

<b>Policy Number and Name:</b>	<b>6.2 Light Fleet, Plant &amp; Heavy Vehicle Replacement &amp; Management</b>
<b>Classification</b>	<b>Public – Council Policy</b>
<b>Adopted:</b>	<b>30 June 2009</b>
<b>Frequency of Review:</b>	<b>Annual</b>
<b>Last Review:</b>	<b>June 2010, May 2011</b>
<b>Next Review Due:</b>	<b>May 2012</b>
<b>Responsible Officer(s):</b>	<b>Director Planning &amp; Infrastructure</b>
<b>Policy Manual File Ref:</b>	<b>CC10/2601</b>
<b>Council File Reference:</b>	<b>CC10/3175</b>
<b>Legislation Authority:</b>	
<b>Related Policies:</b>	<b>6.3 Use of Council Vehicles</b>

**1. BACKGROUND**

- 1.1 The management of Light Fleet, Plant and Heavy Vehicles and the Change Over /Replacement Policy for same is critical to ensure operational requirements are met and best value is provided for the Council and Gawler Community.
- 1.2 The decision regarding when to change over the light fleet, plant and heavy vehicles should be based on optimum replacement timing. The optimum replacement point in the life of the vehicle is when the decreasing line of depreciation intersects with the increasing cost of repairs and maintenance. Optimum replacement timing for a vehicle or an item of plant is calculated to best estimate the optimum time, either in kilometres or engine hours, and time, to achieve the lowest average annual costs during the life of the vehicle/machine. Optimum Change Over is indicated in kilometres/engine hours and time.
- 1.3 Optimum Change Over/Replacement of Light Fleet, Plant and Heavy Vehicles, will be based on the Uniqco Reports, (1) Uniqco International – Plant & Vehicle Management Review for Town of Gawler – Part 1 Light Fleet (December 2008), and (2) Uniqco International – Plant & Vehicle Management Review for Town of Gawler – Part 2 Plant/Heavy Vehicle & Mechanical Workshop (December 2008), adopted by Council as the basis for Light Fleet Management and Plant/Heavy Vehicle Management in February 2009. In general Optimum Change Over/Replacement Timing for Light Vehicles, Plant and Heavy Vehicles and their management will be based on the following Policy. Notwithstanding, the decision of when to change vehicles should be made by the Director Asset Services based on Optimum Change Over/Replacement Timing reporting by Uniqco, resale values at the time and best value.

**2. POLICY**

**2.1 Part 1 – Light Fleet**

2.1.1 Optimum Changeover/Replacement Timing of Light Fleet

2.1.1.1 Optimum Changeover of Light Fleet (based on resale value, servicing and maintenance costs, downtime costs and change over costs) be within the following range:

(i) 4 cylinder cars No later than 4 years or 80,000km

(ii) 4 cylinder utilities No later than 5 years or 120,000km

(iii) 6 cylinder vehicles No later than 5 years or 120,000km

2.1.1.2 Light Fleet not be held beyond five years due to increasing risk in terms of vehicle safety and breakdowns and increasing maintenance costs

2.1.1.3 Where vehicles exceed their warranty period, purchase roadside assistance from RAA or the manufacturer of the vehicle

2.1.1.4 The Director Asset Services or his or her delegate has delegated authority to change vehicles within these parameters

2.1.1.5 Market data on Light Fleet vehicle changeover is reviewed every 6 months or when the vehicle is changed over via the Uniqco International Plant & Vehicle Management Bureau Service

2.1.2 Light Fleet Selection Criteria

2.1.2.1 4 cylinder for non operational fleet (4 or 6 cylinders for Director level and above)

2.1.2.2. 4 or 6 cylinder for operational fleet subject to operational requirements

2.1.2.3 Diesel or Petrol

2.1.2.4 4 star or higher ANCAP rating

2.1.2.5 4 star or higher Green Vehicle Guide rating for non commercial vehicles

2.1.2.6 2.5 star or higher Green Vehicle Guide rating for commercial vehicles

2.1.2.7 Base classification non luxury specification (Luxury specification for Director level and above)

2.1.2.8 Vehicles with lowest Whole of Life Cost (WOLC) meeting the above criteria

2.1.2.9 A preference for Australian manufactured vehicles.

2.1.3 Choice of Fleet Vehicles

- 2.1.3.1 When purchasing Light Fleet the Light Fleet Selection criteria outlined in clause 2.2 is used.
- 2.1.3.2 Where utilities are required for operational purposes, passenger air bags, ABS braking and diesel fuel (if available) be included in the standard specification
- 2.1.3.3 Four (4)cylinder vehicles for the non-operational fleet for lowest whole of life costs, reduced fuel consumption and environmental impacts and higher resale values, to reduce the overall costs of the fleet to Council.
- 2.1.3.4 Non commercial petrol or diesel powered vehicles be considered for the non operational fleet subject to vehicle safety and environmental assessments and Whole of Life Costs (WOLC) comparisons with other vehicles.
- 2.1.3.5 Operational light fleet vehicles will be of the commercial type unless operational requirements dictate otherwise.
- 2.1.3.6 Employees are not offered a choice of vehicle apart from those vehicles selected and assessed by the fleet manager as meeting Light Fleet Selection criteria and any other relevant policy provisions.
- 2.1.3.7 Operational requirements must be a consideration in choice of Fleet Vehicles and when required light fleet vehicles can be purchased outside of the light fleet selection criteria to satisfy operational needs.

2.1.4 Optional Extras

The following optional extras be included/excluded in specifications for new Light Fleet Vehicles purchases

<b>Recommended for safety &amp; resale value</b>	<b>Not Recommended (detract from resale)</b>
Air Conditioning	Tow Pack (unless required for business use or to meet employment contract)
ONLY Light Metallic Paint	Dark Duco
ONLY Rubber Floor Mats	Manual other than 4WD or if required for Operational purposes
Mud Flaps Front & Rear	Solar Tint Windows
Driver and Passenger Air Bags	Headlight & Bonnet Protector
Cruise Control	Weather Shields
ABS Braking	Reverse Warning Alarms
Stability Control	
Cargo Barriers for Station Wagons & Vans	

**2.2 Part 2 - Plant / Heavy Vehicle Replacement & Management**

2.2.1 Utilisation

Plant and Heavy Vehicle Utilisation be reviewed at least bi-annually to ensure machinery is meeting budget utilisation forecasts .

2.2.2 Optimum Replacement Timing

Council’s changeover policies for the heavy fleet shall be line with the Optimum Replacement benchmarks recommended in the Institute of Public Works Engineering Australia (IPWEA) Plant & Vehicle Management Manual (as updated refer table).

The optimum replacement timing for a vehicle or an item of plant is calculated to best estimate the optimum time, in either kilometres or engine hours, and time, to achieve the lowest average annual cost during the life of the machine.

The optimum replacement point in the life of the plant item is near when the decreasing line of depreciation intersects with the increasing cost of repairs and

maintenance costs. Actual depreciation figures will show two distinct steep drops in resale value. The first significant drop is immediately post purchase. The second drop is prior to a major component overhaul, which is when second hand buyers are aware of a large impending repair and maintenance bill.

Utilisation is as critical in optimum replacement as time. Council understands the importance of replacing plant before resale values fall dramatically and repairs & maintenance costs increase. Adopting optimum replacement reduces annual plant replacement costs in the long term, reduce maintenance costs and most importantly reduce downtime in the outside operations.

**Optimum Replacement Timing Table:**

Group/Type	Optimum Replacement Timing	
	Years	KM/Hrs
Backhoe Loader	7	5,000
Excavator	10	8,000
Excavator Mini	6	5,000
Forklift	10	5,000
Grader	10	8,000
Heavy duty Truck (HR & HC)	8	500,000
Light duty Truck (LR)	6	150,000
Loader	8	8,000
Medium duty Truck (MR)	8	200,000
Mower Front Deck	5	2,000
Roller Large	10	5,000
Skid Steer	5	5,000
Sweeper	8	8,000
Tractor Medium	8	5,000
Trailer heavy	15	NA
Trailer light	10	NA
Wood chipper	5	5,000

**2.3 Part 3 – Light Fleet & Plant / Heavy Vehicle Management**

2.3.1 Whole of Life Costs

2.3.1.1 Internal hire rates are based on whole of life costs and annual budget internal hire rates reflect full cost recovery including the cost of replacement.

2.3.1.2 Depreciation charges reflect the level of funding required to replace an item at its optimum replacement point.

2.3.1.3 Depreciation recovered through the recharge rate is classified as “over-recovery” and transferred directly to the plant replacement reserve to ensure the funds are available to fund the 10 year replacement program for plant and heavy vehicles.

2.3.1.4 Whole of life costs be used in purchasing decisions for items over \$10,000.

2.3.2 Maintenance Failure Records

Accurate recording of Maintenance Failures be undertaken by the Fleet/Plant & Workshop Operations Officer.

2.3.3 Downtime

Accurate recording of all downtime be undertaken by the Fleet/Plant & Workshop Operations Officer.

2.3.4 Provision of Mechanical Services

The model for the delivery of mechanical services is based on the following;

2.3.4.1 Light Fleet Servicing be outsourced, but within a Service Level Agreement (SLA).

2.3.4.2 When Heavy Plant is purchased at tender a service contract option by the supplier be included as part of the tender.

2.3.4.3 Wherever practicable, external service providers conduct servicing at the Town of Gawler.

2.3.4.4 Service Level Agreements are put in place with external service providers including industry flat rates for scheduled services and maintenance.

2.3.4.5 The role of in-house mechanical repairs/services be focused on preventative maintenance including minor scheduled services, safety checks, emergency repairs, and small plant servicing, together with administration associated with the Plant & Fleet & Workshop.

2.3.4.6 A backup arrangement is provided for when the mechanic is on extended periods of leave.

2.3.4.7 For new and replacement plant and vehicle purchases, contract maintenance be included as part of the tender specification.

2.3.4.8 Feedback to Operational Co-ordinators is provided on the reasons for failures, if failures are due to either the operator or inappropriate use of the item.

2.3.5 Maintenance Standards & Specifications

The planned and preventative maintenance schedules detailed in Table 5, Uniqco International – Plant & Vehicle Management Review for Town of Gawler – Part 2 Plant/Heavy Vehicle & Mechanical Workshop (December 2008), be utilised as the Town of Gawler Maintenance Standards to minimise OH&S Risk & downtime.

2.3.6 Minor Plant

- (a) A separate budget allocation is made for ancillary or minor plant.
- (b) Each item of minor plant be serviced at least annually and checked (safety), every six months.

2.3.7 Risk

To minimise risk the items listed in Section 2.4 & 2.5 of Uniqco International – Plant &

Vehicle Management Review for Town of Gawler – Part 2 Plant/Heavy Vehicle & Mechanical Workshop (December 2008), be included in process and procedures.

2.3.8 Service Level Agreements

Customer requirements are managed through developed service level agreements with internal and external service providers.

2.3.9 Tendering

Purchasing be in accordance with the Town of Gawler purchasing Policy and the tender assessment criteria in the IPWEA (Institute of Public Works Engineering) Plant & Vehicle Management Manual be adopted for the analysis of tenders and quotations.

2.3.10 Funding the Plant & Fleet

2.3.10.1 Internal Hire Rates be based on full cost recovery including provision (over recovery) funding future plant and fleet replacement.

2.3.10.2 A plant reserve, fully funded by over recovery from internal hire rates be the method of financing fleet replacement and repairs together with private use contributions for Light Fleet.

2.3.10.3 Where there is a lack of funding for capital replacement, consideration be given to leasing major plant items in preference to delaying plant replacement.

**3. REVIEW AND EVALUATION**

The effectiveness of this Code will be reviewed on an annual basis to ensure that its commitment to the principles of good conduct and standards of behaviour is being achieved.

The Chief Executive Office will report to council on the outcome of the evaluation and if relevant make recommendations for amendments, alteration or substitution of a new Code.

The Code will not be altered or substituted so as to affect a process already commenced.

The Code will be reviewed after each general election of Council.

**4. FURTHER INFORMATION**

Further information about this Code can be obtained by:-

Telephone:	8522 9211
Fax:	8522 9212
Email:	<a href="mailto:council@gawler.sa.gov.au">council@gawler.sa.gov.au</a>
Appointment:	Town Hall, 89 – 91 Murray Street, Gawler
Letter:	PO Box 130, Gawler SA 5118

**5. AVAILABILITY OF CODE**

The code is available for inspection during ordinary business hours at the Council principal office, Gawler Town Hall or Library Council Offices, 89 – 91 Murray Street, Gawler or is available for the Council website at [www.gawler.sa.gov.au](http://www.gawler.sa.gov.au).

A copy of this Code will be provided to interested parties upon request, for a fee as contained in the Register of Fees and Charges.