



Asset Management Plan

Tool of Trade Fleet Management Plan

2019 - 2024

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Authorisations

Action	Name and title	Date
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Review cycle	4 Years	

Responsibilities

This document is the responsibility of the Fleet Services Team, Tasmanian Networks Pty Ltd, ABN 24 167 357 299 (hereafter referred to as "TasNetworks").

Please contact the Bevan Knowles Team Leader with any queries or suggestions.

- Implementation All TasNetworks staff and contractors.
- Compliance All Team Leaders, Leaders

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Record of revisions

Section number	Details
	[Delete the details of the previous revision, add the details of the latest revision and remove any unwanted rows]

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1 Purpose

The purpose of this document is to describe TasNetworks Tool of Trade fleet:

- TasNetworks' approach to asset management, as reflected through its legislative and regulatory obligations and strategic plans;
- The key projects and programs underpinning its activities; and
- Forecast CAPEX and OPEX, including the basis upon which these forecasts are derived.

2 Scope

This document covers all TasNetworks Tool of Trade fleet and plant assets. Tool of Trade assets include any passenger motor vehicle, light commercial motor vehicle, heavy rigid vehicle, trailers and specialised and non-specialised plant and equipment that is provided by TasNetworks to meet its business operational requirements.

Tool of Trade use or allocation can be:

- Team shared specialised vehicles managed within the department
- Pool vehicles that are managed by Fleet Services and available for use across the business
- Light and heavy vehicles and plant assets that are role allocated to undertake operational requirements

The below list details the plant assets owned by TasNetworks:

- Trailers
- Vehicle loading cranes
- Truck mounted rewind frames
- Compressors
- Winches
- Post hole diggers
- Tractor
- Four wheeler
- Telehandler

Employees in leadership level 1-4 roles are eligible for novated leases with business contribution towards operating expenditure. These novated leases are excluded from this asset management plan.

3 Strategic Alignment and Objectives

This asset management plan has been developed to align with both TasNetworks' Asset Management Policy and Strategic Objectives.

It is part of a suite of documentation that supports the achievement of TasNetworks strategic performance objectives and in turn, its mission. The asset management plans identify the issues and strategies relating to assets and details the specific activities that need to be undertaken to address the identified issues.

Figure 1 represents TasNetworks documents that support the asset management framework. The diagram highlights the existence of, and interdependence between, the Plan, Do, Check, Act components of good asset management practice.

Fleet Services' goal in managing the Tool of Trade fleet is to provide safe, fit for purpose and legislatively compliant assets. Effective partnering with internal clients and external service providers will deliver cost conscious benefits to present and future stakeholders and the Tasmanian community. The Tool of Trade asset management plan also enables TasNetworks employees to deliver our vision that we will be 'Trusted by our customers to deliver today and create a better tomorrow'.

The management objectives for Tool of Trade are:

- ANCAP safety features, environmentally friendly and sustainable procurement criteria;
- Fit for purpose fleet to meet the operational and strategic requirements of TasNetworks;
- Taking a life cycle approach;
- Developing cost-effective management strategies for the long term;
- Providing a defined level of service and monitoring performance;
- Understanding and meeting the demands of growth and decline;
- Risk management; and
- Continuous improvement in asset management practices.

TasNetworks Tool of Trade Fleet Policy is based on the principles of:

- **Safety**

A Tool of Trade vehicle is classified as a workplace and therefore legislative requirements to provide a safe workplace apply. In addition, team members have an obligation under the Occupational Health and Safety Legislation to ensure the health and safety of themselves and that of others whilst driving, including compliance with the TasNetworks Alcohol and Other Drugs Procedure.

The Australian New Car Assessment Program (ANCAP) safety rating is taken into account when purchasing new vehicles. If there is no complying five star rated vehicle to meet operational requirements a minimum four star rated vehicle is considered. Where ANCAP ratings are not applicable to the Tool of Trade purchase, vehicles and plant will meet compliance with relevant Australian standards, legislative requirements, codes of practice, design rules and safety operational requirements.

In accordance with Zero harm safety culture all vehicles under this Policy will have MateSafe installed as a mandatory safety feature.

- **Appropriate use of Tool of Trade fleet**

Tool of Trade fleet assets are provided for operational purposes on the basis that the work or role cannot be done effectively without the use of a vehicle. Team members must use the Tool of Trade fleet for the intended purpose only. Team members must be conscious of TasNetworks' public image while operating the Tool of Trade fleet.



- **Fit for purpose**

Vehicle selection and fit up will consider operational requirements and sustainable cost efficiency. Operational efficiency is considered holistically including whole of life cycle costs, customer service impacts, operational productivity and optimal utilisation of the fleet. Vehicle selection will also consider flexibility of the fleet to enable optimal utilisation.

- **Sustainability and environment**

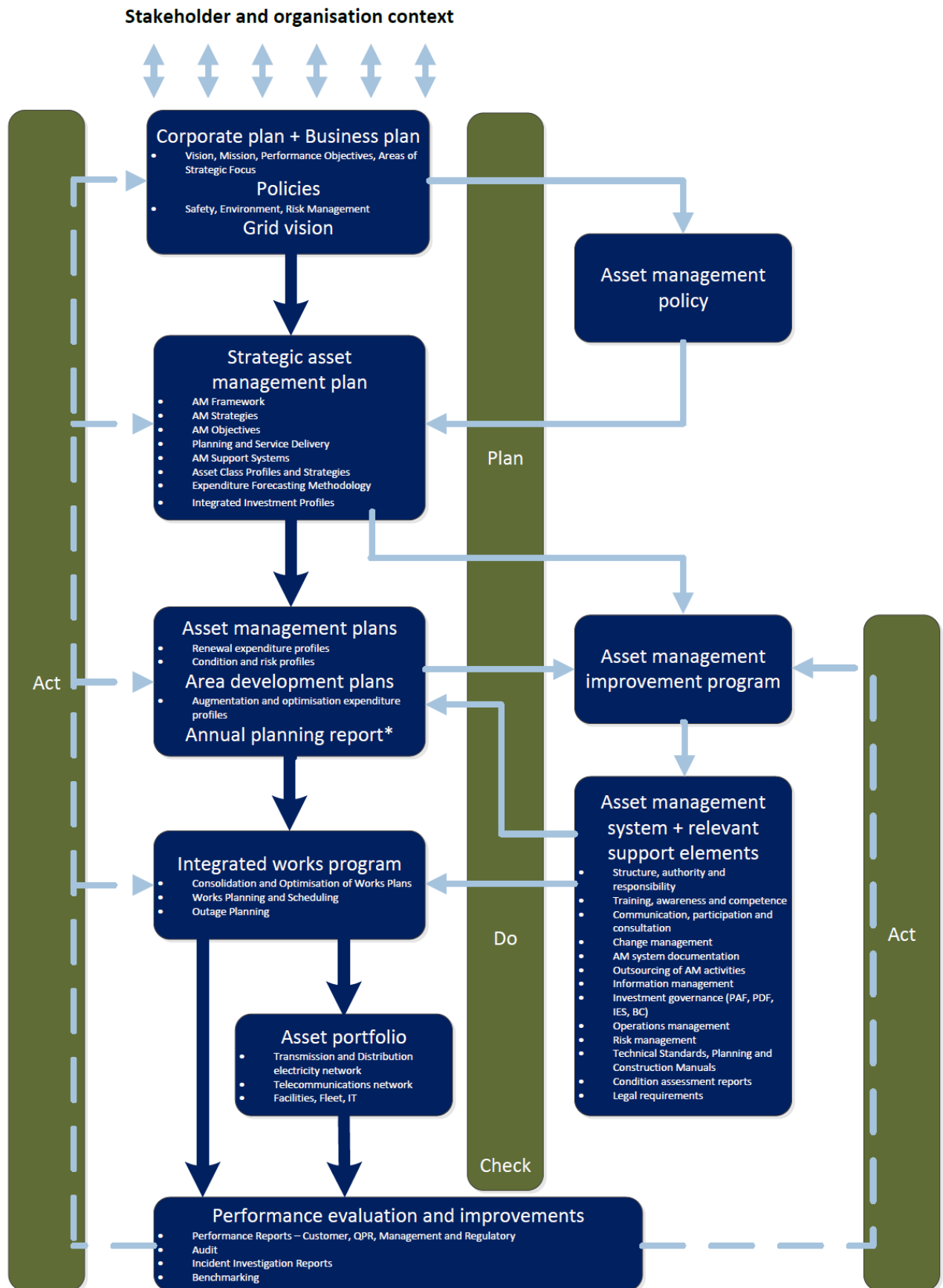
Selection and operation of the fleet will consider minimising the impact on the environment by supporting energy conservation, alternative fuels and new technologies where appropriate.

This asset management plan describes the asset management strategies and programs developed to manage the Tool of Trade fleet with the aim of achieving these objectives:

- Effectively managing the financial investment in Tool of Trade fleet assets and develop long term, safety conscious cost effective strategies;
- Ensure that all Tool of Trade Fleet asset governance is consistent with TasNetworks purpose and strategic objectives;
- Facilitate and demonstrate effective management and implementation of whole-of-life cycle costs;
- Use a set of specific and measurable goals and objectives to guide the development and implementation of strategies for management of fleet assets;
- Effectively manage the risks associated with Tool of Trade assets;
- Ensure that stakeholder requirements and expectations are met through the application of appropriate service levels at the lowest sustainable cost, and
- Seek continuous improvement in Tool of Trade asset management practices.

This asset management plan adheres to legislative requirements and TasNetworks' governing principles and policies.

Figure 1 – TasNetworks Asset Management Documentation Framework



* The Annual Planning Report (APR) is a requirement of sections 5.12.2 and 5.13.2 of the National Electricity Rules (NER) and also satisfies a licence obligation to publish a Tasmanian Annual Planning Statement (TAPS). The APR is a compilation of information from the Area Development Plans and the Asset Management Plans.

4 Asset Support Systems

4.1 Systems

The following applications are utilised by Fleet Services to manage Tool of Trade assets and provide business reporting:

➤ **Environment, Health and Safety**

SAP

Tool of Trade asset environmental, health and safety incidents are managed within the module including business reporting and mediation.

Matesafe (Smartrak)

Matesafe is a safety GPS tool for Tool of Trade assets, which includes a duress button that can be activated in the event of an emergency or when assistance is required. Fleet Services provide the following vehicle and system administration services under the application framework:

- Facilitate new Matesafe installations, swaps and removals provided under subcontractor arrangements
- Issue manuals
- Create user login capability and rescind users capability
- Setting up and managing alert recipients
- Allocate vehicles to departments and assign department users
- Managing faults with AVL's and Garmin units

Reporting functions are also utilised in Matesafe for reconciliation reporting across the business.

➤ **Financial**

SAP

Tool of Trade asset financial management, monitoring including budgeting and forecasting are managed within the Finance module.

➤ **Asset Work Scheduling**

SAP

Fleet Services enter vehicle details into the Human Capital Management (HCM) module, the Tool of Trade asset details are then transferred to the Multi Resource Scheduling (MRS) module to enable Tool of Trade assets to be scheduled against work projects.

➤ **Fuel Card Management**

Caltex and BP

Both websites are used for fuel card management purposes, fuel files are uploaded into the Enterprise Asset Management (EAM) module of SAP for financial management and business reporting.

➤ **Vehicle Procurement**

SAP

Supply Chain Management (SCM) purchasing module is used for purchase order requisition for vehicle procurement, fuel, maintenance, repairs and transport services required by Fleet Services for Tool of Trade management.

➤ **Fleet Asset Management System**

SAP

The EAM module covers the asset lifecycle from determination of asset strategies, procurement of assets, the continued monitoring of asset performance and defects and disposal of asset.

➤ **Vehicle utilisation and optimisation**

MateSafe (Smartrak)

GPS data is used to analyse utilisation of vehicles, as well as scheduling work crews to fault work.

➤ **Document Management**

Info Zone

All related Fleet Services documentation is stored in the Zone (Sharepoint with Record Point backend) and shared accordingly.

4.2 Asset Information

Tool of Trade asset management data and knowledge is defined as relevant, accessible and reliable which enables the production of satisfactory outputs required for effective asset management and decision making.

This includes the following asset management functions:

- Asset optimisation
- Asset identification
- Asset attributes
- Condition
- Cost and maintenance historical data
- Lifecycle costing
- Valuation
- Benchmark data (if applicable)

5 Description of the Assets

TasNetworks currently own rather than lease its Tool of Trade assets for the delivery of the program of work. TasNetworks Tool of Trade composition reflects the strategic and operational requirements of the business. The current composition of Tool of Trade assets and age profile are detailed further below.

5.1 Tool of Trade Composition

Tool of Trade assets such as elevated work platforms, vehicle loading cranes, pole hole borer erectors are categorised as individual assets in the below table despite being permanently attached to a commercial truck.

Table 1: Tool of Trade Composition

Tool of Trade Category	Number of Units	%	Average Capital Value (per unit)
Light passenger vehicles	28	5	\$29K
Light commercial vehicles	375	51	\$41K
Commercial Trucks	81	10	\$109K
Mobile Elevated Work Platform (MEWP)	49	6	\$288K
Pole Hole Borer Erector (PHBE) Truck Mounted	6	1	\$295K
Crane Truck Mounted	18	2	\$30K
Trailers & other plant (vehicle loading cranes; truck mounted rewind frames; compressors; winches; post hole diggers; tractor; four wheeler and telehandler)	200	25	\$19K

Figure 2: Tool of Trade Composition

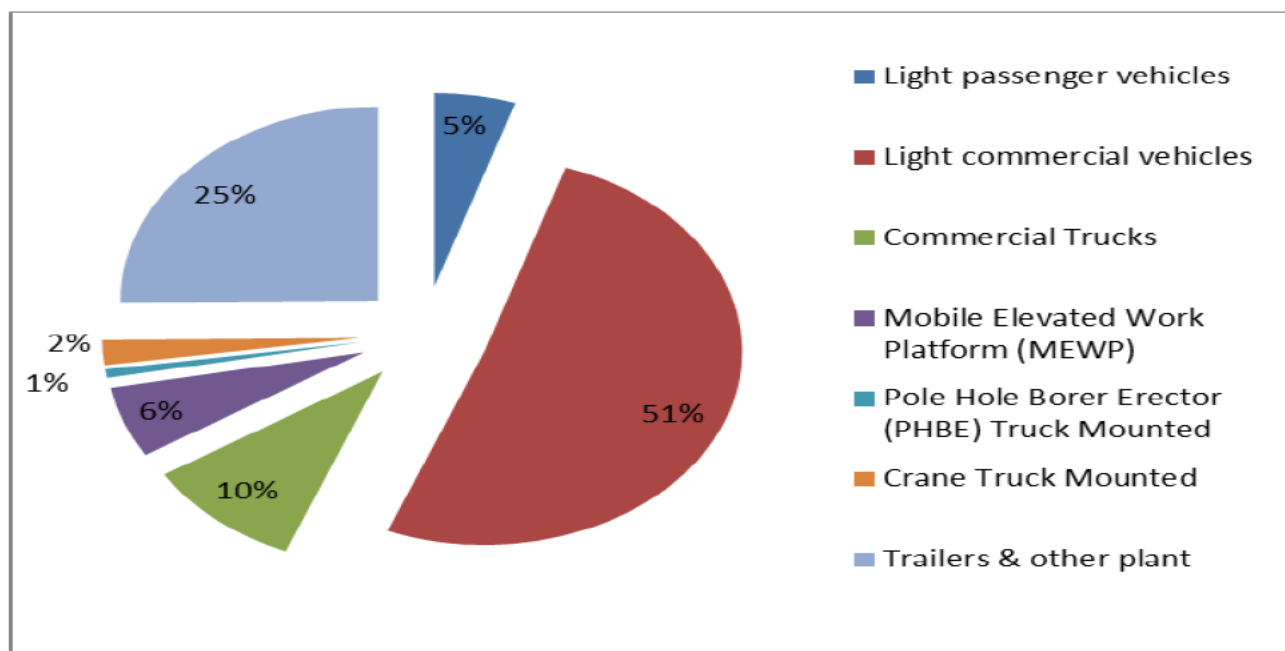
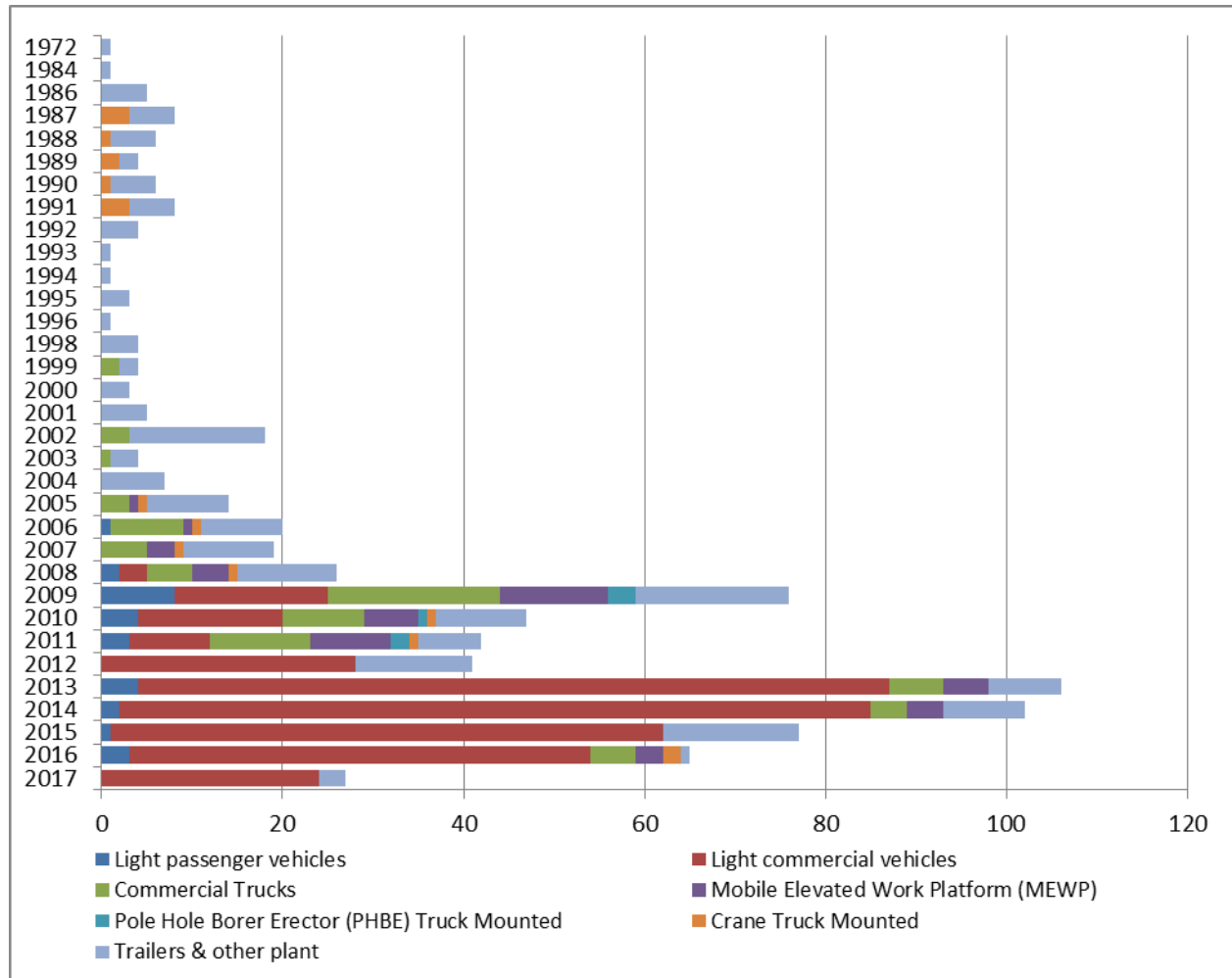


Figure 3: Tool of Trade Age Profile

Plant equipment and trailers are major contributors of the pre 2010 Tool of Trade asset age profile.



A further breakdown of Tool of Trade assets categories are displayed below.

Figure 4: Light Passenger Vehicle Age Profile

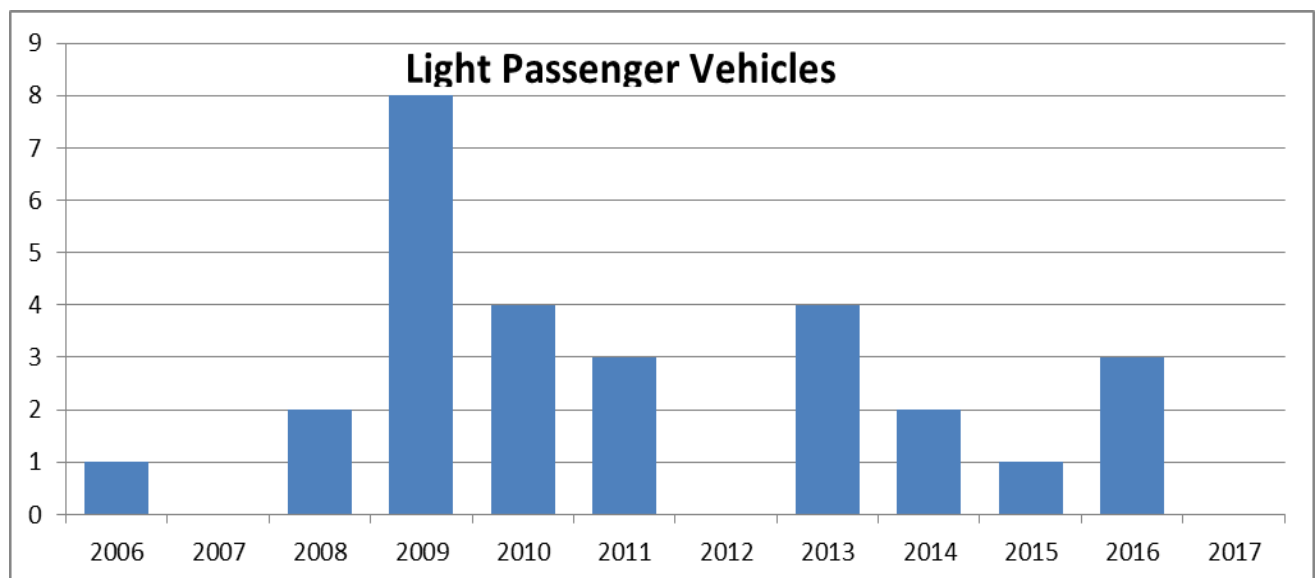


Figure 5: Light Commercial Vehicle Age Profile

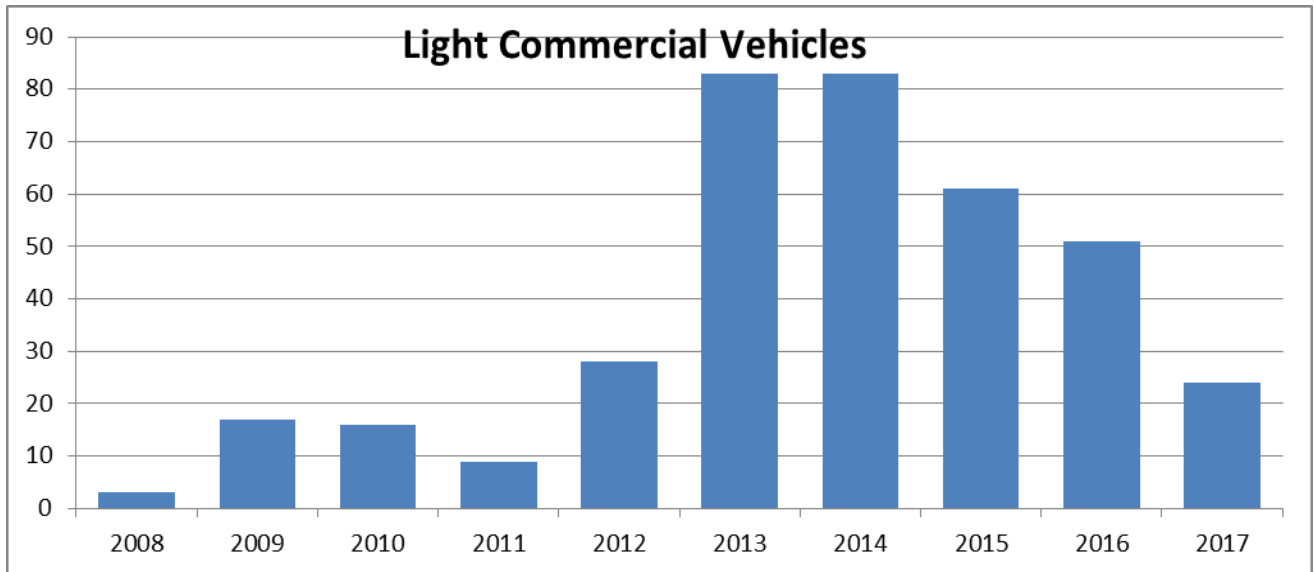


Figure 6: Commercial Trucks Age Profile

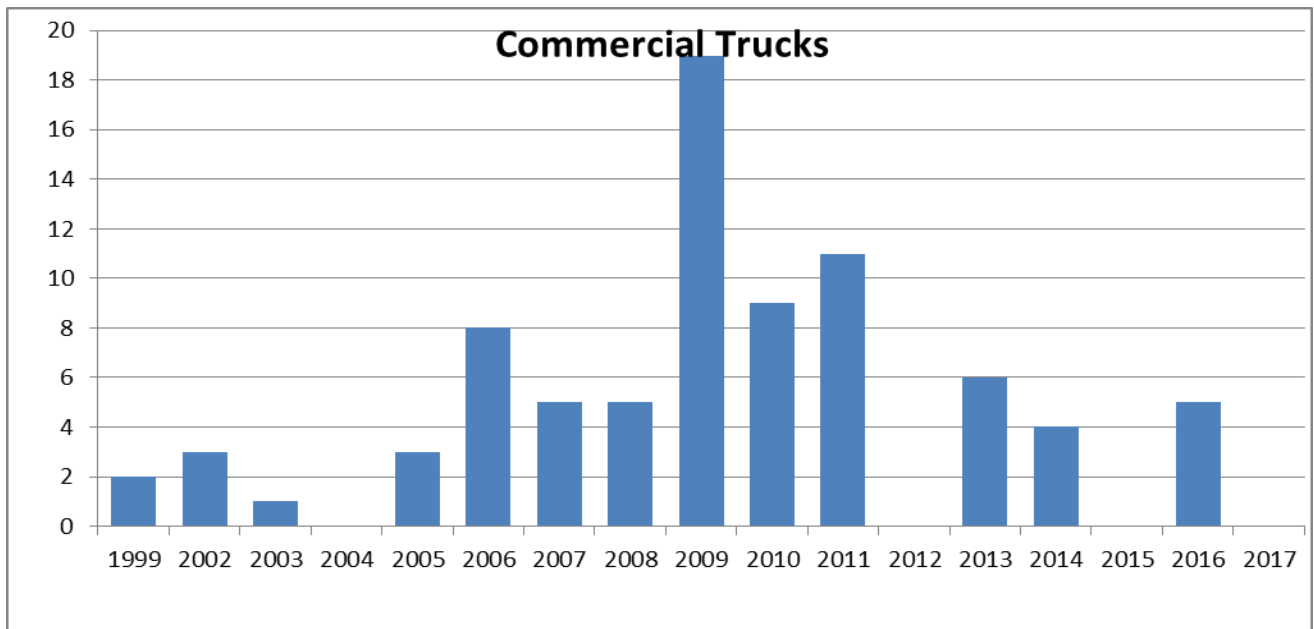


Figure 7: Mobile Elevated Work Platform (MEWP) Age Profile

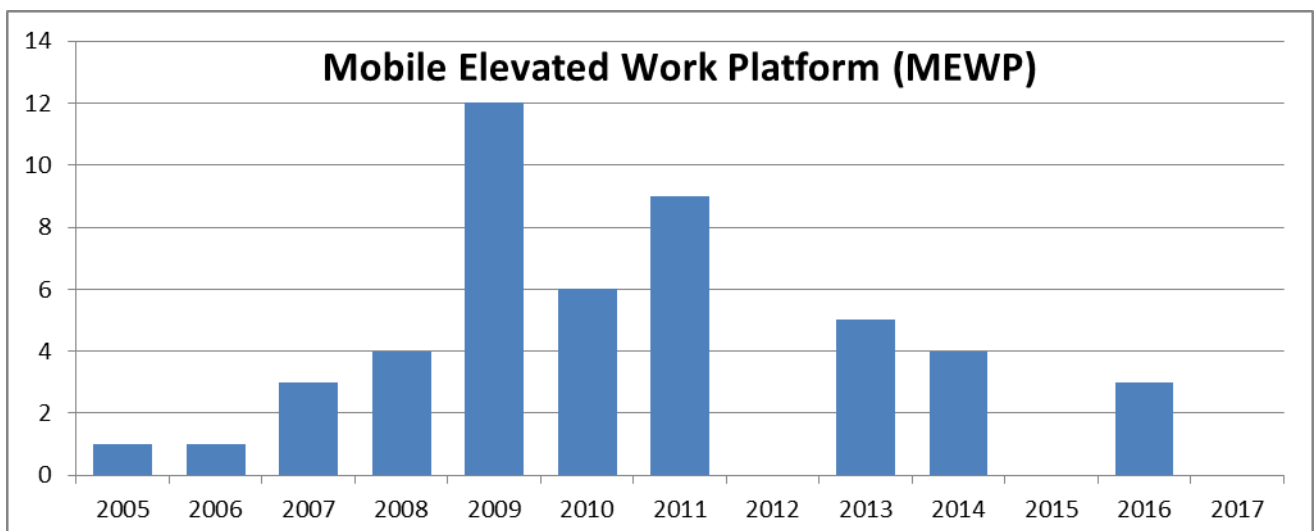


Figure 8: Pole Hole Borer Erector (PHBE) Truck Mounted

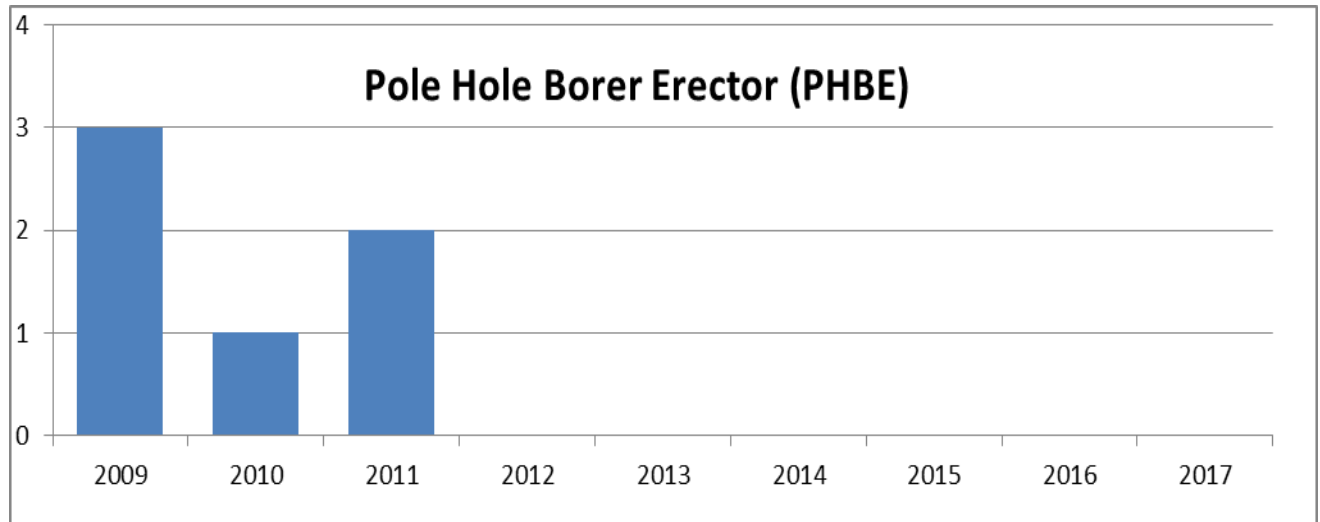


Figure 9: Crane Truck Mounted

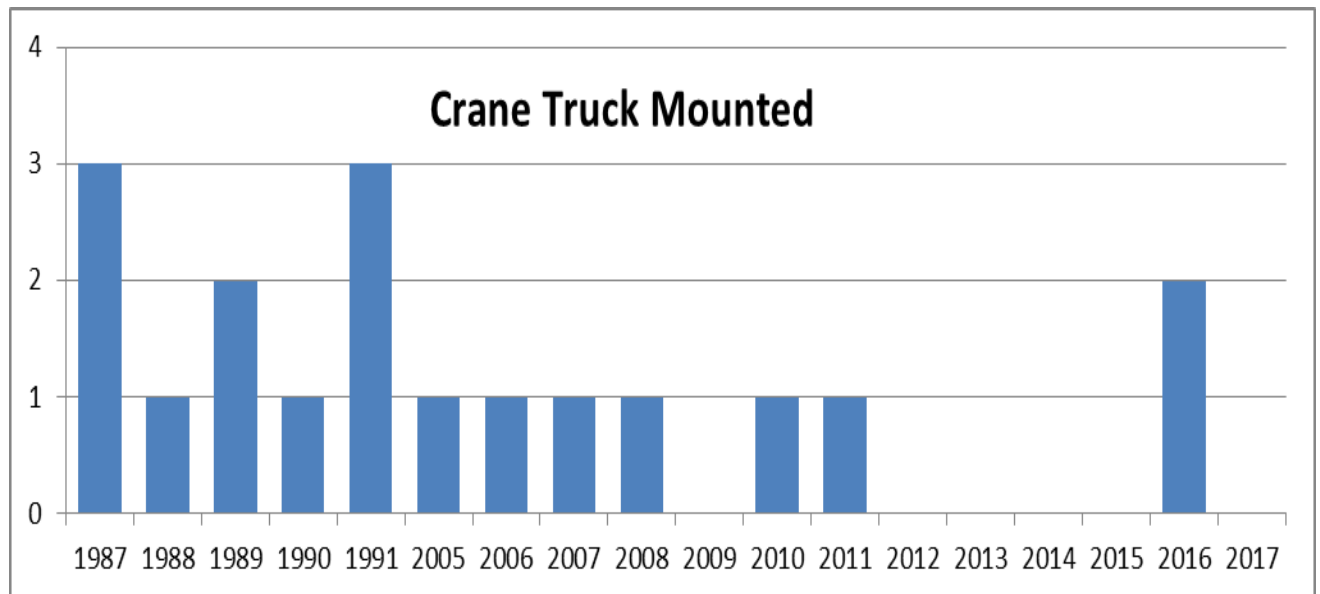
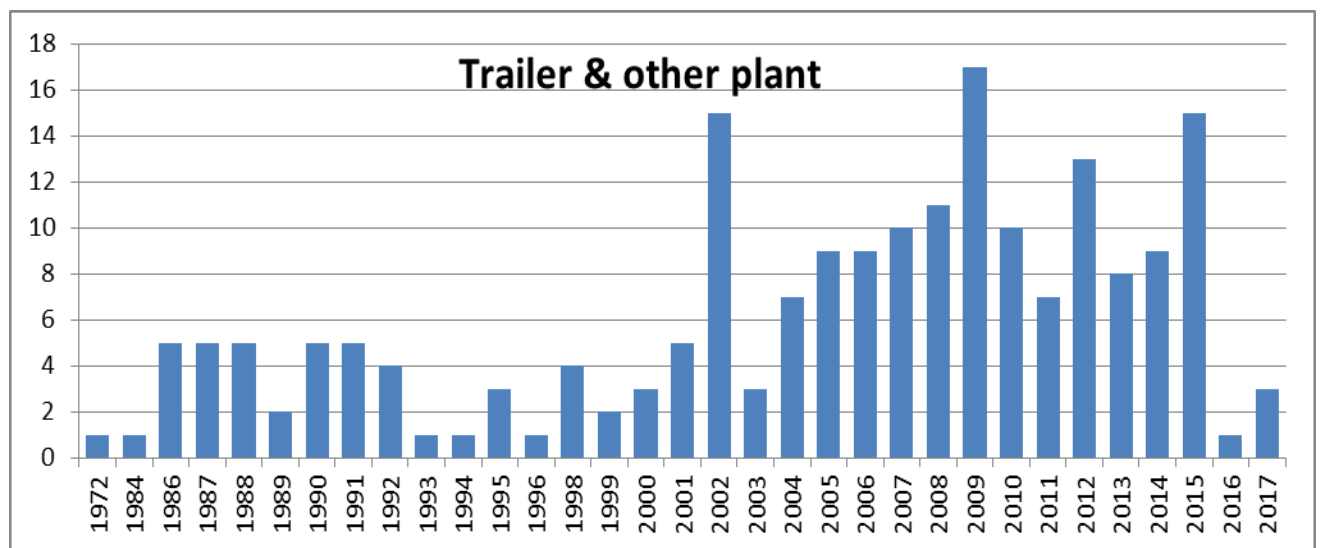


Figure 10: Trailer & other plant



6 Associated Risk

Fleet Services acknowledge that safety and risk management is an integral part of sound Tool of Trade asset management practices. The overall objectives of a formal risk management approach are to:

- Document the processes by which Fleet Services will manage risks associated with Tool of Trade assets so they can be identified and evaluated in a consistent manner;
- Identify operational and organisational risks at broad level;
- Allocate responsibility for managing risks to specific Fleet team members to improve accountability, and
- Prioritise the risks to identify the highest level priorities in the short to medium term.

Fleet Services will adopt a systematic and holistic approach to managing risks based on TasNetworks Risk Management Policy and Asset Management Policy.

6.1 Risk Register

Fleet Services have identified a number of risks as follows:

- WHS related risks
- Business practices
- Economic conditions
- Environmental management
- Financial operations
- Natural hazards and disasters
- Property loss
- Public liability
- Statutory compliance

The risk assessment process identifies credible risks, the likelihood of the risks occurring and the consequences should the risk eventuate, the risk register is attached in Appendix A.

7 Management Plan

7.1 Tool of Trade Management

This section outlines strategies and actions for the operation and maintenance of Tool of Trade assets and focuses on the economic and physical management options through to disposal.

Maintenance of an asset includes the fiscal investment in an existing asset related to the ongoing upkeep to ensure that an asset meets its useful life. Tool of Trade assets are operated and maintained so they continue to deliver their intended, fit for purpose levels of service.

The useful life of a Tool of Trade asset is defined as a period of time over which a depreciable asset is expected to be fully utilised, however this period can be significantly impacted by other

Tool of Trade asset impacts such as: safety, condition and reliability, usage patterns, supply and environmental.

7.1.1 Routine and Non-Routine Maintenance

TasNetworks has a primary contract in place for the provision of Tool of Trade asset maintenance and services (including light vehicle recovery) with Motors Tas Pty Ltd (Motors), contract number S/001255NOV. Heavy vehicle and plant recovery is performed under contract S/002700 by Digga Excavations Tas Pty Ltd.

Monthly operational and quarterly contract management meetings are held with Motors where key performance indicators are reviewed and managed. Both parties also communicate outside of monthly meetings to ensure effective contractor management is maintained.

Table 3 outlines various routine Fleet Services maintenance strategies undertaken to maintain Tool of Trade assets.

Table 3: Routine Maintenance Strategies

Strategy	Activity	Levels of Service
To maintain all Tool of Trade assets in a safe and operational condition	<ul style="list-style-type: none"> Daily and weekly inspections by drivers/operators Reporting and documenting defects via EAM to Fleet Services Prioritisation of maintenance work activities Out of service reporting 	Tool of Trade assets meet operational and legislative requirements
Preventative maintenance and servicing	<ul style="list-style-type: none"> Maintenance scheduled as per TasNetworks specifications and manufacturer's recommendations via EAM Recording of maintenance performed, labour and materials used Register of maintenance issues updated 	Tool of Trade assets meet operational and legislative requirements

Non-routine maintenance is divided into 3 categories: Reactive, Planned and Cyclic.

- Reactive maintenance** is unplanned repair work carried out in response to service requests and/or management or supervisory directions
- Planned maintenance** is repair work which is identified and managed by Fleet Services or maintenance provider. Planned maintenance activities include: inspections, assessments of asset condition against failure or breakdown history, prioritising, scheduling, actioning the work and reporting with a view to improved service delivery

- **Cyclic maintenance** consists of replacement of higher value components or sub-components of a Tool of Trade asset and is undertaken on a regular cycle

The following is assessed before considering non-routine maintenance strategies:

- Ongoing safety status of Tool of Trade asset
- Age of Tool of Trade asset and potential useful life
- Analysis undertaken to assess cost benefit of maintenance including Net Present Value (NPV) analysis where required
- Analysis of reactive work and defects to inform and update routine maintenance programs

7.1.2 Standards and Specifications

Maintenance work is carried out in accordance with the following standards and specifications.

- All vehicles are provided with fuel cards and the subsequent odometer readings are utilised to validate appropriate odometer readings in SAP
- Primary odometer readings used to inform servicing regimes are sourced from the GPS system MateSafe and validated against fuel card odometer readings
- Servicing or inspection of Tool of Trade assets is performed in accordance with TasNetworks specifications, manufacturer's recommendations or regulatory requirements for a specific Tool of Trade asset
- All vehicles are fitted with standard safety equipment including fire extinguishers and first aid kits.
- Crashes and incidents must be reported immediately and any damage, defect or incorrect operation of equipment must also be reported in accordance with TasNetworks governing principles and policies.

Any deferred maintenance (if applicable), eg. work which is identified for maintenance but without allocated funds will be documented and included in the risk assessment process.

7.1.3 Maintenance Expenditure

Maintenance expenditure is forecast to trend in line with the size of Tool of Trade assets and the maintenance service levels required to maintain the fleet. Fleet maintenance budgets are reviewed on a quarterly and annual basis.



7.1.4 Tool of Trade Audit

Fleet Services conduct a desk top reconciliation of Tool of Trade assets on a yearly basis to ensure accuracy of records and fleet management systems however, a more stringent physical audit of Tool of Trade assets occurs every 2 years to maintain record and system integrity. In addition, these prevention strategies are also implemented to minimise the opportunity for the workplace to be affected by fraud and corrupt conduct in regards to Tool of Trade assets.

In addition, external audits are undertaken to identify any improvements in the operation and management of Tool of Trade fleet assets.

7.1.5 Registration

When registering TasNetworks Tool of Trade assets, Fleet Services ensures compliance to all statutory & regulatory requirements including:

- Department of State Growth;
- Workplace Health & Safety Act (1995) & Regulations (1998) Tasmania;
- Motor Accident Insurance Board (MAIB) of Tasmania;
- Certificate of Inspections, and
- Registration with the Division of Workplace Health and Safety.

TasNetworks' Tool of Trade assets are registered under one common expiry date of 1 March.

7.1.6 Insurance

[REDACTED]

The insurance policy does not cover loss or liability and/or compensation for damage and/or injury caused while the Tool of Trade vehicle is (as determined by our insurance policy):

- a) Being driven by or is in the charge of any Authorised Driver:
 - i) Under the influence of any illegal substance
 - ii) In whose blood the level of alcohol, as shown by analysis of the person's breath or blood, is equal to, or in excess of, the level at which it is an offence to drive or be in charge of a motor vehicle under the law of the state or territory where the analysis is conducted
 - iii) Who fails or refuses to provide a specimen or sample of their breath, their blood or their urine for the purpose of analysis when called upon to do so by a member of the police or other authorised persons
- b) Being driven in an unsafe manner that could cause a legal infringement or in an unroadworthy condition that could have been reasonably detected.
- c) If you are not an authorised driver, you are not covered under this policy.

TasNetworks reserves all rights to seek recovery from the Authorised Driver for any loss or damages if the insurance policy does not cover such loss or damages.

7.1.7 Fuel Supply

Fleet Services access petroleum products through the Tasmanian Government Petroleum Products Common Use Contract P450.

[REDACTED]

However, TasNetworks reserves the right to consider alternative fuel supply arrangements to ensure continuity of supply including access to alternate fuel suppliers across the state where fuel access is restricted under the P450 arrangement.

7.1.8 Infringements

When managing traffic infringements (includes Local, State & Commonwealth authorities), Fleet Services comply with all directions stated on the relevant authority notices, including compliance with Section 43G of the Traffic Act (1925) of Statutory Declaration Requirements.

7.2 Regulatory Obligations

Compliance with relevant Australian standards, legislative requirements, codes of practice, design rules, environmental considerations and safety requirements across the Tool of Trade asset lifecycle is a critical and ongoing driver of performance and expenditure.

A list of key compliance requirements are listed below.

Tasmanian

- Vehicle and Traffic Act 1999
- Vehicle and Traffic (Vehicle Operations) Regulations 2014
- Vehicle and Traffic (Vehicle Standards) Regulations 2014
- Vehicle and Traffic (Driver Licensing and Vehicle Registration) Regulations 2010
- Managing the Risks of Plant in the Workplace, Code of Practice December 12 (CP123)

National

- Heavy Vehicle National Law
- Model Work Health and Safety Regulations 2014

MEWP

- AS/NZS 1418.10:2011 Cranes, hoists and winches Part 10: Mobile elevating work platform
- AS 2550.1-2011 Cranes, hoists and winches – Safe use Part 1: General requirements
- AS 2550.10-2006 Cranes, hoists and winches – Safe use Part 10: Mobile elevating work platform
- AS 4748-2001 Acoustic emission testing of fibreglass – insulated booms on elevating work platform

Crane

- AS 1418.1-2002 Cranes, hoists and winches Part 1: General requirements
- AS 1418.2-1997 Cranes (including hoists and winches) Part 2: Serial hoists and winches
- AS 1418.5-2002 Cranes, hoists and winches Part 5: Mobile cranes
- AS 1418.11-2007 Cranes, hoists and winches Part 11: Vehicle loading cranes
- AS 2550.5-2002 Cranes, hoists and winches – Safe use Part 5: Mobile cranes

- AS 2550.11-2004/Amdt-2008 Cranes, hoists and winches – Safe use Part 11: vehicle loading crane

There are other associated standards used in reference within sections of the above standards.

7.3 Quality System

Fleet Services operate under an integrated Health Safety Environment Quality (HSEQ) management system certified to AS/NZS ISO 14001 Environmental management systems, AS/NZS 4801 Occupational health and safety management systems and AS/NZS ISO 19001 Quality management systems. Internal and external audits are conducted on the elements to ensure TasNetworks is in full control of its activities and conforms to the quality accreditation requirements.

7.4 Replacement

Fleet Services identifies Tool of Trade asset acquisition by considering the Tool of Trade asset's age, kilometres travelled and condition. This methodology is reviewed regularly by Fleet Services in conjunction with the TasNetworks Revenue Reset 2019-2024 submission and CAPEX budget setting processes in order to establish the schedule of Tool of Trade asset replacement.

The ongoing implementation and review of business optimisation initiatives will have a positive consequence on maintaining CAPEX budgets during the asset management plan term. If optimisation initiatives are not fully achieved CAPEX budgets will not be able to meet replacement demand.

To help ease CAPEX constraints Fleet Services utilise Government pricing, [REDACTED] [REDACTED] Tool of Trade standardisation will also provide opportunities to obtain greater savings through strategic sourcing practices.

TasNetworks own all Tool of Trade assets through the CAPEX program as there are no current financial or operational reasons to move to a leasing arrangement. Further analysis would be required to move away from the current position and consideration on the fiscal impacts to business operating costs.

Table 4: Replacement Criteria

Tool of Trade Replacement Criteria					
	2019/20	2020/21	2021/22	2022/23	2023/24
Light Passenger/Commercial					
Light Passenger/Commercial (Group 1-22) Kilometres*	170,000	170,000	170,000	170,000	170,000
* Subject to asset condition					
Heavy Vehicles, Plant and Equipment					
Flat Tray, Tipper, Crane and Borer Trucks (Group 23-46) Kilometres*	700,000	700,000	700,000	700,000	700,000
Flat Tray, Tipper, Crane and Borer Trucks (Group 23-46) Age*	15	15	15	15	15
* Subject to asset condition					
Truck MEWP Parent (Group 60-63) Kilometres*	700,000	700,000	700,000	700,000	700,000
Truck MEWP Parent (Group 60-63) Age*	10	10	10	10	10
* Where fit for purpose suitability exists refurbish heavy vehicle and MEWP to extend life for additional 5 years					
MEWP Child (Group 65-69) Age*	10	10	10	10	10
* Where fit for purpose suitability exists refurbish heavy vehicle and MEWP to extend life for additional 5 years					
Truck Mounted Crane/Pole Hole Borer Erector (Group 71-72) Age*	10	10	10	10	10
* Where fit for purpose suitability exists refurbish crane or pole hole borer erector to extend life for additional 5 years					
Trailers/Plant/Equipment (Group 73-97) Age*	20	20	20	20	20
* Subject to asset condition					

As part of determining the replacement program, consideration is also given to the following Tool of Trade asset replacement criteria:

- Ongoing Tool of Trade asset safety status
- Safety ratings and features
- Fit for 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
- Replacement lead times.

7.5 Standardisation

Tool of Trade vehicle fit up and modifications will be moved to a standardised platform within fit for purpose requirements to ensure operational needs of the field workforce are met. There are a number of beneficial outcomes to the business as detailed further below:

- Safer operation as similarity enables team members to be at ease with Tool of Trade operation and capabilities
- Leads to a reduction in unnecessary fit up costs as the Tool of Trade asset is fit for purpose
- Creates business efficiencies by guaranteeing consistency across the fleet
- Equity for team members
- Reduction in fit up costs and time where batches of new vehicles can be delivered and fitted up at the same time
- Increased operational flexibility as vehicles can be rotated and used by other team members and teams.

Vehicle selection is managed by Fleet Services based on the agreed fit up specifications documented in the vehicle standardisation matrix.

7.6 Disposal Plan

Disposal of Tool of Trade assets includes the decommissioning of an asset. Tool of Trade assets are typically disposed of due to the following events:

- When they reach the end of their useful life cycle
- When an asset is no longer required, written off or not repairable
- At a time most efficient to replace for operational reasons.

All TasNetworks Tool of Trade assets are disposed of in conjunction with the relevant Pickles Auctions Pty Ltd contract S/002583. To ensure probity and equity employees are not entitled to purchase Tool of Trade assets unless through the public auction mechanism.

The method of disposal must achieve the highest possible return to TasNetworks after consideration of market conditions. Setting reserve pricing is based on local sales, red book and previous sale history and is modified if an unsuccessful auction eventuates. The Team Leader Fleet Services approves reserve prices under the Delegations Manual.

At the time of disposal, the Department of State Growth return pro rata registration costs back to TasNetworks.

The following are the methods of disposal for TasNetworks Tool of Trade assets:

End of useful life cycle

Public auction.

Write-Off (Repairable)

If a financial assessment determines that the overall cost to replace the Tool of Trade asset is greater than the repairable cost, such asset is deemed as a write-off and is disposed of via public auction. Fleet Services in conjunction with the repairer determine if a Tool of Trade asset is classified as a repairable write-off.

The following points are validated as part of the Tool of Trade asset write-off process:

- Total repair costs exceed the overall value to replace the Tool of Trade asset, including body conversion and modification requirements
- Replacement time frames and criticality of the Tool of Trade asset to business operations
- Return on salvage.

Write-Off (Statutory)

A vehicle is classified as a statutory write-off by a formal notice from a repairer.

A statutory write-off is a Tool of Trade asset which has been damaged to the extent that it must not be repaired and can only be used for parts. Such Tool of Trade assets are disposed of by a public auction.

8 Financial Summary

8.1 Proposed OPEX Expenditure Plan

Fleet Services team in conjunction with ancillary business support teams are responsible for the effective management of TasNetworks Tool of Trade assets.

Fleet Services assist the business with the following services:

- Provide industry best practice fleet management services incorporating ANCAP safety guidelines, sustainable environmental principals and other motor vehicle quality system standards
- Oversee the management of TasNetworks asset Tool of Trade providing system reporting, analytical capabilities and fleet asset administration services
- Develop Tool of Trade policy and frameworks to ensure the efficient management of fleet assets in line with TasNetworks governing principles and policies
- Assist customers with TasNetworks Tool of Trade policies, procedures and guidelines on procurement, optimisation, maintenance and disposal of assets
- Partner with the business to create standard motor vehicle specifications for the supply of vehicles to TasNetworks and advise on vehicle procurement and related specifications.

The Tool of Trade OPEX budget is reviewed on a yearly basis and is monitored on a monthly basis by Fleet Services and Finance. All operating costs are recovered from the businesss.

Tool of Trade OPEX budget for the 2019/20 financial year has been determined to be \$3.4m including fuel, registration, insurance and maintenance costs only. 2019/20 financial year costs are the baseline costs used in the preparation of this document. A 2.5% CPI increase has been added to subsequent years.

Table 5: OPEX for period between 2019/20 and 2023/24 financial years

	2019/20	2020/21	2021/22	2022/23	2023/24
OPEX Budget	3,346,468	3,430,129	3,315,484	3,214,879	3,165,465

8.2 Proposed CAPEX Expenditure Plan

The capital programs and expenditure identified in this management plan are necessary to manage safety risks, operational requirements and maintain Tool of Trade assets at an acceptable level.

It is envisaged there are efficiencies to be gained through business partnering to optimise Tool of Trade fleet utilisation, continuing to strategically procure Tool of Trade assets and improve standardisation of tool of Trade assets and fit outs.

Tool of Trade asset optimisation initiatives will be a major factor in providing opportunities to meet CAPEX budgets and eliminate replacement life cycle peaks. Fleet Services recognise Tool of Trade as a significant asset and will assist departments to achieve best practice fleet management practices via monitoring Tool of Trade practices and providing reporting for informed decision making.

2019/20 financial year costs are the baseline costs used in the preparation of this document. A 2.5% CPI increase has been added to subsequent years.

Table 6: CAPEX for period between 2019/20 and 2023/24 financial years

	2019/20	2020/21	2021/22	2022/23	2023/24
CAPEX Budget	4,000,000	4,100,000	4,202,500	4,307,562	4,415,251

9 Responsibilities

Maintenance and implementation of this management plan is the responsibility of Fleet Services.

Approval of this management plan is the responsibility of the General Manager, Finance and Business Services.

10 Related Standards and Documentation

The following documents have been used to either in the development of this management plan, or provide supporting information to it:

1. TasNetworks Corporate Plan 2016-17 to 2020-21
2. TasNetworks Business Plan 2017-18
3. Tool of Trade Fleet Policy
4. Tool of Trade Fleet Procedure
5. Operational Fleet Strategy 2015-2020