure Process

Asset Group	Key Performance Indicator	Level of Service	Performance Measure Process	Target Performance	Current Performance	Actions to meet Target Performance	Resources
All Fleet Assets	Replacement	Program Replacement	Programmed Replacement	Replaced within forecast budgets	Replace as per budget and 10 year replacement plan	Annual revision of 10 year replacement plan	Utilize Asset Management Software, TechnologyOne Enterprise Suit
		Condition Replacement	Condition Replacement	Reduce whole of life costs		Invite tenders or quotes, evaluate whole of life costs	Utilize Asset Management Software, TechnologyOne Enterprise Suit
			Measure whole of life costs			Provide recommendations to management for asset selections or criteria	
						Procurement includes ordering, delivery, asset recording, changeover of	Utilize Asset Management Software, TechnologyOne Enterprise Suit

### **2.3. Management Tactics**

The management tactics to achieve the levels of service are identified in the following work categories:

#### *Capital investment*

The capital renewal program is based on an analysis of the drivers for supply, as well as the outcomes of condition appraisals and maintenance plans. Where assets are deemed to be under capacity, in the wrong place, not cost effective, lacking functionality, not maintainable or in poor condition, an injection of capital funds may be required.

#### *Renewals*

Asset renewals are generally on a like-for-like basis, with normal capability and capacity being replaced. It is to be noted that this traditional approach of like-for-like replacement will be analysed over the term of this Asset Management Plan as it is recognised that this is not always the most effective given maintenance/service standards may change, operational efficiencies identify different plant requirements from traditional assets utilised, or as new technology emerges.

#### *Maintenance*

Maintenance programs are normally focused on legislative requirements, design specifications or community expectations. The maintenance requirements include reactive, scheduled and major cyclic activities:

- Reactive maintenance is defined as unplanned repair work which is carried out in response to service requests and management/supervisory directions.
- Scheduled maintenance is work that is identified and managed through a Fleet Management System. These activities include inspection, assessing the condition against failure/breakdown standards, prioritising, scheduling, actioning the work and reporting what was done to develop a maintenance history and improve maintenance and service delivery performance.
- Major Cyclic Maintenance involves the major refurbishment of higher value components/sub-components of assets and is undertaken on a regular cycle and generally involves major plant maintenance.

#### *Operations*

Fleet asset operations are based around servicing, repairs and fuel.

### **2.4. Risk Management**

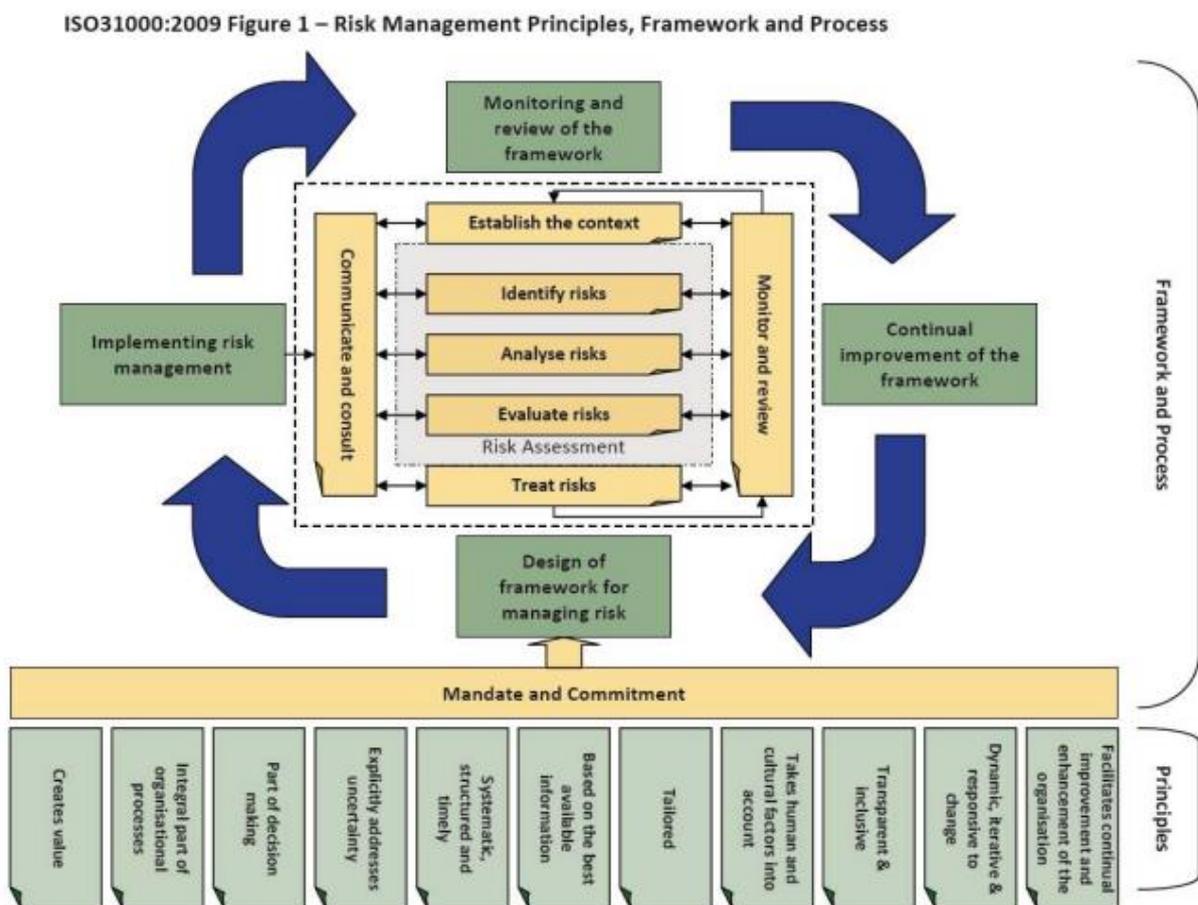
The City of Charles Sturt recognises that risk management is an integral part of sound asset management practice. Risks arise out of uncertainty, and whilst it is acknowledged that it is not possible to have a totally risk free environment, it is possible to manage risk by avoiding, reducing, transferring or accepting risks.

The overall objectives of a formal risk management approach are to:

- Outline the process by which the organisation will manage risk associated with its assets, so that all risks can be identified and evaluated in a consistent manner,
- Identify operational and organisational risks at a broad level,
- Allocate responsibility for managing risks to specific staff to improve accountability; and,
- Prioritise the risks to identify the highest risks that should be addressed in the short to medium term.

Council adopts a systematic, holistic approach to managing risks, based on the process outlined in ISO 31000:2009, and illustrated in the figure below.

The organisational risk management matrix, in addition to the risk management assessment for fleet services is attached as Appendix 2.



Council, as part of its Risk Management program has identified a number of risk sources for the organisation these risk sources are as follows; business practices, economic conditions, environmental management, financial operations, natural hazards/events, WHS, Professional Indemnity, Property Loss, Public Liability, and Statutory Compliance.

An assessment of risks associated with service delivery from fleet assets has identified 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.

While WHS is an integral part of this asset management plan, appropriate measures will be undertaken to ensure that the plant is suitable and is not introducing unnecessary risks to employees. These will include;

- Consultation on purchase;
- Undertaking of risk assessment;
- Implementing risk controls; and
- Monitoring and reviewing of risk controls.

### **3. Future Demand Issues**

This section of the plan will identify the expected growth and demand on Council's fleet assets. The future demand factors have been identified; however, the anticipated impact has not been quantified. This analysis will be carried out in future revisions of the asset management plan.

#### **3.1. Growth Trends**

Changes to the size and scope of Council's fleet is an ongoing issue that can be driven by changes in work practices, technology or increasing or decreasing workloads due to a number of factors. At this time the fleet is relatively stable, however assessment and analysis will be undertaken regularly to meaningfully shape future cost projections.

##### **3.1.1. Demand Factors**

There are a number of unique factors that directly impact the demand for fleet assets and services which include:

- Population growth and therefore increased Council service provisions;
- Increased resource demands to accommodate increase in services; and
- Council staff growth to effectively deliver increased service provision.

#### **3.2. Demand Management**

Demand management strategies and techniques provide alternatives to the creation of new, or the modification of existing assets in order to meet demand. Instead, these strategies and techniques look at ways to modify customer demand so that there are increased opportunities to maximise the utilisation rate of existing assets and therefore the need for new or modified assets is deferred or reduced.

Demand analysis of utilisation rates and availability are still to be undertaken. Demand management strategies will be developed as this analysis is undertaken.

### **4. Asset Strategic Plan**

The asset strategy focuses on the economic and physical management options and strategies, from the initial planning through to disposal stages of an asset.

The strategy uses lifecycle management techniques to develop decision support information, to model future asset maintenance and renewal requirements and to compare these predictions with historical expenditure trends. In order to be effective, the lifecycle model of fleet assets needs accurate and timely data which allows management of the expected economic useful life, estimates

of remaining life, maintenance costs and replacement costs. Any estimate of asset economic life of an asset assumes a certain level of quality of the construction/manufacture, maintenance and operation in order to achieve that life span.

#### 4.1. Background

##### 4.1.1. Asset Useful Life

The useful life of an asset is defined as the period over which a depreciable asset is expected to be fully utilised, however, this period can be significantly impacted by Council’s maintenance practices.

The optimum replacement points are calculated to best estimate the optimum timing in kilometres and age, to achieve the lowest annual cost. This is based on:

- Purchase price of the asset;
- Projected resale over the next 10 years;
- Projected repairs and maintenance over the next 10 years; and
- Current operational downtime costs for the asset.

The table below identifies the useful lives currently adopted for fleet assets.

Asset Group	Asset Group	Optimum Replacement Point
Minor Plant	Lawnmowers	End of useful life
	Chainsaws	End of useful life
	Blowers	End of useful life
	Concrete Cutters	End of useful life
Light Fleet	Private Use	3 Years/60,000 Kms
	Commuter Use	5 Years/100,000 Kms
	Work Vehicles	5 Years/100,000 Kms
Major Plant	Street Sweepers Footpath	4 Years
	Street Sweepers Road	6 Years
	Ride-on Mowers	6 Years
	Skidsteer	3 to 4 Years
	Backhoe	9 Years
	Wood Chippers	9 Years
	Tractor	6 to 8 Years
	Truck Light and Heavy	11 Years
	Truck Chipper	9 Years
	Trailer	10 to 15 years
JetVac	8 Years	

Fleet assets useful life invariably depends on utilisation of assets including annualised kilometres and/or hours of use and replacement funds. Council's useful life for each asset type is the projected replacement period defined in the Fleet Replacement Program. The replacement program is in line with changing market conditions and re-sale prices, with the optimal lifecycle of sedans and wagons being replaced at 3 years or 60,000 kilometres.

All other replacement periods have been assessed for value with no change being required at this time.

#### **4.1.2. Recurrent and Capital Expenditure**

The lifecycle costs associated with the management actions to achieve the defined levels of service can be divided into one of the following expenditure categories:

- Recurrent Expenditure - These expenses are related to those which ensure the asset will continue to perform at a satisfactory level;
- Capital Expenditure - These expenses are related to major alterations to an asset; and
- Disposal Income - Fleet Assets when disposed retain a residual value unless scrapped at the end of their useful life therefore Council recovers disposal income.

Recurrent expenditure is traditionally funded by structured internal hire rates and recovered via internal allocation to respective departments. The different types of recurrent expenditure include:

- Operational - Day to day expenditure on activity of business operations e.g. fuel costs, registration, insurance, tyres etc.;
- Scheduled Maintenance (Proactive) - Expenditure on programmed activities related to the ongoing up keep of assets e.g. inspections and scheduled servicing etc.; and
- Unplanned Maintenance (Reactive) - Expenditure on activities related to the immediate up keep of assets e.g. breakdown, accidental damage, safety repairs (non-scheduled servicing) etc.

Capital expenditure relates to increases in capacity, useful life or level of service provided by an asset. Examples of capital expenditure include:

- Capital renewal - Expenditure to replace an existing asset with a suitable replacement asset; and
- Creation/Acquisition - Expenditure associated with increasing the level of service by investing in a new asset e.g. additional asset procurement to service increase fleet demands.

Council's Procurement Policy, developed pursuant to the requirements of Section 49 of the Local Government Act 1999, needs to be adhered with to ensure fleet procurement occurs consistently with other aspects of the organisation and is undertaken through best practice to achieve the greatest value to our community.

### 4.1.3. Trends in Funding Allocations

The fleet renewal program identifies future funding requirements for maintaining the fleet to its current standard. This program is reviewed on a regular basis to ensure that fleet items are replaced cost effectively taking into account changing business processes and technologies. The fleet renewal program is currently sufficient for Council's existing replacement program.

The nature of the funding model utilised means that prior to any changes being made to the fleet the whole of life costs of the addition and / or change to the fleet needs to be understood. With this approach any additions to the fleet should be part of the standard business planning process and include upfront capital considerations and future operational and renewal funds.

The City of Charles Sturt has an endorsed Asset Accounting Policy that identifies expenditure that is to be capitalised and the associated accounting treatment for non-current assets in Council's asset register. This Policy is applicable to the majority of assets utilised within the fleet operations of Council that are captured within this asset management plan.

The value of fleet assets, as audited within General Purpose Financial Statements as at 30 June 2019, is detailed below:

Category	Value
Original Cost	\$20,579,703
Accumulated Depreciation	\$11,162,782
Carrying/Book Value	\$9,416,921
Depreciation Expense	\$2,827,397

## 4.2. Operational and Routine Maintenance

This plan outlines the strategies and actions for the operation and maintenance of assets. Operational expenditure on an asset includes the investment on day to day activities of business operations. Maintenance of an asset includes the investment in an existing asset related to the ongoing up keep of an asset to ensure it meets its useful life. Assets are operated and maintained so the asset can continue to deliver its intended level of service. Appendix 3 outlines the operational and maintenance cost estimates for the current period.

These assumptions include no change to Council staffing levels; all increases on non-fuel related expenses are based on Deloitte Access Economics 12 January 2017. Fuel increases are based on Deloitte Access Economics 31 March 2017.

### 4.2.1. Maintenance Issues

Councils fleet maintenance issues relate mainly to the routine servicing of its vehicles and plant.

Council's renewal program minimises the need for heavy reactive maintenance activities as the risk of these is minimised as part of the renewal schedule.

<b>Strategy / Objective</b>	<b>Activities</b>	<b>References</b>
To maintain fleet in a safe and operational condition.	Daily and Weekly inspections by drivers/operators.  Documenting/reporting defects to workshop staff. Prioritisation of works	Team Leader – Fleet Services
Preventative Maintenance Servicing	Maintenance schedules as per manufactures specification.  Recording of maintenance performed, labour and materials used.  Maintain register of maintenance issues and condition reports for Fleet Assets.	Team Leader – Fleet Services Work Group Leader – Fleet Services

#### 4.2.2. Strategies

The table below identifies the various maintenance strategies utilised by Council.

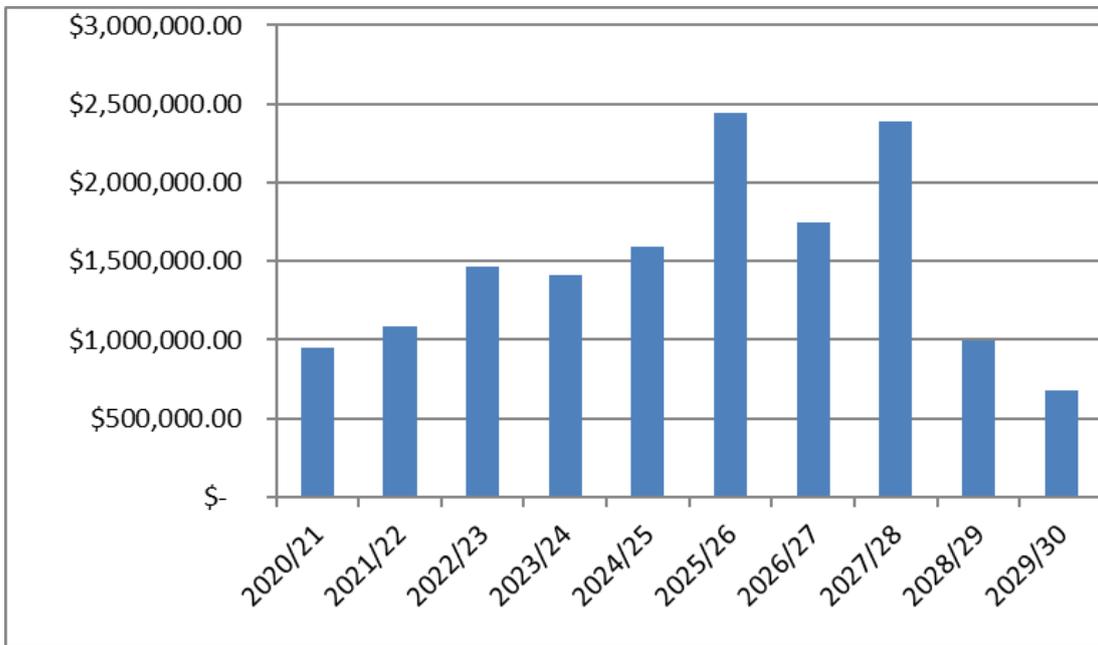
<b>Asset Group/Type</b>	<b>Major Maintenance Actions</b>	<b>Frequency</b>	<b>LOS satisfied</b>
Light Vehicle, Heavy Vehicle.  Light Plant, Heavy Plant	Scheduled Servicing	Ongoing – as per manufacturer’s specifications and as required.	Assets meeting Operational requirements and that comply with legislation.

#### 4.3. Renewal Plan

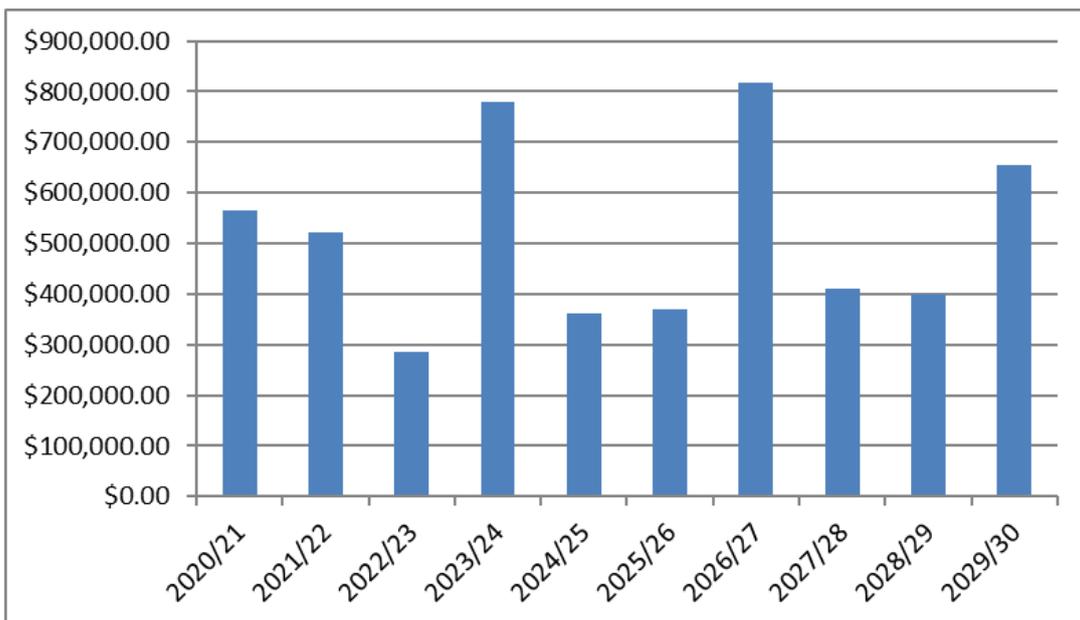
This plan outlines the strategies and actions for the renewal of assets as included in Councils Fleet Renewal program.

This program documents known capital expenditure for the next ten years based on asset registers, known utilisation and predetermined useful lives. This information is updated on an annual basis as any changes to fleet utilisation, asset requirements or fleet suitability come to hand. The proposed expenditure levels for the next 10 years are shown below, based on an assumption of 1.0% annual purchase price increases.

10 Year Renewal (Nett) Budget Heavy Plant



10 Year Renewal (Nett) Budget Light Fleet



#### 4.3.1. Rehabilitation / Renewal Issues

Renewal issues for Fleet includes assets fit for purpose and prioritising replacements within identified budgets and available capital. The requirement for any material addition to the size or scope of the operational fleet to come with funds for both acquisition and operation, and future renewal will minimise the need to increase the fleet budget for the current renewal program.

The renewal process has been developed with a full understanding of the whole of life costs of operating the fleet. This has supported the approach that it is more cost effective to renew fleet items than rehabilitate in the longer term.

#### 4.3.2. Renewal Strategies

The table below identifies the various rehabilitation and renewal strategies, currently in place or being assessed.

Strategy / Objective	Activities	References
To maintain a 10 year replacement plan for Fleet Assets	Annual revision of 10 year replacement plan to include replaced, additional or disposed Fleet Assets.	Manager Governance and Operational Support Team Leader – Fleet Services
Council Fleet Assets are in a safe and operational condition.	Maintain register of maintenance issues and condition reports for Fleet Assets.	Team Leader – Fleet Services

#### 4.3.3. Current Activities

Council's current rehabilitation / renewal activities are detailed below.

Asset Group / Type	Renewal Timing	Comment	LOS satisfied
All	Renewal / replacement Fleet Assets as per 10 year replacement program.	Prioritised list verified against need.	Deliver Fleet Assets as per Program and Financial Year.
All	All Replacement of existing Fleet Assets.	Subject to changes as follows: Utilisation, Budget approval Funding approval Assessment of alternatives.	Customer satisfaction

#### 4.3.4. Summary of Renewal Costs

Listed below are the known major renewal projects and associated costs.

Asset Group / Type	Indicative Year	Comments	Renewal Costs
Heavy Plant	Ongoing as per Fleet Asset Replacement Program.	Estimate over the next 10 years.	\$14,749,744 (Nett)
Light Fleet	Ongoing as per Fleet Asset Replacement Program.	Estimate over the next 10 years.	\$5,164,068.00 (Nett)

#### 4.4 Creation / Acquisition

This creation and / or acquisition plan will outline the strategies and actions for the creation / acquisition of assets. Creation and / or acquisition of an asset include the investment in a new asset.

Assets are typically created and / or acquired to increase or upgrade a level of service.

The creation and / or acquisition plan will document any known fleet asset growth for the next 10 years. This will continue to be updated in future revisions of this plan to reflect the desired outcomes of Councils strategic plan.

##### 4.4.1. New Capital Issues

The operational requirements of Council are assessed on an ongoing basis to ascertain if fleet requirements are meeting need. This has led to the acquisition of specialised heavy fleet items in the past. This is an ongoing issue that is assessed each year prior to the budget being set and takes into account environmental initiatives such as alternate fuelled vehicles.

##### 4.4.2. Creation / Acquisition Strategies

The table below identifies the various creation / acquisition / augmentation strategies, both implemented and potential future directions of Council.

Strategy / Objective	Activities	References
To provide Fleet Assets to Council for the delivery of service requests and maintenance programs into the future and in line with Council growth and demand.	Fund future creations/additional Fleet Assets from capital budgets.	Team Leader – Fleet Services

#### 4.4.3. Current Activities

Council's current creation / acquisition activities are detailed below.

Asset Group / Type	New Capital Creation / Acquisition Timing	Growth / Development Supported	LOS Satisfied
All	New creation / acquisition timing has been irregular, often this has resulted in Fleet receiving limited notice of Customer requirements due to budgeting process.	Budget approved activities may require additional assets to deliver programs. Additional assets receive an approval and evaluation process prior to ordering / delivery.	Customer Satisfaction

#### 4.4.4. Summary of Creation / Acquisition Costs

The fleet replacement program has a requirement for the assessment of any additional fleet item prior to acquisition. At this time no additional assets can be identified.

Asset Group / Type	Indicative Creation Year	Comments	Capital Cost
All	Ongoing	Fleet sustainability model (life cycle costing) including update of 10 year renewal plan.	None currently recognised (includes additional fleet or plant items or material variance to fleet or plant type)

#### 4.5. Disposal Plan

This disposal plan will outline the strategies and actions for the disposal of assets. Disposal of an asset includes the decommissioning of an asset, including sale and / or scrapping. Assets are typically disposed due to end of useful life, reduced whole of life replacement or surplus to need.

The disposal plan will document any assets known to be disposed of in the next ten years. This will continue to be updated in future revisions of this plan to reflect the desired outcomes of Council's strategic plan.

##### 4.5.1. Disposal Issues

The disposal of Council's fleet assets is by means of an offsite public auction conducted by licensed auctioneers or trade-in to ensure best value for Council is realised. Assets are generally disposed of at the end of their serviceable life, at a time most efficient to replace for whole of cycle cost or a time when no longer required.

#### 4.5.2. Disposal Strategies

The table below identifies the various disposal strategies, both implemented and potential future directions of Council.

Strategy / Objective	Activities	References
Dispose of all Fleet Assets at end of useful life or surplus assets.	Dispose of Fleet Assets in line with best practice, achieving best possible return.	Plant, Equipment & Fleet Management Policy

#### 4.5.3. Current Activities

Council's existing disposal activities have been listed below.

Asset Group / Type	Disposal Timing	Comments	LOS Satisfied
All	Assets replaced and/or not required	Council currently disposes of saleable Fleet Assets offsite by means of external auction provider or trade-in	Local Government Act
All	Assets replaced and/or not required	Assets not saleable may be scrapped for spare parts i.e. small plant.	
All	Assets replaced and/or not required	Records of Fleet Assets decommissioned are maintained on Council's Asset register and Fleet Management software.	

#### 4.5.4. Summary of Disposal Costs

Listed below are a number of known disposal projects and associated costs / revenues.

Asset Group / Type	Indicative Year	Disposal	Comments	Approximate Residual Value
Light Vehicle	Ongoing		Auction/Trade-in	50-60%
Heavy Vehicle	Ongoing		Auction/Trade-in	35-45%
Heavy Plant	Ongoing		Auction/Trade-in	10-30%
Minor Plant	Ongoing		Auction	0-10%

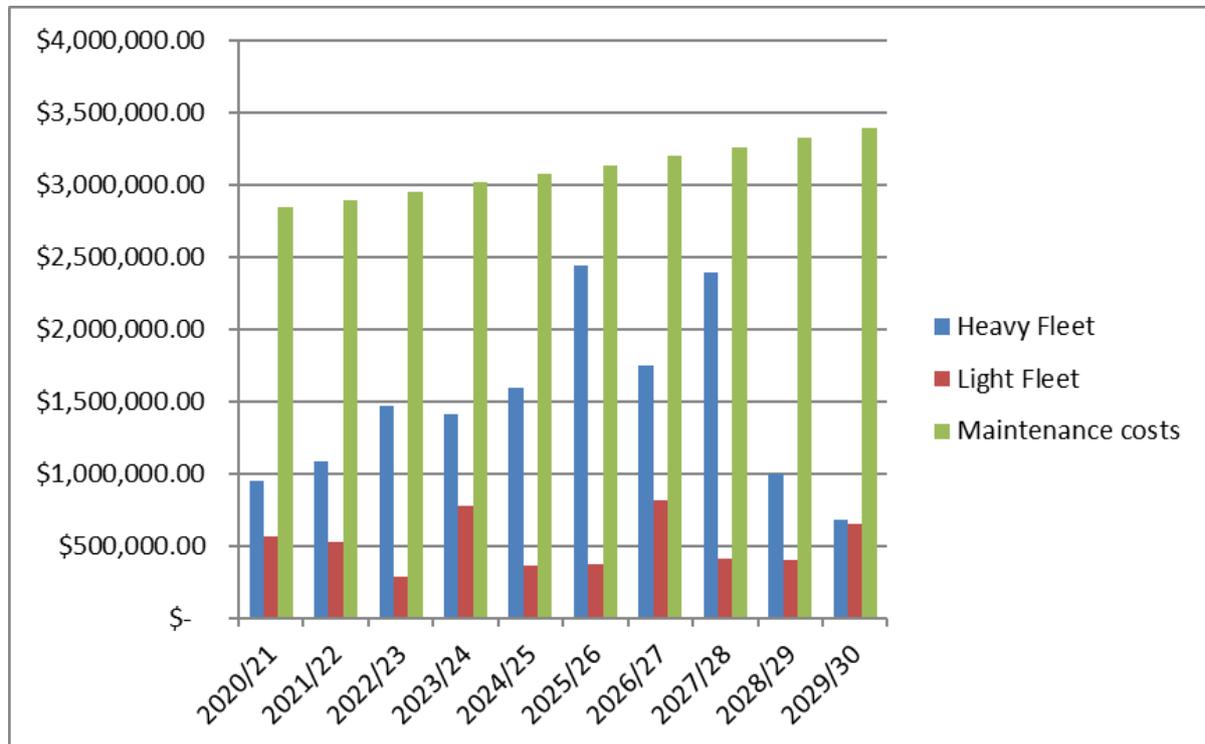
### 5. Financial Summary

This section will present the forecast financial summary for the next 10 years based on identified assumptions. This information will provide the basis of Council’s Long Term Financial Plan. It is anticipated that the financial summary will be reviewed annually and continue to be refined as planning studies / strategies and increased financial analysis are completed.

#### 5.1. Financial Statements and Projections

The 10 year financial forecast summary for Fleet Assets is represented graphically below. These costs exclude inflation and GST.

#### 10 Year Budget for Renewal (Nett) and Maintenance



## 5.2. Key Assumptions

The financial forecasts have been based on a like for like replacement basis with renewal period based on optimum replacement points adopted for the fleet assets, and whole of life cost minimisation. The recurrent budget for maintenance costs has been based on an assumption of 2.0% annual price increases.

### 5.2.1. Confidence Levels

The confidence in the data used as a basis for the financial forecasts has been assessed using the following grading system:

Confidence Grade	Definition
A	Highly Reliably  Data based on sound records, procedures, investigations and analysis that is properly documented and recognised as the best method of assessment.
B	Reliable  Data based on sound records, procedures, investigations and analysis that is properly documented but has some minor shortcomings e.g. old data
C	Uncertain  Data based on records, procedures, investigations and analysis which is incomplete or unsupported or extrapolation from a limited sample.
D	Very Uncertain  Data based on unconfirmed verbal reports and / or cursory inspection and analysis.

The overall confidence level is assessed as B.

### 5.2.2. Improving Accuracy

To improve the confidence in the financial figures the following steps are to be undertaken:

- Continue to maintain the 10 year renewal program based on whole of Life costs and understanding.
- Records maintained for the life of all Fleet Assets include information pertaining to the procurement, allocation history, scheduled maintenance, non-scheduled maintenance, and disposal. Improved data collection as a result of implementation of TechnologyOne Fleet Management System will improve this information.
- Improved understanding of financial costing of Fleet Asset operational expenditure to assets will improve the financial management of Fleet Assets. The TechnologyOne Fleet Management System will improve this relationship.
- Regular stocktake and condition review of Council's fleets assets, including small plant and equipment.

### **5.3. Key Findings**

Council endorsement of the long term financial plan which includes the 10 year renewal program is ensuring the sustainability of the current Fleet Assets.

## **6. Improvement Program**

The improvement program is to outline how asset management processes, information systems, data and knowledge can be improved based on the weaknesses identified from the top down analysis.

Each improvement will outline the importance and urgency of the project with an indicative timeframe. The improvement projects and timeframes will be reviewed on a regular basis.

### **6.1. Introduction**

Asset management should be considered a journey not a destination, where continuous improvement is the only constant.

This initial asset plan has been based on the Basic Asset Management Model, with the clear objective of identifying and documenting Council's existing asset management processes, information systems and data / knowledge and determining any weakness in these.

To improve the Council's asset management practices requires sufficient resources to enable further analysis. The improvement projects have been prioritised according to the urgency and importance of the undertaking. These terms have been defined as follows:

- Urgency – how quickly the improvement is needed i.e. will it prevent other improvements from occurring.
- Importance – how significant a change will this improvement have to moving towards more sustainable management of the asset class.

### **6.2. Asset Management Process Improvements**

Asset management processes is defined as the processes, analysis and evaluation techniques needed to support effective lifecycle asset management. This includes the following asset management functions:

- Knowledge of assets.
- Levels of service.
- Condition assessments.
- Lifecycle planning.
- Asset operations and maintenance.
- Asset creation / disposal.
- Performance monitoring.
- QA / continuous improvement.
- Risk management.
- Review / audit processes.

Any weaknesses in the current asset management processes have been identified in the previous chapters. As a consequence of these weaknesses various assumptions have been made to prepare the financial forecasts. The improvements identified and prioritised in the table below will seek to improve the processes Council utilises to manage its assets.

<b>Process Improvement</b>	<b>Urgency</b>	<b>Importance</b>	<b>Timeframe</b>	<b>Responsible Officer</b>
Knowledge of assets <ul style="list-style-type: none"> <li>Maintain detailed data for fleet assets</li> <li>Update asset allocation.</li> </ul>	Medium	Medium	Ongoing	Team Leader – Fleet Services
Levels of service <ul style="list-style-type: none"> <li>Develop process to review and modify LOS including customer consultation.</li> </ul>	Medium	Medium	Ongoing	Team Leader – Fleet Services
Condition assessments	Low	Medium	Ongoing	Team Leader – Fleet Services
Lifecycle planning <ul style="list-style-type: none"> <li>Fleet sustainability model and 10 year plan</li> </ul>	Low	Medium	Ongoing	Team Leader – Fleet Services
Asset operations and maintenance <ul style="list-style-type: none"> <li>Improved fault recording/report to workshop by operators.</li> </ul>	Medium	Medium	Ongoing	Manager Field Services
Asset creation / disposal <ul style="list-style-type: none"> <li>Improved timing and notification for additional fleet</li> <li>Monitor disposal values</li> </ul>	Low	Medium	Ongoing	Manager Field Services  Team Leader – Fleet Services
QA / continuous improvement	Low	Medium	Ongoing	Manager Governance and Operational Support  Team Leader – Fleet Services

### 6.3. Asset Management Information System Improvements

Asset management information systems are defined as systems to support asset management processes and manipulation of data. This includes the following asset management functions:

- Asset registers.
- Maintenance (repairs and servicing) systems
- Acquisition and disposal systems
- Risk management and standard operating procedures records

A new asset management system is being implemented at this time to meet all of the above requirements. Further development is occurring as required to meet operational requirements.

Information System Improvement	Urgency	Importance	Timeframe	Responsible Officer
Asset Registers.	Medium	Medium	Ongoing	Team Leader – Fleet Services
Maintenance management systems	High	High	Ongoing	Team Leader – Fleet Services
Risk management systems including: <ul style="list-style-type: none"> <li>• Standard operating procedures</li> <li>• Incident reporting</li> </ul>	High	High	Ongoing	Team Leader – Fleet Services Senior Safety Business Partner

### 6.4. Asset Management Data and Knowledge Improvements

Asset management data and knowledge is defined as appropriate, accessible and reliable data for manipulation by information systems to produce outputs required for effective asset management.

This includes the following asset management functions:

- Asset clarification / identification.
- Asset physical attributes.
- Condition.
- Cost and maintenance histories.
- Benchmark data.
- Valuation, and
- Lifecycle costings.

Issues with the current asset management data and knowledge have been identified previously. The outcome of issues with incomplete data sets means that financial forecasts made may be based on a limited amount of information. The improvements identified and prioritised below will seek to improve the quality of Council's asset data and knowledge.

<b>Data and Knowledge Improvement</b>	<b>Urgency</b>	<b>Importance</b>	<b>Timeframe</b>	<b>Responsible Officer</b>
Cost and maintenance histories	Medium	Medium	Ongoing	Team Leader – Fleet Services
Utilisation	Medium	Medium	Ongoing	Team Leader – Fleet Services
Lifecycle Costing <ul style="list-style-type: none"> <li>Improved data collection to assist in life cycle cost reduction.</li> </ul>	Medium	Medium	Ongoing	Team Leader – Fleet Services
Benchmarking across Local Government	Medium	Medium	Ongoing	Team Leader – Fleet Services

APPENDIX 1 – Budget

<b>2020/21 - 2029/30 PLANT AND VEHICLE RENEWAL PLAN</b>										
Summary of Budget Implications										
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
<b>LIGHT VEHICLES</b>										
Purchase Price	\$ 1,198,780	\$ 1,153,471	\$ 628,915	\$ 1,634,939	\$ 779,690	\$ 799,492	\$ 1,715,349	\$ 882,951	\$ 861,310	\$ 1,384,617
Trade-in Value	\$ 634,502	\$ 632,004	\$ 343,958	\$ 855,505	\$ 418,574	\$ 429,335	\$ 897,399	\$ 472,010	\$ 461,713	\$ 730,446
Net Changeover Cost	\$ 564,278	\$ 521,467	\$ 284,957	\$ 779,434	\$ 361,116	\$ 370,158	\$ 817,950	\$ 410,941	\$ 399,597	\$ 654,171
<b>CHARGEABLE PLANT</b>										
Purchase Price	\$ 1,241,540	\$ 1,412,749	\$ 1,907,004	\$ 1,832,935	\$ 2,056,167	\$ 3,167,604	\$ 2,265,962	\$ 3,084,687	\$ 1,266,494	\$ 866,445
Trade-in Value	\$ 292,351	\$ 326,582	\$ 442,954	\$ 419,217	\$ 466,541	\$ 724,730	\$ 520,092	\$ 696,570	\$ 275,221	\$ 187,587
Net Changeover Cost	\$ 949,189	\$ 1,086,168	\$ 1,464,050	\$ 1,413,718	\$ 1,589,626	\$ 2,442,874	\$ 1,745,870	\$ 2,388,118	\$ 991,273	\$ 678,858
<b>CONSUMABLE PLANT</b>										
Purchase Price	\$ 42,657	\$ 43,723	\$ 44,772	\$ 45,757	\$ 46,764	\$ 47,933	\$ 49,132	\$ 50,360	\$ 51,619	\$ 52,909
Trade-in Value										
Net Changeover Cost	\$ 42,657	\$ 43,723	\$ 44,772	\$ 45,757	\$ 46,764	\$ 47,933	\$ 49,132	\$ 50,360	\$ 51,619	\$ 52,909
<b>TOTAL PLANT</b>										
Purchase Price	\$ 2,482,976	\$ 2,609,944	\$ 2,580,692	\$ 3,513,632	\$ 2,882,621	\$ 4,015,030	\$ 4,030,443	\$ 4,017,999	\$ 2,179,422	\$ 2,303,971
Trade-in Value	\$ 926,853	\$ 958,586	\$ 786,912	\$ 1,274,723	\$ 885,115	\$ 1,154,064	\$ 1,417,491	\$ 1,168,580	\$ 736,933	\$ 918,033
Total Net Changeover Cost	\$ 1,556,123	\$ 1,651,357	\$ 1,793,780	\$ 2,238,909	\$ 1,997,506	\$ 2,860,965	\$ 2,612,952	\$ 2,849,418	\$ 1,442,489	\$ 1,385,938

## APPENDIX 2 – Risk Management Reference Sheet

### Risk Management Reference Sheet

This Risk Management Reference Sheet defines the City of Charles Sturt’s risk appetite. For details on how to use this document, please see page 2.

#### Risk Impact Matrix

		<b>POSITIVE</b> (opportunity of an event that may cause gain or benefit)					<b>NEGATIVE</b> (threat of an event that may cause suffering, harm or loss)				
		<b>Outstanding</b>	<b>Major</b>	<b>Moderate</b>	<b>Minor</b>	<b>Slight</b>	<b>Insignificant</b>	<b>Minor</b>	<b>Moderate</b>	<b>Major</b>	<b>Catastrophic</b>
		5	4	3	2	1	1	2	3	4	5
<b>Almost Certain</b>	<b>E</b>	Exceptional Positive	High Positive	High Positive	Moderate Positive	Moderate Positive	Moderate Negative	Moderate Negative	High Negative	High Negative	Extreme Negative
<b>Likely</b>	<b>D</b>	Exceptional Positive	High Positive	Moderate Positive	Moderate Positive	Low Positive	Low Negative	Moderate Negative	Moderate Negative	High Negative	Extreme Negative
<b>Possible</b>	<b>C</b>	Exceptional Positive	High Positive	Moderate Positive	Low Positive	Low Positive	Low Negative	Low Negative	Moderate Negative	High Negative	Extreme Negative
<b>Unlikely</b>	<b>B</b>	High Positive	High Positive	Low Positive	Low Positive	Low Positive	Low Negative	Low Negative	Low Negative	High Negative	High Negative
<b>Rare</b>	<b>A</b>	Moderate Positive	Moderate Positive	Low Positive	Low Positive	Low Positive	Low Negative	Low Negative	Low Negative	Moderate Negative	Moderate Negative

#### Action Legend

##### For Ratings with Residual Positive Consequences:

**Exceptional Positive** = if best option, risk should be taken especially if residual negative rating moderate or lower.

**High Positive** = if best option, risk taking should be seriously considered especially if residual negative rating moderate or lower

**Moderate Positive** = consider if there is a more worthwhile solution OR consider taking risk especially if negative rating moderate or lower

**Low Positive** = seriously consider if there is a more worthwhile solution OR consider taking risk especially if negative rating low

##### For Ratings with Residual Negative Consequences:

**Extreme Negative** = requires detailed research and management planning OR Urgent action required immediately – to be reported to General Manager

**High Negative** = requires management attention OR Targeted action needed

**Moderate Negative** = may be tolerated and can be managed by specific monitoring or response procedures by position responsible for process

**Low Negative** = may be tolerated and be managed through routine procedures by position responsible for process

Refer AUD 29/5/17 Item 3.15. Document uncontrolled when printed. Please discuss with Governance & Business Support on 8408 1121 to obtain most up to date version.

### How to use this document:

The Risk Management Reference Sheet is designed to be used in tandem with the Risk Management Framework and Risk Assessment template. At the point when you are required to rate risk within the Risk Assessment, the next steps are as follows:

1. Consider the Likelihood which is provided at the bottom of page 2 (below).
2. Consider the level of consequence of the risk by assessing against definitions relevant to the Risk Assessment you are undertaking. This may be as follows:
  - a. Consider Positive Consequence Definitions on page 3 for assessing the Positive Risk Impact Assessment.
  - b. Consider Negative Consequence Definitions on page 4 for the “Risk of Doing Nothing “and “Increased Risk to Pursue Opportunity” as well as other Negative Impact Assessments.

Note: If there are multiple consequence and likelihood pairs for a particular risk (which is the common case), there is the option of combining several pairs to arrive at the most reasonable assessment. For example, the distribution of the pairs can be represented by the mode of the distribution of consequence (i.e. the consequence that is most likely to result from the event), or by a pair with high consequence and a pair with high likelihood, or by using a three point estimate approach to derive a single point by considering all three of the previous pairs. The method chosen should be similar to how negative rating(s) are determined (or vice versa).

3. The risk rating for each identified risk is then determined by finding the point of intersection between the likelihood and consequence response scores on the Risk Impact Matrix on page 1. If you are assessing positive consequences refer to left side of the table (shaded in blue). If assessing negative consequences (including “Risk of Doing Nothing “and “Increased Risk to Pursue Opportunity”, consider the right side of the table (shaded in orange).
4. Refer the Action Legend on page 1 for guidance in that steps to take next which may involve treatments such as avoid, transfer, tolerate, mitigate, share or enhance. You might be able to put measures in place yourself, collaborate with others in mitigating or enhancing impacts, discuss at next business planning meeting or put in a budget bid. You have mandate to think innovatively about how to yield the best results.

### Likelihood

The level of possibility that the Council could be exposed to the risk (including applicable positive or negative consequences and the circumstances in which they would occur):

<b><i>Likelihood Rating</i></b>	<b><i>Description</i></b>
<b><i>E. Almost Certain</i></b>	Consequence expected to occur. Will occur in most circumstances. 95-100% chance.
<b><i>D. Likely</i></b>	Consequence will occur in most circumstances. 75-95% chance.
<b><i>C. Possible</i></b>	Consequence might occur. 25%-75% chance.
<b><i>B. Unlikely</i></b>	Could occur at some time. 5-25% chance.
<b><i>A. Rare</i></b>	May occur only in exceptional circumstances. 5% chance.
<i>Note: Risks that are not reasonably foreseeable are not generally required to be assessed.</i>	

## Positive Consequence Definitions

	Community Wellbeing & Economic Prosperity (including social & reputation issues)	Leadership (Including Operational, Financial, Legal, Strategic)	Health & Safety, Liveability and Place (including public and worker safety as well as infrastructure)	Sustainability & Environment
<b>1.</b> <b>Slight</b>	0-5 people in the community engaged Level of sustainable impact on their social health and wellbeing low e.g. one-off event, impact not measured with social outcome performance measures Increase in employment / training which may lead to paid or unpaid work opportunities by 1-2 people.	Financial net gain less than \$5k. Small improvements in routine needs/tasks for max one ½ day. Minimal improvement to Corporate Plan or other relevant Plan Action.	Negligible improvement to property /infrastructure. Notification or confinement of an unreasonable hazard. Reduced minor injury.	Short term environmental improvement at 1 site. One-off environmental action that has short term and impact that creates interest of 0-5 people in the community. No potential to have ongoing behaviour influence.
<b>2.</b> <b>Minor</b>	6-10 people in the community engaged Level of sustainable impact on their social health and wellbeing – minor e.g. impact informally captured with social outcome performance measures or minor positive impact upon established community relationships & links. Increase in employment / training which may lead to paid or unpaid work opportunities by 3-5 people.	Net gain of between \$5k and \$15k. Impact in undertaking routine needs or tasks for 1 day or positive impact on multiple areas within Council. Contributes to completion of Corporate Plan or other relevant Plan Action.	Reduced injuries of moderate consequence. Minimise the risk of an intolerable hazard.	Improves environment at 2-3 sites. At least temporary positive impact on a few species of flora/fauna. One-off environmental action that has ongoing impact with 6 –25 people changing their behaviour long term.
<b>3.</b> <b>Moderate</b>	11-30 people in the community engaged Level of sustainable impact – moderate on their social health and wellbeing e.g. impact measured with 1-2 social outcome performance measures Moderate level of community positive interest. Repeated positive non-headline exposure; slow resolution. Increase in employment / training which may lead to paid or unpaid work opportunities by 5-20 people.	Reduced financial net gain between \$15k and \$100k. 1 to 7 day improvement of tasks. Stakeholders satisfaction. Activity will in itself meet section of legislation, standard, regulation. Corporate Plan or other relevant Plan Action complete.	Mitigate all foreseeable injuries. Moderate improvement to infrastructure damage. Temporary removal of an unreasonable hazard.	Achieve KPIs of Environmental Plan. Improved habitat of animal population. Plants thrive rather than just survive. Change to, or introduction of environmental behaviour, that has ongoing impact with 26 - 100 people changing their long term behaviour.
<b>4.</b> <b>Major</b>	31-100 people in the community are engaged. Level of sustainable impact – major on their social health and wellbeing e.g. Impact measured with 3-4 social outcome performance measures Support from community groups. National headline exposure; improvement of credibility. Political support. Increase in employment / training which may lead to paid or unpaid work opportunities by 21-60 people.	Financial net gain of \$100k and \$250k. Prolonged improved work performance for greater than 7 days. Meet multiple sections of legislation, standard, regulation. Reduced litigation. Almost certain reduced likelihood of litigation. Corporate Plan or other relevant Plan KPIs will be achieved.	Ensures reduction of injuries. Serious improvement to assets. Meet Public Health Plan aims. Long term removal of an intolerable hazard.	Major improvement to environment that has long-term (30 yrs+) benefit or enduring legacy. Major ecosystem health improvement for animals and flora. Remediation of land contamination, or soil erosion and/or weed removal or pest species eradicated. Change to, or introduction of environmental behaviour, that has ongoing impact with 101-1,000 people changing their long term behaviour.
<b>5.</b> <b>Outstanding</b>	101+ people in the community engaged, and/or are connected and feel supported and/or highly value the service/social infrastructure. Level of sustainable impact – outstanding on their social health and wellbeing e.g. Impact measured with 5+ social outcome performance measures. Headline exposure; improvement of credibility. Political support. Increase in employment / training which may lead to paid or unpaid work opportunities for over 60 people and/or increase in living standards of community more broadly through growth of economy/local businesses growing. Industry sector diversification	Financial net gain of greater than \$250k. Innovative idea that still meets legislation, standard, regulation. Financial sustainability. Council Members adherence to legislative responsibilities, endorsement of positive risk projects and are recognised as positive leaders in community. Will enable entire piece of legislation, standard, regulation to be met. Reduced litigation. Transparent and accountable governance. High performing organisation through collaborative and agile culture. Will ensure Plan Objective met or achievement of goals from Community Plan defined Strategic documents.	Life thrives and meets the needs of the changing community. Health improvement as well as reduction of multiple injuries. Achievement of a city full of vibrant and unique precincts that are well maintained and utilised. Long term enablement to meet Public Health Plan aims. Permanent removal of an unreasonable hazard.	Across the city: Long term enablement to meet legislation. Securing health of animals in large numbers and thriving of flora species, particularly tree canopy cover, long term. Significant improvement in resilience capability and/or energy efficiency. Air quality improvement to “ideal” on the Index. Land contamination remediation Rectified soil erosion. Widespread permanent removal of weeds. Pest species eradicated. More than 1,001 people change their behaviour.

## Negative Consequence Definitions

	Community Wellbeing & Economic Prosperity (including social & reputation issues)	Leadership (Including Operational, Financial, Legal, Strategic)	Health & Safety, Liveability and Place (including public and worker safety as well as)	Sustainability & Environment
1. Insignificant	No adverse effect on public image or health and wellbeing of community. Non-headline exposure. 0-2 people in the community are concerned about activities of others and this affects their health and wellbeing.	Financial net loss - less than \$15k (or < 2% of budget). Small delays in routine needs/tasks for ½ day. Innocent procedural breach, evidence of good faith, little impact; Limited/normal insurance claims. Legal action highly unlikely.	As a result of Council action: First aid or equivalent only. Negligible loss or damage to property/infrastructure.	Cost less than \$500 to reverse total environmental damage. Contamination/pollution – on-site contained. Quick clean up possible with slight, quickly reversible damage to few species.
2. Minor	May have a minor impact upon established community relationships & links. Non-headline exposure, settled quickly 3-10 people in the community are concerned about activities of others and this affects their health and wellbeing. Businesses suffer recoverable losses.	Financial net loss - between \$15k and \$74k (or < 5% of budget). Short term temporary suspension. Minor impact in undertaking routine needs or tasks for 1 day or impact on multiple areas within Council. Minor legislative or procedural breach and investigation.	As a result of Council action: First aid attention required.. Minor loss or localised or cosmetic infrastructure damage.	Cost less than \$2,000 to reverse environmental impact. Issue affects more than just one site (but still localised). Relatively quick clean up possible. Some minor adverse effects to few species that are short term and immediately reversible “Nuisance” category under legislation.
3. Moderate	Repeated non-headline exposure; slow resolution; Council enquiry/briefing. 11-50 people in the community are concerned about activities of others and this affects their health and wellbeing. As a result of Council action, loss of jobs of 1-10 workers, businesses suffer unrecoverable losses of \$10k cumulative.	Financial net loss of between \$75k and \$249k (or < 15% of budget). Medium term temporary suspension of capability, moderate impact on stakeholders & routine needs or tasks for up to 1 to 7 days – backlog cleared by additional resources. Negligent breach/non-compliance with legislation or policies, Lack of good faith. Potential for litigation.	As a result of Council action: Medical attention. Moderate loss/or infrastructure damage, Building deterioration.	Significant local impact on or off work site requiring long term clean up of less than \$15k. “Material” category under legislation met. Loss of habitat and migration of animal population, plants unable to survive, pollution requires physical removal.
4. Major	Breakdown of established community relationships and links. Political investigation. Headline profile; International coverage; repeated exposure; unresolved complexities, Ministerial involvement. 51-100 people are concerned about activities of others and this affects their health and wellbeing. As a result of Council action, loss of jobs of 111 or more workers, 1-4 businesses fold or suffer unrecoverable losses of \$10k or more.	Financial net loss between \$250k and \$999k (or < 30% of budget). Prolonged suspension of work (major impact on stakeholders & routine task) for greater than 7 days. Major/serious breach of regulation with formal investigation or report to authority with prosecution and/or fines possible. Potential for serious litigation.	As a result of Council action: Extensive injuries. Serious structural damage to infrastructure or serious loss of assets.	Environmental damage can only be remediated and not reversed or full clean up extremely difficult and more than \$15,001- \$100k in total costs. “Serious” category under legislation met. Death of individual animals, large scale injury and widespread habitat destruction.
5. Catastrophic	Widespread (more than 101 people) community outrage due to activities of others and this affects their health and wellbeing. As a result of Council action, loss of jobs of 100 or more workers, 5+businesses fold. Maximum high level headline exposure; loss of credibility.	Financial net loss – greater than \$1,000,000 including potential litigation direct costs to Council. Indeterminate prolonged suspension of work; non-performance. Significant breaches of legislation, serious or wilful breach, criminal negligence or act, material prosecution. Unable to fund or source legal defence. Dismissal of Council. Long term non-achievement of organisational objective.	As a result of Council action: Fatalities. Critical loss, irreversible damage to multiple properties / infrastructure.	Full clean up not possible and costs more than \$100,001. “Serious” category under legislation met. Loss of keystone species, destruction of flora species, air quality requires evacuation, permanent and wide spread land contamination, irreversible soil erosion or severe compaction, widespread introduction of weeds.
Notes:- Exclude unreasonable behaviour by third parties or far fetched and fanciful events in determining potential consequences. This section relates to Council failure to exercise a duty of care that a reasonable person would exercise				

Risk Assessment									
		Design Question	How might we manage risks to ensure procurement of vehicles and plant are fit for purpose?						
		TRIM Ref:							
		Con	TBA						
			Darrin Smith, Paul Whatling, Lida Cataldi, Kimberley Slade						
			12-April-2016						
			12-April-2016						
			Risk After Controls Put In Place						
ID	Risk Description e.g. consider " There is a risk of..." OR "There is an opportunity to..."when identifying this description	Causes of Risk	Existing Controls in place	Additional Controls to be put in place	Likelihood	Consequences	Risk Rating	Tolerable (Y/N)	Resource Implications
1	Plant or equipment choice not appropriate for needs now or in future	<ul style="list-style-type: none"> <li>* Changes in external environment that increases demand on our infrastructure or need to shift.</li> <li>* Products available now, may alter down the track.</li> <li>* Cost as opposed to value for money not considered.</li> </ul>	<ul style="list-style-type: none"> <li>* Dedicated staff member at CCS who can maintain effective relationships and discuss CCS needs.</li> <li>* Opportunity to purchase one off plant or equipment item.</li> <li>* Evaluation criteria set in advance and cost not to play a big part in broad specification type tenders.</li> <li>* Clear specifications.</li> </ul>	<ul style="list-style-type: none"> <li>* In the event of longer term contract, ability to negotiate with contractor for desired solutions.</li> <li>* Contract not limited to provider. Will be able to go outside in event product needed unavailable.</li> <li>* Drawings to be done for complex tenders.</li> <li>* At handover appropriate staff attend to check that plant or equipment supplied is in line with contractual agreement.</li> </ul>	(4) Unlikely	(1) Insignificant	Low Negative	Y	<ul style="list-style-type: none"> <li>* Fleet monitoring. Discuss in future with Procurement or Management as necessary.</li> <li>* Procurement required to draft clauses.</li> </ul>
2	Customer service relationship with contractor is poor leading to various issues including meeting various KPIs and potential need to re-tender		<ul style="list-style-type: none"> <li>* Dedicated staff member at CCS who can maintain effective relationships.</li> </ul>	<ul style="list-style-type: none"> <li>* Contract to include requirement of a consistent relationship person within successful tenderer's organisation.</li> <li>* Tender evaluation to include a customer service related element.</li> </ul>	(5) Rare	(1) Insignificant	Low Negative	Y	<ul style="list-style-type: none"> <li>* Fleet monitoring. Discuss in future with Procurement or Management as necessary.</li> <li>* Procurement required to draft clauses and establish weightings in tender evaluation spreadsheet.</li> </ul>
3	Products not provided in time or within reasonable timeframe	<ul style="list-style-type: none"> <li>* Unclear expectations.</li> <li>* Distance of storage facility for products.</li> </ul>	<ul style="list-style-type: none"> <li>* Specifications to clearly state period the plant or equipment needs to be provided.</li> <li>* Contract to detail how issues will be managed.</li> </ul>		(4) Unlikely	(2) Minor	Low Negative	Y	<ul style="list-style-type: none"> <li>* Fleet monitoring. Discuss in future with Procurement or Management as necessary.</li> <li>* Procurement required to draft clauses and establish weightings in tender evaluation spreadsheet.</li> </ul>
4	Specification of needs are too broad meaning tenderers don't provide fit for purpose options.	<ul style="list-style-type: none"> <li>* Unclear what we need.</li> <li>* Want parties to innovate.</li> </ul>	<ul style="list-style-type: none"> <li>* Allow issuing of addendum.</li> <li>* Non-conforming tender can be issued.</li> </ul>		(5) Rare	(4) Major	Moderate Negative	Y	<ul style="list-style-type: none"> <li>* Fleet ongoing management with Procurement support</li> </ul>
5	Specifications are too narrow meaning not utilising opportunity to innovate to get to desired outcomes.	<ul style="list-style-type: none"> <li>* Too particular on what we need.</li> <li>* May be concerns from the public that we are not appropriately testing the market.</li> </ul>	<ul style="list-style-type: none"> <li>* Schedule R of contract will enable tenderers to offer up innovative solutions.</li> <li>* Procurement Policy.</li> </ul>	<ul style="list-style-type: none"> <li>* Open tenders to occur with specifications of what we want and provide details of other parts that the successful contractor need to be able to comply with.</li> </ul>	(3) Possible	(3) Moderate	Moderate Negative	Y	<ul style="list-style-type: none"> <li>* Fleet ongoing management with Procurement support</li> </ul>
6	If we do not procure within year, we will need to make a new bid for the required resources leading to costs to organisation.	<ul style="list-style-type: none"> <li>* Other priorities.</li> <li>* Failure to schedule time and time of others.</li> <li>* Procurement process takes more than 12 weeks.</li> <li>* Ongoing maintenance on old plant and equipment.</li> <li>* Old equipment could break down meaning service levels are not met.</li> </ul>	<ul style="list-style-type: none"> <li>* Can access to Council Australia contracts in some circumstances.</li> </ul>	<ul style="list-style-type: none"> <li>* Schedule year ahead.</li> <li>* Agree with evaluation panel when they will be available to conduct tender.</li> <li>* Negotiate reduced tender period when requirements are very specific.</li> </ul>	(3) Possible	(3) Moderate	Moderate Negative	Y	<ul style="list-style-type: none"> <li>* Fleet ongoing management with Procurement support</li> </ul>
7	Plant and equipment leads to staff member illness or injury.	<ul style="list-style-type: none"> <li>* Lack of application of appropriate standard.</li> <li>* Design of the vehicle is impractical.</li> <li>* Failure of staff member to follow instructions.</li> <li>* Lack of instructions provided.</li> </ul>	<ul style="list-style-type: none"> <li>* WHS risk assessment and training carried out for new types of plant and equipment.</li> <li>* Consultation by Fleet with end users before completing specifications for tender.</li> <li>* Reporting of incidents throughout life of asset through Council QHSE system.</li> <li>* Request appropriate standard applied.</li> <li>* Requirement that appropriate instructions and training provided by successful tenderer.</li> <li>* Contractor has appropriate insurances.</li> <li>* CCS provision of PPE.</li> </ul>	<ul style="list-style-type: none"> <li>* (OPPORTUNITY ONLY) Report incidents to supplier for continuous improvement purposes or potential to improve existing plant or equipment.</li> </ul>	(5) Rare	(5) Catastrophic	Moderate Negative	Y	<ul style="list-style-type: none"> <li>* Fleet monitoring. Discuss in future with Procurement or Management as necessary.</li> <li>* Procurement required to draft clauses within contract.</li> </ul>
8	Products provided harm environment unreasonably.	<ul style="list-style-type: none"> <li>* Fuel efficiency.</li> <li>* Noise pollution.</li> </ul>	<ul style="list-style-type: none"> <li>* Linkage of contract to CCS Environmental Plan.</li> </ul>	<ul style="list-style-type: none"> <li>* Contract specifications to stipulate environmental needs.</li> </ul>	(5) Rare	(5) Catastrophic	Moderate Negative	Y	<ul style="list-style-type: none"> <li>* Hort monitoring. Discuss in future with Procurement or Management as necessary.</li> <li>* Procurement required to draft clauses within contract. Tender valuation to include linkage to CCS Environmental Plan.</li> </ul>

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9	The most value at end of life is not achieved.	* Failure to consider whole of life at beginning of process.	* Informed staff continue assess the market to see what retains its value more (i.e. sometimes spending more will equate to larger return later).		(3) Possible	(2) Minor	Low Negative	Y	* Fleet ongoing management with Procurement support
10	Plant or equipment are cost effective leading to ability to meet or possibly exceed expectations	* Change throughout contract * For broader specification tenders, this is not the be all and end all and other evaluation criteria	* Defined budget * Flexible financial reporting * Monitoring by Fleet.	* Tender evaluation considers this as an element but not be all and end all. * Contract not limited to supplier.	Likely	Moderate	Moderate Positive	Y	* Procurement to clarify within tender valuation weightings and contract. * Monitoring by Fleet.
11	Plant and equipment improve amenity for people surrounding areas	* Good quality	* Informed staff.	* Potential to trial new products as part of tender but with conditions that products of current standard also provided to maintain existing conditions.	Likely	Moderate	Moderate Positive	Y	* Considered within tender evaluation. * Monitoring by Fleet in discussion with end users.
12	Contractor goes into liquidation.	* Third party management of their business.	* Procurement due diligence checks.	* Contract ability to go outside of the existing contract.	(4) Unlikely	(2) Minor	Low Negative	Y	* Procurement support.
13	Inability to maintain new type of plant or equipment.	* Fleet staff don't have knowledge of new type of plant or equipment. * Very intricate product requiring expert understanding.	* PDAs not limited to certain types of products. * Ongoing training. * Specs to clearly state what we expect in terms of ongoing maintenance. * Sometimes options to do longer type contracts to ensure consistency for up to five years.		(5) Rare	(5) Catastrophic	Moderate Negative	Y	* Fleet ongoing management with Procurement support
14	The equipment doesn't work with our other equipment or parts.	* Lack of understanding by tenderer. * Lack of clear specifications.	* Specifications to clearly state how the plant or equipment should work.	* Drawings for complex tenders.	(5) Rare	(2) Minor	Low Negative	Y	* Fleet ongoing management with Procurement support
15	Supply of vehicles take too long.	* Lack of understanding by tenderer. * Lack of clear specifications. * Failure on tenderer's behalf.	* Specifications to clearly state when we require the plant or equipment.	* Progress inspections of equipment.	(4) Unlikely	(3) Moderate	Moderate Negative	Y	* Fleet ongoing management with Procurement support
16	Useful life of plant or equipment unreasonably short.	* Lack of understanding by tenderer. * Lack of clear specifications.	* Specifications to clearly state when we require the plant or equipment.		(5) Rare	(1) Insignificant	Low Negative	Y	* Fleet ongoing management with Procurement support
17	Opportunity to support local community with purchases.	* Money spent locally. * May mean inferior product if considered in isolation. * Not choosing to accede to Council Australia contracts. * There may not be local suppliers	* Existing policies and objectives.	* Tender evaluation to consider	Likely	Moderate	Moderate Positive	Y	* Fleet ongoing management with Procurement support
18	Third party components can make another product the most fit for purpose and this will be at lower cost.	* Sometimes manufacturers will charge a premium for a whole solution. A separate designer can reduce this cost.		* Ability to enable transfer of intellectual property through contract with designers.	Likely	Moderate	Moderate Positive	Y	* Fleet ongoing management with Procurement support

**APPENDIX 3 – Total Recurrent Budget by Type**

Description	Activity	Actual Expenses 2018/19	Budget 2019/20	Forecast 2020-21	Forecast 2021- 22	Forecast 2022-23	Forecast 2023- 24	Forecast 2024-25	Forecast 2025- 26	Forecast 2026-27	Forecast 2027- 28	Forecast 2028-29	Forecast 2029- 30
30 - Employee costs	Including Salaries and Wages, Overtime, Superannuation and Workers Comp Premiums	624,873.00	823,200.00	839,664.00	856,457.00	873,586.00	891,058.00	908,879.00	927,056.00	945,598.00	964,510.00	983,800.00	1,003,476.00
31 - Contractual Expenses	Including Agency Staff, Contractors, External Plant Hire and Contractor Repairs and Maintenance	463,761.00	460,800.00	557,887.00	569,045.00	580,426.00	592,035.00	603,875.00	615,953.00	628,272.00	640,837.00	653,654.00	666,727.00
32 - Materials	Including Fuel, Mechanical Spare Parts, Tools, Unimorms and Minor Plant Purchases	951,849.00	950,700.00	969,714.00	989,108.00	1,008,990.00	1,029,068.00	1,049,649.00	1,070,642.00	1,092,055.00	1,113,896.00	1,136,174.00	1,158,897.00
33 - Other	Including Subscriptions, Courier Charges, Registrations and Insurance	414,494.00	461,435.00	470,663.00	480,076.00	489,678.00	499,472.00	509,461.00	519,650.00	530,043.00	540,644.00	551,457.00	562,486.00
	<b>TOTAL</b>	<b>2,454,977.00</b>	<b>2,696,135.00</b>	<b>2,837,928.00</b>	<b>2,894,686.00</b>	<b>2,952,580.00</b>	<b>3,011,633.00</b>	<b>3,071,864.00</b>	<b>3,139,301.00</b>	<b>3,195,968.00</b>	<b>3,259,887.00</b>	<b>3,325,085.00</b>	<b>3,391,586.00</b>