
065804

DEPARTMENT OF CONSERVATION
AND LAND MANAGEMENT

FLEET MANUAL

MEMORANDUM

To: All Cost Centres
From: Executive Director

Subject: Fleet Manual

CALM has developed its Fleet Manual to bring together all Departmental policies and procedures with regard to its vehicle fleet.

The manual is to be read in conjunction with the State Government Fleet Policies and is to be followed by all staff.

CALM's Fleet Manual supercedes the following Departmental Circulars which are hereby cancelled:

16/93	Vehicle Incentive Scheme
1/95	Department Fuel Facilities
3/95	Private Fleet Management Light Fleet
16/95	Quarterly Diesel Fuel Returns
8/96	Motor Vehicle Insurance
10/96	Heavy Fleet Maintenance
9/87	Departmental Vehicle markings
14/97	Home Garaging
8/89	Smoke Free Working Environment (Section relating to vehicles only)

The manual is published on the CALMweb and is to be reviewed and updated periodically. Any suggested amendments should be directed to the Manager Financial Services Branch.



Executive Director

22 July 1999

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(1) INTRODUCTION

The provision of Circulars listed below are superseded by this manual and are hereby cancelled:

*16/93 Vehicle Incentive Scheme
1/95 Department Fuel Facilities
3/95 Private Fleet Management Light Fleet
16/95 Quarterly Diesel Fuel Returns
8/96 Motor Vehicle Insurance
10/96 Heavy Fleet Maintenance
9/87 Departmental Vehicle markings
14/97 Home Garaging*

1.1 Overview

CALM operates a fleet of approximately 650 light vehicles and 190 heavy vehicles.

1.1.1 Light Fleet

The light vehicle fleet is leased through the State Government's "Motor Vehicle Fleet Operating Hiring Facility" provided by Matrix Fleet Services via its fully owned subsidiary Westfleet. Management of the light fleet is conducted by The Fleet Manager under the State Governments Fleet Management Contracts. State Treasury lease the light vehicles from West fleet on lease them to agencies through a retail leasing facility.

State Treasury manage the leasing contract and the Department of Contract and Management Services (CAMS) manages the fleet management contract on a whole of Government basis, however, CALM deals directly with the Fleet Manager for its fleet management requirements including fleet leasing requirements on a day to day basis.

The administration of the Fleet Management contract is undertaken by Financial Services Branch– Supply Service Section (herein referred to as Supply Services Section). Cost Centres liaise directly with the Fleet Manager for their requirements and should seek assistance from Supply Services Section should problems arise.

A Government appointed actuary reviews lease rates to ensure compliance with the contract lease rate formula. The Department of CAMS also has in place a Vehicle Disposal Contract with W.A. Auto Auctions via which all light vehicles are sold.

The Fleet Manager liaises with W.A. Auto Auctions on all light vehicle disposals on behalf of CALM.

1.1.2 Heavy Fleet

CALM's heavy fleet is owned by the Department and managed by Supply Services Section. Payment of accounts for fuel parts and services associated with maintenance of the heavy fleet is undertaken by the Fleet Manager and are debited to a central account (07).

Management of the heavy fleet is by way of a hire system in which Supply Services Section hires each item of heavy fleet to the operating cost centres.

The hire rates are two tiered in structure with an on site charge (a fixed monthly charge) and an operating hire charge (cost per kilometre or hour of use).

These hire charges cover replacement costs, insurance, license and all operating costs excluding insurance excesses.

1.2 Supply Services Section Responsibilities

The Supply Services Section staff are responsible to the Manager of FSB for:

- Administration of CALM's Heavy Vehicle Fleet ;
- Monitoring of CALM's Light Fleet Leasing and light fleet management contracts;
- Administration of the Fleet Costing System;
- Maintenance of the heavy fleet budget;
- Set technical standards of CALM's heavy fleet and repairs;
- Liaison with Corporate Executive, Cost Centres, Other Departments, Fleet Manager, Riskcover, Suppliers and Repairers on fleet matters.

1.3 Cost Centre's Responsibilities

Within each cost centre the manager shall nominate an officer who will be the main contact for vehicle matters who in turn will be responsible to him/her. The role of that officer with regard to fleet is:

- Administers the maintenance and operation of vehicles and plant
 - Ensure appropriate records of vehicles and plant are maintained
 - Arrange inspections, repair and maintenance of vehicles and plant
 - Arrange day to day running of Departmental workshops (where cost centre has a workshop)
 - Set Departmental workshop priorities
 - Liaise with Fleet Supervisor or Technical Advisor's on workshop and fleet matters
 - Report vehicle accidents on light fleet matters and liaise with Technical Advisor - Supply Services Section and The Fleet Manager
 - Assist in the administration of Fleet budget within the cost centre
 - Ensures cost centre complies with this manual and all relevant State Government policies and regulations with regard to fleet.
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1.4 Fleet Managers Responsibilities

The role of the Fleet Manager is to provide a comprehensive range of fleet management services including, advice on cost control, and expert technical and financial advice to CALM with regard to light fleet. The Fleet Manager has the following responsibilities for light fleet:

- Efficient and effective management of vehicles, including the delivery of cost savings and services that add value;
- Fostering the development of a 'partnership' with CALM
- Developing a close working relationship with Matrix, dealers, suppliers, service providers and the vehicle Disposal Contractor;
- Provision of customer services including technical and product support, whole of life costing, vehicle options, evaluation, manuals and brochures;
- Ensures compliance with vehicle selection guidelines in accordance with Government policy;
- Make recommendations on optimising the utilisation of vehicles;
- Provision of options for acquisition and replacement, which include economic assessments, vehicle life, configuration, operational issues and reporting;
- Managing all maintenance, fuel card, licensing, and crash management requirements, and assisting in insurance arrangements;
- Negotiation with suppliers to improve pricing and costs (does not apply to suppliers under Government contract);
- Managing the decommissioning process;
- Account management, including accounts payable, transaction recording and audit trail;
- Fringe Benefit Tax management, advice, calculation (Statutory and Operational), and reporting;
- Optimising replacement/disposal process;
- Recording and management of fleet data;
- Provision of reports as required by CALM;
- Compliance with contractual obligations under the Fleet Funding Documentation and Disposal Contract.

With regard to heavy fleet, the Fleet Manager is responsible for:

- Management and payment of all accounts for fuel parts and services supplied;
 - Insurance Excess
 - Payment of fleet damage
 - Management of fuel cards;
 - Collection of fuel usage data from CALM's bulk fuel sites;
 - Arrange repairs by contractors where appropriate;
 - Provide reports on fleet maintenance costs to Supply Services Section as required.
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(2) LIGHT VEHICLE ACQUISITION AND LEASING

2.1 General

Indicative lease rates for most vehicles on the Government Contract, including air-conditioning and mandatory accessory items, are available from the CALMWeb.

The final pricing that applies will depend on other factors such as the type of usage, additional accessories, location, the prevailing interest rate, the term and annual kilometres selected, and any changes in Government Contract Pricing and residual values set based on second hand market value.

The lease rates, when combined with the Fleet Managers estimates of fleet operating costs, allow CALM to make informed decisions on vehicle selection by comparing the relative rates for different vehicles. Together they allow accurate budgeting on fleet expenditure with the exception only of some defined areas such as for insurance, FBT and any additional "pass on" items.

The Fleet Manager is available to assist with all aspects of vehicle acquisition.

2.2 Vehicle Selection

Before completing a vehicle requisition form, please ensure that both the requirements of the "agency fleet policy" and Government "Motor Vehicle Policies" have been met.

The vehicle "whole of life costs" must be considered when selecting the new vehicle, as the lease rates are only one of the components which makes up the total cost of running your vehicle.

Other factors to consider are:

- Maintenance charges between different makes and models
 - Whether the new vehicle attracts FBT or Sales Tax
 - Repair costs prior to disposal (e.g.: passenger vehicle versus commercial vehicle)
 - Future vehicle requirements (in terms of transfer of accessories)
 - Area of vehicle use (eg; traytop utes as opposed to styleside utes for off road use)
 - Fuel usage
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2.3 Selection of Hire terms

After a decision has been made as to what type of vehicle is required, the next stage is to select the most cost effective lease hire term for the vehicle.

Currently the leasing contract operates under the following hire terms:

- Sales tax exempt passenger vehicles are currently most cost effective on 24 months/ 40,000km which ever comes first.
- Passenger vehicles paying sales tax, vehicles fitted with LPG, all commercial vehicles with minor fit-out are currently most cost effective on 36 months/ 60,000km which ever comes first.
- These terms quoted are currently the most cost effective however, longer or shorter terms will be set depending upon the individual requirements or if the transaction conditions change making alternative terms more cost viable.

The selected lease period must be stipulated on the vehicle requisition

Please note:

If you have any queries please contact the Fleet Manager or provide information in writing with your vehicle requisition to access longer or shorter terms.

2.4 Vehicle Fit-Outs / Accessories

The Fleet Manager will co-ordinate all special purpose vehicle builds and modifications based on written specifications received from CALM. The Fleet Manager will assist by providing information on appropriate equipment or vehicle fit-outs to meet CALM's operational needs.

The Fleet Manager will contract in specialised skills and experience in the preparation of special purpose vehicles and modifications and will liaise directly with CALM , the dealer and the suppliers of the vehicle fit-outs to ensure that the final vehicle build matches the CALM special requirements. Suppliers are selected from a range of organisations with a proven track record in vehicle fit-outs.

2.5 Accessories And Their Effect On Lease Rates

There are many considerations when selecting a replacement vehicle and its accessories. Some of these considerations are listed below.

- Is the accessory required to perform your operational task effectively?
 - Can accessories from your current vehicle be transferred to your new vehicle?
 - Is there an alternative, such as pooling vehicles within an agency or cost centre in order to gain better utilization ?
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2.6 Transferability of Accessories

Some items may be transferred between the terminating and new vehicle, e.g. tray mounted toolboxes, some bull bars, canopies, roof racks and modularised bodies.

When considering a vehicle accessory swap the following questions need to be answered:

- Will the equipment swap void warranties?
- Is it cost effective to transfer the items? i.e. cost to remove and re-install, versus the cost of a new item
- Will the accessory swap, add to the refurbishment cost of the vehicle, hence it may not be a viable option?
- Will the estimated vehicle down time interfere with your operation need?
- Are the items transferable between these vehicle models ?

These are just some of the considerations that the Fleet Manager can advise you on.

2.7 Timely Replacement of Motor Vehicles

Replacement vehicles should be ordered as far in advance as six months. This enables timely delivery of the vehicle ordered as some vehicle types have lead times up to six months.

The Fleet Manager provides information monthly to each cost centre advising of vehicles which are due for replacements. It is imperative that these vehicles be replaced on time, since vehicles travelling over the lease term and kilometres will be subject to penalties, which must be met directly by CALM.

2.8 Additional Vehicles

Additional vehicles may only be requisitioned from the Fleet Manager after written approval has been given by the Executive Director. A copy of this approval is to be attached to the requisition.

2.9 VERIFICATION OF LEASE RATES

The Actuary for the WA Government Fleet Funding Transaction, Williamson Nance provides Actuarial Certification which confirms that the lease rates are calculated correctly. This certification is sufficient to enable CALM to incur the expenditure and make full payment of the invoiced amount. Agencies do not receive individual certification on each invoice. The actuary only reports to Treasury and the agency concerned when an error has occurred. However, should there be any discrepancies or concerns, cost centres must advise the Fleet Manager so these may be investigated and if justified adjustments can be made in future invoices.

In addition, the Actuary has provided the necessary reports and explanations covering the overall vehicle status in CALM's fleet. These reports include the lease rates, purchase prices,

8.3 Licensing of Private Plated Vehicles

CALM may license new vehicles with private plates (as available to the public) only if replacing a vehicle so licensed, or with the approval of the Executive Director. Ordering plates with a distinctive letter pattern or personalised plates is not permitted.

Request for Private Plates must be supported by:

- Regional/Branch Manager
- Relevant Director
- Executive Director

and forwarded directly to the Fleet Manager. The Executive Director will only approve private plates in the following circumstances:

1. To vehicles allocated to participants in the Government Vehicle Scheme (Officers level 8 and above);
2. To vehicles required for security purposes or where confidentiality is essential for the conduct of the function (eg. Wildlife surveillance section)

Appendix No.3 must accompany the request to The Fleet Manager along with the letters of approval by the Executive Director. For Government Vehicle Scheme vehicles, the Executive Director approval shall be on the Government Vehicle Scheme application form (available from Supply Services Section)

(9) HOME GARAGING AND PRIVATE USE OF CALM VEHICLES

This does not apply to vehicles acquired by novated lease under CALM's flexible remuneration packaging arrangements.

Directors may approve home garaging where it can be clearly shown to be beneficial to the Department to do so. For Regional Services Division vehicles, approval rests with the respective Regional Manager. The justification and approval shall be made in writing and reviewed regularly.

Approval may only be granted in the following situations:

- 1) An officer is "on call" and receives an "on call" allowance.

Prior to granting approval on this basis, alternatives such as taxis, other public transport or reimbursement to the employee for the use of the private vehicle of the employee are to be shown to be either impractical or more expensive.

- 2) Where security and parking at headquarters is inadequate and the private home concerned is within reasonable distance of headquarters.

Prior to approval of home garaging of vehicles on this basis, consideration should be given to improving security and parking provisions at headquarters.

The private home need not necessarily be that of the most senior officer or the officer who normally drives the vehicle.

The selection of the officer to home garage the vehicle should be based on security to be provided, closeness of residence to headquarters and willingness to accept responsibility for home garaging the vehicle.

- 3) Where it is more efficient for an employee to frequently travel directly from home to their first daily work destination rather than first reporting to their headquarters to acquire a Departmental vehicle.
- 4) Where an employee is required to work outside the employee's normal working hours and the employee's normal commuting arrangements are therefore impractical.

The Executive Director may approve home garaging of Departmental vehicles for members of the Senior Executive Service in accordance with the Executive Vehicle Scheme (EVS) or where Senior Executive Service officers need to home garage a vehicle for discharging their official duties.

Regional, Branch and Business Unit Managers may approve home garaging of a Departmental vehicle for up to a maximum of seven (7) nights when an employee is required to travel direct from home to a site away from the normal workplace of the employee.

Officers with permission to home garage a vehicle must arrange for off street parking (not on the verge) at home with reasonable security precautions taken at all times.

(10) VEHICLE RUNNING SHEETS

Vehicle running sheets are used for:

- fleet costing purposes
- infringement tracking
- vehicle use tracking

If a cost centre manager elects to not use vehicle running sheets for fleet costing purposes (eg. if vehicle costs are distributed in a fixed proportion across account codes) a vehicle allocation system must be maintained to meet the other requirements.

(11) TAX

11.1 Fringe Benefits Tax (FBT)

A car fringe benefit arises when a car, which is either owned or leased by CALM and is provided to an employee, or an associate of an employee (eg. Spouses and relatives), for their private use.

Where the car provided is a "commercial vehicle" and the only private use of it is limited to travel to and from work then the provision of the car will be an exempt benefit and not liable to FBT.

Commercial Vehicles are:

- panel vans or utilities designed to carry a load of less than one tonne; and
- other vehicles which are designed to carry a load of less than one tonne and which are not designed mainly to carry passengers.

A car is taken to be provided for private use if it is actually used or is available to be used, for private purposes, by an employee or an associate of the employee. If the motor vehicle is garaged or kept at or near the employee's place of residence and/or is used for home to work travel, this will constitute private use.

For example sedans attract FBT where home garaged, but utilities and panel vans do not, unless there is other private use in addition to home garaging.

Where FBT is applicable, the cost will be calculated by The Fleet Manager using FBT log books completed by cost centres, FBT is recovered through the monthly invoice for the vehicle.

For vehicles to which sales tax and/or FBT applies, the cost is proportional to the purchase price of the vehicle and accordingly is minimised by choosing the lowest cost vehicle suitable for the operational use for which the vehicle is acquired.

FBT is often lower for vehicles that have a higher annual utilisation. The statutory formula method of calculating FBT varies the tax in accordance with the total kilometres travelled each year, as follows:

<i>Total Kilometres Travelled during year</i>	<i>Statutory Percentage</i>
Less than 15,000	26%
15,000 - 24,999	20%
25,000 - 40,000	11%
Over 40,000	7%

Where vehicles are required to be home garaged, it is recommended those which operationally have high kilometerage are used.

11.2 Sales Tax

The cost centre manager should give consideration to retaining (for longer periods) vehicles to which sales tax applies so that the sales tax is amortised over a greater time.

Vehicles Exempt from Sales Tax

- Under current Western Australian Public Sector Motor Vehicle management policies, WA Government plated vehicles acquired for operational purposes to undertake official departmental business with the exception of home to work commuting, should be purchased free of sales tax.
- Similarly, vehicles fitted with private plates used exclusively for operational reasons (eg., security/surveillance) shall also be exempted from sales tax. A declaration by CALM certifying to the fact that: *"the ordinary plated vehicle in question is purely operational and is not provided to an employee for private use as part of an employee's remuneration arrangement"* should satisfy any concerns by dealers

Vehicles Not Exempt from Wholesale Sales Tax

- Private plated vehicles acquired for employees covered by the Salaries and Allowances Tribunal, or those who have a formal contract of employment stipulating the provision of a government vehicle for private use shall be purchased inclusive of sales tax.

Payment of Sales Tax

Wholesale sales tax component on any dealer invoice raised for the delivery of vehicles attracting sales tax under the conditions as outlined above, will be payable in full at point of sale by CALM. This can be facilitated by the dealer producing two invoices, one for the contract price of the vehicle including accessories and the other for the calculated value of Wholesale sales tax.

11.3 Incidental Private Use

With regard to the second exemption for sales tax mentioned above, private use of vehicles, other than GVS vehicles, is to be restricted to incidental private use.

Where an officer is travelling away from home base on official business, use of the vehicle while seeking suitable accommodation, to obtain meals, for visits for social or recreation purposes or other incidental private use in or near the town or city being visited by the officer are approved uses.

Where an officer has permission to home garage a vehicle, occasional incidental private use while at work is acceptable, for example to obtain lunch from a local shop.

Officers in charge of vehicles must ensure that no other private use occurs, except in an exceptional circumstance such as an emergency. Apart from the above exceptions, departmental vehicles are to be used only for executing departmental business.

Some classes of vehicles are exempt from FBT provided that the only private use is for home to work travel, and any other private use is incidental.

The Australian Taxation Office requires that where a vehicle is exempt from sales tax or is a vehicle class exempt from FBT for home to work travel, CALM must set out the conditions under which incidental private use is permitted in a policy statement. The above policy statement is issued in compliance with this requirement.

The Australian Taxation Office also requires that restrictions on private use are enforced by regular audit of vehicle use. It is the responsibility of each Region, Branch and Business Unit Manager to regularly verify compliance with the above policy for all vehicles under their control on which sales tax has not been paid.

Minimisation of home garaging will minimise FBT. Managers should be conscious of the cost of FBT and the cost of distance related components of vehicle use when recommending approval for home garaging. In particular, where home garaging is to be approved for security reasons, managers should carefully evaluate the likely cost of increased insurance premiums if the vehicle is not home garaged, against the cost of home garaging.
