



Shire of Kondinin

Plant & Equipment Asset Management Plan

Part 1 - Summary

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Executive Summary

The Shire of Kondinin owns and maintains a wide range of plant and equipment assets within its portfolio. These assets support the delivery of a number of different services. Furthermore, some assets are used as employment and retention tools as part of staff members' employment packages.

This document is the Shire's Asset Management Plan (AMP) for the plant & equipment fleet. It outlines the activities that will be carried out over the next 15 years. It also details the service levels (standard) the Shire will provide and the resources required to deliver them.

While the document is comprehensive, it is also evolving with the Shire's practice maturity. As such there are a number of actions that have been identified that will improve the AMP's accuracy over time. All readers of this AMP must understand its limitations and applied assumptions before acting on any information contained within it. All information within this AMP is fully detailed within a separate Part 2 document.

Overall, the Shire's fleet/portfolio is worth at least \$2.9m, with approximately 49 individual assets on the register. However past valuations have not been completed accurately and as such, it is not entirely clear as to what the long term financial needs are of the fleet. Further improvements to the inventory list and asset valuations are required.

Elsewhere, the Shire doesn't routinely monitor service levels for plant & equipment. These have been developed and their current performance will be ascertained moving forwards.

Over the life of the AMP, the Shire expects the service demand of the portfolio to change. At present the most likely drivers of change will be fuel & energy costs/types, financial sustainability, legislation & compliance, operation & maintenance costs, policy and technology changes.

Looking forward, there are a number of improvement actions that are listed. If implemented, these actions will improve the accuracy of information that the Shire currently holds on plant & equipment assets. All improvement actions are listed in the plan improvement and monitoring section of this AMP.

Background and Objectives

Purpose of this Asset Management Plan

This document is an Asset Management Plan (AMP) for the Shire's Plant and Equipment assets. These are typically plant, vehicles and equipment. The AMP documents how the Shire plans to manage these assets, to what standard (service levels) and what the associated long term costs are.

Focus of this Asset Management Plan

The assets considered by this AMP are detailed in Table 1.

Asset Type	Quantity	Current Replacement Cost
Equipment	9	\$39,000
Plant	28	\$450,000
Vehicle	12	\$0
Total	49	\$489,000

Table 1: Assets covered by the Plant & Equipment AMP

Corporate Document Relationships

This AMP integrates with the other following Shire documents:

- = Strategic Community Plan
- = Corporate Business Plan
- = Long Term Financial Plan
- = Annual Budget

Time Period of the AMP and Review Process

The Asset Management Plan covers a 15 year period. It will be reviewed during annual budget preparation and amended to be kept up to date.

Service Levels

Introduction

Service Levels describe the standard (e.g. quality) that the Shire seeks to achieve from its plant and equipment assets. These have been developed through the consideration of strategic inputs, policy inputs (Appendix A) and perceived customer requirements. The process through which the Shire's Service Levels were developed is found in Appendix B.

Service Level Performance

Table 2 details the service level performance that the Shire is currently achieving.

KPI	Performance	Tactic
Condition	Unknown	Establishing performance
Reliability	Unknown	Establishing performance

Table 2: Service Level Performance

Service Demand

This section summarises likely factors that may affect the demand for plant & equipment assets over the life of the AMP. Full details of past and future demand factors are recorded in Appendix C.

Historic Demand

The following table outlines the key factors that have affected historical service demand change.

Driver Type	Effect	Demand Change
Population	Shire population down by 86 people (-9%) from 950 (2001) to 864 (2016). This decrease would suggest that demand for some services may have fallen, reducing the need for plant & equipment assets. However, the overall affect is thought to have been negligible.	Neutral

Table 3: Historic Demand Drivers

Future Demand

Consideration was given to six possible future demand drivers that may influence demand on the provision of plant & equipment.

Driver Type	Effect	Demand Change
Political	Slight increase to improve internal asset management practices and manage the portfolio more effectively.	Increase
Economic	Fuel costs likely to increase above normal inflation levels. Neutral change due to staff numbers. Overall financial sustainability requires investigation.	Increase
Social	Neutral change due to population size.	Neutral

Technological	Technical sophistication and alternative fuel types will increase the demand for specialist servicing equipment and staff training.	Increase
Legal	No specific legal demand factors have been identified.	Neutral
Environmental	Whilst the Shire may have to consider assets' need, energy efficiency, component recyclability rate and carbon footprint, the overall demand effect is thought to be neutral.	Neutral

Table 4: Future Demand Drivers

Demand Management

A review of past and future demand factors shows that service demand change has occurred, and will also likely occur into the future. No specific mitigation tactics are required at present. The Shire will take a monitor and react approach.

Lifecycle Management Plan

The lifecycle management plan details how the Shire intends to manage and operate its plant & equipment assets at the agreed service levels. Full details of the portfolio can be found in Appendix D.

Plant & Equipment Assets' Physical Parameters

Asset Type	Quantity	Current Replacement Cost	Fair Value	Annual Depreciation
Equipment	9	\$39,000	\$94,100	-
Plant	28	\$450,000	\$2,167,500	-
Vehicle	12	\$0	\$448,000	-
Total	49	\$489,000	\$2,709,600	-

Table 5: Plant & Equipment Portfolio Physical Parameters

Lifecycle Management Strategies

Operation & Maintenance Strategy

The Shire does not currently have a clear link between a planned operation and maintenance plan and the financial projections within this AMP. An improvement action to develop this has been listed.

Renewal Strategy

The Shire's renewal strategy for plant and equipment is primarily driven through the establishment of optimal replacement triggers. Triggers are typically based upon age and/or usage intervention points. These usually strive to balance cost, safety, reliability and functionality. Renewal projects are listed on a long term works programme and reported within this AMP.

Upgrade/New Strategy

The Shire occasionally requires either new or upgraded plant & equipment assets. These assets are usually identified due to capacity issues with the currently available assets. The need for additional assets is considered by senior staff and then sometimes recommended to Council for approval. Due to the infrequency of new and/or upgrade purchases, a formal prioritisation/selection criteria framework is not applied.

Disposal Strategy

The Shire does not frequently dispose of plant and equipment assets (this is where the asset is not replaced/renewed). Where a potential need is identified, then this is considered by staff, and in some cases, Council.

Financial

This section contains the financial requirements resulting from all the information presented in this AMP. A detailed financial model is recorded in Appendix F.

Projected Expenditure Requirements

Year	Operation & Maintenance	Renewal	Upgrade & New	Disposal	Total
2018/19	\$735,999	\$590,373	\$0	\$0	\$1,326,372
2019/20	\$735,999	\$674,500	\$0	\$0	\$1,410,499
2020/21	\$735,999	\$641,500	\$0	\$0	\$1,377,499
2021/22	\$735,999	\$780,500	\$0	\$0	\$1,516,499
2022/23	\$735,999	\$566,500	\$0	\$0	\$1,302,499
2023/24	\$735,999	\$491,500	\$0	\$0	\$1,227,499
2024/25	\$735,999	\$493,500	\$0	\$0	\$1,229,499
2025/26	\$735,999	\$454,500	\$0	\$0	\$1,190,499
2026/27	\$735,999	\$673,500	\$0	\$0	\$1,409,499
2027/28	\$735,999	\$555,500	\$0	\$0	\$1,291,499
2028/29	\$735,999	\$374,500	\$0	\$0	\$1,110,499
2029/30	\$735,999	\$691,500	\$0	\$0	\$1,427,499

2030/31	\$735,999	\$643,500	\$0	\$0	\$1,379,499
2031/32	\$735,999	\$481,500	\$0	\$0	\$1,217,499
2032/33	\$735,999	\$638,500	\$0	\$0	\$1,374,499

Table 6: Plant & Equipment Projected Expenditure Requirements

Plan Improvement and Monitoring

This Section of the AMP outlines the degree to which it is an effective and integrated tool within the Shire. It also details the future tasks required to improve its accuracy and robustness.

Performance Measures

The effectiveness of the AMP will be monitored by the performance of the three statutory ratios that the Shire reports on. Each ratio is described in Appendix G.

Year	Asset Consumption Ratio	Asset Sustainability Ratio	Asset Renewal Funding Ratio
2018	Unknown	Unknown	

Table 7: AMP Performance Measures

Improvement Plan

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

Task No	Task	Responsibility	Timeline
1	Revalue all plant & equipment assets, ensuring that a replacement cost, fair value and annual depreciation expense is established for each asset.		
2	Consider developing a maintenance schedule, with associated budgets, for each asset, to inform this AMP.		
3	Revise the renewal works programme to ensure all plant & equipment assets are covered.		

Table 8: Plant & Equipment AMP Improvement Plan