Plant and Equipment Asset Management Plan

2025

WAVERLEY
COUNCIL

Contents

1. Purpose and Scope

The Plant and Equipment Asset Management Plan (AMP) outlines Waverley Council's approach to managing plant and equipment assets to meet Council's asset management objectives in risk mitigation, community service level achievement, long term financial and environmental sustainability, legislative and regulatory compliance, and continuous improvement.

The Plant and Equipment AMP establishes:

- **Current asset inventory, valuation, and types of assets** within the plant and equipment asset class.
- **Current condition** of the plant and equipment asset class, and how it is measured.
- **Asset levels of service,** current state and its implications.
- **10+ Year financial forecast** for OPEX and CAPEX required for plant and equipment assets.
- **Risk minimisation approach and critical assets** within the plant and equipment asset class.
- **Continuous improvement** and operational efficiency opportunities for plant and equipment assets.

2. Asset Class Summary

Waverley Council owns and maintains a $16.7 million portfolio of plant and equipment assets. This asset class is crucial to Council's operations in providing services to the community and enabling workforce mobility and productivity. The plant and equipment asset portfolio ranges from heavy and light vehicles to office furniture, and is characterised by predominantly short-lived assets that require frequent renewal and replacement due to wear and tear.

Plant and equipment are maintained on a cyclical maintenance schedule. The maintenance schedule is generally in line with manufacturer's specifications. Council's plant and vehicle fleet assets are managed in accordance with Council's Fleet Management Policy. The policy outlines how Council's plant and vehicle fleet are to be managed and used in to support Council's core services.

Council acknowledges a need to prioritise the ongoing renewal of plant and equipment assets to ensure organisational productivity and mobility over the 10+ year period ahead. A total MoRUN expenditure of $5.3 million per year is required to ensure that the asset management objectives are achieved for this crucial asset class.

3. Asset Inventory and Valuation

As of the 30th of June 2024, the plant and equipment asset portfolio has a calculated replacement cost of $16.7 million, and a depreciated value of $7.6 million. The depreciated value reflects the typical wear and tear as well as expected obsolescence for these short-lived assets, many of which operate with a useful life between 4 to 15 years.

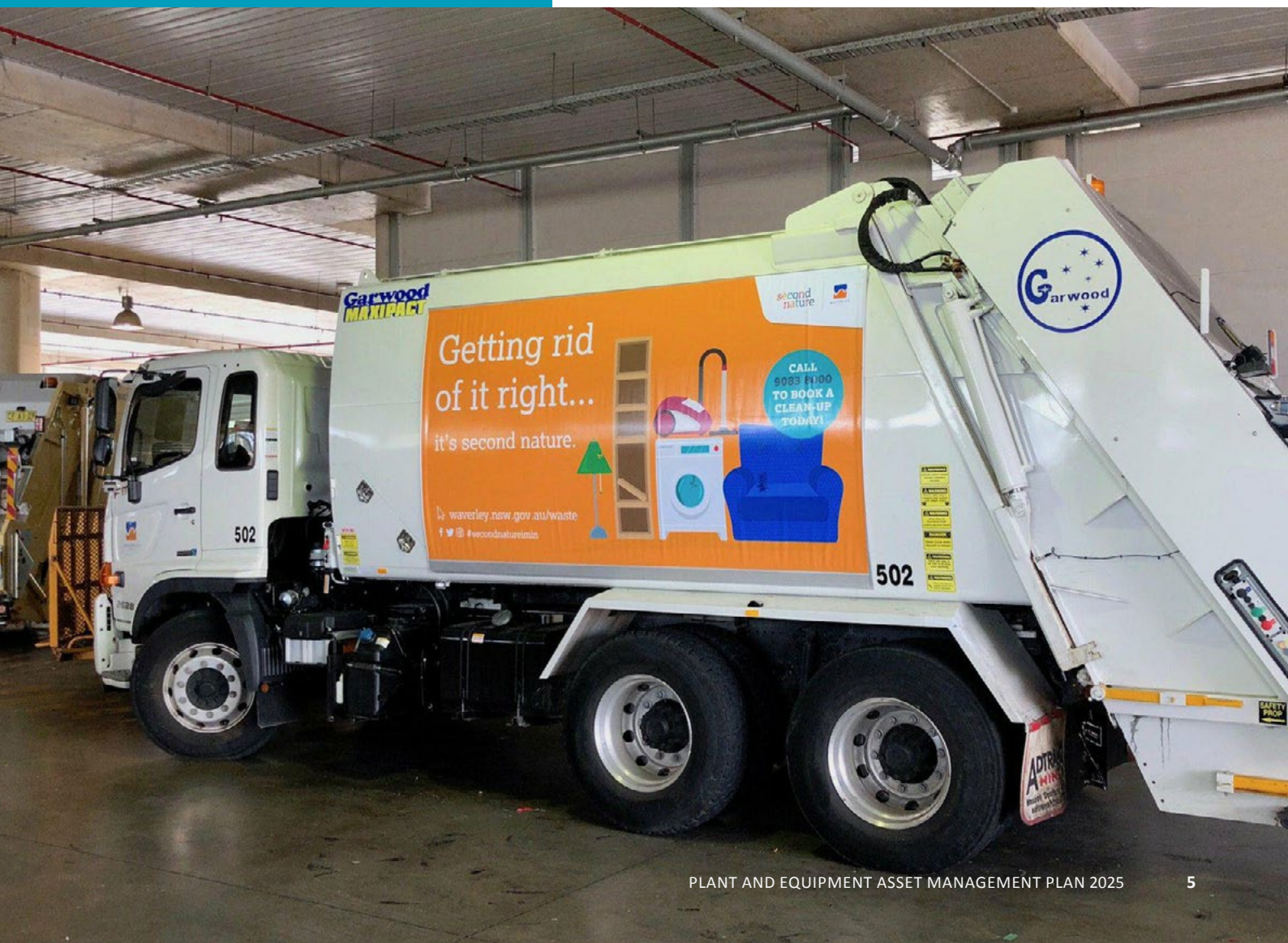
Table PE1: Valuation and Quantity of Asset Types – Plant and Equipment Asset Class

ASSET CATEGORY	CURRENT REPLACEMENT COST (CRC)	DEPRECIATED VALUE (NET CARRYING AMOUNT)	QUANTITY OF UOM	UOM
Trucks	$8,646,689	$4,034,791	38	No.(each)
Passenger Vehicles	$1,883,152	$1,082,270	63	No.(each)
Specialised Equipment	$2,689,268	$1,080,117	49	No.(each)
Light Commercial Vehicles	$1,330,710	$191,818	47	No.(each)
Small Plant	$7,571	$3,625	2	No.(each)
Office Equipment	$378,530	$218,342	54	No.(each)
Office Furniture	$1,724,595	$979,117	101	No.(each)
	$16,660,514	**$7,590,079**	**354**	

The asset class includes 354 individual records in Council's asset register, and encompasses a variety of plant, heavy vehicles, light vehicles, office equipment, and furniture.

The current replacement cost represents the full estimated expenditure that would be incurred by Council to replace the existing assets with new like-for-like assets. This is measured by a variety of evidence-based cost inputs detailed within Council's unit rate register. The depreciated value reflects the estimated remaining value and service potential of the assets that have deteriorated from the value of the assets since acquisition. It is a representation of the expected remaining useful life of the asset based on asset age.

These short-lived assets are capitalised at acquisition and undergo straight-line depreciation each year based on their typical expected useful lives of 4 to 15 years.

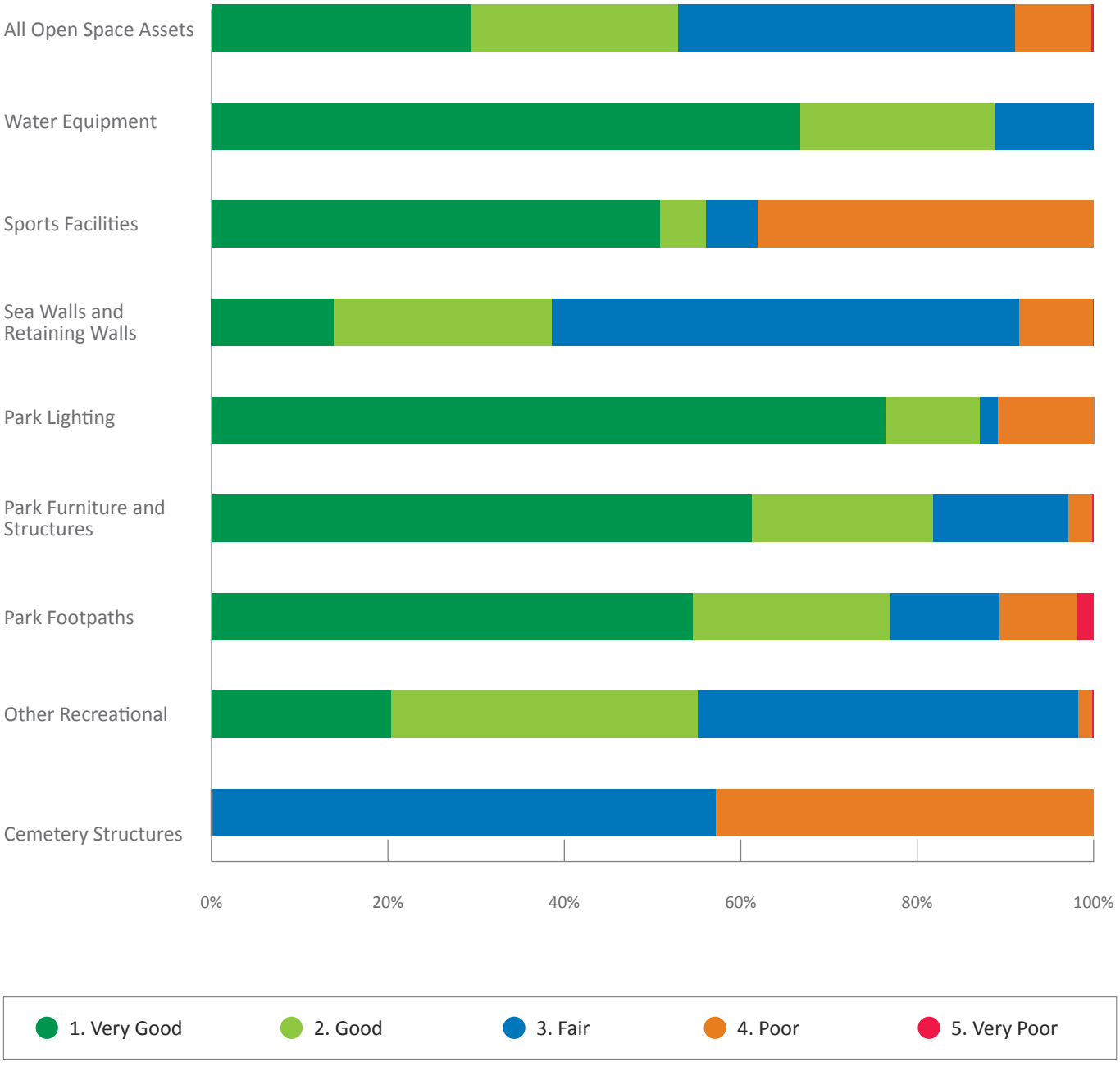


4. Asset Condition and Current State

Waverley Council applies a 1 to 5 asset condition rating matrix to support its approach to fair valuation, renewal forecasting, and lifecycle planning for plant and equipment assets. Given the nature of these assets as short-lived, high-depreciation items, condition is derived using a straight-line depreciation method, converting remaining useful life (RUL) into a condition score.

Condition is captured as follows.

Graph PE2: Condition by Asset Category - Plant and Equipment Asset Class (30/06/2024)



5. Asset Levels of Service

Waverley Council monitors five key service level measures for plant and equipment assets, ensuring alignment and success with Council's asset management objectives and principles.

5.1. Asset Condition and Performance

Asset condition and performance is assessed based on the remaining useful life for the plant and equipment asset type and category. The majority of these assets require routine maintenance and operational costs.

These service levels are designed to minimise risk to the community, meet community expectations for infrastructure performance, and ensure long-term financial and environmental sustainability. Good condition plant and equipment assets ensure that Council's staff are well equipped to mobilise and deliver services in office and throughout the LGA.

5.2. Asset Availability and Response Time

The asset availability and response time service level is assessed based on Council's ability to ensure critical plant and equipment faults are resolved, and that these assets are available for Council to deliver its core services.

PERFORMANCE MEASUREMENT	ASSET TYPE / CATEGORY	TARGET PERFORMANCE
Critical plant and equipment downtime.	Critical plant and equipment assets.	Critical plant and equipment assets are available 90% of the time.

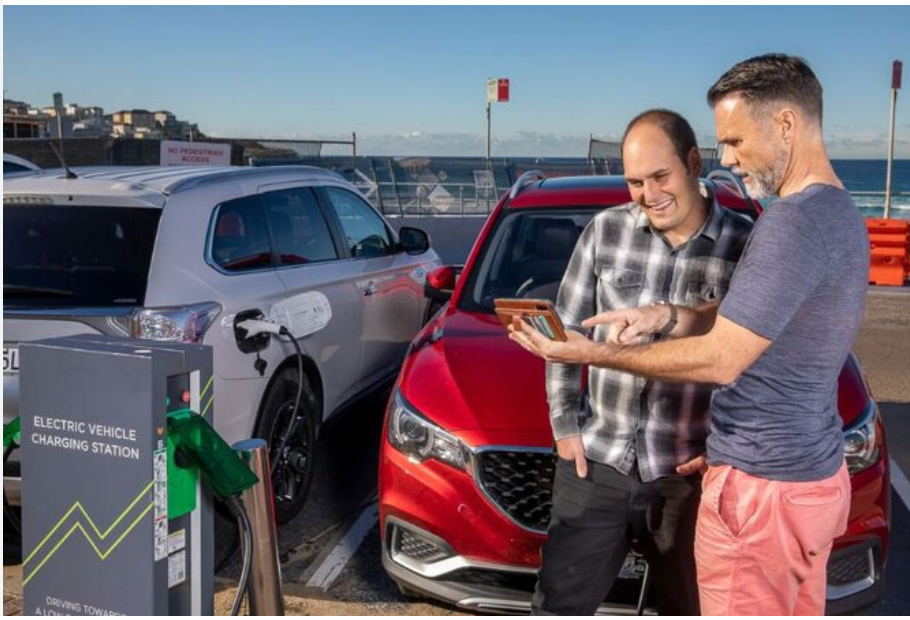


Table PE3: Preferred Minimum Condition - Plant and Equipment Asset Class

PERFORMANCE MEASUREMENT	ASSET TYPE / CATEGORY	TARGET PERFORMANCE	PERFORMANCE AS AT 30/06/2024
Council's asset condition assessments and asset register	All Plant and Equipment assets.	90% in condition 1, 2, and 3 100% in condition 1, 2, 3, and 4	74% in condition 1, 2, and 3 88% in condition 1, 2, 3, and 4

5.3. Financial Sustainability

The financial sustainability of Waverley Council's plant and equipment assets is assessed based on remaining useful life, renewal expenditure, and the rate of asset depreciation.

By achieving these service levels, Council ensures that these crucial business enabling assets are sufficiently funded to maintain their minimum required service levels now, and into the future. Capital expenditure is strategically allocated to the most critical assets at the most technologically and financially viable intervention points.

Waverley Council uses four key financial ratios to evaluate funding sufficiency and renewal efficiency:

- **Asset Consumption Ratio:** This ratio measures the extent to which an assets useful life has been consumed. The ratio is important for long-term distribution of renewal demand and financial sustainability. A position below the target would indicate that Council is overspending and renewing assets too early. A position above the target would indicate that assets are not meeting minimum asset condition expectations from the community, and that Council is accumulating unsustainable backlog.

$$\text{CONSUMPTION RATIO} = \left(\frac{\text{ACCUMULATED DEPRECIATION}}{\text{TOTAL ASSET REPLACEMENT COST}} \right) \times 100$$

The plant and equipment asset class consists of short-lived assets that deteriorate over a short time due to wear and tear, degradation and technological obsolescence. To maintain an optimal balance between serviceability and financial sustainability, Waverley Council targets an Asset Consumption Ratio of 40% to 60%. This ensure that plant and equipment assets are neither renewed too early and too frequently, nor are they underfunded and resulting in increased operations and service delivery risk to Council.

Council strives to ensure that the consumption ratio is appropriately designated across different plant and equipment asset types and locations based on criticality and optimal renewal intervention points. A well distributed asset consumption across the organisation ensures financial sustainability and a balanced distribution of asset renewal intervention points year-on-year over the long term.

- **Annual Renewal Funding Ratio:** This ratio measures how effectively Council has funded plant and equipment asset renewals and replacements when compared with the depreciation of the assets. This measure provides insight into whether the assets are renewed at a sustainable rate each year.

$$\text{RENEWAL FUNDING RATIO} = \left(\frac{\text{ACTUAL RENEWAL EXPENDITURE}}{\text{DEPRECIATION EXPENSE}} \right) \times 100$$

Plant and equipment assets will be scheduled for a full renewal as they approach their design life. The majority of these assets are vehicle assets and are targeted to be renewed at an optimal intervention point that recovers an optimal cost upon sale.

Council typically renews assets when they reach 40% remaining useful life. Council avoids running assets to complete failure and deterioration to Condition 5 – Very Poor (100% consumption), as failed and obsolete assets pose significant operations and safety risks to Council, and are not an optimal point for resale.

Council sets its Renewal Funding Ratio target between 150% and 200% as plant and equipment assets are typically fully replaced with new assets as they approach 60% consumption, receive a resale return, and very rarely are the assets run to 100% consumption before replacement.

- **10+ Year Long-Term Funding Ratio:** This ratio is similar to the Renewal Funding Ratio. However, rather than measuring the previous year's renewal expenditure, it assesses whether Council's 10+ Year planned renewal expenditure is adequate in supporting the services and requirements of Council's existing plant and equipment assets, and their forecasted depreciation expense.

$$\text{LTFR} = \left(\frac{\text{PLANNED ASSET RENEWAL EXPENDITURE (10+YRS)}}{\text{ACCUMULATED DEPRECIATION EXPENSE (10+YRS)}} \right) \times 100$$

As with the targets set for the Renewal Funding Ratio, Council sets its 10+ Year Long-Term Funding Ratio target between 150% and 200% as plant and equipment assets are typically full replaced as they approach 60% consumption, receive a resale return, and are replaced with new. Very rarely are the assets run to 100% consumption before full replacement.

- **Backlog Ratio:** This ratio measures the proportion of infrastructure assets that are in Condition 4 – Poor and Condition 5 – Very Poor that require replacement. The backlog ratio allows Council to assess the extent of deferred renewal, renewal funding adequacy, and risks to community service levels.

$$\text{BACKLOG RATIO} = \left(\frac{\text{TOTAL ASSET BACKLOG REPLACEMENT COST}}{\text{TOTAL ASSET REPLACEMENT COST}} \right) \times 100$$

Council aims to achieve a backlog ratio of less than 10% to demonstrate that renewal programs are prioritised to deteriorating assets as to prevent technological obsolescence and risk to technological availability and performance.

Table PE4: Financial Sustainability Service Level Performance - Plant and Equipment Asset Class

PERFORMANCE MEASUREMENT	ASSET TYPE / CATEGORY	TARGET PERFORMANCE	PERFORMANCE AS AT 30/06/2024
Consumption Ratio	All plant and equipment asset types.	Between 40% and 60%	54%
Renewal Funding Ratio	All plant and equipment asset types.	Between 150% and 200%	194%
Long-Term Funding Ratio	All plant and equipment asset types.	Between 150% and 200%	194%
Backlog Ratio	All plant and equipment asset types.	Less than 10%	26.1%

6. Long Term Financial Plan and Sustainable Funding Scenario

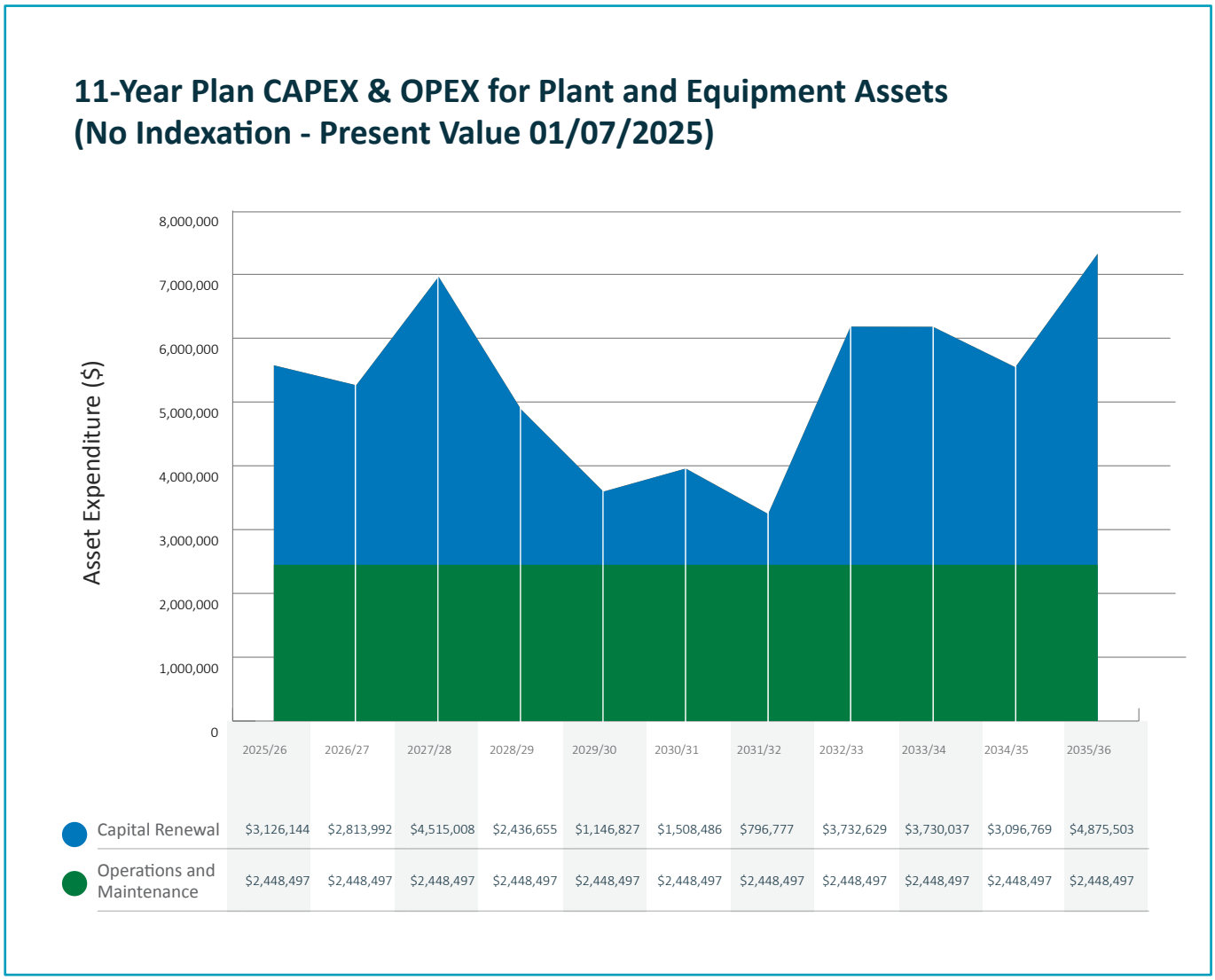
In December 2024, Waverley Council engaged external financial and asset management consultants to assess Council's long term financial sustainability and advise on the development of Council's Asset Management Strategy. A sustainable funding scenario was developed based on the technical levels of service, which were used to calculate the funding that would be required to sustainably treat and manage the assets.

The technical levels of service model guides service delivery through the MoRUN framework: Maintenance and Operations, Renewal, Upgrade and New. The scenario prioritises asset renewal and replacement to maintain service levels, acknowledging that the acquisition of new and upgraded assets results in higher ongoing maintenance and operations costs.

Table PE5: Planned 11 Year LTFP CAPEX Program - Plant and Equipment Asset Class

CAPITAL RENEWALS	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
Passenger Vehicle	$821,101	$79,370	$208,400	$1,020,193	$286,759	$162,000	$-	$-	$722,525	$-	$169,082
Small plant	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-
Light Commercial	$584,335	$233,053	$373,294	$666,416	$631,082	$183,081	$403,157	$719,730	$753,996	$197,728	$435,410
Truck Fleet	$2,388,025	$2,518,514	$4,474,411	$975,288	$-	$-	$109,509	$3,139,698	$3,030,576	$3,108,319	$4,556,716
Specialised Equipment	$103,096	$578,753	$515,519	$200,645	$403,204	$1,286,440	$288,952	$737,974	$133,927	$487,879	$807,657
Office Equipment	$37,253	$37,253	$37,253	$37,253	$37,253	$37,253	$37,253	$37,253	$37,253	$37,253	$37,253
Office Furniture	$171,235	$171,235	$171,235	$171,235	$171,235	$171,235	$171,235	$171,235	$171,235	$171,235	$171,235
Proceeds from sale	-$978,901	-$804,186	-$1,265,103	-$634,374	-$382,705	-$331,523	-$213,328	-$1,073,260	-$1,119,474	-$905,644	-$1,301,849
Total - Plant and Equipment Assets	**$3,126,144**	**$2,813,992**	**$4,515,008**	**$2,436,655**	**$1,146,827**	**$1,508,486**	**$796,777**	**$3,732,629**	**$3,730,037**	**$3,096,769**	**$4,875,503**

Graph PE5: Council's Planned 11 Year LTFP Expenditure - Plant and Equipment Asset Class

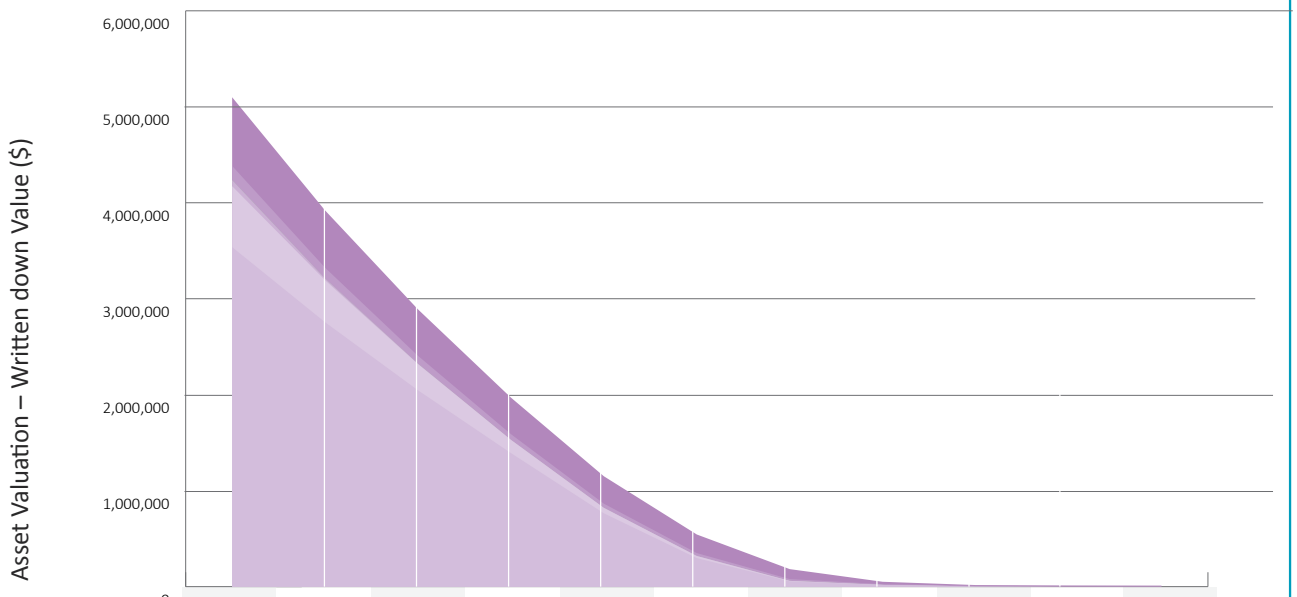


The plant and equipment asset class experiences an annual depreciation expense of $1,454,677 each year. This means that without any capital works taking place, the plant and equipment asset class would deteriorate from 31% to 0% in the 11-years between FY2025/26 and FY2035/36. The implementation of the current LTFP will maintain the asset health up to FY2035/36.

Graph PE5: Asset Value Depreciation and Capitalisation over 11 Years – Plant and Equipment Asset Class

Note: This graph demonstrates the projected Written Down Value of Plant and Equipment Assets as they depreciate annually.

Asset Value Depreciation over 11 Years - Plant and Equipment (No Indexation - Present Value 01/07/2025)



	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
Office Furniture	$715,124	$596,554	$483,604	$380,436	$285,168	$193,300	$103,768	$24,282	$8,451	$7,407	$6,363
Office Equipment	$146,979	$112,367	$82,907	$59,685	$43,911	$30,505	$18,495	$8,654	$5,566	$4,966	$4,365
Small Plant	$1,354	$218	$-	$-	$-	$-	$-	$-	$-	$-	$-
Light Commercial Vehicles	$62,976	$17,386	$3,448	$-	$-	$-	$-	$-	$-	$-	$-
Specialised Equipment	$635,369	$438,745	$273,384	$138,042	$57,115	$22,569	$4,750	$-	$-	$-	$-
Passenger Vehicles	$799,797	$658,560	$518,308	$387,543	$260,520	$134,788	$47,931	$17,613	$2,508	$-	$-
Trucks	$2,737,788	$2,096,231	$1,527,132	$1,003,894	$503,227	$162,097	$7,475	$-	$-	$-	$-

7. Minimising Risks to Community and Council

In line with its asset management objectives, Waverley Council is committed to proactively mitigating risks associated with the performance, availability, and management of its plant and equipment assets. These assets are vital to ensuring business and operational continuity, effective community service delivery, and enable staff mobility.

Asset prioritisation decisions are made through the determination and application of risk prevention approaches that consider severity, likelihood, criticality and resilience across communities, staff, and services. Waverley Council considers the below risk areas when prioritising plant and equipment asset maintenance, operations, renewal, and upgrade activities.

- Safety and wellbeing impacts
- Reputational impacts
- Financial impacts
- Regulatory compliance and legal risks
- Service delivery and asset availability risks
- Environmental impacts
- Loss of corporate knowledge, data loss, and risks to resilience and continuity

7.1. Critical Assets

Waverley Council has identified three key asset types as critical to Council's core services and risk mitigation.

- Waste and recycling collection fleet
- Public place cleansing fleet
- Asset maintenance fleet and equipment (trees, flood response, traffic response, etc.)

Council ensures that its critical plant and equipment assets are managed with a plan for resilience, continuity, and disaster recovery.

8. Continuous Improvement and Operational Efficiency

In line with its asset management objectives, Waverley Council strives to be proactive in enhancing the operational efficiency of its asset management processes, and in pursuing continuous improvement. The development and delivery of Council's Asset Management Improvement plan is crucial to ensuring that Council's asset management objectives are achieved in the most sustainable, resilient, and efficient manner.

Table PE6: Asset Management Improvement Plan – Plant and Equipment Asset Class

STRATEGY COMPONENT	TASK	DESCRIPTION OF REQUIREMENTS	EXPECTED TIMEFRAME FOR IMPLEMENTATION
Asset Information Management System	Define Data Attribute Requirements	Define data attribute requirements for informed decision making and implement into the Asset Information Management System.	12 months (Medium Priority)
Asset Financial Planning	Develop Asset Maintenance and Operations Plans	Develop the fair valuation methodology for Plant and Equipment assets including the development of the asset hierarchy, useful life approach, and inventory stock-take and naming conventions. Develop an approach to ensure plant and equipment asset expenditure is appropriately capitalised, captured, and depreciated into the financial asset registers. Ensure process exists so that plant and equipment assets are decommissioned in the asset register as they become disposed or sold.	36 months (Medium Priority)
Work Order Management System	Define Work Orders and Defects	Ensure that financial asset registers are cleansed to reflect actual plant and equipment asset inventories and aligned to meet AASB reporting requirements and enable effective asset management and planning. E.g. decommissioning assets that have been disposed.	36 months (Medium Priority)
Risk Management Approach	Develop Asset Resiliency Plans	Ensure that risk management and resiliency plans are developed and up to date for critical assets including waste and recycling fleet, public cleansing fleet, and asset maintenance fleet and equipment assets.	36 months (Medium Priority)

WAVERLEY
COUNCIL

GET IN TOUCH
9083 8000
info@waverley.nsw.gov.au
waverley.nsw.gov.au

CUSTOMER SERVICE CENTRE
55 Spring St, Bondi Junction, NSW 2022