



LIVERPOOL PLAINS SHIRE COUNCIL PLANT POLICY

Version	Date	Resolution No.	Details
1	18 Feb 2004		New Policy
2	24 June 2004	8897	Review
3	24 May 2018	2881	Review

POLICY OBJECTIVE

The objective of this policy is to ensure that the Council's fleet of plant and equipment is managed and maintained in accordance with best practice principles of fleet management.

Plant is defined as all vehicles except light motor vehicles.

EFFECTIVE DATE AND POLICY REVIEW

The policy will be reviewed every four years or earlier if required by legislation, Council resolution or recommendation of the General Manager. If the policy is not reviewed within this timeframe, it remains active until such time as it is reviewed or revoked by Council.

This policy comes into effect on 1 July 2018.

Signed by General Manager

R S (Ron) van Katwyk

Date Approved 24 May 2018

POLICY

IDENTIFICATION

With the exception of vehicles that are designated for private use, all vehicles will have the Shire logo on the front doors for trucks and light vehicles, and in a clearly visible location on both sides of tractors and miscellaneous plant.

COLOURS

- ▶ Tractors will be the colour specified by the manufacturer, generally yellow or orange for high visibility
- ▶ Trucks will be white

ACCESSORIES

- ▶ All vehicles will be purchased with Air Conditioning standard where practicable
- ▶ All vehicles will be fitted with a basic first aid kit
- ▶ All vehicles will be fitted with a fire extinguisher
- ▶ All tractors and trucks will be fitted with a flashing light or a light visible from all points around the vehicle.
- ▶ All tractors and trucks will be fitted with an hour meter.
- ▶ All tractors and trucks will be fitted with rubber floor mats and canvas seat covers.

FINANCIAL FUNDING

Plant will be purchased from a Plant Replacement Reserve. The Reserve will be funded by cash backing the accounting depreciation charge in calculating plant hire rates and recovering this income as an expense. Proceeds from the sale of plant will also be transferred to the Plant Replacement Reserve.

PURCHASING

Purchasing of plant and equipment will be by tender for tractors, trucks and any other items that cost more than \$100,000. Tenders and quotations will be evaluated by three separate people using the following criteria:

- ▶ Price (including consideration given to 'whole of life' costs)
- ▶ After sales support & backup
- ▶ Driver comfort / ease of operation
- ▶ Warranty period
- ▶ Reputation and past performance
- ▶ Engine & transmissions specification
- ▶ Servicing and parts costs
- ▶ Local Business.

All criteria will be weighted to total 100%, with price being a minimum of 40%. The supplier who provides the most competitive net price (Purchase Price less Trade Price) will be given the maximum price criteria score (ie. If the minimum is 40%, then 40%) and all other supplier price weightings will be determined by taking the difference in net price, calculating this as a percentage of the most competitive net price and then subtracting this percentage from the price criteria weighting to give their price criteria score.

Suppliers that are a business opportunity within the Shire will be given a weighting of 5%.

All other criteria will be rated on a 5 point rating scale and apportioned across each criteria weighting to calculate a score.

The supplier that achieves the highest score will be recommended unless a valid argument can be put together by the Director Engineering Services as to why another supplier should be chosen.

All tenders are to be either accepted or rejected by the Council.

UTILISATION

Utilisation of Council tractors and trucks should try to achieve a minimum of 1300 operating hours per year on Council assets (including Regional Roads). Where this utilisation cannot be achieved, a comparison of hire costs of machinery for the hours of utilisation versus Councils total costs for owning the tractor or truck should be undertaken to ensure best value is being obtained.

Utilisation of Council plant and equipment for Private Works should be undertaken outside of normal working hours and full cost recovery will occur in accordance with the 'Costing' section of this policy.

ENVIRONMENTAL CONSIDERATIONS

The use of alternative fuels is desirable and should be utilised if financially viable.

Other programs such as the Carbon Neutral Program that provide indirect environmental benefits should also be considered.

INSURANCE

All vehicles will be comprehensively insured.

REPLACEMENT

A fifteen year plant replacement program will be developed to serve as a guide for scheduling and financial planning.

An annual plant replacement program will be presented to Council as part of the budget process.

Plant will only be put forward for replacement when the cumulative operating cost becomes greater than the total depreciation cost (defined as the new purchase price ex. GST less the current sale value inc. GST of the unit), unless the plant is proposed for sale or upgrade.

HIRE

Private hire of plant is permissible, but should be undertaken so as not to affect the delivery of construction and/or maintenance programs (ie. outside of normal work hours).

Plant requiring an operator will only be 'wet' hired with the Council's regular operator.

Private hire will be charged as an hourly rate for all equipment to and from the equipments location at the time of hiring. All plant and equipment will be accounted for for all time hired. Standby rates (defined as Hourly Hire Rate less Hourly Operating Costs) may be negotiated with the Director Engineering Services.

COSTING

All Council Plant and Equipment will be costed for charging out to works using the following variables:

1. Ownership Costs
 - Depreciation (Straight Line Method to zero)
 - Insurance
2. Operating Costs
 - Fuel
 - Repairs (includes cost of parts plus operator and/or mechanic wages)
 - Maintenance (includes consumables plus operator and/or mechanic wages)
 - Tyres
 - Ground Engaging Tools
3. Overhead Costs
 - Workshop operating expenses (including depreciation) plus allocations for administration
4. Return
 - Return on the capital investment cost of plant. The return should not be less than the rate for a ten year bank bond.

Costs will be charged as an hourly rate, calculated to recover all ownership, operating and overhead costs as outlined plus provide a return of not less than the current rate at the time of preparing each budget for a ten year bank bond.

Charges will be at cost for works involving Council assets (Internal Works). For Private Works or works on State Roads, hourly rates will be marked up by 15% (including labour).