

# **Coonamble Shire Council**



## **FLEET MANAGEMENT PLAN**

**2017 - 2027**

## **EXECUTIVE SUMMARY**

Coonamble Shire Council operates and owns a fleet of plant and equipment to enable it to provide the services required by the community.

Plant purchases are funded from a plant reserve with annual depreciation cash funded to the reserve.

Recently Council has recognised the savings potential that can be made through diligent purchases of well maintained second-hand equipment, plant and fleet vehicles achievable on a buyers market. The strategic capacity of the fleet has been greatly increased through taking advantage of this market to purchase plant that would be otherwise the financial capacity of Council. This has allowed for improved road-making and other operational technologies to be achieved.

Council's rolling plant replacement program integrates with the overall community strategic plan and is reviewed on an annual basis. The replacement program is attached to this document.

Council purchases plant through a variety of methods including tender, quotation and purchase at auction, depending upon the specification of the plant required. Plant disposals are generally through trade or by auction. These decisions are made to maximise the return on sale of plant after taking into consideration market forces.

## **INTRODUCTION**

The fleet management plan is to demonstrate responsive management of these assets and reserve provided in achieving the aims of Council's Integrated Plans, in particular the Community Strategic Plan and the Delivery Program. Each year a review and update of the previous year underpins Council's operational plan and the ability of current fleet to deliver.

The following assets are covered by this plan:

Asset Category	Dimension	Quantity	Current replacement cost	Depreciated replacement cost	Annual depreciation cost
Heavy	Includes graders, loaders, trucks, rollers, road plant	75	\$8,150,000	\$5,287,606	\$599,683
Light	Staff and light operational vehicles	43	\$1,550,000	\$1,210,297	\$171,391
Miscellaneous	Includes mowers, trailers, small plant	210	\$935,500	\$431,187	\$66,740
<b>TOTAL</b>		<b>163</b>	<b>\$10,635,500</b>	<b>\$6,929,090</b>	<b>\$837,814</b>

## **LEVELS OF SERVICE**

The greater proportion of Council's fleet is utilized in road maintenance and provision of recreational areas such as showground, parks and streets.

From its community strategic plan safety, reliability, connectivity and responsiveness have been identified as key indicators of the level of service expected by the Shire community.

Council's fleet management plan identifies and provides for assets that provide functionality and performance to meet the community's desired service levels.

From a technical perspective, the long term acquisition of fleet assets needs to be :

**i) Sustainable**

Costs should be minimised using a whole of life cycle with reliable hire rates, depreciation costs and accruable residual values on plant change-over basis, funded through plant reserve.

**ii) Operational**

Plant utilization at the maximum potential.

**iii) Safety**

Ensure assets are maintained, operated and renewed to ensure technical safety and that of staff and the public.

## **FUNDING**

Future demand may be shaped by budget, technology, resources and government policy.

### ***Major Plant***

The existing major plant fleet is funded through internal hire income, with annual depreciation costs being transferred to the plant reserve for future fleet replacements. Plant is typically depreciated over five or six years, resulting in the full replacement cost being accrued prior to its scheduled changeover.

The existing major fleet and its scheduled changeover and resulting cash flow is provided in Appendix A.

### **Small Vehicles**

The existing small vehicle fleet is funded through internal hire income, with cash funded annual depreciation costs approximately equalling the annual replacement expenditure. No significant reserves are required to fund these transactions due to their regularity and uniformity. Cars are changed at three years or 80,000 kilometres, after condition assessment is carried out in consultation with the General Manager.

### **Minor Plant**

Council owns approximately \$100,000 worth of minor plant, such as brick saws, hand mowers, whipper-snippers, rotary hoes, slashers and the like. These items are generally not charged out due to the fact that they are low cost items and their replacement cost has generally been recouped within the existing hire charges for the major plant. As part of this plan it is proposed that this arrangement be formalised and that the items are replaced on an "as required" basis at a rate of \$31,000/annum.

## **PLANT HIRE RATES**

### ***Major Plant***

A detailed review of hire rates for major Council plant is conducted annually as part of the management plan review in which plant hire rates are increased to cover costs. It is recommended that a proposed increase, as detailed in the fees and include both internal and external hire rates.

### ***Small Vehicles***

Rates included in Fees and Charges.

