

E2E - Stage 2 options analysis (project initiation)

## TN-Fleet Replacement Program of Work-Feb 22

❖ For work being proposed for inclusion into the capital works program.

Project name:	Fleet Program of Work
Department:	Finance
Investment Type:	Non-Network
Investment Category:	Non-Network - Fleet
Functional Area(s):	FTSSC
Project ZoNe location:	<a href="#">R24 IES S FL FTSSC Fleet Replacement POW</a>
Document Number:	R0002121642
Needs Item Reference:	Not Applicable
Regulatory Investment Test Required?	No
Version Number:	0.1
Date:	25/02/2022



Preferred Option: 3: The Optimise Fleet Transformation Initiative will remove 120 vehicles from the replacement program of work.					
Level 1 Estimate +/- 30 per cent (preferred option – base dollars):					
Expenditure profile	FY25	FY26	FY27	FY28	FY29
Capex	\$6,139,140	\$3,487,706	\$2,534,163	\$8,578,511	\$6,617,757
Opex	\$2,072,694	\$2,205,011	\$1,860,583	\$1,758,897	\$1,666,289



Sign-offs (in support of the recommended option)			
Works Initiator:		Date	25/02/2022
Leader: (Endorsement)		Date	31/10/2022
Leader or General manager noting delegation levels. (Approval) <sup>1</sup>		Date	03/11/2022

<sup>1</sup> Approval based on delegation level.

❖ denotes mandatory field

## 1. RELATED DOCUMENTS

Description	URL
Needs Form	NA
Estimate	
NPV	<a href="#">R24 NPV S FL FTSSC Fleet Replacement POW</a>

## 2. OVERVIEW

### 2.1 APPROVAL GATE STATUS



Approval Gate	Approver Title	Approver Name	Date
Gate 1 – Needs			
Gate 2 – Option	This project seeks <b>OPTIONS APPROVAL</b> to proceed		

In line with the Gated Investment Framework this Project seeks Gate 2 Option approval to proceed to budget and financial approvals. This IES presents economic and risk assessments for each option considered, together with recommendation of a preferred option to address the business need.

### 2.2 BACKGROUND

TasNetworks operates a fleet of 825 Tool of Trade vehicles and plant assets to support business operational requirements with a estimated capital value \$64.5m. The fleet consists of light passenger, commercial and heavy vehicles, elevated work platforms, pole hole borers, cranes, trailers and other associated plant. Provision of appropriate Tool of Trade fleet is essential to provide services to our customers, deliver our Program of Work and meet network performance targets. TasNetworks currently own all fleet assets through the CAPEX program and as part of determining the replacement program, consideration is given to the following criteria:

- Volume required to meet operational business requirements;
- Ongoing Tool of Trade asset safety status;
- Safety ratings and features;
- Fit for operational purpose;
- Cost required to make Tool of Trade asset 'fit for purpose';
- Changes to service levels to meet operational requirements;
- Technology obsolescence;
- Potential useful life;
- Backup parts, servicing and maintenance;
- Major overhaul and inspection requirements for heavy Tool of Trade assets;
- Environmental ratings and sustainability;
- Operational impact of major breakdowns and failures;
- Optimal sourcing and procurement methods; and
- Replacement lead times.

During the R19 period TasNetworks introduced hybrid and electric vehicles (EV) including charging stations to the existing fleet to reduce fuel costs and emissions. TasNetworks continued to monitor the full lifecycle costs of hybrid and electric vehicles and are now looking to increase the number of EVs into TasNetworks by 25% over the next 3 years, resulting in a reduction of Internal Combustible Engine (ICE) vehicles.

Furthermore, in September 2021 Fleet Services engaged consulting firm Ernst & Young (EY) to undertake a Fleet Utilisation and Optimisation Review. The review consisted of a documentation review to inform organisational context, stakeholder interviews to understand how fleet is used, managed and financed, data analysis informed by TasNetworks vehicle installed Global Positioning System (GPS) and benchmarking against other Australian Network Service Providers (NSP). The review identified five recommendations to optimise fleet utilisation and expenditure, including potential fleet reductions and changes to processes. The review also identified the growing potential shortfall required for replacement fleet of \$15m when compared to the current regulatory allowance.

Following on from this review, the Fleet Optimisation initiative was developed as a key initiative in TasNetworks Transformation Program. The key objectives of this initiative was to implement a number of the recommendations arising from the EY report in addition to exploring all options to ensure cost effective and fit for purpose fleet is available aligned with our operational requirements.

The final report recommendations from EY and outcomes of the current Transformation Fleet Optimisation initiative provides the basis of the Option Analysis within this Investment Evaluation Summary (IES).

## 2.3 PROBLEM DEFINITION

Fleet capital programs and expenditure are necessary to manage safety risks, operational requirements and maintain fleet assets at an acceptable sustainable level. In order to maintain a safe, sustainable, reliable and cost effective fleet it is necessary for TasNetworks to manage the capex program of work, maintenance costs, vehicle safety and compliance concerns associated with an ageing fleet by ensuring an effective sustainable replacement capital program is achieved to meet operational requirements whilst delivering TasNetworks' strategy initiatives. The ability to replace fleet assets when required has also been heavily impacted by Covid 19 and lasting supply chain delays. This has resulted in the growing amount of fleet assets that are now operating outside of the approved asset management plans.

## 3. CUSTOMER NEEDS AND IMPACT

Fleet Services goal in managing the operational fleet is to provide safe, fit for purpose and legislatively compliant assets to provide the best outcome for our customers and owners in accordance with TasNetworks' strategy. It is important that the operational fleet continues to evolve to meet the changing requirements of work practices, safety requirements & new technology focused on delivering our work efficiently.

## 4. CORPORATE ALIGNMENT❖

### 4.1 BUSINESS PERFORMANCE OBJECTIVES

This project will help achieve the customer and business performance objectives in TasNetworks' Corporate Plan, and as shown in Table 1.

Table 1 Performance objectives relevant to this project.

Performance category	Performance measure	Investment impact on performance
Safety and wellbeing	Significant incidents	Tool of Trade vehicles fit for purpose and maintained as per manufacturer

Performance category	Performance measure	Investment impact on performance
		specifications and asset management plans.
Safety and wellbeing	Reportable incidents	Tool of Trade vehicles fit for purpose and maintained as per manufacturer specifications and asset management plans.
Our people	Employee engagement	Employees can safely deliver electricity, telecommunications, network and complementary services, creating value for our customers, our owners and our community.
Our business - Sustained cost management	Capital expenditure	Provide a sustainable Tool of Trade fleet that is efficient to manage and operate and ensure all risks associated with an ageing fleet are managed effectively.
Our business - Sustained cost management	Operating expenditure	Provide a sustainable Tool of Trade fleet that is efficient to manage and operate and ensure all risks associated with an ageing fleet are managed effectively. To ensure fleet is aligned to TasNetworks Operational requirements to maximize efficient delivery of work.
Our business - Network service	Service incentive bonuses earned - transmission and distribution	Employees can safely deliver electricity, telecommunications, network and complementary services, creating value for our customers, our owners and our community.

## 4.2 RISK OBJECTIVES

This project will assist in mitigating key business risks identified in TasNetworks' Corporate Plan. Table 2 presents all business risks, identifying those that would be positively impacted by the proposed project.

A detailed assessment of the risks mitigated by the project is presented in Section 5.3.

**Table 2 Business risks mitigated by this project**

Key Business Risks	Describe the specific risk(s) to which the business is currently exposed, for mitigation through the proposed project, and how it aligns with the Key Business Risk(s)
Death or Injury (Employee)	Tool of Trade vehicles fit for purpose and maintained as per manufacturer specifications and asset management plans. Adherence to legislative and regulatory compliance obligations.
Death or Injury (Public)	Tool of Trade vehicles fit for purpose and maintained as per manufacturer specifications and asset management plans. Adherence to legislative and regulatory compliance obligations.
Sustainable and Predictable Pricing	If utilisation and optimisation initiatives are not achieved upward pressure on capital program budgets will occur that is not aligned with shareholder expectations.

Key Business Risks	Describe the specific risk(s) to which the business is currently exposed, for mitigation through the proposed project, and how it aligns with the Key Business Risk(s)
Widespread Power Disruption	Tool of Trade vehicles are fit for purpose and fully maintained with 24/7 maintenance call out service.
Customer Focus	If utilisation and optimisation initiatives are not achieved upward pressure on capital program budgets will occur that is not aligned with shareholder expectations.

#### 4.3 STRATEGIC OBJECTIVES

Table 3 summarises strategic objectives that will be addressed by this project.

Table 3 Strategic objectives relevant to this project

Strategic Document	Strategic Objective	How the proposed investment will address the strategic goal
Tool of Trade Fleet Asset Management Plan	Fleet Services' goal in managing the Tool of Trade fleet is to provide safe, fit for purpose and legislatively compliant assets.	Provide a sustainable Tool of Trade fleet that is efficient to manage and operate and ensure all risks associated with an ageing fleet are managed effectively.

#### PROJECT OBJECTIVES❖

The aim of Fleet Services is to provide safe, fit for purpose, reliable and cost effective Tool of Trade fleet assets, contributing to TasNetworks ability to deliver its vision. Fleet Services seeks to provide sound fleet management services and functions to ensure that all Tool of Trade fleet assets are managed efficiently and effectively and that decisions regarding safety, procurement, maintenance and management of fleet assets are undertaken in a sustainable, consistent and transparent manner.

A key focus for Fleet Services is to maintain an efficient and effective Tool of Trade fleet, ensuring vehicles are replaced by following optimum replacement cycles, in line with defined replacement criteria.

The objective of the project is to deliver a sustainable and effective replacement program that will manage vehicle safety risks and maintain operational requirements.



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### 5. OPTIONS ANALYSIS ♦

#### OPTIONS CONSIDERED AND ECONOMIC ANALYSIS

Table 4 lists the options considered, the outcome of the economic analysis for each option, and the option being proposed for endorsement in this Investment Evaluation Summary. Details of the NPV analysis are included in Appendix A1.

Table 4 Options considered

Option No.	Option summary	Direct cost (\$m)	NPV (\$m)	Preferred option (yes/no)	Reason for selection/rejection
0	Do nothing, maintain existing business operations and replacement program of work of all current fleet assets.	\$72,940,479	-\$83,508,435	No	Rejected. Does not provide sustainable outcomes for customers and TasNetworks.
1	Reduce fleet size based on low utilisation and allocation – remove ■ vehicles from the replacement program of work.	\$69,232,470	-\$79,547,383	No	Rejected. Does not result in significant change providing sustainable outcomes for customers and TasNetworks.
2	Reduce fleet size based on low utilisation / Allocation and identify alternative fleet procurement strategies or transport options. Remove ■ vehicles from the replacement program of work	\$67,574,222	-\$78,023,050	No	Rejected. Does not result in significant change providing sustainable outcomes for customers and TasNetworks.
3	Optimise Fleet Transformation, including options 1 & 2 above – remove ■ vehicles from the replacement program of work.	\$54,700,624	-\$64,518,226	Yes	Preferred Option, results in significant change providing sustainable outcomes for customers and TasNetworks.

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### 5.1.1 OPTION 0: DO NOTHING

This option includes maintaining existing business operations and Tool of Trade replacement program of work that does not provide any sustainable outcomes for customers and TasNetworks. To maintain this level of replacement program of work will also increase opex maintenance costs due to the volume of Tool of Trade vehicles required to be replaced and does not entertain any optimisation and utilisation efficiencies that TasNetworks can introduce to reach a sustainable outcome.

### 5.1.2 OPTION 1: REDUCE FLEET SIZE BASED ON LOW UTILISATION AND ALLOCATION- REMOVE [REDACTED] VEHICLES FROM THE REPLACEMENT PROGRAM OF WORK

This option considers a quick win scenario with a negligible positive advantage in direct costs and NPV however, there is not a significant movement towards providing a completely sustainable outcome for customers and TasNetworks. The reduction of [REDACTED] Tool of Trade vehicles is not sufficient enough even with any works delivery efficiencies being achieved to have a major impact on the economic analysis.

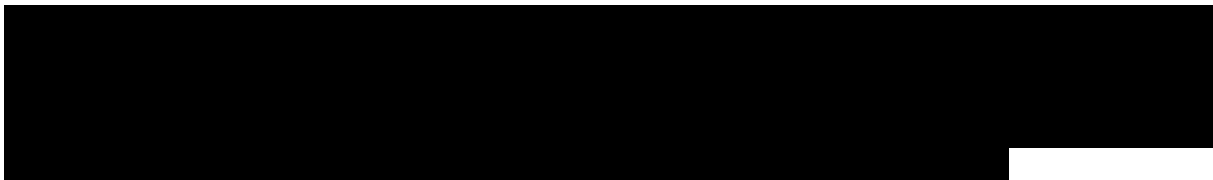
### 5.1.3 OPTION 2: REDUCE FLEET SIZE BASED ON LOW UTILIZATION / ALLOCATION AND IDENTIFY ALTERNATIVE FLEET PROCUREMENT STRATEGIES OR TRANSPORT OPTIONS – REMOVE [REDACTED] VEHICLES FROM THE REPLACEMENT PROGRAM OF WORK

This option includes the opportunities detailed in Option 1 but also considers a greater reduction fleet volumes however, Option 2 only provides a slight advantage in direct costs and NPV over Option 1. There is not a significant movement towards providing a completely sustainable outcome for customers and TasNetworks. The reduction of [REDACTED] vehicles is not sufficient enough even with any works delivery efficiencies being achieved to have a major impact on the economic analysis.

### 5.1.4 OPTION 3: OPTIMISE FLEET TRANSFORMATION, INCLUDING OPTIONS 1 & 2 ABOVE REMOVE [REDACTED] VEHICLES FROM THE REPLACEMENT PROGRAM OF WORK

This option includes the opportunities detailed in Option 1 and Option 2 through implementation of a full fleet Transformation Initiative. It considers a significant reduction in fleet volumes and the potential with works delivery efficiencies to provide a sustainable outcome for customers and TasNetworks. The reduction of [REDACTED] vehicles with works delivery efficiencies being achieved will have a significant impact on the economic analysis. The implementation of business utilisation and optimisation initiatives will provide opportunities to reduce capex and opex spend over the R24 profile period, mitigating the peaks associated with replacement criteria life cycles and produces a NPV consistent with business and shareholder expectations over the profile period. Adopting both initiatives will provide a completely sustainable outcome for customers and TasNetworks.

### 5.1.5 SENSITIVITY ANALYSIS



## 5.2 OPTION EXPENDITURE PROFILES

The following tables show the expenditure profile for each investment option.



Option 0 – Do nothing Estimate (in nominal dollars) \$38,902,342					
Option 0 expenditure profile	FY25	FY26	FY27	FY28	FY29
Capex	\$7,153,000	\$5,368,000	\$4,643,000	\$10,996,000	\$9,030,000
Opex	\$2,134,828	\$2,134,828	\$2,134,828	\$2,134,828	\$2,134,828

Option 1 – Reduce fleet size based on low utilisation and allocation – remove 100 vehicles from the replacement program of work. Estimate (in nominal dollars) \$37,061,170					
Option 1 expenditure profile	FY25	FY26	FY27	FY28	FY29
Capex	\$6,913,000	\$4,946,000	\$4,264,000	\$10,450,000	\$8,848,000
Opex	\$2,118,889	\$2,095,387	\$2,085,406	\$2,053,110	\$2,039,736

Option 2 – Reduce fleet size based on low utilisation / Allocation and identify alternative fleet procurement strategies or transport options. Remove 100 vehicles from the replacement program of work. Estimate (in nominal dollars) \$36,102,669					
Option 2 expenditure profile	FY25	FY26	FY27	FY28	FY29
Capex	\$6,913,000	\$4,884,000	\$4,204,000	\$9,910,000	\$8,608,000
Opex	\$2,118,889	\$2,094,466	\$2,083,298	\$2,031,810	\$2,010,905

Option 3 – Optimise Fleet Transformation, including options 1 & 2 above – remove 100 vehicles from the replacement program of work. Estimate (in nominal dollars) \$28,600,000					
Option 3 expenditure profile	FY25	FY26	FY27	FY28	FY29
Capex	\$6,139,140	\$3,487,706	\$2,534,163	\$8,578,511	\$6,617,757
Opex	\$2,072,694	\$2,205,011	\$1,860,583	\$1,758,897	\$1,666,289

### 5.3 RISK MITIGATION

The matrix presented in Table 6 compares the options, showing how each assists TasNetworks in mitigating its key business risks (previously identified in section 4.3 “Risk objectives”).

Appendix B provides supporting details of the risk assessment outcomes presented in Table 6.

**Table 6 Risk matrix summary**

Risk Drivers	Current risk (Corporate Plan)	Option 0 – Do nothing Unmitigated risk	Option 1 – Reduce fleet size based on low utilisation and allocation – remove ■ vehicles from the replacement program of work.	Option 2 – Reduce fleet size based on low utilisation / Allocation and identify alternative fleet procurement strategies or transport options. Remove ■ vehicles from the replacement program of work.	Option 3 – Optimise Fleet Transformation, including options 1 & 2 above – remove ■ vehicles from the replacement program of work.
Death or Injury (Employee)	High	Medium	Medium	Medium	Medium
Death or Injury (Public)	High	Low	Low	Low	Low
Sustainable and Predictable Pricing	Medium	Very High	Very High	High	Medium
Widespread disruption to power supply	Medium	Low	Low	Medium	Medium
Customer focus	Medium	Very High	High	High	Medium

## 5.4 QUANTITATIVE RISK ANALYSIS

Not Applicable

## 5.5 BENCHMARKING

Consulting firm EY as part of the Fleet Utilisation and Optimisation Review benchmarked TasNetworks against three other Australian NSP's. In general, TasNetworks maintains an in-house workforce for some work delivery such as meter reading and asset inspections which is uncommon among the benchmarked NSP's. The key findings compared to benchmarked NSP's are:

- TasNetworks has a high proportion of light to heavy vehicles and metro to regional vehicles.

- TasNetworks maintains a comparable number of light vehicles per depot but a lower number of heavy vehicles.
- TasNetworks covers a greater geographic area and length of network per heavy vehicle, but a lower area and length of network per light vehicle.
- TasNetworks delivers a high proportion of total expenditure with heavy vehicles.
- TasNetworks proportion of pool vehicles is consistent but is second highest against the other three NSP's. This has been a key focus on the Fleet optimisation initiative to reduce pool vehicles by 20-25 vehicles to be removed by December 2022.
- TasNetworks maintains a similar light vehicle to staff ratio (Note: NSP's adopt different approaches to allocating vehicles).
- TasNetworks owns 100% of fleet, other NSP's lease a portion of their fleets.
- NSP's take a differing approach to pool vehicles either owning or leasing.

## 5.6 EXPERT FINDINGS

Not Applicable

## 5.7 PREFERRED OPTION

Option 3 (Transformation Optimise Fleet Initiative) is TasNetworks' preferred option, which will remove [REDACTED] vehicles from the existing fleet replacement program of work. The initiative is one of a number of key Transformation initiatives currently underway, with the objective of returning TasNetworks' focus to our core business, with a commitment to reliability, affordability and customer outcomes.

The objectives of the Optimise Fleet Initiative were developed by undertaking our own comprehensive analysis (also validating the work undertaken by EY) to ensure we develop consistent policies, guidelines and processes that ensure the reduction in fleet numbers are sustainable and allow us to effectively and efficiently deliver on our program of work. In addition to reducing fleet numbers across the business, the initiative will also:

- Ensure standardisation across heavy and light vehicle categories

[REDACTED]

- Ensure vehicles are fit for purpose

[REDACTED]

- Plan to prevent regression of excess fleet assets
- Refine procurement processes for fleet.

TasNetworks acknowledges that there are risks that may prevent us from fully achieving the benefits we are seeking to deliver, including dependency on the success of other Transformation initiatives, including Organisation Redesign and Increasing Field Operations Productivity. Given the scale of the changes we will deliver, effective and positive change management, engagement, and communication with not just our own employees but also external stakeholders including Union delegates is critical to the success of this initiative.

## 6. INVESTMENT TIMING ❖

Investment timing will be in accordance with stated expenditure R24 profile in consideration with replacement criteria and condition based assessment.

## 7. EXPECTED OUTCOMES AND BENEFITS

The benefits to TasNetworks and customers from implementation of the preferred Option 3 will be:

- A reduction in capex spend over the R24 period.
- A sustainable Tool of Trade fleet that meet safety, fit for purpose and legislative requirements.
- Alignment with TasNetworks strategy, Fleet Asset Management Plan, Fleet Tool of Trade Policy and Strategy.

## 8. ASSUMPTIONS ❖

Any assumptions have been provided throughout this IES and detailed in Appendix A.

## 9. REGULATORY INVESTMENT TEST

Not Applicable.

## 10. RECOMMENDATION ❖

It is recommended that the preferred Option 3 is approved and progressed as it best satisfies the shareholder, customer and business needs.

## APPENDIX A – ECONOMIC ANALYSIS

The assumptions used in the economic analysis are as follows:

- NPV analysis is carried out for a 10 year period (2024-34).
- Weighted Average cost of Capital (WACC) of 2.79 per cent is used.

The results of the Economic Analysis are provided below:

		Option 0	Option 1	Option 2	Option 3
		Do Nothing	Reduce fleet size based on low utilisation and allocation – remove 1 vehicles from the replacement program of work.	Reduce fleet size based on low utilisation / Allocation and identify alternative fleet procurement strategies or transport options. Remove 1 vehicles from the replacement program of work.	Optimise Fleet Transformation, including options 1 & 2 above – remove 1 vehicles from the replacement program of work.
<b>CASHFLOW</b>					
Capital Expenditure	Cash outflow	(72,940,479)	(69,232,470)	(67,574,222)	(54,700,624)
Operational Expenditure	Cash outflow	(21,348,275)	(20,545,350)	(20,470,787)	(18,042,620)
Operational Cost savings	Cash Inflow	-	-	-	-
Total Expenditure	Cash outflow	(94,288,754)	(89,777,820)	(88,045,008)	(72,743,244)
Revenue	Cash Inflow	-	-	-	-
Net Cashflow	Net cash	(94,288,754)	(89,777,820)	(88,045,008)	(72,743,244)
CASHFLOW NPV		(83,508,435)	(79,547,383)	(78,023,050)	(64,518,226)
<b>PLUS NON CASH</b>					
Non Cash Benefits	Non cash in	-	-	-	-
Non Cash Costs	Non cash out	-	-	-	-
Net Value	Net Value	(94,288,754)	(89,777,820)	(88,045,008)	(72,743,244)
COST BENEFIT NPV		(83,508,435)	(79,547,383)	(78,023,050)	(64,518,226)
RANKING		4	3	2	1



## APPENDIX B – KEY BUSINESS RISK COMPARISON

The project options each have a different impact on key business risks. The table below provides a qualitative summary of the impacts of each option on key business risks, with consideration for the risk approach and risk management process outlined in TasNetworks' Risk Management Framework.

Key business risks	Current risk as per Corporate Plan			Option 0 Do Nothing				Option 1 Reduce fleet size based on low utilisation and allocation – remove 100 vehicles from the replacement program of work.				Option 2 Reduce fleet size based on low utilisation / Allocation and identify alternative fleet procurement strategies or transport options. Remove 100 vehicles from the replacement program of work.				Option 3 Optimise Fleet Transformation, including options 1 & 2 above – remove 100 vehicles from the replacement program of work.			
	Likelihood	Consequence	Risk	Likelihood	Consequence	Risk	How does this option mitigate current situation risk?	Likelihood	Consequence	Risk	How does this option mitigate current situation risk?	Likelihood	Consequence	Risk	How does this option mitigate current situation risk?	Likelihood	Consequence	Risk	How does this option mitigate current situation risk?
Death or Injury (Employee)	Possible	Major	High	Rare	Negligible	Low	Tool of Trade vehicles fit for purpose and maintained as per manufacturer specifications and asset management plans. No change to Fleet program of work.	Rare	Negligible	Low	Tool of Trade vehicles fit for purpose and maintained as per manufacturer specifications and asset management plans. No change to Fleet program of work.	Rare	Negligible	Low	Tool of Trade vehicles fit for purpose and maintained as per manufacturer specifications and asset management plans. No change to Fleet program of work.	Rare	Negligible	Low	Provides sustainable outcomes for customers, shareholders and TasNetworks.
Death or Injury (Public)	Possible	Severe	High	Rare	Negligible	Low	Tool of Trade vehicles fit for purpose and maintained as per manufacturer specifications and asset management plans. No change to Fleet program of work.	Rare	Negligible	Low	Tool of Trade vehicles fit for purpose and maintained as per manufacturer specifications and asset management plans. No change to Fleet program of work.	Rare	Negligible	Low	Tool of Trade vehicles fit for purpose and maintained as per manufacturer specifications and asset management plans. No change to Fleet program of work.	Rare	Negligible	Low	Provides sustainable outcomes for customers, shareholders and TasNetworks.
Sustainable and Predictable Pricing	Unlikely	Major	Medium	Almost certain	Major	Very High	Fleet utilisation and optimisation initiatives will not be fully realised placing pressure on capital program of work budgets and not aligned with shareholder expectations.	Almost certain	Major	Very High	Fleet utilisation and optimisation initiatives will not be fully realised placing pressure on capital program of work budgets and not aligned with shareholder expectations.	Likely	Major	High	Fleet utilisation and optimisation initiatives will not be fully realised placing pressure on capital program of work budgets and not aligned with shareholder expectations.	Unlikely	Minor	Low	Provides sustainable outcomes for customers, shareholders and TasNetworks.

Key business risks	Current risk as per Corporate Plan			Option 0 Do Nothing				Option 1 Reduce fleet size based on low utilisation and allocation – remove vehicles from the replacement program of work.				Option 2 Reduce fleet size based on low utilisation / Allocation and identify alternative fleet procurement strategies or transport options. Remove vehicles from the replacement program of work				Option 3 Optimise Fleet Transformation, including options 1 & 2 above – remove vehicles from the replacement program of work.			
	Likelihood	Consequence	Risk	Likelihood	Consequence	Risk	How does this option mitigate current situation risk?	Likelihood	Consequence	Risk	How does this option mitigate current situation risk?	Likelihood	Consequence	Risk	How does this option mitigate current situation risk?	Likelihood	Consequence	Risk	How does this option mitigate current situation risk?
Widespread Power Disruption	Unlikely	Major	Medium	Unlikely	Negligible	Low	Tool of Trade vehicles fit for purpose and fully maintained.	Unlikely	Negligible	Low	Tool of Trade vehicles fit for purpose and fully maintained.	Unlikely	Negligible	Low	Tool of Trade vehicles fit for purpose and fully maintained.	Unlikely	Negligible	Low	Tool of Trade vehicles fit for purpose and fully maintained and provides sustainable outcomes for customers, shareholders and TasNetworks.
Customer Focus	Unlikely	Moderate	Medium	Almost certain	Major	Very High	Fleet utilisation and optimisation initiatives will not be fully realised placing pressure on capital program of work budgets and not aligned with shareholder expectations.	Likely	Moderate	High	Fleet utilisation and optimisation initiatives will not be fully realised placing pressure on capital program of work budgets and not aligned with shareholder expectations.	Likely	Moderate	High	Fleet utilisation and optimisation initiatives will not be fully realised placing pressure on capital program of work budgets and not aligned with shareholder expectations.	Unlikely	Minor	Low	Provides sustainable outcomes for customers, shareholders and TasNetworks.