



**PLANT & FLEET ASSET MANAGEMENT PLAN  
PREPARED FOR YARRABAH ABORIGINAL SHIRE COUNCIL**

NOVEMBER 2021



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# 1. EXECUTIVE SUMMARY

## 1.1 The purpose of the Plan

This Asset Management Plan has been developed in accordance with Council's Asset Management Policy and principles of the Asset Management Strategy (Objectives).

The purpose of this Plant & Equipment plan is to:

- Improve understanding of the Plant & Equipment assets and associated services;
- Improve budgeting and forecasting of asset related management options and costs, particularly in understanding the long-term investment in capital renewal;
- Afford a level of confidence in forward works programs, maintenance and provide support for any business cases associated with securing the necessary funding requirements; and
- Provide the guidance for elected members and the organisation in taking positive steps toward advanced asset management planning.

## 1.2 Asset Description

The Yarrabah Council operates and maintains 86 vehicles and 62 items of plant.

These fleet assets have a replacement value of \$4.095 Million.

## 1.3 Levels of Service

Fleet and Plant items are required to meet all demands for performance, reliability, affordability, environmental outputs and safety for the operator/driver and community. This Plan provides an outline of Customer and Technical levels of service. These levels of service are focused on maintaining regulatory standards and support of services to Council and the Community.

Current levels of service are used as the baseline in developing the operational,

maintenance, renewal and upgrade/ new funding requirements outlined in this Plan.

## 1.4 Future Demand

QLD Population Projections produced by the Queensland Treasury<sup>1</sup> indicate that the population of Yarrabah is estimated to increase from 2,927 to 3,565 between 2021 and 2041.

Demand for plant and machinery is driven by:

- Population
- Staff numbers
- The nature of services provided by Council
- The ability to attract commercial ventures to undertake non-standard tasks – i.e., the outsourcing of the provision of vehicle and plant services

## 1.5 Financial Summary

### 1.5.1 What Does it Cost?

The projected outlays necessary to provide the services covered by this plan for renewals, over the 10-year planning period is \$180,000 on average per year in 2021-22 dollars. The renewal data is based on extrapolating the previous expenditure patterns of the past six years. This needs to be tested further to ensure that the assumptions are reasonable and realistic.

### 1.5.2 What We Will Do In A Constrained Funding Environment?

A significant part of Council's annual fleet spend is devoted to the repair, maintenance and upgrade of the assets which deliver safe and sustainable services to the community. Council's fleet assets are used to deliver these services. Council will need to continue to invest in these assets as cost effectively as possible while considering beneficial advancements in technology. The current fleet is aged, and selective replacement of some assets will be required in the short term.

<sup>1</sup> Source: Queensland Government population projections, 2018 edition; Australian Bureau of Statistics, *Population by age and sex, regions of Australia*, 2016 (Cat no. 3235.0).

The regular collection of physical condition data (including maintenance costs, mileage, utilisation and condition) will continue to enhance Council's condition information to indicate the needs to be addressed in the immediate to short-term which will require investment. The accuracy of this information should be verified to determine if the measured condition is reflective of asset performance prior to any major funding decisions being made.

### **1.5.3 What we cannot do with constrained funding**

Works and services that cannot be provided under present funding levels are:

- Upgrade of all aged equipment in the short term and a managed approach based on risk, operational costs and utilisation will be required.

## 2. INTRODUCTION

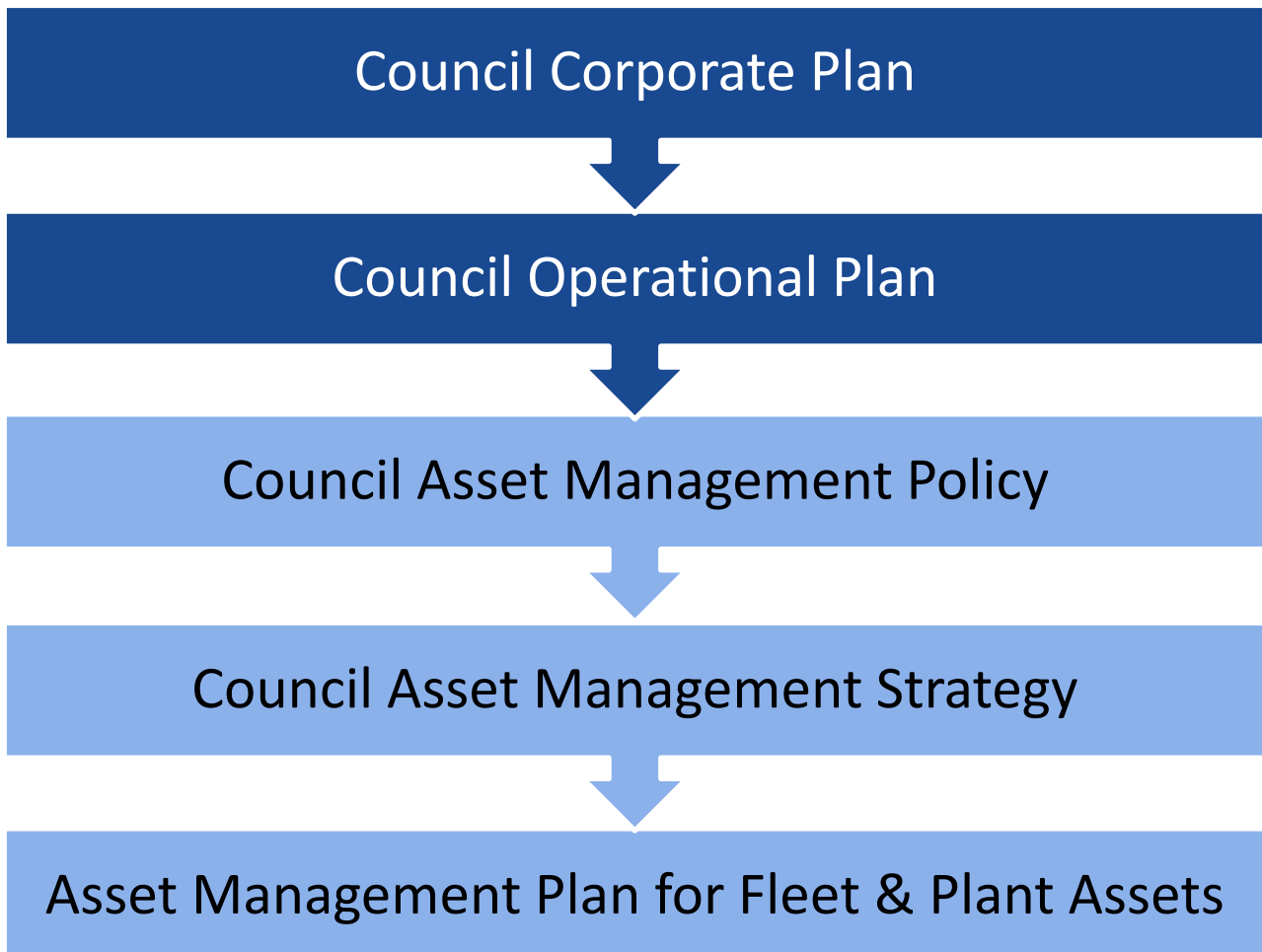
### 2.1 Background

This Asset Management Plan outlines the required management approach to:

- describing and aligning the assets to services (as informed by corporate and service planning);
- How assets are 'looked after', both on a day-to-day basis (maintenance, monitoring and operation) and in the medium-to-long term (planning, creation/purchase, renewal and disposal).
- managing the future demand for assets to achieve and maintain financial sustainability;
- optimising the lifecycle management of assets (achieving service demand at the lowest lifecycle cost);
- what funds (operating and capital) are required to operate the asset portfolio in alignment with the asset management plan over a 10-year planning period; and
- continual improvement in the management of assets and performance monitoring.

The asset management plan is to be read with the Council's Asset Management Policy and Asset Management Strategy along with the Council Corporate Plan and Council Operational Plan.

The diagram below shows the different documents which influence this Asset Management Plan.



*Figure 1 - Asset Management Document Relationship*

The fleet and plant assets covered by this asset management plan are shown in Table 1. Note that the above tables exclude some portable equipment items and non-active assets and are based on the most recent comprehensive revaluation dated 2018.

Yarrabah Aboriginal Shire Council's fleet aim to deliver services to improve the communities' quality of life. These include trucks, mowers, trailers, utilities, buses, light vehicles, earthmoving equipment, mobile/fixed plant, and small plant.

Council seeks to maximise value to the community and stakeholders and ensure sustainable services by optimising the use of fleet assets.

Asset Group	Asset Type	Quantity	Current Replacement Value	Depreciated Value
Heavy Fleet	Trucks	16	\$944,729	\$61,586
	Heavy Plant (Yellow Fleet)	4	\$378,842	
	Forklift	1	\$37,200	\$0
	Tractors	2	\$86,000	\$0
Cars, Vans and Utilities	Cars and 4WD Passenger vehicles	13	\$379,195	\$183,785
	Vans	3	\$68,775	\$14,222
	Bus	3	\$214,744	\$76,263
	Motorcycles	1	\$3,250	\$0
	Dual Cab and Single Cab Utilities	27	\$598,613	\$111,308
Mobile Plant	Trailers	11	\$39,678	\$0
	Mowers	7	\$203,678	\$25,445
Fixed Plant	Generators	8	\$181,240	\$0
	Industrial Tools	17	\$190,961	\$11,059
	Other	35	\$768,967	\$182,638
<b>TOTAL</b>			<b>\$4,095,872</b>	<b>\$666,306</b>

*Table 1 Plant & Fleet Assets Covered by this Plan*

## 2.2 Plan Framework

This Asset Management Plan has been prepared using good practice guidance from the ISO55000 – Asset Management standard, International Infrastructure Management Manual ( IPWEA) and responds to various Queensland Audit Office recommendations in their reporting.

Council is committed to striving towards best appropriate asset management practices and it is recognised that this asset management plan will need to be updated periodically to reflect changes to management of Council's assets.

It is intended that Council's asset management plans should always reflect as closely as practicable actual practices used in managing its assets. Only in this way will Council be best able to ascertain its long-term financial needs for delivering sustainable assets and services.

## 2.3 Key Stakeholders

Plant & Equipment assets indirectly support the delivery of services to the community and support Council operations. The following are the key stakeholders that have some input into this asset class

- The community in general;
- Residents and businesses;
- Visitors to the area;
- Emergency agencies (Police, Fire, Ambulance, etc);
- Regulatory Agencies
- State and Federal Government that periodically provide support funding to assist with management of the network; and
- Council's Insurers.

## 2.4 .Goals and Objectives of Asset Ownership

Our goal in managing infrastructure assets is to meet the defined range and levels of service in the most cost-effective manner for present and future consumers. By achieving the most cost-effective approach, we will contribute the affordability and liability of our community, including a vibrant, growing and efficient local economy. The key elements of infrastructure asset management are:

- Providing a defined level of service and monitoring performance;
- Managing the impact of growth through demand management and investment;
- Taking a lifecycle approach to developing cost-effective management strategies that meet the defined levels of service;
- Identifying, assessing and appropriately controlling risks; and
- Linking to a long-term financial plan which identifies required, affordable expenditure and how it will be allocated.

### 3. LEVELS OF SERVICE

This section outlines the level of service or performance criteria that are required and the basis of the decision behind their adoption. The levels of service support Council's strategic goals and are based on community expectations and statutory requirements.

#### 3.1 Strategic and Corporate Goals

The Council Corporate Plan 2016-21 outlines the following strategic goals relating to its infrastructure portfolio:

**Goals:**

- Sustainable Communities
  - Utilising 10 year financial modelling
  - Developing asset management plans
  - Development of 10 year capital works plans
  - Focus on maintaining community assets

#### 3.2 Levels of Service

Service levels can be defined in two interconnected ways, customer levels of service and technical levels of service. These are supplemented by organisational measures which are the Community Strategic Plan, the Operational and Delivery Plan, and the Annual Budget. Service performance results are reported through Council's Annual Reports.

At present, indications of current and target levels of service are obtained from various sources including:

Community feedback to Council and staff.

- Operations staff feedback to management.
- Feedback from other stakeholders.
- Service requests and related correspondence entered in Council's Customer Request/Complaints System.
- Legislative standards (minimum requirements).

##### 3.2.1 Customer Levels of Service

Service levels are defined service levels in two terms, customer levels of service and technical levels of service. These are supplemented by organisational measures.

**Customer Levels of Service** measure how the customer receives the service and whether value to the customer is provided.

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

<b>Quality</b>	How good is the service e.g. <i>what is the condition or quality of the service?</i>
<b>Function</b>	Is it suitable for its intended purpose e.g. <i>Is it the right service?</i>
<b>Capacity/Use</b>	Is the service over or under used e.g. <i>do we need more or less of these assets?</i>

## Customer Service Levels –Plant & Fleet

Criteria	Community Level of Service	Achieved By
<b>Safety</b>	No preventable injuries	Fleet, plant and equipment assets are risk assessed to ensure they are used safely within the community. This includes emissions, noise levels and compliance.
<b>Quality</b>	Operational requirements are safely and effectively met	Fleet, plant and equipment assets are managed and maintained to best practice industry standards
<b>Function</b>	Provide sufficient assets to undertake council works to meet Levels of Service	Specifications for fleet, plant and equipment assets meet operator requirements.
<b>Capacity</b>	Availability of appropriate assets	Annual Utilisation Analysis against Fleet Policy and Fleet Replacement Matrix.
<b>Sustainability</b>	Operational requirements are safely and effectively met, whilst minimising impact on the environment	Environmental performance is assessed when selecting fleet, plant and equipment assets, including emission levels

*Table 2 - Customer Level of Service Measures*

### 3.3 Technical Levels of Service

**Technical Levels of Service** – Supporting the customer service levels are operational or technical measures of performance. These technical measures relate to the allocation of resources to service activities to best achieve the desired customer outcomes and demonstrate effective performance.

Technical service measures are linked to the activities and annual budgets covering:

<b>Operations</b>	The regular activities to provide services (e.g. access, mowing grass, inspections, response times etc).
<b>Maintenance</b>	The activities necessary to retain an asset as near as practicable to an appropriate service condition. Maintenance activities enable an asset to provide service for its planned life (e.g. Road patching, unsealed road grading. Table 2 defines the road classification and type for maintenance purposes.
<b>Renewal</b>	The activities that return the service capability of an asset up to that which it had originally (e.g. Road resurfacing and pavement reconstruction)
<b>Asset Improvements</b>	The activities to provide a higher level of service (e.g. Widening a road, sealing an unsealed road)

*Table 3 – Technical level of Service Measures*

Service and asset managers plan, implement and control technical service levels to influence the customer service levels.

## Technical Service Levels – Fleet & Plant

Technical Level of Service	Achieved By
<b>Operation</b> of an asset in the manner it was designed to be used for	Qld Work Safe requirements for Fleet is followed A Training Database is maintained, including checks for Heavy Vehicle and High Risk Licencing. Training provided to operators as part of the asset commissioning process, and on an as-required basis. Daily pre-start inspections by drivers/operators with defects reported to workshop staff Service schedules are based on date/kilometres or hours of use as displayed in the Plant Register Items deemed unserviceable are tagged out of service, pending investigation, repair or replacement
<b>Maintenance</b> of assets in line with manufacturer's requirements with flat rates for workshop maintenance and keeping detailed records of reasons for failures	Scheduled maintenance is compliant with industry standards and manufacturers specification Maintenance issues and condition reports are maintained within the Plant Register and the financial management system recording maintenance performed, labour and materials used. Plant Register drives scheduled servicing and maintenance of vehicles Fleet and Plant Timesheets completed Monthly Fuel Invoice Analysis conducted Annual Utilisation Analysis against Fleet Policy and Fleet Replacement Plan Recording asset downtime (out of service)
<b>Renewal</b> in accordance with optimum replacement timing principles based on whole of life costs	Assets are programmed to be replaced based on utilisation triggers to keep them in good condition Assets renewed though 10 year Fleet Replacement Program
<b>Asset Improvements</b> by Planning in line with a 10 year asset replacement program based on optimum replacement	Assets planned through 10 year Fleet Replacement Program Assets are provided to meet design standards where these are available. Annual Utilisation Analysis against Fleet Policy and Fleet Replacement Plan Annual Replacement Program Budget developed and Long Term Financial Plan updated Annual Utilisation Analysis against Fleet Policy and Fleet Replacement Plan Plant Pre-Purchase Health Safety and Environment Checklist, Pre Delivery and Post Delivery Inspections, Pre Hand-Over Training and Risk Assessments are conducted Disposal of fleet and plant to be in accordance with Fleet Policy and is to be approved by a member of Executive Management Team

*Table 4 – Technical level of Service Levels<sup>2</sup>*

## 3.4 Customer Research and Expectations

### 3.4.1 Community Consultation

At this stage, target customer research has not been undertaken for Council's Fleet and Plant Assets

Council is committed to transparent and informed decision making in relation to the management of its assets and services through engagement with the community. Council undertakes inclusive community consultation to define service levels and performance measures through the development of its Corporate Plan, the Operational Plan, and Annual Budget. These discussions provide input to Council's strategic directions which are supported by the various services, projects and programmes which its delivers.

Wherever practicable, community input is sought on appropriate aspects of planning and procurement of fleet and plant assets and by way of consultation. However, Council acknowledges that it needs to do more work with its community in developing levels of service and it will target discussions when making decisions which influence the way that Council delivers its services and manage the assets.

Once service levels and budget funding issues have been properly reconciled, it is appropriate that Council should consult with the community to ensure that these service levels are meeting community expectations.

## 3.5 Legislative Requirements

There are many legislative requirements relating to the management of fleet and plant assets. These include:

Legislation	Requirement
Local Government Act 2009 & Local Government Regulation 2012	Sets out role, purpose, responsibilities and powers of local governments including the preparation of a long term financial plan supported by asset management plans for sustainable service delivery.
Transport Infrastructure Act 1994	To provide public access to roads, to classify roads, to act as the local road authority, to carry out certain functions e.g. road works and to regulate activities on public roads.
Work Health and Safety Regulation 2011	Sets out roles and responsibilities to secure the health, safety and welfare of persons at work.
AS 1742 (Traffic)	To ensure compliance and uniformity with traffic control devices.
Australian Road Rules	To ensure compliance and uniformity with road rules in the State and elsewhere in Australia
Work Health and Safety Regulation 2011	Sets out roles and responsibilities to secure the health, safety and welfare of persons at work.
Civil Liability Act 2003 and Civil Liability Regulation 2014	To manage negligence, elements of a claim, duty of care, standard of care and causation and to address the requirements of sections 35 and 37.
Motor Vehicles Standards Act 1989 (Australian Design Rules)	Sets national standards for vehicle safety, anti-theft and emissions
Relevant Australian Standards	Set standards relating to requirements to inspect and certify cranes, elevated work platforms and lifting devices
Relevant Heavy Vehicle National Law and Regulations	Provides laws and regulations related to heavy vehicles over 4.5 tonnes gross vehicle mass

*Table 5 – Legislative Requirements*

## 4. FUTURE DEMAND

The objective of asset management is to create, operate, maintain, rehabilitate and replace assets at the required level of service for present and future customers in a cost effective and environmentally sustainable manner. The asset management plan must therefore forecast the needs and demands of the community in the future and outline strategies to develop the assets to meet these needs.

### 4.1 Strategic Direction

There are a number of existing strategies and plans which have been developed to provide a strategic response to the demands, challenges and opportunities which the ongoing management of the assets covered by this plan present. These documents include:

- Corporate Plan
- Operational Plan
- Planning Scheme
- Local Government Infrastructure Plan

## 5. LIFECYCLE MANAGEMENT PLAN

The lifecycle management plan details how Council plans to manage and operate the assets at the agreed levels of service (defined in Section 3) while managing life cycle costs.

### 5.1 Background Data

The assets covered by this asset management plan are shown in Table 2. Council is responsible for the provision, operation and maintenance of infrastructure. Fleet and plant are utilised to support these activities. Council has limited financial resources and larger heavy fleet assets are contracted in as part of any grant funded capital works or DFRA programs sourced from nearby Cairns.



Figure 2 – Yarrabah Aboriginal Shire Council Overview<sup>3</sup>

<sup>3</sup> Source: Queensland Government – Government Globe

## 5.2 Description of Asset Types

YASC vehicles are used to allow council staff to carry out their duties as well as to provide essential services to the community. Various items of plant and equipment are used by Council to undertake many different services for the community including maintaining road access, mowing lawns and deliveries. The types and number of vehicles, plant and equipment owned by Council are shown below.

Asset Group	Asset Type	Quantity
Heavy Fleet	Trucks	16
	Heavy Plant (Yellow Fleet)	4
	Forklift	1
	Tractors	2
Cars, Vans and Utilities	Cars and 4WD Passenger vehicles	13
	Vans	3
	Bus	3
	Motorcycles	1
	Dual Cab and Single Cab Utilities	27
Mobile Plant	Trailers	11
	Mowers	7
Fixed Plant	Generators	8
	Industrial Tools	17
	Other	35

*Table 6 – Vehicles, Plant & Equipment Assets Summary*

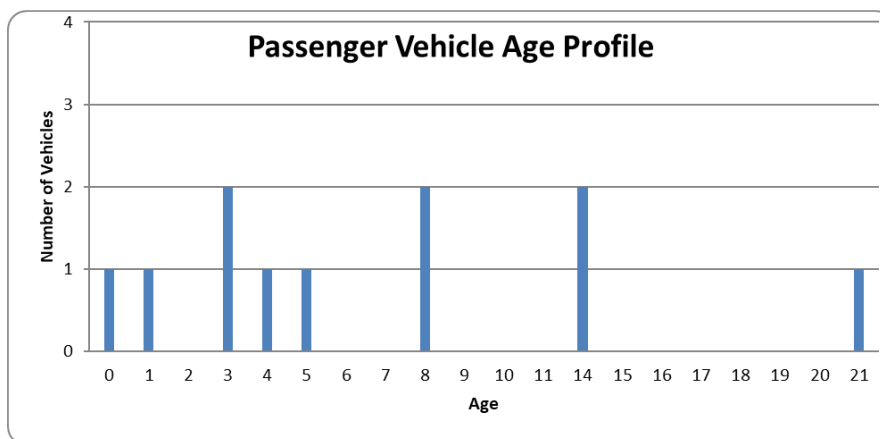
## 5.3 Asset Condition and Remaining Useful Life

Asset condition is a measure of the health of an asset and is a key consideration in determining remaining useful life, as well as predicting how long it will be before an asset needs to be repaired or replaced. Asset condition is also an indicator of how well it can perform its function. Condition data is valuable for developing long term funding scenarios for strategic planning of Council's budget.

Cond Scale	Generalised generic description of asset condition	Generic Action
0	A new asset or an asset recently rehabilitated back to new condition.	
1	A near new asset with no visible signs of deterioration often moved to condition 1 based upon the time since construction or purchase rather than observed condition decline.	
2	An asset in excellent overall condition. There would be only very slight condition decline but it would be obvious that the asset was no longer in new condition.	Review maintenance
3	An asset in very good overall condition but with some early stages of deterioration evident. The deterioration is still minor in nature and causing no serviceability problems.	
4	An asset in good overall condition but with some obvious deterioration evident, serviceability would be impaired very slightly.	Review maintenance
5	An asset in fair overall condition. The deterioration in condition would be obvious and there would be some serviceability loss.	
6	An asset in Fair to poor overall condition. The condition deterioration would be quite obvious. Asset serviceability would now be affected and maintenance cost would be rising.	Program for renewal
7	An asset in poor overall condition. The deterioration would be quite severe and would be starting to limit the serviceability of the asset. Maintenance costs would be high.	
8	An asset in very poor overall condition with serviceability now being heavily impacted upon by the poor condition. Maintenance costs would be very high and the asset would at a point where it needed to be rehabilitated.	Decision point – renew and/or upgrade, or close.
9	An asset in extremely poor condition with severe serviceability problems and needing rehabilitation immediately. Could also be a risk to remain in service.	
10	An asset that has failed is no longer serviceable and should not remain in service. There would be an extreme risk in leaving the asset in service.	Take out of service and make safe

*Table 7 – Asset Condition Ratings Description*

The Council does not currently have data available for distance travelled, hours operated or condition.



*Table 8 – Passenger Vehicle Age Profile*

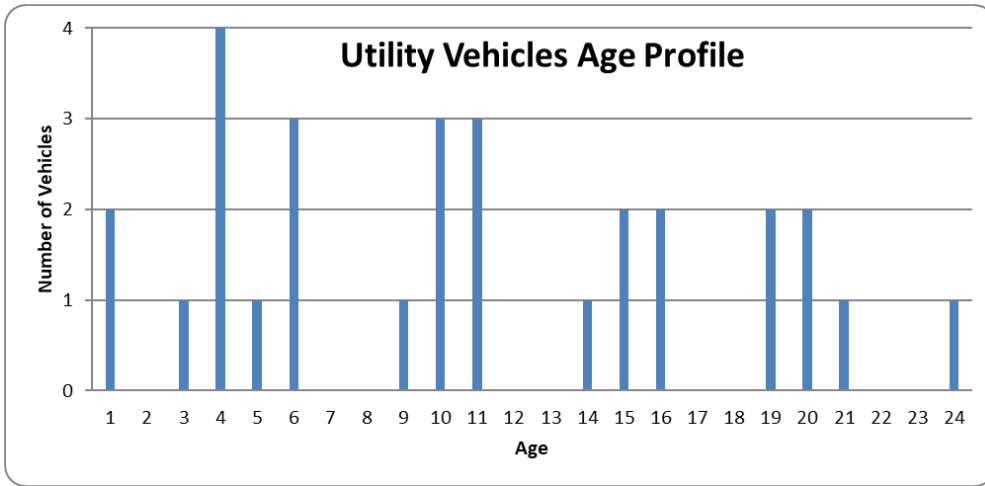


Table 9 – Utility Vehicle Age Profile

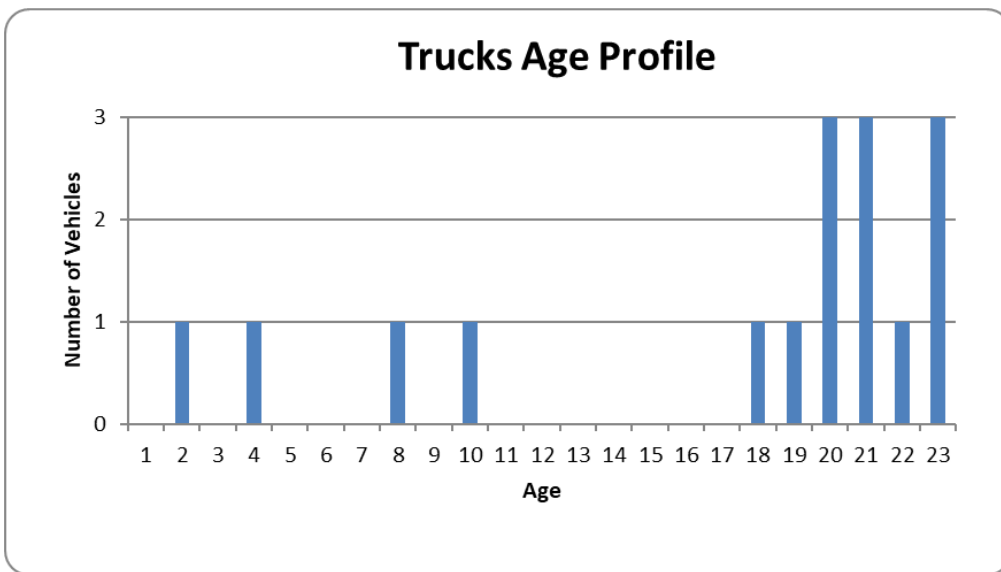


Table 10 – Truck Fleet Age Profile

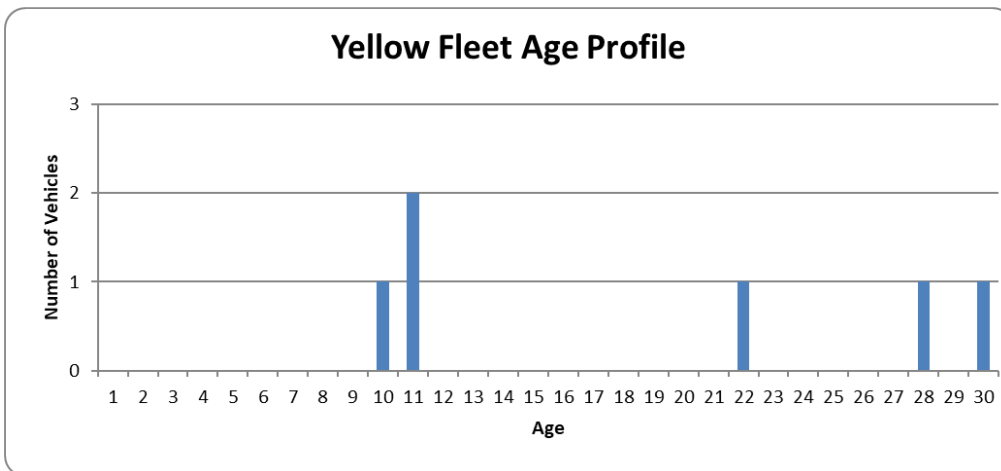


Table 11 – Yellow Fleet Age Profile

## 5.4 Assumed Asset Useful Lives

As part of the preparations for the 2020 Asset Revaluation, the use of prescribed standards for useful lives was assessed. The revaluation assumed a number of useful lives and these were utilised for the modelling as part of this plan.

A review of useful lives will be added to the improvement plan so that any changes can be included in future valuations.

Asset Group	Asset Type	Current Useful Life (Valuations)
Cars and 4WD Passenger Vehicles	All	15
Vans, Small Buses	Small buses	15
	Vans	15
Heavy Fleet	Trucks	15
	Yellow Fleet	15
	Forklift	15
	Tractor	15
Fixed Plant	Generator	5
	Other	15 to 30
Mobile Plant	Trailers	15
	Small Vehicles	20
	Other	5 to 20

*Table 12 - Useful Lives for Plant & Fleet Assets<sup>4</sup>*

## 5.5 Routine Operations and Maintenance Plan

Effective maintenance strategies are essential to ensure that an asset performs at the desired service level on a day-to-day basis.

<b>Operations</b>	Includes regular activities to provide and/or services such as public health, safety and amenity.
<b>Maintenance</b>	Maintenance is the regular on-going work that is necessary to keep assets operating, including instances where components of the asset fail and need immediate repair to make the asset safe and operational again.

*Table 13 – Maintenance Strategy Summary*

### 5.5.1 Maintenance Strategy

The following general maintenance and operations strategies are applied to Council's plant and fleet assets:

<b>Operations</b>	Use and manage the assets in a manner that minimises the long term overall total cost. Undertake routine inspections as justified by the consequences of failure on levels of service, costs, public health, or workplace health & safety.
<b>Reactive Maintenance</b>	A suitable level of preparedness for a prompt and effective response to service requests or asset failures is maintained.
<b>Planned or Preventative Maintenance</b>	Undertake planned asset maintenance/servicing activities to minimise the risk of critical asset failure and to maintain assets in a manner that minimises ongoing lifecycle costs.

*Table 14 – Maintenance Definitions*

### 5.5.2 Maintenance Standards

All maintenance work undertaken is in accordance with manufacturer's recommendation for relevant plant and equipment assets or, if not, covered by these technical guides, in accordance with standard industry practices. New assets either built or acquire will be accompanied by manufacturer recommendations on maintenance to achieve full utilisation. The asset register becomes a point of truth holding this attribute information.

### 5.5.3 Maintenance and Inspections

The following background criteria are relevant to the plan:

- With relatively low growth, the major focus of the Plant & Equipment service delivery strategy is to maintain and operate the existing Plant & Equipment services to meet the adopted standards at the lowest whole of life cost;
- Documented maintenance procedures are routinely available.
- Limited recording of maintenance activities is currently undertaken.

The Operations and Maintenance Plan records the Service Targets, describing the maintenance and operational activities undertaken for the assets and services provided.

Recommended inspection cycles for the Plant and Equipment assets are provided in Table 8. The scope and extent of these standards are documented in the council's Workplace Health and Safety system.

<b>Task</b>	<b>Maintenance/Defect Inspections</b>	<b>Condition Inspections</b>
Passenger vehicles	Daily by assigned driver.	At each service.
Heavy fleet and plant (yellow fleet)	Pre-start check daily before use.	At each service.
Fixed plant such as vehicle hoists	As per legislation, Codes of Practice and Australian Standards.	Statutory as prescribed in Australian Standards or Annually.
Start-up of fixed plant such as generators, placing the generator under load.	Fortnightly.	Six monthly.
Services to all vehicles	As per manufacturer's handbook.	At each service.

*Table 15 – Inspection Cycles for Defect & Condition Assessments*

Service Targets are shown in Table 16

Key Performance Measure	Activity	Performance Target	Current Performance
Quality	Number of re-work jobs	<5% rejection of work	T.B.A.
	Ratio of planned to unplanned work	60%	T.B.A.
Quantity	Servicing of vehicles & equipment	95% within manufacturer's specification.	T.B.A.
Availability	Maximise availability	95% available	T.B.A.
Safety	Safety inspections carried out at each service or maintenance activity	100%	T.B.A.
	Maintenance records kept for each vehicle	100%	T.B.A.

Table 16 – Plant & Equipment Service Targets

## 5.6 Operations and Maintenance Cost Planning

As a very rough guide, a regional council would typically expect to spend between 10% and 15% of the replacement value of the plant and equipment on recurrent expenses. The cost of servicing, repairs and tyres would represent about half of this figure with the remainder covering the costs of administration, fuel, insurance and registration.

The expenditure ratio for Yarrabah Aboriginal Shire Council previously identified in the 2013-14 period was approximately 7.5% of replacement cost which is below the typical range noted above. Anecdotal evidence is that this ratio has not changed significantly. Given the age, general condition of the fleet and the number of vehicles purchased second-hand, it is likely that the overall condition of the plant and equipment is reducing over time.

Without more data available for analysis it is difficult to be precise about the recommended expenditure required to meet industry benchmarks for condition and availability. No data is available at this time to determine the usage rates of plant and equipment which is one of the critical factors in determining whether to buy new, second-hand or to wet or dry hire the equipment as required.

Year	Operations & Maintenance	Comments
2021-22	TBA	
2022-23		
2023-24		
2024-25		
2025-26		
2026-27		
2027-28		

2028-29		
2029-30		
2030-31		

Table 17 – Maintenance & Operations Budget Project Projection for Plant & Equipment.

## 5.7 Renewal/Replacement Plan

Replacement and rehabilitation of existing assets is primarily driven by asset condition and performance. Over the next two years, Council should record, review and analyse costs to determine the most appropriate renewal intervals for vehicles, mobile and fixed plant.

A renewals program is based on the following considerations:

- a condition rating applied to each asset;
- an assumed economic life applied to each asset group;
- a replacement date for each asset;
- asset replacement cost.

A comparison of the average age and use of Plant and Equipment items should be made against national benchmarks shown in Table 5.4. Once this data is available Council should consider the development of appropriate benchmarks developed for the unique characteristics of Council and within the available budget.

Asset Group	National Industry Benchmark
Sedans & Wagons	3yrs / 60,000km
Utilities	3yrs / 60,000km
Light Truck	6yrs / 100,000km
Heavy Truck	8yrs / 200,000km
Trailers	15yrs
Grader	10yrs / 8,000hrs
Loader	8yr / 8,000hrs
Backhoe	5yr / 5,000hrs
Tractor	5yrs / 5,000hrs
Forklift	5yrs / 5,000hrs

Table 18 – IPWEA benchmarks for local government Plant & Equipment Assets at renewal.

As a matter of course all plant and equipment should be reviewed one to two years before scheduled renewal to confirm the renewal program. The renewal program can be adjusted according to the condition at this time, some may have their life extended, others marked for earlier replacement. The purchase of second hand plant and equipment should be considered carefully to ensure that reliability benchmarks and reasonable maintenance cost profiles can be achieved.

Year	Renewals/ Replacement	Comments
2021-22		
2022-23		
2023-24		
2024-25		
2025-26		
2026-27		
2027-28		
2028-29		

2029-30		
2030-31		

*Table 19 – Renewals/Replacement Budget Project Projection for Plant & Equipment.*

## 5.8 New and Upgrade Assets

The focus of this Asset Management Plan is renewal and maintenance of the existing Plant and Equipment assets. However, having regard to the Levels of Service and Future Demand criteria outlined in previous chapters, the programs derived will also identify demand for upgraded assets and new assets. New purchases (not replacement) create an asset that did not previously exist, and upgrades (e.g. a larger capacity bus) may take require additional expense or skills to operate and maintain.

Year	New Assets	Comments
2021-22		
2022-23		
2023-24		
2024-25		
2025-26		
2026-27		
2027-28		
2028-29		
2029-30		
2030-31		

*Table 20 – New Assets Budget Project Projection for Plant & Equipment.*

## 5.9 Disposal Plan

Plant and Equipment assets will be disposed of during the life of this plan. However there is not yet sufficient data to create a planned approach to disposal and the lack of a regular source of capital funding also makes a planned approach to the renewal and consequent disposal of assets challenging.

With the small number of assets disposed of each year, it is difficult to set an average figure for return on sales in the ten year forecasts. Details of plant and equipment sales are shown below for the 2020-21 year.

Asset Group	Disposal Cost
<b>Passenger vehicles</b>	TBA
<b>Utes</b>	TBA
<b>Buses</b>	TBA
<b>Other</b>	TBA
<b>TOTAL</b>	

*Table 21 – Disposal Plan Projection for Plant & Equipment.*

## 6. RISK MANAGEMENT PLAN

The purpose of this section is to describe the basis of Council’s strategic risk and investment policies and the way it will manage risk associated with Council’s water and sewer assets.

### 6.1 Risk Management Process

Council’s risk management framework and processes are in accordance with AS/NZS ISO 31000 – Risk Management – Principles and Guidelines and HB 436:2013 – Risk Management Guidelines.

The Framework is designed to provide the architecture for a common platform for all risk management activities undertaken by Council and is used to identify specific risks associated with Council’s delivery of services and management of assets.

As is common with small communities, the most likely four primary risks across all classes of assets and services that the Council faces are namely:

- funding sustainability to support consistent Levels of Service;
- loss of key personnel;
- the need for improved skills and the ‘whole of organisation’ approach to the management of assets and services effectively; and
- failure of an asset due to inappropriate asset management.

The table below describes the typical risks and proposed treatments for the Fleet and Plant assets based on the risk criteria nominated as per below.

Currently the operational risks are adequately managed with day to day operations. However, this management is predominantly reactive on an ad hoc basis and done in the absence of formal corporate direction due to the nature and timing of the grants process. Addressing the corporate and external risks would enable the organisation to devise and enact more appropriate treatment.

LIKELIHOOD	CONSEQUENCES				
	1. Negligible	2. Minor	3. Moderate	4. Major	5. Catastrophic
A. Rare	L	L	L	M	H
B. Unlikely	L	L	M	H	H
C. Possible	L	M	M	H	E
D. Likely	M	M	H	E	E
E. Almost Certain	M	H	H	E	E

Table 22 - Risk Framework: Source AS/NZS ISO 31000

Asset at Risk	What is the possible problem?	What is the Cause?	What would happen as a result?	Likelihood	Consequences	Risk Rating	Risk Treatment Plan	Risk after treatment	Responsible	By when
All Plant & Equipment	Premature Failure	Lack of Maintenance and upgrades	Equipment failure and possible safety concerns to staff and the community	C	4	H	Ensure that maintenance schedules and activities are followed in accordance with manufacturer's recommendations.	L	Workshop Manager	Review quarterly
All Plant & Equipment	Breakdowns due to unreliable equipment	Inappropriate repairs or maintenance	Equipment failure and possible safety concerns to staff and the community	C	4	H	Ensure only qualified staff or authorised contractors repair or maintain equipment.	L	Director Engineering Services	Review annually
		Inappropriate equipment					Purchase only suitable equipment in good condition.			
All Plant & Equipment	Use of faulty plant & equipment	Operator does not check before use	Equipment failure. Police infringement and fine. Injury or death to staff or bystanders.	C	4	H	Ensure all staff carry-out pre-start check of heavy vehicles and plant.	M	Workshop Manager	Daily
All Plant & Equipment	PPE not worn	Lack of education and/or training	Injury to operator/driver	D	3	H	Provide Safe Work Instructions to all operators of heavy plant.  Ensure all operators of heavy plant are properly trained and certified where required.  All Operators will be competent and Licensed in safe operations of all Plant/Vehicles.	L	Director Engineering Services	Review annually
Trucks	Loss of load	Load not adequately secured.	Loss of load.	C	4	H	Ensure all operators are properly trained.	L		Daily

Asset at Risk	What is the possible problem?	What is the Cause?	What would happen as a result?	Likelihood	Consequences	Risk Rating	Risk Treatment Plan	Risk after treatment	Responsible	By when
		Overloading of bulk materials.	Injury or death to staff or bystander.				Ensure load restraints are in good condition.		Director Engineering Services	
							All Operators will be competent and Licensed in safe operations of all plant/vehicles.			
<b>Equipment</b>	Guards or safety devices removed	Poor staff training or attitudes	Death or injury to staff or bystanders.	C	4	H	Ensure all operators are properly trained. Conduct regular checks of equipment.	L	Director Engineering Services	Review quarterly
<b>Vehicles</b>	Accident	Animal strike	Death or injury to driver and passengers.	C	4	H	Ensure drivers are trained for anticipated conditions.	M	Director Engineering Services	Review quarterly
		Over speed					Implement fatigue management policies.			
		Fatigue					Implement check-out/check-in procedures.			
<b>Vehicles</b>	Vehicle unregistered and/or uninsured	Poor administration procedures and practice	Costs awarded against Council rather than insurer.	C	4	H	Ensure administration procedures are efficient and effective. Asset Register kept up to date.	L	Director Engineering Services	Review annually
<b>All Plant Equipment</b>	& Damaged or stolen whilst parked	Vandalism	The vehicle is not available for use	E	3	H	Ensure vehicles are locked when parked.	M	Director Engineering Services	Review annually
		Theft	Vehicle is damaged or written-off.				Ensure vehicles are parked in secure locations.			
<b>All Plant Equipment</b>	&	Lack of adequate specifications	Equipment is expensive to operate.	C	3	M	Review past purchases.	L		Review annually

Asset at Risk	What is the possible problem?	What is the Cause?	What would happen as a result?	Likelihood	Consequences	Risk Rating	Risk Treatment Plan	Risk after treatment	Responsible	By when
	Inappropriate plant & equipment purchased		Equipment is not able to perform specified tasks.				Seek external/independent assistance where appropriate.		Director Engineering Services	
							Seek feedback from operators.			

*Table 23 Fleet Risk Register<sup>5</sup>*

## 7. FINANCIAL SUMMARY

This section contains the financial requirements resulting from all the information presented in the previous sections of this 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.

### 7.1 Previous Expenditure on Plant & Equipment Assets

The following is the historical expenditure on Plant & Fleet Assets assets:

		2016	2017	2018	2019	2020	2021
Additions	MV	\$ 216,269	\$ 57,012	\$ 253,724	\$ 13,547	\$ 40,000	\$ 122,606
	P&E	\$ 145,628	\$ 14,650	\$ 142,451	\$ 15,545	\$ 7,066	\$ 186,592
TOTAL		\$ 361,897	\$ 71,662	\$ 396,175	\$ 29,092	\$ 47,066	\$ 309,198
Disposals	MV	\$ 181,052	\$ 33,145	\$ 80,351	\$ -	\$ 20,110	\$ -
	P&E	\$ 29,939	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL		\$ 210,991	\$ 33,145	\$ 80,351	\$ -	\$ 20,110	\$ -
Net TOTAL		\$ 150,906	\$ 38,517	\$ 315,824	\$ 29,092	\$ 26,956	\$ 309,198

Table 24 - Historical Expenditures on Plant & Equipment Assets <sup>6</sup>

#### Average Annual Maintenance and Renewals Expenditures:

Replacement Assets                 \$202,515 per year  
 Disposals                                 \$ 57,433 per year

**Net Total                                     \$145,082 per year**

### 7.2 Projected Expenditures for Long Term Financial Plan

Table 25 shows the projected expenditures for the 10-year, Long Term Financial Plan. Expenditure projections are based on past expenditures from 2016-19 and assumed values were then identified for 2022 and 2023. These were then indexed by 2.5% for the following year. The projected expenditures can be updated once a detailed 10 yr plan is updated by Council.

Projected 10 Yr Expenditure		2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Additions	MV	\$ 250,000	\$ 50,000	\$ 262,656	\$ 53,845	\$ 275,953	\$ 56,570	\$ 289,923	\$ 59,434	\$ 304,601	\$ 62,443
	P&E	\$ 150,000	\$ 15,000	\$ 157,594	\$ 16,153	\$ 165,572	\$ 16,971	\$ 173,954	\$ 17,830	\$ 182,760	\$ 18,733
TOTAL		\$ 400,000	\$ 65,000	\$ 420,250	\$ 69,998	\$ 441,525	\$ 73,542	\$ 463,877	\$ 77,265	\$ 487,361	\$ 81,176
Disposals	MV	\$ 80,000	\$ -	\$ 84,050	\$ -	\$ 88,305	\$ -	\$ 92,775	\$ -	\$ 97,472	\$ -
	P&E	\$ 25,000	\$ -	\$ 26,266	\$ -	\$ 27,595	\$ -	\$ 28,992	\$ -	\$ 30,460	\$ -
TOTAL		\$ 105,000	\$ -	\$ 110,316	\$ -	\$ 115,900	\$ -	\$ 121,768	\$ -	\$ 127,932	\$ -
Net TOTAL		\$ 295,000	\$ 65,000	\$ 309,934	\$ 69,998	\$ 325,625	\$ 73,542	\$ 342,110	\$ 77,265	\$ 359,429	\$ 81,176

Table 25 - Projected Expenditures of Plant & Equipment Assets for Long Term Financial Plan

## 7.3 Forecast Reliability and Confidence

The forecast costs, proposed budgets, and valuation projections in this Asset Management Plan are based on the best available data. For effective asset and financial management, it is critical that the information is current and accurate. Data confidence is classified on a A - E level scale<sup>7</sup> in accordance with the table below.

Confidence Grade	Description
A. Highly reliable	Data based on sound records, procedures, investigations and analysis, documented properly and agreed as the best method of assessment. Dataset is complete and estimated to be accurate $\pm 2\%$
B. Reliable	Data based on sound records, procedures, investigations and analysis, documented properly but has minor shortcomings, for example some of the data is old, some documentation is missing and/or reliance is placed on unconfirmed reports or some extrapolation. Dataset is complete and estimated to be accurate $\pm 10\%$
C. Uncertain	Data based on sound records, procedures, investigations and analysis which is incomplete or unsupported, or extrapolated from a limited sample for which grade A or B data are available. Dataset is substantially complete but up to 50% is extrapolated data and accuracy estimated $\pm 25\%$
D. Very Uncertain	Data is based on unconfirmed verbal reports and/or cursory inspections and analysis. Dataset may not be fully complete, and most data is estimated or extrapolated. Accuracy $\pm 40\%$
E. Unknown	None or very little data held.

*Table 26 - Data Confidence Grading System*

The estimated confidence level for and reliability of data used in this Asset Management Plan is shown in the table below.

Data	Confidence Assessment	Comment
Demand drivers	B	Demand drivers for the Plant & Equipment Classes are derived from the various legislative requirements and Council needs
Growth projections	B	YASC relies on ABS sourced data for growth projections
Acquisition forecast	D	Forecasting of new assets needs to be recorded and included in future forecasts.
Operation forecast	D	More data required in this area based on condition/mileage
Maintenance forecast	D	More data required to provide adequate forecasts
Renewal forecast	D	More data required to provide adequate forecasts
- Asset values	D	
- Asset useful lives	C	More data required to provide useful lives
- Condition modelling	C	No physical condition data available but there is reliance on valuation data.
Disposal forecast	C	Based on age/mileage assets.

*Table 27 - Data Confidence Assessment for Data used in Asset Management Plan*

The estimated confidence level for and reliability of data used in this Asset Management Plan is considered to be C-.

<sup>7</sup> IPWEA, 2015, IIMM, Table 2.4.6, p 2/71.

## 8. PLAN IMPROVEMENT AND MONITORING

### 8.1 Status of Asset Management Practices

Council currently uses the following corporate information systems for recording relevant asset data and information:

Module	System
Customer Request Management	Not Applicable
Financial/Accounting	
Records Management	
Mapping (GIS)	
Asset Register	
Strategic Asset Management	
Mobile Solutions	Not Applicable
Works Management	

*Table 28 – Overview of Corporate Systems*

*(To be completed in next update of Plan)*

The asset management system underpins asset management capacity and capabilities and is a key source of information for decision making, coordination of operations, and performance reporting. It is understood that Council is investigating options for its future asset management system, it is important that a clear road map is developed for the implementation of the additional functionality of this system which is either being performed by other non-integrated solutions or manual processes.

### 8.2 Improvement Plan

The asset management improvement plan generated from this asset management plan is shown in Table 29.

Issue	Tasks / Processes	Timeframe	Responsibility	Status
<b>POLICY</b>	Update current Asset Management Policy	Regular input to Council agendas	CEO / Directors	Policy to be updated
<b>STRATEGY</b>	Initiate 'Whole of Life' analysis for all major projects in the Capital Works Program.		CEO / Directors	To be developed with next Budget
	Establish Long Term Financial Plans using AMP financial forecasts.		CEO / DOW/ DCED	Refined with AMP, (this plan)
<b>RISK MANAGEMENT</b>	Maintain and update Risk Register for Plant & Equipment assets	Jun-21	CEO / Directors	Initial register developed and reported
	Document assets according to risk hierarchy in order to prioritise maintenance and renewals . Apply initial criticality framework as outlined in this AMP. Then review as maturity increases.	June 21	DOW	To commence

<b>DATA</b>	Continue to increase the integrity of asset and services data by undertaking physical condition assessments and developing maintenance and renewals plans based on the assessments.	Jun -21	DOW/ DCED	To commence
	Maintain Asset Inventories for asset management purposes with complementary information in Asset Register	Jun-21	DOW/ DCED	Processes to be reviewed and validated
	Process reviews to ensure data is consistent and accurate across all functions, eg asset handover, as constructed drawings, etc.	Jun-21	DOW/ DCED	To commence
<b>FINANCIAL MANAGEMENT</b>	Ensure alignment between Asset Inventories and Asset Register	Ongoing	DOW/ DCED	Work from updated inventories
	Apply financial forecast process for the fleet class based on condition, mileage and utilisation, and regularly test against industry indicators	Ongoing	DOW/ DCED	Initial data recorded in Asset Inventories
<b>OPERATIONS</b>	Establish templates and processes to provide regular reports on asset and services management status and practices improvements program, plus overall and individual asset and services performance.	Ongoing	CEO / Directors	To commence

*Table 29 – Improvement Plan*

Council's Executive Management Team (EMT) will be responsible for determining the priority of the actions in this improvement plan and also to allocate a responsible officer and to identify resource needs. This is to ensure that the implementation of these improvement actions align with Council's overall asset program.

### 8.3 Monitoring and Review Procedures

This asset management plan will be reviewed during annual budget planning processes and amended to show any material changes in service levels and/or resources available to provide those services as a result of budget decisions.

The asset management plan will be updated annually to ensure it represents the current service level, asset values, projected operations, maintenance, capital renewal and replacement, capital upgrade/new and asset disposal expenditures and projected expenditure values incorporated into the Long Term Financial Plan.

The asset management plan will have a life of four (4) years and will be completely reviewed and updated in order to inform the development of the Corporate Plan, the Operational and Development Plan, and the Long Term Financial Plan.

## 8.4 Performance Measures

Performance measures will be developed to ensure that work practices and the asset management plan are reflective of each other.

The performance of the asset management plan shall be monitored against the following criteria in accordance with the process detailed below.

- Maintenance and renewal programs - to confirm that allocated budget projects were delivered on time, within budget and to the specified level of service (see following item on delivery performance).
- Inspection programs - to confirm that they were undertaken as specified in the asset management plans and any other service level agreements which may be in operation.
- Scheduled condition assessments – to confirm that they were undertaken as required.
- Maintenance of asset information systems - to ensure that stored data is current and accurate.
- External factors - including legislative requirements and reporting, ongoing development of Council policies, plans, and other major system implementations, that may affect the contents of the asset management plan.

## 9. GLOSSARY

The following definitions and assumptions have been used in the compilation of this report:

**Asset Management Plan:**

A plan developed for the management of one or more infrastructure assets that combines multi-disciplinary management techniques (including technical and financial) over the lifecycle of the asset in the most cost-effective manner to provide a specified level of service (function/purpose). A significant component of the plan is a long-term cash-flow projection for the continuation of the asset to function at its level of service.

**Asset Management Team:**

A team appointed by an organisation to review and monitor the corporate asset management improvement program and ensure the development of integrated asset management systems and plans consistent with organisational goals and objectives.

**Asset Data:**

A record of asset information considered worthy of separate identification including inventory, location, age, condition, history, financial, construction, technical and financial information about each individual asset.

**Current Replacement Cost:**

The cost of replacing the current service potential of an existing asset with an asset of equivalent capacity, built to current community standards and expectations.

**Cyclic Maintenance:**

Maintenance carried out on a programmed basis that ensures the asset is protected against deterioration and enhances appearance (e.g. cleaning of gutters).

**Gap Analysis:**

A method of assessing the gap between the Council's current asset management practices and the future desirable asset management practices. Also called "needs analysis" or "improvement planning", and for buildings, the financial gap between current renewal and maintenance funding and the existing asset or asset's components required renewal and maintenance funding needs.

**Improvement /Upgrades:**

Works required to an existing asset that changes the current functional level of service to a revised, improved or upgraded function to meet user's expectations.

**Operational maintenance:**

Un-programmed maintenance, carried out to ensure the asset or element remains serviceable (e.g. remove grass from down pipes).

**Renewal:**

Works to refurbish or replace an existing asset or asset component with facilities of equivalent capacity or performance capability.

**Replacement:**

The complete replacement of an asset or asset component that has reached the end of its life in order to provide a similar or agreed alternative level of service.



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