



George Town Council

DRAFT Plant, Vehicle and Equipment Replacement Policy

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1. Introduction

The George Town Council Plant, Vehicle and Equipment Replacement Policy has been designed to guide the usage, purchasing and disposal of plant, vehicle and equipment in the George Town Council fleet.

Council owns, controls, manages and maintains an extensive range of plant, vehicle and equipment. The range of plant, vehicle and equipment include (but are not limited to):

Graders, backhoes, loaders, trucks, tractors, mowers, rollers, trailers, utilities and passenger vehicles, small plant, furniture and equipment.

The aim of the Plant, Vehicle and Equipment Replacement Policy is to:

- Secure potential or future plant, vehicle and equipment requirements of Council to enable it to carry out its functions;
- To review Plant, Vehicle and Equipment Replacement Program to ensure appropriate for Council's needs;
- To manage the assets of the fleet to ensure the asset value is maintained; and
- To optimise Plant, Vehicle and Equipment Replacement to ensure value for money whilst maintaining asset value.
- To govern the use of Council owned plant, vehicles and equipment used for work and private use.
- To outline the responsibilities of employee's whilst driving/ using Council owned plant, vehicles and equipment.

Sound plant and fleet management is necessary to enable Council to:

- Provide equipment to service current and future needs;
- Provide equipment to enable affordable facilities and services, which are sustainable; and
- Maintain a modern and fit for purpose fleet.

The objective of the Plant, Vehicle and Equipment Replacement Policy is to:

- Provide the desired level of service in the most cost effective manner, for Council's present and future needs.
- Maintain an efficient and safe fleet.

2. Type of Policy

The Plant, Vehicle and Equipment Replacement Policy is a strategic policy developed to guide the decision making of Council staff.

3. Policy Objective

The objective of the policy is to outline current plant, vehicle and equipment usage and replacement practices and what needs to be undertaken within the George Town Council to maintain Plant, Vehicle and Equipment Replacement practices. The objective of this policy is to set the broad framework for undertaking Plant, Vehicle and Equipment Replacement in a structured and co-ordinated manner.

The policy aims to ensure all plant, vehicle and equipment usage and replacement are legal, ethical and to Council's best advantage. The outcomes of this policy are: open and effective competition, value for money, ethical behaviour and fair dealing.

Open and effective competition:

- To instil confidence in Councillors and ratepayers and other agencies, about the probity and cost effectiveness of Council's plant and replacement generally;
- To maximise the prospect of obtaining the most cost effective outcome for Council from suppliers; and
- To ensure that plant, vehicle and equipment suppliers wishing to do business with Council are given every opportunity to do so.

Value for money:

- To obtain the best return and performance for the money expended from the viewpoint of total costs of ownership, and whole of life costs.

Ethical behaviour and fair dealing:

- To behave with impartiality, fairness, independence, openness, integrity and professionalism;
- To advance at all times the interests of George Town Council;
- To maintain confidentiality of prices, supplier performance and evaluation criteria;
- To maintain a high standard of accountability;
- To develop systems and procedures that ensure a consistent approach to the decision making process for the purchasing of plant, vehicles and equipment; and
- To promote professional plant, vehicle and equipment usage and replacement practices.

4. Link to Strategic Plan

This policy aligns with Goal 5 -ensure Council listens to and understands community needs and continues to make responsible decisions on behalf of the community.

Key Objective 4 contained within the Council Strategic Plan 2016-2026 says:

- Consistently achieve a high standard of internal financial and governance arrangements.

5. Legislative Requirements

In accordance with Part 16, Division 2A, Section 333A and 333B of the Local Government Act 1993 (Act), Council must comply with its Code for tenders and Contracts when acquiring goods and services.

6. Risk Considerations

This policy aligns with the objectives and strategies of the George Town Council Risk Management Policy and Risk Management Strategy.

This policy endeavours to reduce risk to Council by documenting processes and requirements for cost effective, transparent and timely purchasing and disposal of plant, vehicles and equipment.

7. Policy

This policy applies to all Council owned plant, vehicles and equipment that Council has direct responsibility for or control over, including (but not limited to):

- Plant and machinery;
- Equipment, including furniture, small plant and computer or electronic; and
- Passenger vehicles

Plant, Vehicle and Equipment Replacement adopts an approach to develop and maintain plant and equipment to ensure that:

- Plant, Vehicle and Equipment Replacement strategies are driven by defined service levels and performance standards, and appropriateness of plant item for purpose;
- Financial resources are properly allocated and managed to optimise investment in plant and equipment; and

- A long-term (life-cycle) approach is taken when determining plant, vehicle and equipment operations, maintenance and renewal programs. That is, a costing system which is concerned with the cost of the life cycle ownership. It includes costs associated with the acquiring, using, caring for and disposing of plant, vehicle and equipment including maintenance replacement and disposal, commissioning, training costs and operating and depreciation costs.

Plant maintenance and repair strategies are adopted which ensure the continued and safe operation of the fleet taking into consideration:

- Costs associated with major repairs as compared to current value of the plant item and possible replacement costs,
- Downtime costs associated with obtaining a replacement machine while one is repaired and also the impacts on other equipment in a 'team' that cannot operate without a particular item e.g. a roller, grader and water cart in a maintenance.

Plant, vehicle and equipment usage and maintenance are to be undertaken to ensure the safety of employees and the general public. Employees will ensure that plant, vehicle and equipment:

- are driven or used in a safe and courteous manner towards other drivers and in a manner that does not cause undue wear and tear or damage.
- are kept clean and tidy to ensure Councils reputation as a professional and efficient organisation is maintained
- are kept clean and tidy to maximize resale value of the vehicle.
- are serviced and repaired to maintain a safe and roadworthy plant, vehicle and equipment item.

Responsibility

To achieve this policy the following key roles and responsibilities are identified:
Council

- To act as custodians for plant, vehicle and equipment assets.
- To approve Council's Plant, Vehicle and Equipment Replacement Policy.
- To approve the sale and acquisition of large plant and equipment.
- To ensure appropriate resources for Plant, Vehicle and Equipment Replacement activities are made available.
- To endorse the Plant, Vehicle and Equipment Replacement Program.

General Manager

- To present the Plant, Vehicle and Equipment Replacement Policy to Council.
- To approve the sale and acquisition of plant vehicles and equipment.
- To ensure that accurate and reliable information is presented to Council for decision making.
- To present the Plant, Vehicle and Equipment Replacement Program to Council.

Team Leaders

- To develop a Plant, Vehicle and Equipment Replacement Program, using the principles of lifecycle analysis.
- To link the Plant, Vehicle and Equipment Replacement Policy to the Plant, Vehicle and Equipment Replacement Program using the principles of lifecycle analysis.
- To present information to the Council and General Manager in terms of lifecycle risks and costs.
- To provide co-ordination for the implementation of Plant, Vehicle and Equipment Replacement Policy across Council departments.
- To communicate Plant, Vehicle and Equipment Replacement Policy across Council.
- To provide leadership in implementing Plant, Vehicle and Equipment Replacement Policy and Program.

Staff

- To implement Plant, Vehicle and Equipment Replacement Program within the boundaries of individual responsibilities.
- To be guided by the Plant, Vehicle and Equipment Replacement Policy when undertaking the duties of their role.
-

Purchase of Plant, vehicle and equipment

The purchase of plant, vehicle and equipment is to be undertaken in line with the principles of this policy and adhering to the Plant, Vehicle and Equipment Replacement Program and the Code for Tenders and Contracts.

When purchasing plant, vehicle and equipment Council will endeavour to purchase new items over second hand. Second hand or used plant, vehicles and equipment will only be considered where:

- the usage of that item is considered low or,
- The item is of a specialist type and
- A cost benefit analysis shows a negative impact when purchasing new vs used.

When plant or vehicles are scheduled for replacement in the Plant, Vehicle and Equipment Replacement Program a cost benefit analysis will be conducted assessing the alternatives of purchasing new items, leasing new items or opportunities for the contracting of services to reduce the requirement to replace items where appropriate. The cost benefit analysis is conducted to ensure that the most cost effective option is chosen and the best financial return to Council is achieved.

Plant, Vehicle and Equipment Replacement Specifications Form (Attachment 1) will be completed prior to a decision being made on a suitable replacement, or sourcing of quotes or tendering for the purchase of plant, vehicles and equipment or service provision.

When determining a Fit for Use alternative when replacing or purchasing plant, vehicles and equipment, Council will take into account the following information:

- Previous and future usage of the item of plant or vehicle or equipment
- Specialist tasks required of that piece of plant or vehicle or equipment
- Alternative plant , arrangements or contracted services available
- Information contained in the Plant, Vehicle and Equipment Replacement Specifications Form
- Team leader and Supervisor input and comments

Disposal of Plant, Vehicles, Small Plant, Equipment and Furniture

Disposal Guidelines

At all times, surplus assets or materials should be disposed of in a way that maximises returns, whilst maximising open, transparent and effective competition. Most commonly this will be through publicly competitive process of public auction or through a tendering/auctioning process.

Prior to disposal, a reasonable effort is to be made to ensure no other Council Department has a need for the asset. Items of historical or cultural significance should be given special regard and any dangerous goods disposed of only in an authorised and safe manner.

No warranty is to be offered on assets sold. Assets will remain on Council property until payment in full is received, unless approved by the General Manager.

Conflict of Interest

The officer responsible for the disposal of any Council asset and the General Manager must ensure that no conflict of interest occurs in or as a result of the asset disposal process.

Reasons for Disposal

A decision to dispose of an asset may be based on one or more of the following:

- Obsolescence.
- Non-compliance with occupational health and safety standards.
- No use expected in the foreseeable future.
- No usage in the previous 6 months (Stores Stock items).
- Optimum time to maximise return.
- Discovery of hazardous chemicals or materials present in the asset.
- Uneconomical to repair.

Preparing Assets for Sale

A check must be carried out to ensure assets do not contain:

- Additional items not intended for sale
- Confidential documents (records, files, papers)
- Documents on Council letterhead or which may be used for fraudulent purposes

- Software (which could lead to a breach of licence or contain confidential data)
- Hazardous materials

As much as is practical, any “George Town Council” identifying mark should be removed or obliterated. Spare parts held for a particular item should be disposed of in one parcel with the asset.

Asset Disposal Methods

The principal methods of disposal of assets are:

- Trade in for replacement plant or vehicle,
- Auction, public or electronic (for items of significant value a reserve price will be agreed to between the relevant officer and the auctioneer prior to the auction) or by public tender.
- Dumping, recycling – assets of little or no value only.
- Donation to a registered charity or community organisation.

Sale to Staff/Councillors

As a general principle, sale of assets to staff should not occur outside of a public process.

Invitations to bid for the purchase of any surplus Council assets should not be limited to just staff or to elected officials. Members of the public should also be allowed to compete for the purchase.

However, it is recognised that there will be individual instances where sale to a staff member may be the most practical, economical or fair and reasonable manner of disposal. In these instances, authority for disposal will rest with the General Manager. All decisions and the reasons for the decisions must be documented.

Donations to Community Groups/Charities

(Note: this method of disposal may not be used for asset with an estimated value of more than \$2,000).

Scrap materials salvaged from works e.g. pavers etc. which are unsuitable for new Council projects may be “donated” to charities/sporting bodies with the authority of the General Manager. Donations of assets may only be made with the authority of the General Manager and only after exploring all avenues for recouping a fair value for the Council.

Council staff should only consider donations in response to a formal written request. In considering any request, staff should keep in mind the following:

- Community groups should receive equitable treatment to avoid possible claims of bias.
- A check should be made to ensure the group is not a disguised business operation providing funds or remuneration to the principals.
- A check should be made to ensure the group is non-profit and that the intended use of the asset is non-commercial (i.e. non-profit).
- Where the donation is seen as appropriate but there is a potential claim of bias, the matter should be referred to the General Manager.
- The charity/community group must remove the asset themselves and at no cost to the Council.

Destruction of assets classified as beyond economical repair

Where an asset is classified as beyond economical repair the asset must be destroyed, with the destruction being witnessed by another responsible officer nominated by the General Manager.

Sale of Information Technology (IT)/computer equipment

External disposal agents are to be used to remove all goods intended for disposal, as approved by the General Manager. The agents should be contractually bound to wipe all George Town Council data and software applications from any hard drives they remove. They should also remove external asset tags and labels connecting a machine to George Town Council.

The IT Services department will contact two disposal agencies for an estimate of the value of the goods or the cost of destruction. Each company will provide a quote for the purchase of the goods (if they have any value) or for the cost of removal. The most competitive quote will be awarded the work.

Sale of Office Furniture

The furniture is to be either sold by public auction or tender process unless the General Manager authorises an alternate means of disposal in accordance with this policy.

Disposal Process

- The Officers of the relevant area identifies assets that are in excess of Council requirements and are suitable for disposal.
- The Officer of the relevant area completes the disposal of minor assets form and seeks the appropriate approval prior to disposal.
- The Officer arranges disposal of the assets in accordance with this policy.
- If no-one offers to purchase the asset at a public auction and the asset is of no or little value, the asset will be disposed of by dumping/ recycling in the manner described above. If no-one offers to purchase the asset at a public auction and the asset is of

significant value the relevant Officer will determine how to best dispose of the asset in order to maximise the return to Council whilst ensuring open and effective competition. For accountability and audit reasons, the basis of the decision must be documented (see attached Asset Disposal Form).

- Complete “Assets Disposal Form” Form (at Attachment 1).
- An Officer from the relevant area (with appropriate delegated authority) or General Manager approves the disposition of a particular asset and signs the “Asset Disposal Form” (at Attachment 1).
- The Assets Disposal Form to be countersigned by the General Manager in cases of sales to staff/Councillors or donations to charities/community groups (where a potential claim of bias exists).
- The original Assets Disposal Form is to be forwarded to Corporate and Finance department for adjustment of the Assets Register.

Documents Required in Support of Disposal of Assets

Either a copy of receipt or other proof of disposal from the contracted auctioneer, the licensed scrap dealer or the tip site, or a letter acknowledging receipt of asset and its nominal value from the recipient of the asset is required to be attached to the Assets Disposal Form.

Delegated Authority

With respect to the disposal of assets, the General Manager has authority to: Approve disposal of assets that are surplus to requirements with a book value of less than \$2,500.

The General Manager has sub-delegated this authority to the following Council officers:

- Team Leader Corporate and Finance
- Procurement Risk and Compliance Officer

Funding

Council has an internal system of reserving funds during the life of the plant or vehicle to replace it at the time of replacement.

- Vehicle and plant replacement is to be funded from internally restricted reserves for:
 - vehicle fleet replacement,
 - plant fleet replacement.
- A cash equivalent will be is to be transferred to the internally restricted reserve that includes:
 - depreciation,
 - inflation

- Any income on sale of vehicles is to be transferred to the plant replacement internally restricted reserve with the exception of grant funded vehicles.
- Tools and equipment, of value less than \$3,000, are not to be funded as plant but are to be expended from the respective budget allocation in the group concerned, including the maintenance expenses.

Related Documents

The following documents can be used to support and implement this policy:

- Asset Management Policy
- Asset Management Strategy
- Plant, Vehicle and Equipment Replacement Program,
- Plant, Vehicle and Equipment Usage Policy
- Motor Vehicle Accident Procedure

8. Implementation of Policy

Responsibility for the administration of this Policy rests with the General Manager.

Consistent with existing Council policies, review this Policy will be undertaken at least every 4 years.

The Policy may be modified on an as needs basis from time to time by Council to reflect changed operational requirements.

9. Attachments

Attachment 1

PLANT, VEHICLE AND EQUIPMENT REPLACEMENT SPECIFICATIONS FORM

The following Plant, Vehicle and Equipment Replacement form will guide the specifications/operational requirements of the plant or vehicle being purchased or replaced.

Plant/ Vehicle Replacement Specifications		
Vehicle Being replaced:		
Department:		
New Vehicle Requirements		
Attribute	Required Y/N	Comments
Towing Capacity		
GVM		
Drive system (Wheels, tracks)		
Seating Capacity		
Diesel		
Petrol		
Cab Chassis (Type of tray req.)		
Attachments (buckets, forks)		
Other considerations		
canopy		
Licencing requirements		
Team Leader Comments:		
Supervisor Comments:		
General Manager Approval: _____		

Attachment 2

Assets Disposal Form

To be used for all non-property assets. Approval is sought to dispose of the following asset:

Description.....

Quantity.....

Asset Number*

Net Book Value*\$.....

Estimated cost of disposal \$.....

Estimated market value \$.....

Reasons for Disposal

Obsolete

Other (provide details)

Proposed Method of Disposal

Public Auction

Other (provide details)

*Obtain this information from the finance unit prior to initiating the disposal process.

Signature of initiating Officer.....

Date

Position:

Approval: The above disposal is:

(please circle)

APPROVED / NOT APPROVED

Signature of authorising Officer.....

Date.....

Position:

Particulars of disposal:

I,, certify that the above goods were disposed of in accordance Councils Asset Disposal policy

Signature.....

Date.....

Attachment 3
Asset Destruction Form

If being destroyed the officer witness signature to its destruction:

Description.....

Quantity.....

Asset Number*.....

Net Book Value*\$.....

Estimated cost of disposal \$.....

Signature of Authorising Officer

Date.....

Amount received on disposal: \$
.....

Receipt No:

Date:

Signature: Date:
.....

Asset Register updated:

Note: Please ensure supporting documentation such as a receipt of sale clearly identifying the purchaser or recipient is attached to this form.

Date of Approval:	
Source of Approval:	
Commencement Date:	
Related Council Documents:	
Next Review Date:	
Publication of Policy:	