

Ordinary Meeting

Meeting Date: Tuesday, 11 March, 2025

Location: Council Chambers, City Administrative Building, Bridge Road, Nowra

Attachments (Under Separate Cover)

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FLEET AND PLANT SERVICE REVIEW

SHOALHAVEN CITY COUNCIL
JUNE 2024

aecgrouppltd.com



CL25.75 - Attachment 1

SHOALHAVEN CITY COUNCIL – FLEET AND PLANT SERVICE REVIEW



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EXECUTIVE SUMMARY

BACKGROUND

The Shoalhaven region is located on the south coast of New South Wales, with the regional centre of Nowra-Bomaderry located 160 kilometres south of Sydney. Most of the population is concentrated along the coastal fringe, which is traversed by the Princes Highway. The major centres include Nowra-Bomaderry, Milton-Ulladulla, Huskisson-Vincentia, St Georges Basin District, Culburra Beach and Sussex Inlet – see Figure 1.1 below.

Council manages a plant and fleet portfolio, supplemented with hired and leased items, to enable the provision of services and public infrastructure. While the light fleet generally supports all services requiring passenger travel, the heavier fleet and plant supports the operations and maintenance of transport, water, sewer, waste and parks/gardens infrastructure.

A majority of light and heavy fleet is owned by Council, supplemented by hired plant and fleet – approximately \$3.5 million of external hired plant and fleet is hired/leased each year.

While a large majority of maintenance is completed by Council officers, there is some outsourcing of maintenance, primarily relating to specialised plant at the Waste Depot in West Nowra.

Council's fleet and plant is currently garaged and serviced from the depots at Bomaderry, South Nowra (Flinders), Woollamia and Ulladulla.

The total replacement cost of plant and fleet assets considered by this review is \$94 million with an estimated annual operating cost of \$22 million – including annual depreciation expense of \$7.2 million.

Table ES-1. Current Plant and Fleet Portfolio

Fleet Category	Count	Current Replacement Cost ¹	% of Total Replacement Cost	Annual Depreciation ²	Annual Operating Cost	% of Total Operating Cost	Replacement Cost of Assets Beyond Optimal Replacement
Passenger Vehicles	146	\$7,107,000	7.6%	\$635,601	\$2,044,475	9.3%	\$54,600
Light Commercial	265	\$11,505,000	12.3%	\$1,431,746	\$4,022,198	18.3%	\$300,000
Trucks	159	\$22,510,000	24.0%	\$1,963,139	\$6,123,380	27.8%	\$856,000
Heavy Plant	79	\$19,250,000	20.5%	\$1,518,894	\$5,412,615	24.6%	\$1,964,000
Small Plant	1,792	\$4,171,500	4.4%	\$324,895	\$461,804	2.1%	\$815,550
Mowers	86	\$1,920,000	2.0%	\$188,103	\$828,871	3.8%	\$180,000
Trailers	205	\$3,906,000	4.2%	\$219,568	\$791,863	3.6%	\$1,211,850
Attachments	50	\$1,440,000	1.5%	\$184,541	\$274,430	1.2%	\$810,000
Roller	17	\$1,575,000	1.7%	\$118,536	\$367,254	1.7%	\$362,250
RFS	128	\$15,271,500	16.3%	\$593,262	\$907,474	4.1%	\$1,078,500
Other	147	\$5,205,000	5.5%	\$385,758	\$773,937	3.5%	\$1,199,350
Total	3,074	\$93,861,000	100.0%	\$7,564,043	\$22,008,302	100.0%	\$8,832,100

Source: AEC analysis of Council fleet data

PURPOSE & APPROACH

Council is seeking to achieve the most effective utilisation and management of plant and fleet. The review assumed no change in the current level of operations and no change to the organisation and delivery of the capital works. The delivery of the capital works has is a major determinant of the demand for internal plant and fleet.

¹ Current replacement cost based on modern-day equivalent

² Depreciation calculated based on historical cost not fair value

SHOALHAVEN CITY COUNCIL – FLEET AND PLANT SERVICE REVIEW



The desired outcomes of the review as provided by the Council include:

- Review of Council’s utilisation of plant and fleet to deliver necessary functions, considering the services undertaken and current service levels, what resources are required and the most cost effective ownership/operating models.
- Opportunities for potential savings
- Review of management of the plant/feet record keeping and maintenance.
- Replacement schedule to minimise annual plant/fleet replacement turnover cost
- Realistic plant hire charge to reflect full cost recovery
- Sustainable income to be able to move forward with innovations and improvements
- Improvements in the quality of the asset data
- The general fund plant reserve to be able to sustain perpetual replacements and operations

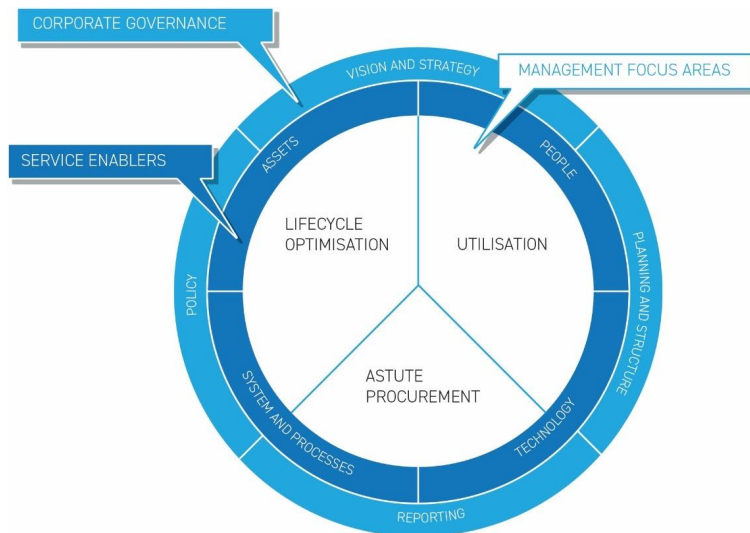
The approach followed by AEC is our inhouse developed whole-of-service approach to fleet management – AEC refers to as the Best Practice in Fleet Management (AEC Model). The AEC Model has been developed from an organisational perspective and is designed to best inform organisational leaders to improve fleet management performance across the organisation.

As part of the service review, AEC completed an onsite inspection and audit of fleet data, including a visual condition assessment of all large plant and fleet items, meetings with stakeholders and a functional review of the workshops.

The service review has addressed key areas that add the most value to improving the effectiveness and efficiency of a fleet management service, organised by the following grouped functions:

- **Corporate Governance** – Vision and strategy, planning and structure, reporting and policy.
- **Service Enablers** – People, assets, technology and systems/processes.
- **Management Focus Areas** – Asset utilisation, astute procurement and lifecycle optimisation.

Figure - Best Practice in Fleet Management (AEC Model)



Source: AEC

SHOALHAVEN CITY COUNCIL – FLEET AND PLANT SERVICE REVIEW



KEY FINDINGS AND RECOMMENDATIONS

Function	Finding	Recommendation
Corporate Governance		
1 Vision and Strategy	1.1 Council does not currently have a strategy or a fully funded long-term replacement plan for the future delivery of plant and fleet. The management and planning for plant and fleet is predominantly focused on short term needs and requirements as determined by the operators of the plant and fleet.	1.1 A 10-Year Plant and Fleet Replacement Program to be developed to enable the delivery of the forward capital works plan and service planning and integrated with the Long Term Financial Plan – prepared by the Plant and Fleet Working Group, endorsed by Executive and adopted by Council.
2 Planning and Structure	2.1 There is currently no formal working group or a stakeholder group tasked with responsibility for ensuring stakeholders are engaged, monitor reporting of performance indicators, consider business cases for new plant/fleet, investigate major breakdowns/downtime, develop recommendations to EMT/Council and coloration in planning for future replacement and demand for plant and fleet. 2.2 Shoalhaven City Council has three fleet reserves (General, Water and Sewer) and the waste fleet is funded within the waste budget and reserve. The general fund plant replacement reserve has been used to fund other capital projects and new plant items (rather than replacement), causing the balance of this reserve to fall below the level to fund the required replacements. 2.3 Council has a panel arrangement for external plant hire with 55 contractors currently listed. The process for engaging contractors from the panel lacks adequate controls and is guided by an internal document that is expected to deliver equity of engagement in preference to best value to Council. 2.4 The leaseback contributions paid by Shoalhaven employees is low compared to the benchmarked councils, resulting in a large fringe benefits tax expense	2.1 The establishment of a Plant and Fleet Working Group is a key consideration., reporting on routing performance indicators and providing advice to the Executive and the Council. The Plant and Fleet Working Group will enable stronger governance to ensure that there is appropriate planning for plant and fleet, integrated with operations and capital works planning, with enhanced accountability for high performance of plant and fleet 2.2 Ensure that the plant replacement reserves are not used for other purposes. 2.3 The administration of the external plant hire is to be controlled by fleet management to ensure that Council receives best value for money, with the contractors able to submit revised rates on a six monthly basis and that fleet management will monitor the utilisation of the external plant hire in line with the utilisation (underutilisation) of its own fleet 2.4 Review the leaseback contributions to minimise or remove the fringe benefits tax
3 Reporting	3.1 There is currently limited reporting on the performance of Council's fleet service. There is no monitoring of fuel use, no useful reporting on fuel consumption and insufficient controls in place. 3.2 The meter readings are not being entered at the time of purchase of fuel and the readings that are entered do not always progress into the asset register due to data errors on the import.	3.1 Through the Plant and Fleet Working Group, performance reporting could be provided to the Executive Management Team that includes the key performance indicators as outlined in the report. 3.2 Make the entering of meter readings compulsory and report non-conformance.
4 Policy	4.1 Council has a current Motor Vehicle Policy that mostly governs the provision and responsibilities for private use privileges. Council	4.1 Council to adopt a Fleet Management Policy and the revised Motor Vehicle Policy with the proposed embellishments as

SHOALHAVEN CITY COUNCIL – FLEET AND PLANT SERVICE REVIEW



Function	Finding	Recommendation
	currently does not have policy that sets the Council's management objectives, decision making criteria (and thresholds), defines roles and responsibilities and requires reporting back to the Council to ensure the objectives of the policy are being achieved.	provided in the Appendix to this report. The Fleet Management Policy will establish the selection criteria, optimal replacement time for plant and fleet and the planning and performance reporting requirements and responsibilities
Service Enablers		
5 People	<p>5.1 There is a dedicated fleet manager with adequate administrative support but the lack of adequate fleet reporting results in ad hoc decisions and a reactive fleet management environment. While the fleet management functions are centralised, there is little to no benefits being realised by the centralisation. The benefits of centralisation that are not being realised include standardisation, data management, automation of processes, quality control of specifications, optimisation of investments, performance reporting, sharing of plant and fleet and accountability for utilisation and optimisation of the plant and fleet</p> <p>5.2 The Workshop Supervisor undertakes fleet administrative duties such as parts procurement and entering data</p>	<p>5.1 Creation of a new position, Fleet Technical Officer to administer and monitor the external plant hire, facilitate the preparation of all procurement specifications, arrange the procurement of all trucks and plant, use fit for purpose methodology for all fleet specifications, ensure an accurate asset register is maintained, ensure all fleet assets have appropriate maintenance schedules and liaise with the workshops to review maintenance performance</p> <p>5.2 Work with the adjacent store for procuring parts for scheduled servicing. A broader review of workshop procurement practices to assist with the efficiency of the workshop is necessary. Additional administration support is required at the workshops, particularly to assist with maintenance planning and tracking overdue servicing, as well as facilitating external hiring of plant and fleet. An additional 0.5 FTE of admin support is required at least across the workshops.</p>
6 Technology	6.1 The configuration or reporting and integration within Technology One appears to be lacking, and the system is not being used as a maintenance management system.	6.1 Council to improve the configuration of the Enterprise Asset Management - Fleet Management to support and enable the Maintenance Plan and to enable performance reporting as required by the Plant and Fleet Working Group.
7 Systems & Processes	7.1 The fleet servicing functions, including maintenance, are predominantly undertaken by Council staff. There is some outsourcing of tasks, primarily relating to specialised plant at the Waste Depot in West Nowra	7.1 Investigate the opportunity to outsource the maintenance of high use, key fleet assets at the waste depot under a contract arrangement with the OEM / supplier
8 Assets	<p>8.1 The depots at Bomaderry, Ulladulla and Woollamia appear to have adequate storage and manoeuvring space for the current fleet with some spare capacity for additional dry hire plant. The layout of the workspace in the fabrication workshop is not ideal.</p> <p>8.2 There is a lack on controls in fuel management.</p>	<p>8.1 Investigate moving the fabrication workshop to a new purpose built facility. One boiler maker to remain at the Bomaderry workshop for repairs on plant.</p> <p>8.2 Need to implement more controls and exception reporting in fuel management.</p>

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Function	Finding	Recommendation
Key Management Focus Areas		
9 Utilisation	9.1 Council has not set annual utilisation targets.	9.1 Council set utilisation targets to enable reporting against the target.
	9.2 Fleet items with average utilisation well below benchmarks have been highlighted with the potential savings to Council if the assets were disposed of and not replaced.	9.2 Fleet items identified through this review that have a low utilisation to be disposed and the demand absorbed through other existing fleet and plant or replaced by a hire arrangement. Plant that has low utilisation but required for emergency situations will be assessed based on risk. Obtain the hour meter readings from the mowers to measure their utilisation. Investigate the option to share underutilised fleet between the work teams. Formalise the offering of leaseback agreement or vehicle allowance within a Council policy.
	9.3 The depreciation that is charged by Shoalhaven City Council is more than what is calculated in the model, this is due to no residual value recorded for assets or the useful life is shorter.	9.3 The useful life and residual values are amended in the asset register to ensure correct depreciation is charged.
	9.4 The current internal hire charge to recover the cost of providing plant and fleet does not reflect the actual cost of the use of the assets	9.4 Hire rates are set and regularly reviewed to ensure full cost recovery. Use the target utilisation to calculate the hire rates to ensure that projects are correctly charged for fleet and plant. Utilisation targets are to be review annually with poor performing assets further investigated to identify and correct the root cause of low utilisation
	9.5 Council does not revalue the plant and equipment asset category.	9.5 The revaluation of plant and equipment, to ensure that the carrying amount does not differ materially from the fair value.
10 Astute Procurement	10.1 Council is currently replacing motor vehicles between 60,000 and 90,000kms or five years, which is likely to be under the optimal replacement period. There is a current backlog to restore the plant and fleet to an optimised portfolio of assets (in total estimated to be \$7.1 million). There is minimal integration of planning for plant and fleet with the capital works planning or service planning.	10.1 Decisions regarding purchasing new assets and replacing/retaining existing assets should be based on a review of historical utilisation and projected future business use, not solely upon the industry benchmarks. Where a change in technology or the delivery of operations or capital work programming is expected to impact fleet utilisation, these impacts should also be considered in the decision making process
11 Lifecycle Optimisation	11.1 There is a reliance on operators and drivers arranging the regular services.	11.1 A simplified maintenance schedule approach be adopted based on intervals rather than meter readings.
	11.2 The workshops do not record the different types of maintenance activities	11.2 Scheduled maintenance is programmed and planned, and adhered to consistently by both workshops and operators, with aim to achieve 70% of all work tickets as scheduled maintenance

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1. INTRODUCTION

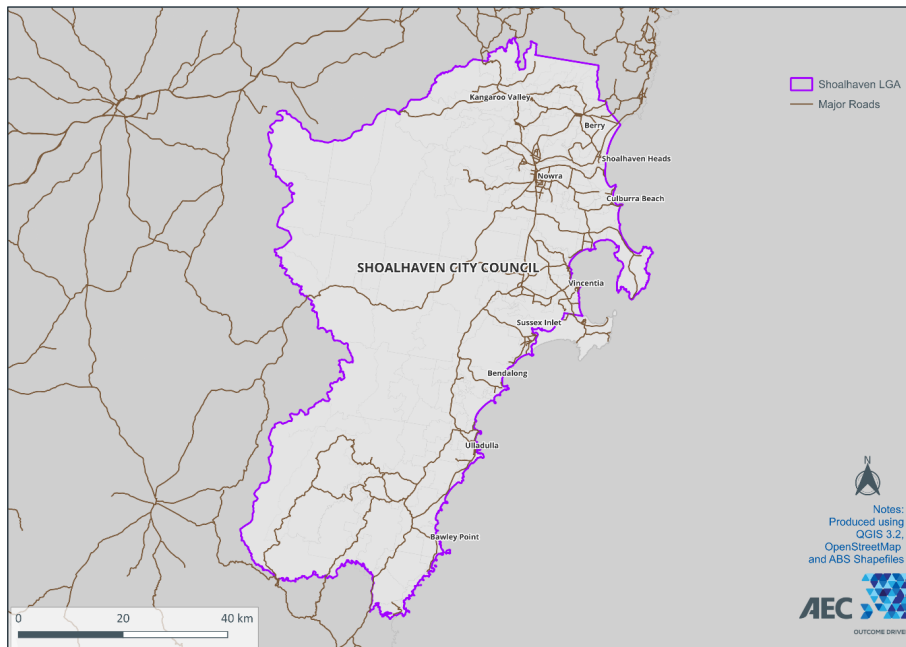
1.1 BACKGROUND

The Shoalhaven region is located on the south coast of New South Wales, with the regional centre of Nowra-Bomaderry located 160 kilometres south of Sydney. Most of the population is concentrated along the coastal fringe, which is traversed by the Princes Highway. The major centres include Nowra-Bomaderry, Milton-Ulladulla, Huskisson-Vincentia, St Georges Basin District, Culburra Beach and Sussex Inlet – see Figure 1.1 below.

Councils plant and fleet portfolio enables the provision of services and public infrastructure. While the light fleet generally supports all services requiring passenger travel and utility vehicles, including the provision of vehicles to staff with private use privileges under a leaseback arrangement, the heavier fleet and plant supports the operations and maintenance of transport, water, sewer, waste and parks/gardens infrastructure. The plant and fleet items are used to maintain large road and drainage networks (approximately 1,589 kms of sealed road and 257 kms of unsealed road), as well as maintaining over 2,177 hectares that include parks, gardens and playgrounds.

A large majority of light and heavy fleet is owned by Council, supplemented by both wet hire (provided with operator) and dry hire (provided without operator) of plant and fleet.

Figure 1.1 – Shoalhaven Local Government Area



Source: AEC

SHOALHAVEN CITY COUNCIL – FLEET AND PLANT SERVICE REVIEW



Table 1.1 below provides a summary of the 3,074 plant and fleet assets reviewed in this report. While the main focus of the review was on fleet and large plant items, other smaller items such as small plant, trailers and attachments were included in the modelling.

Council's fleet and plant is garaged and serviced from the depots at Bomaderry, South Nowra (Flinders), Woollamia and Ulladulla. The total replacement cost of plant and fleet assets considered by this review is \$94 million with an estimated annual operating cost of \$22 million – including annual depreciation expense of \$7.2 million.

Table 1.1 – Current Plant and Fleet Portfolio

Fleet Category	Count	Current Replacement Cost ³	% of Total Replacement Cost	Annual Depreciation ⁴	Annual Operating Cost	% of Total Operating Cost	Replacement Cost of Assets Beyond Optimal Replacement
Passenger Vehicles	146	\$7,107,000	7.6%	\$635,601	\$2,044,475	9.3%	\$54,600
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Total	3,074	\$93,861,000	100.0%	\$7,564,043	\$22,008,302	100.0%	\$8,832,100

Source: AEC analysis of Council fleet data

The category of trucks has the largest amount of capital invested (current replacement cost) and is the largest proportion of the total operating costs. The heavy plant category is the second largest of the portfolio – which includes graders, rollers, loaders, tractors, backhoes and excavators.

The RFS plant and fleet is included as a separate category, although Council does not manage the assets. The primary reason for including the RFS assets is to inform the discussions between Council and RFS regarding the cost of maintaining the RFS assets.

This review has identified that the heavy plant category has the largest proportion of value of plant and fleet that are beyond optimal replacement.

The heavy plant and trucks categories therefore hold the greatest potential for cost efficiencies in the consideration of the report findings. It should also be noted that while risk to safety is an important consideration for all categories, the operational risks (including risk of downtime) for heavy plant and truck assets are generally greater than for other categories.

1.2 PURPOSE OF THIS REPORT

Council is seeking to achieve the most effective utilisation and management of plant and fleet. The review assumed no change in the current level of operations and no change to the organisation and delivery of the capital works. The delivery of the capital works has is a major determinant of the demand for internal plant and fleet.

³ Current replacement cost based on modern-day equivalent

⁴ Depreciation calculated based on historical cost not fair value

SHOALHAVEN CITY COUNCIL – FLEET AND PLANT SERVICE REVIEW



The desired outcomes of the review as provided by the Council include:

- Review of Council’s utilisation of plant and fleet to deliver necessary functions, considering the services undertaken and current service levels, what resources are required and the most cost effective ownership/operating models.
- Opportunities for potential savings
- Review of management of the plant/feet record keeping and maintenance.
- Replacement schedule to minimise annual plant/fleet replacement turnover cost
- Realistic plant hire charge to reflect full cost recovery
- Sustainable income to be able to move forward with innovations and improvements
- Improvements in the quality of the asset data
- The general fund plant reserve to be able to sustain perpetual replacements and operations

1.3 REVIEW METHODOLOGY

1.3.1 Service Review Approach

This report has been prepared using a service review approach called the AEC Service Planning and Learning Circle, which was developed with reference to the Business Excellence Framework.

AEC considers governance aspects such as leadership, strategy and policy and performance management an essential component of a fleet services review. It is often that the issues and concerns raised during a fleet service review have a root cause in a lack of an organisation’s corporate governance and the service enablers that are required by the providers of the service. The role of the fleet manager can be very difficult, made harder with the lack of effective policy to enforce directions, a forum to engage with stakeholders, poor information systems, lack of integration and inconsistency in planning and workshops without adequate facilities and tooling.

1.3.2 Stakeholder Engagement

AEC completed onsite interviews with all key stakeholders, including users of the plant and fleet and the staff within the workshops. Feedback was sought from eight areas including Finance, Procurement and Operations, District Engineer, Workshop Supervisor and operator levels (including Waste Management and Shoalhaven Water). The eight operational groups were asked to give performance ratings as shown below. One group consisted of 23 operators and drivers at Bomaderry Depot with no Supervisors present. In addition, advice was sought from the Chief Information Officer and his staff on implementing changes to the data capture and report capability including dashboards for improved fleet and operational management.

1.3.3 Fleet Modelling

The AEC Plant and Fleet Cost Modelling tool (AEC Fleet Costing Model) was used to develop a database of the Council’s fleet and plant, including the attributes of each item and utilisation data. The AEC Fleet Costing Model was used to estimate whole of life costs and annual operating costs, in addition to predicting the forward replacement program.

1.4 BEST PRACTICE IN FLEET MANAGEMENT (AEC MODEL)

The cost of plant and fleet contributes to both the operating costs associated with the delivery of local government services, as well as project costs in the construction and maintenance of public infrastructure. In addition to fleet services having financial impacts, the operation of plant and fleet assets introduces significant risks, including the safety of employees and the community.

Effective fleet management should manage both the costs and risks associated with the provision and operation of plant and fleet assets. This includes actions to ensure compliance, improve efficiency and productivity, reduce cost and appropriately manage risk. AEC has developed a whole-of-service approach to fleet management, which

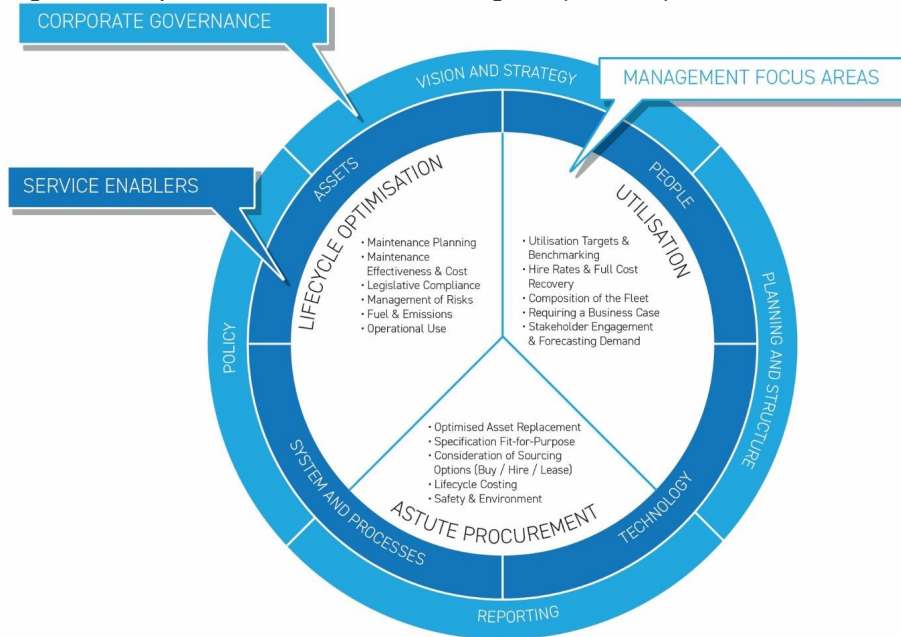
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is referred to as Best Practice in Fleet Management (AEC Model). The AEC Model has been developed from a corporate perspective and is designed to best inform organisational leaders to improve fleet management performance in the following areas of importance:

- **Corporate Governance** – Vision and strategy, planning and structure, reporting and policy.
- **Service Enablers** – People, assets, technology and systems/processes.
- **Management Focus Areas** – Asset utilisation, astute procurement and lifecycle optimisation.

Figure 1.2 – Components of Best Practice in Fleet Management (AEC Model)



Source: AEC

AEC’s experience has found that management is often concerned with the operations of fleet, however, it is important for those in management roles to appreciate that good governance is essential to best practice fleet management. As with all good strategy and planning, leaders should establish good governance arrangements, including policy and decision making frameworks to achieve the desired fleet management vision (the desired future state). Importantly, lack of planning in the delivery of services and infrastructure restricts the ability to assess whether the plant and fleet composition and size is appropriate or not – without a forward plan of works it is not possible to plan or procure best fit plant and fleet.

However, the implementation of good governance by leadership alone does not facilitate a successful fleet management service. The service must be provided with the necessary enablers to achieve the planned outcomes, including:

- **People** – including skilled and experience fleet management, procurement, workshop maintenance and operators.
- **Systems** – including information management and the use of digital technologies, as well as other management tools such as policy, communication, coordination, project planning and performance reporting.
- **Processes** – the means by which actions are achieved, including management tools such as procedures, guidelines, and automation.

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Delivering the intended process outputs from the fleet service is reliant on the adequacy of the expertise of staff and/or outsourced contractors and the necessary physical assets, resources and tools required to complete planned activities.

While there are many fleet and plant demands for management attention, the most successful companies in fleet management target key areas to focus and prioritise management efforts. That is not to suggest that other areas are unimportant, but rather focusing on key areas is likely to produce the best and higher priority performance improvements. If the key focus areas listed in Figure 1.2 are adequately addressed, it is likely that Council will achieve at least 95% of the potential for service improvement.

2. GOVERNANCE OF FLEET MANAGEMENT

2.1 THE NEED FOR GOOD GOVERNANCE

The governance aspects of managing the fleet service are primarily the responsibility of leadership and include establishing the vision and strategy, service planning and performance reporting.

Strategies are established to bring about change. If nothing needs to change, there is no need for a strategy. Where change is needed, a strategy establishes an achievable path between the current service delivered and what is desired in the vision for the service. Equally, if management or the Council is expecting change to occur without a strategy to achieve the desired outcome, it is unlikely that the change that the management or Council is seeking will be achieved.

Planning enacts service objectives through clear expectations for the allocation and use of resources, and reporting provides measures of actual performance against that which was intended from the plans.

Applied to the provision of plant and fleet within Council, good governance should articulate the current and future demand for plant and fleet, enabling the fleet managers to respond with a plan to provide plant and fleet that has the necessary capacity, capability and performance to meet the current and future demands of the service, with the chosen most efficient delivery approach (including whether Council owns, leases or hires plant and fleet for different services). Fleet managers should report back to management and the Council, reporting on the progress of achieving strategies and whether actual performance of the plant and fleet is consistent with planned performance.

Service and asset management planning for the fleet service includes the delivery of new assets, renewal of existing assets and disposal of replaced assets to meet the current and future demands for plant and fleet from each functional service within the organisation. Service and asset management planning must be integrated into overall planning for the fleet service, including the identified current and future demand from the forward capital works plan.

The size and composition of plant and fleet assets identified as required to appropriately meet current and future demands will determine the associated fleet management systems and resources (including internal workshops and the potential use of contractors) required to manage the assets efficiently to sustain satisfactory levels of safety and productivity.

2.2 CURRENT FLEET STRATEGY

Council does not currently have a fleet management strategy, nor does the Council have a fully funded long term replacement plan. The current replacement plan does not go beyond 12 months, despite each fleet item having a replacement date in the fleet register. The fleet items due for replacement are only reviewed annually with the items for the next 12 months extracted for the next financial year's replacement plan.

Without a replacement plan in place, the reactive action is to hold onto plant because the item is currently needed rather than disposing of it. The review has identified Council is holding onto approximately \$1million in plant and fleet that was intended to be disposed of during recent purchases, however both the old asset and the new replacement asset is still in operation. This highlights a breakdown in the integrity of the replacement program, leading to higher capital invested in plant and fleet and higher operating costs than planned (budgeted).

There is an observed lack of integration of fleet planning with the long-term planning for operations and capital works. Furthermore, there is no forum to ensure there is ongoing engagement and planning to ensure the plant and fleet held by Council is adequate for future capital works and service operations requirements.

The mandate of this report is to assist Council to improve the strategy behind the replacement and utilisation of plant and fleet, with view to improving the performance and efficiency of the plant and fleet portfolio.

2.3 FLEET PLANNING AND STRUCTURE

2.3.1 Fleet Service Planning

Accountability and responsibility for plant and fleet planning is currently unclear, albeit within the accountability of the Manager Commercial Services. Planning that has been completed in the past is informed by annual operational and capital works planning, without considering future changes to delivery of services or changes in the delivery of capital works. Ultimately fleet and plant funding decisions are made by Council.

If long term planning is not completed, it is unlikely the organisation has adequately included future funding for plant and fleet.

2.3.2 Plant and Fleet Working Group

There is currently no formal working group, committee or a stakeholder group for provision of Council's fleet service. It is common for a council to have a forum for the fleet managers to meet with key stakeholders to discuss performance issues with the service, to engage in planning for the service, for performance reports to be considered, actions taken to address issues with the service and for the collective advice to be provided to higher management and the Council on fleet and plant matters (including forward funding requirements and business cases for new assets).

The current practice for replacement of plant and fleet includes extensive engagement with the operators, with key decisions on replacement of plant and fleet determined by the users - sometimes resulting in sub-optimal replacements and a lack of standardisation across the portfolio. This is time consuming and preventing benefits to be achieved from centralising the management of plant and fleet. Fleet Management would like the current Council process to change, a working group or committee that oversees the specifications of plant and fleet purchased enables standardisation, providing a range of efficiencies across the service to be achieved.

A Plant and Fleet Working Group's strategic focus would include the following:

- Medium to long term integration of service and capital works planning with forecasting future requirements – enabling discussion regarding the appropriateness of the current composition of plant and fleet to meet the future requirements of planned services and capital works.
- Regular (quarterly) monitoring of key performance indicators of fleet management and reporting to the Executive Management Team on an annual basis (prior to budget deliberations).
- Consideration and propose forward replacement program for fleet and plant to be considered by Executive Management Team.
- Investigation and consideration of business cases for new plant and fleet.
- Review of major breakdowns and significant incidents, including safety and environmental incidents.
- Undertake further investigations and provide advice as delegated by Executive Management Team.

The plant and fleet working group should consist of the Commercial Services Manager, Fleet Manager, district engineers, procurement, finance, Swim Sport and Fitness precincts, waste management, cemeteries, Shoalhaven Water and the workshop managers.

With improved governance arrangements, including the establishment of an appropriately developed Fleet Management Policy (a suggested Policy is provided in Appendix B) including governance and procurement processes, the Plant and Fleet Working Group can provide confidence and trust that the plant and fleet is being managed within the directions of the Fleet Management Policy. The policy should define the governance arrangements of the group and the strategic oversight and decision making on fleet management. The Fleet Management Policy should include the requirement for the Plant and Fleet Working Group to report performance to the Executive Management Team at least annually and preferably on a quarterly basis.

2.3.3 Service Delivery Approach

The service delivery approach includes how resources, capabilities and skills required to provide the service are acquired, in addition to the most suitable leadership, organisation and control of the resources once acquired and accountability mechanisms to ensure the service delivers planned activities in an appropriate manner.

The City Services directorate is currently responsible for the plant and fleet reflecting the direct dependency on plant and fleet in the delivery of construction and maintenance functions and projects. Day-to-day management of the fleet service is mostly centralised with the Unit Manager – Mechanical and Fleet Services. The Manager – Commercial Services has oversight of fleet planning, including future planning and the annual procurement plan.

The fleet servicing functions, including maintenance, are predominantly undertaken by Council staff. There is some outsourcing of tasks, primarily relating to specialised plant at the Waste Depot in West Nowra.

Council has a panel arrangement for external plant hire with 55 contractors currently listed. The process for engaging contractors from the panel lacks adequate controls and is guided by an internal document that is expected to deliver equity of engagement in preference to best value to Council.

Council's current service delivery approach (a centralised business unit within the City Service Directorate) is consistent with a majority of larger Councils and is generally the most appropriate approach given the relative size of the plant and fleet portfolio.

A business unit (or sometimes referred to a profit centre) approach to fleet management includes an emphasis upon a sustainable self-funded business unit, charging plant and fleet based on full cost recovery, maintaining a quarantined sustainable cash reserve for fleet replacement and formal service delivery arrangements between the fleet manager and internal service providers.

2.3.4 Sustainable Financial Planning

Council's fleet management is currently responsible for all costs incurred, with the operations and long-term replacement plan funded through reserves. The intent is for the plant and fleet to be charged to users on a full cost recovery basis through internal hire charges. However, setting effective hire rates to obtain full cost recovery requires a good understanding of the utilisation and reliable reporting of actual utilisation. Utilisation is currently not well reported on and therefore the capacity to establish effective hire rates is limited.

Council is currently charging fleet to suspense accounts, with adjustments made to ensure full recovery of fleet costs is obtained. This appears to be a high administration burden.

It is important to ensure works projects are appropriately charged for using fleet and plant, including grant funded program works (such as national disaster recovery projects), consistent with the good financial practice that the user of a service bears the full cost to ensure efficiency in the use and allocation of scarce resources. AEC has found that the current hire rate structure is not reflective of the actual costs of providing the fleet services, it is inconsistent and results in incorrect fleet costs being allocated to jobs.

Shoalhaven City Council has three fleet reserves (General, Water and Sewer) and the waste fleet is funded within the waste budget and reserve. The water and sewer plant reserves have been quarantined appropriately, however the general fund plant replacement reserve has been used to fund other capital projects and new plant items (rather than replacement), causing the balance of this reserve to fall below the level to fund the required replacements.

An alternative arrangement that some councils have implemented is a direct charging of variable cost items to the users of the fleet, with the cost recovery through internal charging from fleet for only the fixed charge components (i.e. depreciation, return on assets). The advantage of this arrangement is that the fleet manager does not carry the financial risk of insufficient recovery through internal charging for the variable costs (eg fuel, maintenance, registration etc) and therefore the reserve held by the fleet manager is more likely to be more sustainable. The disadvantage of this option is the administrative burden of journaling or other arrangements to ensure the variable costs and the internal fleet charge is accurately charged to projects.

A further alternative is a hybrid approach, with plant and fleet used on a permanent basis provided with a charge from the fleet manager for fixed costs only (with variable costs charged to the users) and only plant and fleet used for capital works or other projects charged out on a full cost recovery basis.



2.4 REPORTING

There is currently limited reporting on the performance of Council's fleet service, with irregular financial reporting produced through the Technology One general ledger reporting.

While utilisation is a key performance and efficiency measure for fleet services, it is not monitored nor reported and is hampered by the inconsistent capture of odometer and hour meter readings. Maintenance mechanics capture meter and odometer readings while working on the assets but only record them in a comments section, which cannot be searched and analysed.

Meter and odometer readings for the light vehicle fleet, light commercial fleet, trucks and plant are also captured through the fuelling systems (Ampol fuel cards and the smart fuel systems), but there is inconsistency in the accuracy and completeness of the utilisation datasets recorded by different staff.

The target utilisation should be used to calculate the hire rates for the fleet that is charged to projects, the utilisation variances then need to be investigated to ensure the real cost of the fleet is correctly being charged to projects.

The lack of monitoring fuel consumption with no effective fuel use controls is a major concern as there could be fuel theft that remains undiscovered.

It was observed that there is no performance reporting for the workshops, however, there was evidence from stakeholder interviews suggesting the performance of the workshops is generally of a high standard, considering their current constraints.

Through the Plant and Fleet Working Group, performance reporting could be provided to the Executive Management Team that includes the key performance indicators for both the fleet and workshop, as outlined in the Table below.

Table 2.1 - Assessment of Performance Reporting

Performance Measure	Example of Measure
Profit/Loss of the Plant and Fleet Portfolio	Operating surplus or deficit
Whole of Life (WOL) Costs by Asset	Total WOL costs (\$) Annual WOL costs per KM/HR compared to existing hire rate. To review hire rates annually.
Total fleet	Total operating cost vs. budget (%)
External hire	Total external fleet hire \$ vs. budget (%)
Fuel use	Fuel used (\$ and volume) vs budget
Planned maintenance effectiveness	Total breakdown maintenance (\$) vs. total of all maintenance (\$). Target = 30% maximum
Asset Utilisation	KMs/HRs per year % of target annual utilisation for each asset and asset class average. To review allocations and external hire use
Optimal Asset Replacement	Overdue replacements % of annual planned replacement completed on time. To assess carryover funding and planning effectiveness.
Planned Maintenance Completion	% of assets overdue for scheduled maintenance at the end of each month. To assess effectiveness of planned maintenance system.
Major Breakdown Investigation	Investigation report completed for each major breakdown to identify root cause and provide recommendations to prevent future major breakdown, including basic design, operational and specification issues
Customer satisfaction	Number satisfied. Target 75% or better. Currently 45%. Use Review template.

Source: AEC

2.5 POLICIES AND PROCEDURES

Council has a current Motor Vehicle Policy that mostly governs the provision and responsibilities for private use privileges - including leaseback arrangements.

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Council currently does not have policy or procedures to govern plant or business related fleet use or the broader fleet management functions.

The organisation is effectively managing the plant and fleet without any set expectations, directions or boundaries established by the Council in an effective policy.

Importantly, there are no set criteria in policy for the procurement of plant and fleet and the Council has not established in policy what the target optimal time is to replace plant and fleet.

There is also no policy position on the use of privately-owned vehicles (often referred to as “grey fleet”).

AEC is recommending a more efficient governance arrangement for the Council to adopt two separate proposed policies as follows:

- Motor Vehicle Policy (see proposed policy enhancements in Appendix A).
- Fleet Management Policy (see proposed policy statements in Appendix B).

2.5.1 Outline of the Current Policy

The objectives of the current Motor Vehicle Policy are to:

- Ensure that the Council’s vehicle fleet needs are met effectively and efficiently, demonstrating responsible and prudent use of public funds and assets.
- Actively manage the costs, revenues and risks associated with the vehicles fleet.
- Advance the use of environmentally responsible vehicles and renewable fuels.
- Provide clear instructions on operational requirements for all staff that drive Council vehicles.
- Recognise and provide for conditional private use of Council-owned vehicles as an employment benefit (made available to nominated employees) that supports Council’s objectives in staff recruitment and retention.

The Policy Statement includes the following:

- Council will own and operate its vehicle fleet for best value, triple bottom line results, across the whole of the fleet over the full life of the vehicle assets.
- The range of vehicles from which Council may select when purchasing fleet vehicles will be determined by consideration of full whole of life cost, fuel efficiency and carbon emissions and having regard to benchmark references.
- Continuing Leaseback and Limited Private Use of Council-owned vehicles by employees will be based on the attribution of proportional cost allocations for operational use and private use.
- Operational needs for non-standard vehicles will be assessed through a structured justification process, for both leaseback and other vehicles.
- Council’s vehicle purchase decisions should progressively result in a Council passenger vehicle fleet that exhibits the following characteristics:
 - A smaller range of vehicle manufacturers and/or models, but nevertheless a range sufficiently diverse to ensure competitive supply practices and to mitigate any ‘market volatility’ that may affect residual values;
 - Ideally, a smaller number of vehicles,
 - Less 6 cylinder vehicles, more 4 cylinder vehicles, as a proportion of the fleet, and increasing representation of non-ULP fuelled vehicles,
 - 5 Star ANCAP safety rating over all vehicles
 - Increasing average Green Star or equivalent ‘star rating’ and increasing fuel efficiency.

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- Employees may be permitted to use a Council-owned vehicle for private purposes on the basis that both parties enter into a formal Leaseback Agreement, and subject to the operational requirements outlined in this Policy and the relevant Agreement.
- Accident reporting instructions are contained inside the cover of Council's "Insurers' Handbook" (kept in the glove compartment of each vehicle).
- Accessories provided for operational purposes are subject to approval by the Fleet Management Unit in consultation with the respective Group Director.
- The respective weekly fee payment, set out in Schedule A (below) Vehicle user Levels are determined as follows:
 - Level 1 - General Manager and Group Directors
 - Level 2 – All other Leaseback users.
- Schedule A will be reviewed and revised on a regular basis by the Fleet Management Unit to reflect current vehicle types and costs, based on the Objectives and Policy Principles set out in this Policy. Leaseback users will be advised of any changes to Schedule A within one month of the change occurring

Table 2.2 – Motor Vehicle Policy – vehicle listing (updated to current list)

Group	Make	Model	Series	Seats	Engine	Drive	Fuel	L/100km	ANCAP	Weekly Leaseback Fee
4WD	Ford	Everest	Trend	7	2	4WD	Diesel	7.0L	5	\$ 138
7 Seater	Hyundai	Santa Fe	Elite	7	2.2	AWD	Diesel	7.5L	5	\$ 130
Utility	Ford	Ranger	XLT	5	2	4WD	Diesel	7.4L	5	\$ 134
Small SUV Hybrid	Subaru	Forester	2.0i-L Hybrid	5	2	AWD	Hybrid	6.7L	5	\$ 128
Hatch Hybrid	Toyota	Corolla	Ascent Sport Hybrid	5	1.8	FWD	Hybrid	4.7L	5	\$ 101
People Mover	Hyundai	Staria	SLX	8	2.5	RWD	Diesel	7.5L	5	TBD

Source: Shoalhaven City Council Leaseback Vehicle List

- Fuel Cards
 - Fuel cards will be provided for charging of petrol and lubricants. When refuelling with the fuel card, odometer readings must be provided to the fuel supplier.
 - Fuel cards when used record details of the fuel used, the date, time & location of the purchase. These records are subject to audit and may also be used in any discipline procedures.

3. SERVICE ENABLERS

3.1 THE NEED FOR EFFECTIVE SERVICE ENABLERS

With the vision, strategy, plans and policy (governance) established, their deployment will be reliant on the appropriateness of the available fleet resources. Like most Council services, effective fleet management relies upon people, technology, systems and processes, and assets.

3.2 PEOPLE

3.2.1 Fleet Management Roles

The lead of fleet management for a Council is a position most commonly referred to as the fleet manager. In larger organisations, the fleet manager is a dedicated position, but in smaller organisations the fleet manager may also have other responsibilities. The fleet manager role requires a unique combination of experience with fleet assets and the ability to manage a complex portfolio of assets in a demanding and critical environment.

The role of the fleet manager includes:

- Ensuring fleet performance, capability and capacity meets business requirements.
- Achieving optimal performance from the portfolio of fleet assets by driving service efficiency.
- Avoiding unnecessarily storing invested capital in under-utilised or unnecessary fleet assets.
- Long-term planning of the fleet portfolio, including procurement and financial planning.
- Developing optimal maintenance strategies to maximise the useful life of fleet assets at the lowest whole-of-life cost.
- Managing stakeholder relationships with suppliers and customers.
- Possibly also being responsible for performance of workshops.

Fleet managers often require administrative support to manage the substantial number of transactional duties, including vehicle registration, insurance matters, ordering, invoice payments, asset register data maintenance, reporting and organising logistics. It is very common that the administration duties of the fleet manager constrain capacity to undertake higher value-adding duties such as maintenance strategy, utilisation reviews, and analysing optimal fleet service delivery options.

There is a dedicated fleet manager at Shoalhaven City Council – the Unit Manager – Fleet and Mechanical Services.

The Unit Manager has adequate administrative support for current practices, however there will be the need for additional administration if the recommendations of this review are implemented. The lack of adequate fleet reporting, for example, will require data management, as well as the secretariate functions to support the proposed Working Group.

The Workshops need more administrative support, particularly for parts procurement and data entry. It is estimated that of the total 14 mechanics at Bomaderry depot, at least one full time equivalent is lost to administration and procurement duties.

The Unit Manager is envisaged as the secretariate for the Plant and Fleet Working Group to ensure ad hoc and regular reports are provided to the Working Group and that reports, and advice are provided to the Executive Management Team.

Enhanced responsibilities in planning and performance reporting of plant and fleet utilisation, informed by long term works planning, has the potential to achieve significant operational and capital savings. The planning and performance reporting responsibilities (including preparation of business case for new plant) needs to be allocated to a suitably experienced officer that also has a sound understanding of the forward planned capital works and the consequential demand for plant and fleet.

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The Coordinator - Fleet Services is responsible for fleet procurement but would have limited capacity to take on additional responsibilities. Instead, with the creation of a new position, Fleet Technical Officer (reporting to the Coordinator), the Coordinator could take on the additional duties. This would give Council a stronger strategic focus on fleet management planning and execution based on Council operational needs. There would be expected savings due to better utilisation of Council fleet assets and reduced external hire.

The total cost to Council of a Technical Officer position would be in the order of \$125,000 including oncosts and administration, meaning a saving of only 3.6% of the current \$3.5 million spent on external plant hire would need to be achieved to self-fund the position. The potential efficiency savings in external hire alone could exceed 10% based on the current utilisation data for the Council fleet assets - a net saving of over \$225,000 per year.

The other important benefits driving efficiencies from a more capable fleet management are a stronger focus on strategic fleet procurement, more proactive customer engagement, better fit for purpose specifications, improved maintenance management, improved reporting and analysis, and higher fleet productivity.

It is envisaged that the Coordinator – Fleet Services would retain overall responsibility for procurement with the existing light vehicle procurement arrangements remaining and the new Fleet Technical Officer (would report to the Coordinator) taking on procurement of trucks and heavy plant.

Enhanced documentation of planned works will enable resources to be planned in advance, for buy/hire options to be considered understanding future demands and improve the ability to report on performance and critically analyse whether service delivery is optimal or could be enhanced.

Table 3.1 – Planning and Performance Duties to be Allocated to Existing Coordinator – Fleet Services

Duty	Inclusions
Plant and Fleet Planning	<ul style="list-style-type: none"> In collaboration with Works Coordinators and Director City Services, maintain an accurate forward plan of operations and capital works to identify the plant and fleet demand and the most efficient sourcing arrangements (owned/hired/leased) Maintain a 10-year fleet replacement program (reviewed and updated annually)
Fleet Performance Reporting	<ul style="list-style-type: none"> In liaison with system administrators, generate organisational fleet reports including fleet utilisation, fuel usage, fleet budget situation, environmental performance (emissions) and reports on specific projects/issues Assist the secretariate function for the Plant and Fleet Working Group, ensuring business papers are prepared and regular reporting provided to members, as well as reporting to Executive Management Team. Provide advice to Plant and Fleet Working Group and other management advice on exceptions, trends and improvement opportunities Assist in monitoring the annual fleet budget Assist in audit processes related to fleet activities
Planning, Analysis and Business Partnership	<ul style="list-style-type: none"> Annually review the internal hire rates for plant and fleet assets, ensuring the reserves are maintained to sustain the replacement program. Assist to prepare Council-wide fleet budget Assist to prepare Council-wide annual fleet asset replacement budget and 10-year replacement program

Source: AEC

Table 3.2 –Administrative and Other Support Duties to be Allocated to Coordinator – Fleet Services

Duty	Inclusions
Fleet and Maintenance System Management	<ul style="list-style-type: none"> Assist with updating fleet data and maintenance management information within business systems
External hire panel	<ul style="list-style-type: none"> Maintain a current panel for the lease and wet/dry hire contract arrangements with external parties. Arrange all external hire to achieve operational effectiveness and best value for Council. Monitor SCC fleet utilisation to minimise the use of external hire.
Fleet Management	<ul style="list-style-type: none"> Act as the custodian for pool vehicles and plant, organising servicing, maintenance, and cleaning as required

Source: AEC

3.2.2 New position – Fleet Technical Officer

The creation of a new position, Fleet Technical Officer within Fleet Services will allow the external hire contract to be administered and monitored within Fleet Services, for the most efficient use of Council fleet while minimising the use of external hire. The savings will come from the current annual \$3.5 million external hire expense.

Table 3.3 – Plant and Fleet Administrative and Other Support Duties to be Allocated to Fleet Technical Officer

Duty	Inclusions
Procurement and Disposal of Fleet Assets	<ul style="list-style-type: none"> Facilitate the preparation of all procurement specifications, consultation with operators, arranging trials with suppliers, operator inductions and inputting maintenance schedules into maintenance system. Arrange the procurement of all trucks and plant. Use a fit for purpose methodology for all fleet specifications. Assist selection panel with the evaluation of all fleet procurement activities including preparing recommendations. Facilitate the disposal of fleet and plants (obtaining approvals and logistics)
Fleet and Maintenance Management	<ul style="list-style-type: none"> Ensure an accurate asset register is maintained, including the maintenance management modules. Ensure all fleet assets have appropriate maintenance schedules. Liaise with Workshops to review maintenance performance as it affects future specifications and procurement.

Source: AEC

3.2.3 Training

The review identified that while there is an induction program in place for operational activities, the induction on new plant and equipment is inconsistent. Operators and drivers of major plant reported that there is not always adequate training on new items. The extent of training was lesser for smaller plant. Light fleet and minor plant types that are already in use can be inducted by trained Council staff.

3.2.4 Fleet Management Networks and Forums

Council staff rarely interact with other Councils regarding the specifications, procurement, operation, maintenance or sharing of fleet and plant resources. There is infrequent and informal interaction at the operational level.

IPWEA has a well-established Fleet Management professional network that Council should ensure officers with major fleet responsibilities participate in the network and support the staff with fleet management training that is offered by IPWEA where required. The Unit Manager – Fleet and Mechanical Service is a member of the IPWEA fleet advisory Council.

The Australasian Fleet Managers Association also provides a range of resources and networking opportunities.

3.2.5 Culture

The absence of governance could lead to a lack of responsibility and a lack of care to adhere to policies. The creation of the Fleet Management Policy and the Plant and Fleet Working Group with regular monitoring of performance and reporting to the Executive Management Team will enable a change in culture for policies to be adhered to and for the fleet to be appropriately monitored and assessed.

3.3 TECHNOLOGY

Council currently uses fleet management module within the Technology One enterprise business systems. The configuration of reporting and integration appears to be lacking, and the system is not being used fully as a maintenance management system, enhancing for scheduled maintenance is required. A maintenance management system is essential to enable forward projections for scheduled maintenance servicing and enabling the workshop to forward plan maintenance with the works coordinators.

Effective fleet management requires integration, and ideally automation, of data sources. Data entry is an ongoing, daily requirement.

The contemporary requirements of a Fleet Management Information System to enable best practice at Shoalhaven include:

- Integration of systems to enable the automation and timely exchange of data and information without risk of human error or corruption of data. Integration with fuel dispensing is often used to achieve this.

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- Accurate asset register including all necessary financial and operational attributes, componentisation and enabling related assets to be linked (e.g., attachments to plant).
- Records stored and accessed digitally and linked to assets (e.g., operating manuals, contracts, technical specifications).
- Maintenance and inspections able to be scheduled in advance, allowing notification to asset custodian, parts ordering and work planning.
- Customer service request management for reactive maintenance.
- Monthly and yearly profit and loss reporting at an asset level and business unit level.
- Effective asset accounting requirements, including timely financial recognition of asset carrying amount, disposals, loss/gain on sale and depreciation expense.
- Consistent recording of utilisation data via using fuel cards, GPS tracking systems, timesheet data entry or a daily pre-start inspection by operator.
- Ability to create templates for scheduled maintenance (e.g., work orders with configured parts and labour time).
- Assets able to be booked with different rules for different types of fleet assets.
- Automated workflows and notifications, with escalation where necessary to ensure compliance.
- Pre-start safety and maintenance checks.

3.4 FLEET MANAGEMENT SYSTEMS AND PROCESSES

Minimal documented fleet management processes were observed. Ideally the fleet management service would have documented business processes that outline:

- Workflow for all relevant tasks.
- Responsibility for completing each task.
- Outputs of the business process.
- Benchmarks for acceptable performance of the business process.

Functions that Council could benefit from process mapping and the possible implementation of systems include:

- Purchasing and disposal of fleet and plant.
- Requesting maintenance/repairs.
- Scheduling maintenance and repair of vehicles.
- Resource management (e.g., fuel, supply of parts, hiring).
- Driver training, behaviour, and safety.
- Management of accidents and incidents.
- Risk management.
- Scheduling and route planning.
- Waste management.

Once established, it is important that systems and processes are regularly reviewed to ensure that they remain relevant and fit for purpose. While the intent is to improve service performance through standardisation, efficiencies, automation and removing potential for error, systems and processes can sometimes be inflexible, creating unnecessary administration or bureaucracy and causing frustrations within the organisation.

A process map provides a blueprint of how a process is done and can assist fleet management by:

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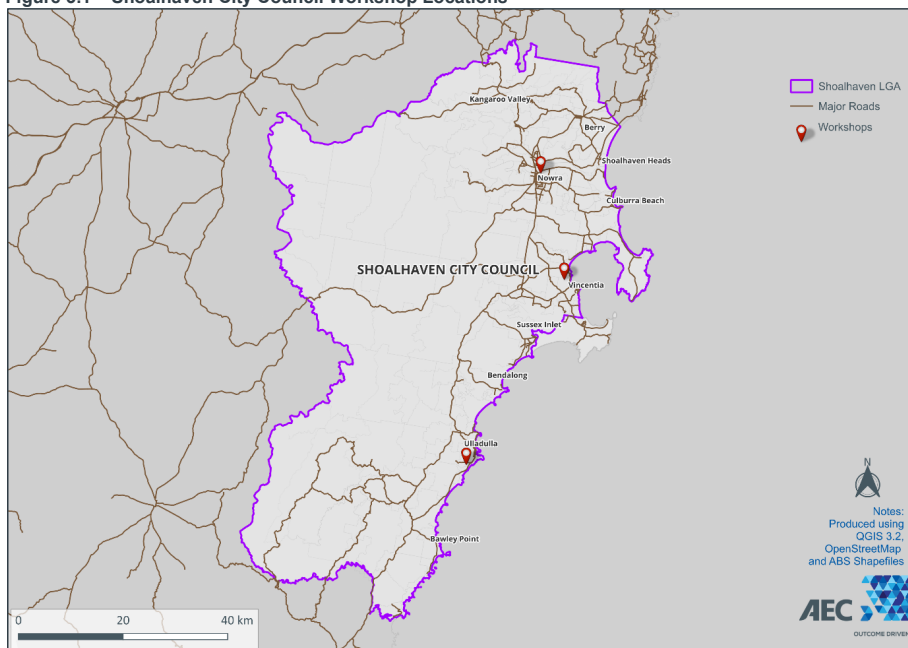
- Agreement of all stakeholders on how to achieve and standardise best practice.
- Identify areas that can benefit from implementing systems to automate, standardise, improve efficiency, and remove potential for error (or risk).
- Communicating and transferring knowledge of the process to other stakeholders.
- Enables root-cause analysis to identify areas for intervention and improvement.
- Supports continuous improvement if reviewed on regular basis.

3.5 ASSETS

3.5.1 Workshops

The major workshop is at Bomaderry Depot with a second, smaller workshop at Ulladulla. A single mechanic works on a roster basis at Woollamia Depot.

Figure 3.1 – Shoalhaven City Council Workshop Locations



Source: AEC

3.5.1.1 Bomaderry – Mechanical Workshop

Staffing

- Workshop Supervisor
- Total of 14 mechanics with 10 on day shift and 4 on the night shift including a Leading hand. There is a need to have one of the day shift mechanics designated as a Leading hand.
- Total of 2 apprentices with one current vacancy. The workshop could manage 4 apprentices, assisting trade skills development in the region.
- There is one administration position.

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Administration and parts procurement

The administration position provides valuable support to the workshop but there is a significant need to provide improved parts procurement services to the workshop. The workshop supervisor estimates that the time spent on procurement is equivalent to one FTE mechanic.

If the adjacent store could provide a parts procurement and holding service, it would remove much of the time taken up by mechanics sourcing parts. A broader review of procurement practices to assist with the efficiency of the workshop is necessary. Additionally, with the recommended to change the service scheduling, additional administrative support will be required (at least an additional 0.5FTE is necessary across the workshops). The extent of the support will need to be further determined.

The workshop currently uses standing orders for suppliers (such as REPCO and AUTOPRO) which saves time raising individual purchase orders. It is understood that the workshop will be instructed to cease using standing orders, however, the revised method is not known to the workshop staff.

The Workshop Supervisor receives a monthly report of these purchases for checking and considers this control to be sufficient to retain using standing orders.

It is advisable that a small parts lockable consumable store is established in each workshop to carry parts and materials used on a regular basis.

Facilities

The facilities are adequate for the type and range of mechanical services undertaken with suitable hoists, workbench space and storage areas. The office area is adequate. Like most workshops of this type, housekeeping is a constant challenge. The overall depot layout is not ideal with only one principal amenities building. The workshop building could benefit from a dedicated toilet/shower/lunchroom addition.

3.5.1.2 Bomaderry – Fabrication

Staffing

- Supervisor
- Total of 8 boilermakers
- Total of 2 apprentices

Facilities

The layout of the workspaces is not ideal, having apparently evolved without an overall masterplan. Most of the work is for Shoalhaven Water with some fleet repairs.

The lack of suitable overhead lifting capability would be difficult to address in the current space.

If Council is to continue with this level of fabrication activity, a new purpose-built facility should be considered, with an overhead gantry crane of up to 5 tonnes capacity, similar to the pump fitters' workshop, which is an excellent facility.

3.5.1.3 Ulladulla – Mechanical Worksop

Staffing

- Workshop Supervisor
- Total of 2 mechanics with 1 vacancy
- There is 1 boilermaker.
- Total of 2 apprentices
- There is no dedicated administration support.

Administration and parts procurement.

There is no dedicated administration support for the mechanical workshop. Many of the parts must be sourced from Nowra or Batemans Bay and using mechanics for parts sourcing and delivery is not productive. Additional administrative support is recommended, but the extent will need to be determined. As noted earlier, at least 0.5 FTE of additional administration support is needed across the workshops.

Facilities

As with Bomaderry, the facilities are adequate for the type and range of mechanical services undertaken with suitable hoists, workbench space and storage areas. The office area is adequate. The toilet and lunchroom facilities should be upgraded. Like most workshops of this type, housekeeping is a constant challenge.

3.5.1.4 Woollamia

Staffing

A mechanic from Bomaderry works at the depot on a rotating roster. This causes problems for the customers with 6 handovers per year and disruptions in service provision. It is recommended that this be changed to 4-month rotations to reduce the changeovers from 6 to 3 each year.

Facilities

As with Bomaderry, the facilities are adequate for the type and range of mechanical services undertaken with suitable hoists, workbench space and storage areas. The office area is adequate. Like most workshops of this type, housekeeping is a constant challenge.

Administration and parts procurement

The administration support is provided from Bomaderry. The mechanic does their own procurement, and the current workload enables this to continue.

3.5.2 Fuel Management

Council has two methods of providing fuel to the fleet.

Ampol Fuel Cards

Fuel cards are provided for Council use and the card is restricted to a single fuel type unless it is a small plant card, which is generally used by Parks teams to fuel small plant and mowers.

It is a requirement under the Motor Vehicle Policy for drivers of vehicles to record the odometer reading at the time of purchase, but it is not enforced at the point of sale and compliance with this requirement is low. Additionally, the requirement for a pin number to be entered for a card is not activated.

Council Fuel Truck

Some trucks and most heavy plant are fuelled from the Council fuel truck, operated by Fleet Management Services. It uses the Smartfuel system to record fuel dispersed, and requires recording of a meter reading. The accuracy of the meter reading input is a problem with some operators repeatedly recording incorrect readings.

3.5.2.1 Fuel use data

Fuel data is required to be inputted from the two fuel sources into Technology One, however there are regular problems experienced in inputting all the data. This is limiting the availability of reports to Fleet Management for analysis.

The Workshops are entering meter readings into a separate comments field which cannot be searched for meter readings.

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3.5.2.2 Fuel use analysis and controls

There is little to no monitoring of fuel use, with little to no useful reporting, and ineffective controls in place.

The monitoring of fuel use can identify high consumption due to a range of factors including operator practices and mechanical faults, excess filling, possible fraud, as well as informing future procurement based on past performance of asset types. The environmental performance of the Council fleet is directly related to fuel consumption.

The annual fuel expense is over \$3.7 million. Combined together with the external hire of approximately \$3.5 million equates to over \$7.2 million of Councils expenses. Both fuel and external hiring have inadequate monitoring, review, or controls in place.

Based on AEC experience with other Councils, savings of up to 10% (or \$720,000 annually) could be expected with an improved governance arrangement for these two major expenses.

3.6 CUSTOMER FEEDBACK

Feedback was sought from eight areas including Finance, Procurement and Operations, District Engineer, Workshop Supervisor and operator levels (including Waste Management and Shoalhaven Water). The eight operational groups were asked to give performance ratings as shown below. One group consisted of 23 operators and drivers at Bomaderry Depot with no Supervisors present. In addition, advice was sought from the Chief Information Officer and his staff on implementing changes to the data capture and report capability including dashboards for improved fleet and operational management.

The customers gave their qualitative assessment of the total fleet service package including the vehicles and equipment, consultation, safety, value, responsiveness, professionalism, and value.

Table 3.4 – Customer Feedback

As a customer, how would you describe the service in terms of:			
	Could Improve	Satisfactory	Excellent
Quality and accuracy	6	1	1
Timeliness	5	2	1
Safety/risk management	1	7	
Value for money, cost	3	5	
Responsiveness/helpfulness	4	3	1
Professionalism/knowledge	2	5	1
Proactive/customer focus/planning	7	1	
Keeping you informed/reports	7	1	
TOTAL	35	25	4

Source: AEC

From the table above there are four topics of concern and two topics that are satisfactory. The topics of concern were:

- Quality and accuracy
- Timeliness
- Proactive/customer focus/planning
- Keeping you informed/reports

Only 45% of respondent groups rate the service as satisfactory or better. The fleet services should set a target to reach 75% satisfaction within two years.

The four topics of concern can be related to the challenges facing Fleet Management with systems and data utilisation, reporting, consultation, specifications, procurement forward planning and execution plus the lack of a strategic focus on fleet management.

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It was encouraging to find that safety and professionalism rated satisfactory. The workshop staff at all locations were commended by customers for their diligence and proactivity in addressing maintenance problems.

Other issues raised by the customers included:

- The lack of sharing of Council fleet assets resulting in significant underutilisation of some assets. One excavator has been on external hire for over two years and a backhoe idle for an extended period because an operator resigned and has not been replaced.
- The need to combine all mowing operations under one responsibility across Council. This is currently being considered by Council.
- The opportunity to outsource the maintenance of high use, key fleet assets at Waste under a contract arrangement with the OEM/supplier to reduce the workload on the Workshop at Bomaderry and ensure quick response times.
- The lack of any meaningful fleet related reports was a repeated concern.
- Operators and drivers having too much influence on fleet procurement in lieu of operational needs and fit for purpose. Examples were provided including trailers not able to carry the designated fleet asset, trucks unable to carry their designate loads because of poor weight distribution, one off plant purchases that had lower productivity, and truck fit outs beyond essential operational needs.
- Operator induction and ongoing training needs to improve.
- The challenge of recruiting operators and drivers in a competitive market due to Council's remuneration arrangements.
- The inability for operational supervisors to update Council records resulting in staff who were no longer employed or who are deceased, remaining on the database. Fleet management were not notified of these changes either.
- Questions regarding the strong focus on Ford vehicles when the whole panel should be considered.
- The low level of standardisation across the fleet resulting in multiple makes and models and reduced ability to rotate assets.
- The lack of understanding how the fleet hire/cost recovery/cost allocation system works resulting in project costs not always accurately reflecting the real cost including internal fleet costs. This lack of understanding includes the management of the Reserve Funds, Suspense Accounts, and extra contributions to cover hire rate under recoveries.
- Capital works being handed over to council with inherent defects and increased ongoing maintenance costs and reconstruction. Questions raised about the experience of Council staff accepting these projects.
- Questions raised about the priority given to RFS trucks over Council fleet. The Workshops do have a priority system that does not disadvantage Council fleet, but it has not been communicated well.
- The high cost of the pool plant and operator provided from Fleet, resulting in a reluctance to use them.
- The inability to fund additional fleets assets to match the increased infrastructure maintenance program due to the lack of funding, resulting in replaced fleet assets being retained in service with increased maintenance costs and reduced reliability.
- The excessive age of both the Flocon and Jet patcher with no indicative replacement plan yet promulgated is partly due to the difficulty in the coordination of the operational users to agree on a specification.
- Leaseback vehicles being changed too frequently, not considering the cost and time of the changeover involved with too much focus on purchase and sale price.
- There was a general understanding of Council's current financial position, but it was felt that better value could be gained through improved planning and consultation plus utilisation management. Reporting was considered by many to be a major issue.

