



WATTLE RANGE COUNCIL – PLANT & EQUIPMENT ASSET MANAGEMENT PLAN

Context

Wattle Range Council (WRC) is located on the Limestone Coast and stretches from the Coast to the Victorian Border.

To ensure appropriate infrastructure and services are in place for current and future generations, WRC is required to adopt an Asset Management Plan to guide investment decisions.

The Purpose of the Asset Management Plan

The purpose of the Asset Management Plan is to:

- Demonstrate the responsible management of assets (and services provided from assets),
- Compliance with regulatory requirements, and to
- Communicate the scale of infrastructure investment required to sustainably deliver affordable services for the community in the foreseeable future.

The Plant and Equipment Asset Management Plan provides a summary of the assets, their performance and actions required to achieve the strategic objectives outlined in the Wattle Range Council Strategic Plan 2023-27.

Council's Wattle Range Council Strategic Plan 2023-27, formed following extensive deliberative engagement, identified the community's aspirations for the future of the WRC.

Any trade-offs on performance, cost, and risk will be reviewed as part of ongoing deliberative engagement with the community. Where risks are considered high, due assessment and control measures will be employed to ensure exposure is minimised as much as possible.

The Approach

WRC's goal in managing plant and equipment assets is to meet the required level of service in the most cost-effective manner.

The Plant and Equipment Asset Management Plan incorporates the asset policy and strategy by incorporating a whole of lifecycle

approach to forecast the outlays required to deliver the strategic objectives outlined in the Wattle Range Council Strategic Plan 2023-27.

Future operating, maintenance, and capital renewal outlays are based on sustaining current service levels. Meeting the demands of growth and changing circumstances are managed through the careful consideration of new projects and programs including the adoption of emerging technologies.

The combined forecast lifecycle outlays required are balanced with the funds made available in the 10-year Financial Plan ensuring services are provided at an affordable level.

All dollar values in this document are presented in 'real terms' (i.e. net of inflation) as of 30 June 2022.

The Assets and Service Life

Community values, stakeholder expectations and sustaining services at an affordable level are typically high on the agenda for WRC's ratepayers and members of the community.

WRC plant and equipment assets comprise of assets that are moveable/relocatable and not fixed in place:

- Car Fleet (for example sedans, wagons and utilities, etc)
- Major Plant (for example trucks >4.5 tonne GVM, ride on mowers, crane attachments, hydro vacuum, etc)
- Minor Plant (for example trailers, push mowers, edgers, chainsaws, generators, power tools, workshop equipment etc)

WRC's plant and equipment assets provide a wide range of services to meet community needs, such as:

- Grading of unsealed roads
- Street sweeping
- Mowing
- Sealed road repair
- Construction of and maintenance to kerb and footpath

All assets are provided with a baseline straight line 'useful life' value, used for the purposes of life cycle cost planning and



WATTLE RANGE COUNCIL – PLANT & EQUIPMENT ASSET MANAGEMENT PLAN

accounting for asset valuation and depreciation. The service life of plant and equipment assets are based on several criteria:

- Usage high / typical
- Potential business interruption
- Re-sale value
- Maintenance costs – complex and expensive to repair or standard maintenance and servicing
- Safety
- Fit-for-purpose – able to undertake tasks required
- Condition/Council's image – public facing or not public facing

The service life of plant and equipment assets differs from the standard design life and useful life as it also accounts for the ongoing maintenance and renewal of the asset to maintain a designated technical level of service and also incorporates the most cost efficient point at which to replace the plant and equipment.

Table 1 Service Life – Plant and Equipment by Categories and Types

Plant and Equipment Category	Service Life (Years)	Mileage
Light Vehicle – Mayor (Coincide with elections)	4	Not Applicable
Light Vehicle – Petrol / Electric / Hybrid	4	150,000 km
Light Vehicle – Diesel limited private or private use	5	200,000 km
Light Vehicle – Diesel no private use	9	200,000 km

Major Plant – High wear (ride on mowers, street sweepers and Flocon)	5	Not Applicable
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Major Plant	10	
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Major Plant - Grader	12	9,000 hours
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Major Plant – Loader, Backhoe and Trailers	15	6,000 hours
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Major Plant – Forklift	20	Not Applicable
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Major Plant – Tow behind Rollers	40	Not Applicable
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Minor Plant	5	Not Applicable
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The Gross Replacement Cost of the depreciable assets supporting these services is estimated at \$11,850,383, depreciating at \$760,000 per year (based on current useful life assessments) resulting in a written down value of \$5,942,243 as at 30 June 2022.

Asset Performance

The plant and equipment assets are overall well maintained and operate at a high standard

The main service challenges anticipated in the short to medium term are:

- Major plant breakdown requiring significant renewal funding
- Theft, vandalism, or accident resulting in replacement of plant or equipment item

The primary focus is to ensure the ongoing provision of safe and fit for purpose assets, timely response to defects and failures ensuring interruptions to services is kept to a minimum.



WATTLE RANGE COUNCIL – PLANT & EQUIPMENT ASSET MANAGEMENT PLAN

Future Demand

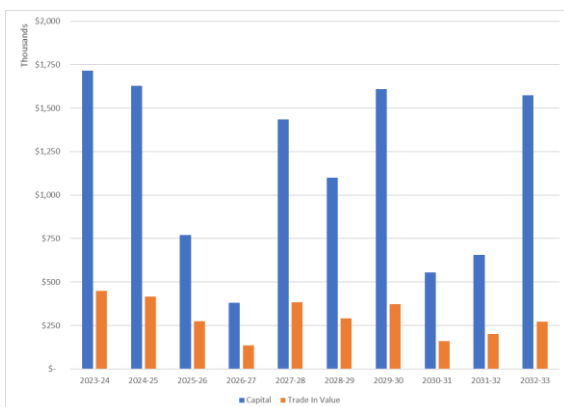
The main demands for new and/or altered services are created by:

- During the life of this plan it is understood that there will likely be a move to hybrid or electric vehicles for the car fleet. Each replacement will be assessed case-by-case for cost benefits and fit-for-purpose applications. It has been assumed that the higher cost of these vehicles will be offset by the savings on maintenance and fuel therefore the forecast lifecycle outlays have remained unchanged from current replacement costs.
- Increase in costs for fuel and parts.
- Emerging technologies such as GPS tracking and advanced safety technology

These will be managed through a combination of applying non-asset solutions, managing existing assets and acquiring new ones.

What does it Cost?

The forecast lifecycle outlays required over the next 10-years to deliver on the strategic objectives is estimated to be \$1,142,300 on average in capital outlays per year (in real terms). Considering trade in value the estimated net capital outlay is \$847,000.



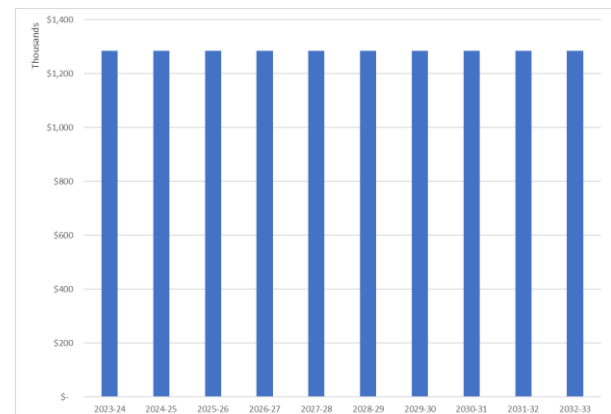
Forecast Capital Expenditure and Trade in Values

Maximising service delivery from our assets is our primary focus. Council does not use condition assessment for its plant and equipment assets, unless the condition renders the vehicle unsafe or unserviceable during an inspection or risk assessment. It

instead uses the acquisition date-based approach where assets are replaced at the end of their service life or when the mileage trigger is reached whichever is attained first. However, each item is assessed at end of its service life to understand its usage and purpose to establish whether to retain the item i.e. add more service life or whether a replacement is required. It is noted that there are some major plant assets that have been identified as not to be replaced but will be run-to-fail and then disposed.

Minor Plant are currently renewed based on the run-to-fail approach and do not have forecast renewal budget allocated. Moving forward Council will investigate and implement an acquisition data-based renewal approach for Minor Plant.

The forecast expenditure required over the next 10-years to deliver on the operational work is estimated to be \$1,285,140 on average per year (in real terms).



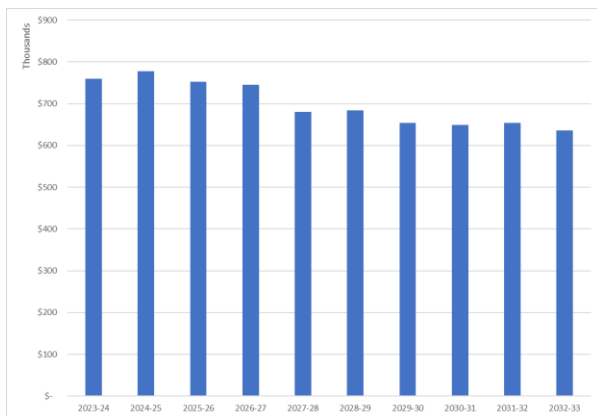
Forecast Operational Expenditure

Plant hire rates (rates applied to plant to cost works internally) will be reviewed every two years. Plant hire rates are only applied to Light Vehicles and Major Plant. The methodology employed to calculate plant hire rates considers the mileage or hours recorded on the item from the date of purchase and fuel and maintenance costs.

The forecast depreciation expenditure required over the next 10-years is shown in the below graph.



WATTLE RANGE COUNCIL – PLANT & EQUIPMENT ASSET MANAGEMENT PLAN



Forecast Depreciation Expenditure

What we will do

The available funding of outlays in Council's long-term financial plan (LTFP) for the same period is 100% of the cost to provide the service.

Deliberative engagement with community ensures we focus on providing services in line with community needs and expectations. We will do this by improving efficiency by operating, maintaining, replacing, and upgrading of plant and equipment to meet service levels set in annual budgets.

What we cannot do

Estimated available funding for the 10 year period is expected to be 90-110% of the cost to sustain the current level of service at the lowest lifecycle cost.

Large capital new/upgrade projects identified in this AMP, which are discretionary in nature, will be considered individually each financial year and as such future capital expenditure profile documented in this AMP will change.

Managing the Risks

There are risks associated with providing any service and we have identified the major risks to be the same as the anticipated service challenges.

We will endeavour to manage these risks within available funding limits.

Subject to outcomes of the above it may still be necessary to spend more on managing assets to maintain services in future. This will be closely monitored over time and outcomes will be reported in future plan updates.

The Next Steps

The medium to long-term outlook suggests that priorities should remain focused on ensuring operations, maintenance and replacement of existing assets remain at sustainable levels whilst monitoring and responding to demand and growth challenges as they occur.