



Tool of Trade Fleet Strategy

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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 Fleet Services Team Leader with any queries or suggestions.

- Implementation All TasNetworks staff and contractors.
- Compliance All group managers.

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| All sections | 03/10/17 - the word 'Operational' has been replaced with 'Tool of Trade' |
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1. Introduction

1.1. Background

A major electricity reform initiative of the Tasmanian Government was the integration of Transend's transmission and Aurora's distribution businesses taking place on 1 July 2014 forming Tasmanian Networks Pty Ltd (TasNetworks). Previously both businesses operated independently and performed business functions and services in isolation, a consequence of this paradigm is that TasNetworks currently operates with multiple systems and processes in parallel. The Tool of Trade Fleet Strategy is aimed at ensuring a common business understanding by all employees and working towards TasNetworks Strategic Objectives of Customers, People and One Business.

1.2. Aim

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 of being "Trusted by our customers to deliver today and create a better tomorrow". This Tool of Trade Fleet Strategy seeks to provide sound fleet management services and functions to ensure that all fleet assets are managed efficiently and effectively and that decisions regarding safety, procurement, maintenance and management of fleet assets are undertaken in a consistent and transparent manner.

1.3. Objectives

To achieve this, the key focus points for Fleet Services are, as follows:-

- TasNetworks values safety and zero harm, all fleet will be safe and fit for purpose;
- To maintain cost-effective and timely processes for procurement, maintenance, management and disposal of the Tool of Trade vehicle fleet (refer 2.1);
- To identify and meet the Tool of Trade Fleet asset needs of TasNetworks for operational services (refer 2.2) ;
- To maintain an efficient and effective vehicle fleet, ensuring vehicles are replaced by following optimum replacement cycles, in line with replacement criteria (refer 2.3);
- To review developments and opportunities in industry practices and to maintain best practice fleet services (refer 2.4) ;
- To protect and minimise the environmental impact of Tool of Trade Fleet vehicles, encouraging the purchase of fuel efficient and electric vehicles (refer 2.5) ;
- To continue to develop relationships and communicate with service providers to maximise contractual arrangements (refer 2.6);
- To extend opportunities for collaboration and communication between departments for the benefit of TasNetworks (refer 2.7), and

- To provide a framework for delivering Fleet Services activities and utilise information system capability (refer 2.8).

1.4. Current Issues

There are a number of Fleet Services system and process duplications inherited from the antecedent businesses currently running in parallel. Whilst there are distinct positive outcomes in both systems and processes it is resource and financially inefficient with staff finding it complex to cope with the current situation. This strategy will position Fleet Services with the best option currently known based on past experiences and previous analysis of the considered approach taken. A five year strategy period is regarded as the best option to allow TasNetworks time to mature and build Fleet Services knowledge in preparing for the next strategy period.

Under this strategy Tool of Trade Fleet is defined as:

- Team shared vehicles;
- Pool vehicles;
- Parked at depot vehicles, and
- Vehicles with Commuter Use Arrangements, or On Call Use Arrangements agreements.

This strategy does not cover any current or future novated leasing arrangements, existing Executive vehicles or Private Use Arrangement agreements that may be in place with employees. TasNetworks policy for Private Use Arrangements is to transition away from providing the private use of Tool of Trade Fleet vehicles and providing employees with the capability to enter into their own novated leasing arrangements.

1.5. Alternative Forms of Service Provision

Fleet Services currently manage a number of contracted service providers and also procure services indirectly through purchase order commitments to help maintain and manage Tool of Trade Fleet assets.

Service providers utilised by TasNetworks are set out below:

- Motors Group Tasmania trading as Webster Trucks (Websters) and subcontractors;
- SG Fleet Australia Pty Ltd (SG Fleet) and subcontractors including alternative maintenance providers to Motors (terminated 4 April 2015);
- Coastal Auto Transport;
- Caltex Australia Petroleum Pty Ltd;
- BP Australia Pty Ltd;
- Pickles Auctions Pty Ltd, and
- Nanotek Tasmania.

2. Strategy

2.1. Service Provision

Objective - To maintain cost-effective and timely processes for procurement, maintenance, management and disposal of the Tool of Trade vehicle fleet.

2.1.1. Key Customer Services

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 full life cycle management of TasNetworks Tool of Trade Fleet assets providing system reporting, analytical capabilities and fleet management administration services;
- Develop Tool of Trade Fleet 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 Fleet asset policies, procedures and guidelines on procurement, maintenance and disposal of motor vehicles, and
- 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.

2.1.2. Fleet Utilisation



 This measure could result in greater Tool of Trade Fleet utilisation by understanding  and idle vehicles thereby gaining further business efficiencies, reduced fleet maintenance cost outlays and consolidation of the Tool of Trade Fleet assets.

During this strategy period Fleet Services will continue providing utilisation reports to the business but recognises work will be required to make the reports more readable to the recipient thereby providing a more engaging and meaningful analytical report.

Decision: By December 2015 Fleet Services will seek further training and assistance from the vendor to ensure utilisation reporting is being produced and presented in the most effective manner to support informed decision making.

2.1.3. Fleet Maintenance

Decision: TasNetworks Tool of Trade Fleet asset maintenance services to be provided by Websters under the existing contractual arrangement.

The antecedent businesses had the following Tool of Trade Fleet asset maintenance provisions in place:

Aurora Energy

Aurora Energy held a contractual arrangement with Websters for vehicle servicing and maintenance. Due to a tender process rates are very competitive given the Tool of Trade Fleet size. The contract is in place until 31 August 2017 with extension term options available.

Transend

Transend servicing, maintenance and repairs were undertaken by any SG Fleet authorised service provider based on set rates established with SG Fleet. The cost of the servicing, maintenance and repairs were passed through to TasNetworks with a management fee applied.

TasNetworks

Fleet Services strategy decision to continue to use Websters as TasNetworks Tool of Trade Fleet asset authorised maintenance service provider is further supported below.

Websters are responsible for the maintenance management of all light and heavy Tool of Trade Fleet assets. This also includes management coordination of all part maintenance and repair, commissioning/decommissioning and fit up management and reporting of the varying Tool of Trade Fleet asset categories. Reports are created for direct import into Fleet Services information systems to aid fleet management analysis and cost allocation.

[REDACTED]

[REDACTED]

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

[REDACTED] Websters has excellent knowledge of the Tool of Trade Fleet asset base and has shown interest in working with key operational stakeholders to achieve the right business outcome.

[REDACTED]

[REDACTED]

2.1.4. Fleet Management

Decision:

Fleet Management provisions.

The antecedent businesses had the following Fleet Management provisions in place:

Aurora Energy

Aurora Energy maintained internal fleet management expertise since its inception. This approach was tested most recently in 2012 when evaluating the option of outsourcing versus insourcing fleet management, investing in a fleet management system and entering into a new contract for servicing, maintenance and repairs. It was considered more favourable from both a financial and asset management perspective to continue to in-source fleet management.

Transend

Given the small size of the Transend fleet, it was considered most appropriate to outsource fleet management with SG Fleet. SG Fleet monitored the servicing, maintenance, fuel cards, repair, insurance and registration of all ex Transend vehicles.

SG Fleet management fees cost Transend approximately [REDACTED] per annum with other fuel, maintenance, registration and vehicle damage costs being charged separately.

The Transend arrangement with [REDACTED] services provided.

TasNetworks

Fleet Services strategy is to provide Fleet Management in-house, the decision to [REDACTED] To outsource Fleet Management services [REDACTED] would increase TasNetworks Fleet Management costs to approximately [REDACTED] per annum.

The decision to insource will reduce current business ambiguity, duplication of systems and processes, financial costs and leverage off the established Fleet Management initiatives undertaken by Fleet Services to handle Tool of Trade Fleet asset complexities.

Further market testing through a competitive tendering process would be required if an external Fleet Management service provider was to be a fully considered option in the future.

2.1.5. Vehicle Registration

Decision: Fleet Services will manage all registrations and vehicle assets will be registered under one common expiry date of 1 March.

Fleet Services have worked closely with Department of State Growth to ensure all registrations for Tool of Trade Fleet assets have been transferred to TasNetworks from the antecedent business.

Any registrations that fall outside the 1 March parameter will be transitioned to the common expiry date when due.

Having a common expiry date in place creates efficiencies by reducing the management of registration documentation, payments and heavy vehicle sticker distribution by staff.

2.1.6. Tool of TradeFleet Audit

Decision: Fleet Services will conduct a physical audit of Tool of Trade Fleet assets every 2 years and desk top reconciliation on a yearly basis.

Fleet Services conduct a desk top reconciliation of Tool of Trade Fleet assets on a yearly basis to ensure accuracy of records and fleet management systems however, a more stringent physical audit of Tool of Trade Fleet assets will occur 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 Fleet assets.

2.2. Vehicle Acquisition

Objective - To identify and meet the Tool of Trade Fleet asset needs of TasNetworks for operational services.

2.2.1. Vehicle Standardisation

Opportunity: Fleet Services to broaden the standardisation of vehicles where possible and engage and collaborate with other key fleet stakeholders.

Over the term of this strategy Fleet Services through collaborative efforts with key stakeholders will look to gain further understanding of business needs and consolidate Tool of TradeFleet asset standardisation.

There are beneficial outcomes for the business if standardisation of Tool of Trade Fleet assets are considered and implemented. Benefits such as:

- Leads to a reduction in unnecessary fit up costs as the Tool of Trade Fleet 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, and
- Increased operational flexibility as vehicles can be rotated and used by other groups.

2.2.2. Ownership of Tool of Trade Fleet

Decision: Throughout this strategy period Fleet Services recommends TasNetworks to continue owning Tool of Trade Fleet assets and embark on further analysis to ensure TasNetworks is achieving the best return on assets in preparation for the subsequent Tool of Trade Fleet strategy period.

Both antecedent businesses have previously decided to own Tool of Trade Fleet assets based on each individual business analytical assessment at the time of considering the advantages and disadvantages of ownership versus leasing. At this early stage of TasNetworks there appears to be no significant financial or operational reason to not continue to own Tool of Trade Fleet assets.

Owning Tool of Trade Fleet assets instead of leasing allows more flexibility, increased decision making in fleet management outcomes and there are no penalties in the form of residuals or excess kilometres charges.

Further advantages of owning Tool of Trade Fleet assets are:

- Tax benefits;
- Purchasing power (Government contract, [REDACTED]);
- Optimal replacement life cycle & maximisation of sale proceeds yields;
- Depreciation control;
- Capex/Opex expenses drive different regulated returns;
- A direct competitive commercial relationship with maintenance provider Websters, and
- Strong relationship with Pickles Auctions to increase returns.

2.2.3. Sourcing

Opportunity: [REDACTED]

Fleet Services leverage off the State Government contract for light motor vehicle purchasing and apply market testing principles for heavy vehicles and specialised plant items.

[REDACTED] discounts have been achieved with Fleet Services obtaining [REDACTED] from the major suppliers [REDACTED] as well as [REDACTED] discounts [REDACTED] the [REDACTED]. [REDACTED] discounts negotiated by Fleet Services last financial year were in the vicinity of [REDACTED].

Over this strategy period Fleet Services will investigate the opportunity [REDACTED] through strategic sourcing practices rather than traditional piecemeal sourcing methods. Strategic sourcing provides certainty to the supplier on purchases over a period of time which provides TasNetworks with greater market buying power. Dependent upon the composition and vehicle specifications of Tool of Trade Fleet assets Fleet Services will discuss with all suppliers [REDACTED]

Opportunity: [REDACTED]

Currently fit-up of new vehicles is part of the dealers delivery service, most of these fit-ups are directed to Kings Towbars and Trailers in Hobart with TasNetworks being charged the customary mark-up on invoices. [REDACTED]

2.3. Tool of TradeFleet Asset Replacement

Objective - To maintain an efficient and effective whole of life vehicle fleet, ensuring vehicles are replaced in accordance with optimum replacement cycles, in line with replacement criteria.

2.3.1. Vehicle Replacement

Decision: Fleet Services to adhere to Tool of Trade Fleet Asset Management Plan replacement criteria to ensure the Tool of TradeFleet profile is safe, fit for purpose, legislatively compliant and delivered in a timely manner.

Due to capital budget constraints for the period between 2015/16 and 2018/19 financial years a considered approach will be required to ensure business operations are not impacted. [REDACTED] over the period between CAPEX projected spend and approved budget indicates that further work is required to manage Tool of Trade Fleet asset spend and minimising the funding shortfall without impacting upon TasNetworks program of work.

The replacement plan created in conjunction with Finance indicates a number of critical and specialised heavy vehicles are due for replacement over the strategy term. The average capital value of heavy vehicle assets is between \$90,000 and \$450,000 which will consume a large percentage of the CAPEX budget. It is expected in the:

- 15/16 Financial Year – approximately [REDACTED] of the CAPEX budget will be spent on heavy vehicles and plant items;
- 16/17 Financial Year – limited number of heavy vehicles and plant items however, spending will need to be maximised to its full potential to accommodate light commercial replacements;
- 17/18 Financial Year – approximately [REDACTED] of the CAPEX budget will be spent on heavy vehicles and plant items, and
- 18/19 Financial Year – approximately [REDACTED] of the CAPEX budget will be spent on heavy vehicles and plant items.

To minimise safety concerns, maintain heavy vehicle compliance and mitigate the risk of major mechanical failures impacting work delivery and increasing operational maintenance costs Fleet Services will ensure heavy vehicles and plant items will be replaced within the allowed CAPEX budget. There must be no safety concerns or legislative requirements and significant business benefits to extend the life cycle term of

heavy vehicles and plant items with the decision made in collaboration with key stakeholders.

Opportunity:

As described in section 2.1.2 further analysis of [REDACTED] will provide greater insight to Tool of TradeFleet assets movements and optimise Tool of Trade Fleet asset performance.

As light commercial [REDACTED]

If the Tool of Trade Fleet [REDACTED] it is expected due to the reduced CAPEX budget that Tool of Trade Fleet assets will pass their life cycle term. This has the potential to increase repairs and maintenance costs thereby shifting expenditure from CAPEX to OPEX as well as increasing the volume and delays associated with break downs and subsequently impacting work delivery.

Fleet Services will continue to monitor and manage Tool of Trade Fleet asset life cycles, replacement criteria, maintenance costs, vehicle utilisation, budgets and report to allow the business to make informed decisions on Tool of Trade Fleet assets.

2.4. Industry Standards

Objective - To review developments and opportunities in industry practices to maintain best practice fleet services.

2.4.1. Safety

Decision: Fleet Services to promote and maximise safety by acquiring and maintaining Tool of Trade Fleet assets to a high standard in accordance with TasNetworks Health, Safety and Environmental (HSE) policies and legislative requirements.

Tool of Trade Fleet assets must have appropriate safety features and guidance for best practice in safety management is taken from the Australasian New Car Assessment Program (ANCAP). ANCAP gives consumers consistent information on the level of occupant protection provided by vehicles in serious front and side crashes.

Tool of Trade Fleet asset safety features in addition to the minimum ANCAP ratings are detailed in the Fleet Services Tool of Trade Fleet Procedures and Guidelines that underpin the Tool of Trade Fleet Policy.

These safety features are reviewed and agreed to as part of the vehicle standardisation program in place at TasNetworks; meetings are held on a quarterly basis with key stakeholders. Any new safety feature inclusions are considered in this forum as well.

Safety is a core value of TasNetworks and the principal strategy for HSE is to build a strong safety culture, one such safety initiative is Zero Harm. Fleet Services will promote Tool of

Trade Fleet asset safety by participating in Zero Harm days allowing Fleet Services to make holistic contact with employees thereby delivering a consistent safety message to large groups of employees at the same time.

Fleet Services will also closely liaise with HSE regarding any related Tool of Trade Fleet asset safety initiatives. A safety representative regularly attends Fleet Services fortnightly team meetings building on a strong working relationship between both teams.

2.4.2. Benchmarking

Decision: To benchmark against and create relationships with other distribution/transmission service providers in the electricity sector.

To enable Fleet Services to obtain continual improvement knowledge on industry best practices it would be beneficial to participate in benchmarking initiatives. Recent benchmarking relationships have been created with SA Power (Fleet Management) and Origin Energy (Electric Vehicles) fleet department representatives.

During the strategy period Fleet Services will continue to utilise current associations and Regulatory Information Notices to interrogate available benchmarking data and investigate further opportunities through other industry participants with the intent of discussing Tool of Trade Fleet insights and fleet management practices.

2.4.3. Forums

Decision: Fleet Services staff to attend/participate in fleet industry forums.

Fleet Services proposes to gain access to forums or seminars through industry body memberships enhancing current knowledge, professional development, fleet acumen and build professional relationships across the industry. Opportunities exist through the Institute of Public Works Engineering Australasia (IPWEA) Plant & Vehicle Management Workshops, The Chartered Institute of Procurement & Supply membership along with other unsolicited advertising and local initiatives such as the Tasmanian Climate Change Office (TCCO) electric vehicle study.

2.5. The Environment

Objective - To protect and minimise the environmental impact of Tool of Trade Fleet vehicles and encourage the purchase of fuel efficient and electric vehicles.

2.5.1. Alternative Technology

Decision: Fleet Services will liaise with vehicle manufacturers/dealers to keep abreast of advances in technology and alternative fuels and assess in terms of operational fit for purpose.

Fleet Services comply with TasNetworks corporate goals of managing environmental impacts and align with government's fleet selection criteria through purchases of assets, which minimise environmental impacts, comply with relevant environmental regulations and/or government directives in addition to the increased move to overall fuel efficient fleet.

Tool of Trade Fleet assets will reflect the State’s Government Vehicle Emissions Policy. The State government policy prescribes that for passenger vehicles, vehicles must have a Greenhouse Rating of at least 5.5 and for commercial vehicles, the minimum rating is 4.5. Maximum fuel consumption criteria have been tightened in recent years as more fuel efficient options enter the market. TasNetworks will continue to procure vehicles in accordance with the below criteria and modify accordingly on any reviews or adjustments made to the current ratings:

| Vehicle Category | Description | Fleet Services Vehicle Group | Minimum Greenhouse Rating | Maximum L/100km combined |
|--|----------------------|------------------------------|---------------------------|--------------------------|
| Passenger - Small | 4 cyl, up to 2L | 01 | 5.5 | <7.5 |
| Passenger - Medium | 4 cyl, 2L up to 3L | 02, 05 | 5.5 | <8 |
| Passenger - Large | 6 cyl, 3L or greater | 03, 06 | 5.5 | <9 |
| Light Commercial - Small/Medium 4WD wagon or SUV | 4 cyl, up to 2.7L | 07 | 4.5 | <9.5 |
| Light Commercial - Large 4WD wagon or SUV | 2.7L or greater | 22 | 4.5 | <10.5 |
| Light Commercial - All Utilities (2WD or 4WD) | 4-6 cyl | 13, 16 | 4.5 | <10.5 |
| Light Commercial – Van | 4-6 cyl | 15 | 4.5 | <10 |

Decision: Fleet Services will investigate and integrate Plug-in-hybrid Electric Vehicles (PHEV) and fully Electric Vehicles (EV) into the Tool of Trade Fleet where these vehicles align with fit for purpose business operations.

TasNetworks Fleet Services have been a key player in the Tasmanian Climate Change Office study into electric vehicle technology, an initiative under the Tasmanian Energy Strategy. The study aims to increase the uptake of Plug-in-hybrid Electric Vehicles (PHEV) and fully Electric Vehicles (EV) in Tasmania.

The key benefits of these vehicles are a reduction in greenhouse gas emissions and removing the dependence of imported liquid fuels. Other benefits include increasing the use of Tasmania’s renewable electricity and the existing electrical network, and promoting Tasmania’s clean-green state image.

Whilst capital costs and depreciation rates are greater than traditional combustion vehicles there is also a need to ensure driver fit and operational fit for purpose outcomes are well considered. Fleet Services will consider PHEV’s and EV’s where there is an alignment with business requirements, vehicle capability and driver suitability.

2.6. Performance Monitoring

Objective - To continue to develop relationships and communicate with service providers to maximise contractual arrangements.

2.6.1. Service Provider Relationships

Decision: Develop current Webster reporting to enable greater analysis of maintenance costs and more informed decision making on Tool of Trade Fleet assets.

Reports in a spread sheet form are already provided by Webster's; Fleet Services will undertake further analysis of these reports to determine if the functionality of these reports are suitable for building fleet intelligence. Fleet Services will work with Webster's to modify reporting characteristics to ensure a more value added reporting structure is created to aid Fleet Services strategic decision making and generate value for money maintenance outcomes.

Decision: Fleet Services along with Webster representatives to review contract schedules including KPI's to ensure alignment with TasNetworks ongoing business operations and Fleet Services requirements.

Due to the high volume and value of the Websters contract Key Performance Indicators (KPI's) are monitored and managed on a monthly basis in accordance with contractual arrangements. Technical, operational and general KPI's are reviewed in monthly contractor performance review meetings between parties. Adhoc meetings are also held where required to ensure high standards are maintained and any issues are rectified efficiently and effectively.

Alignment of contract schedules and KPI's is required from a TasNetworks perspective and will be addressed by Fleet Services during the strategy period.

Decision: Fleet Services to actively pursue opportunities and build relationships with supplementary fleet service providers.

Whilst Webster's is a major contract for Fleet Services it is important to ensure the lower value but not necessarily low risk contracts are not overlooked to ensure TasNetworks are receiving best value in fleet services. Fleet Services will work closely with current supplementary service providers and maintain strong relationships to ensure effective contract management and sustainable business outcomes.

Fleet Services will continue to investigate opportunities in the market place to ensure TasNetworks is obtaining the best value for money proposition. Local supplier capability will be a primary consideration in obtaining such services.

2.7. Collaboration

Objective – To extend opportunities for collaboration and communication between departments for the benefit of TasNetworks.

2.7.1. Business Partnering

Decision: Fleet Services will make use of collaborative opportunities within the business and be a committed business partner through open and constructive communication.

Fleet Services will make use of collaborative opportunities in TasNetworks to maintain and strengthen standards of service and the associated fleet functions. Fleet Services will interact with the business to ensure other departments are receiving information which is

fit for their purpose from the Fleet Services team members and that service standards are meeting customer expectations.

Collaborative opportunities include TasNetworks Zero Harm safety days, vehicle standardisation meetings, inviting guests to fortnightly meetings, one on one meetings, business forums and day to day business interactions.

Communications will be delivered through various medians including TasNetworks Zone intranet, email correspondence, team meetings/workshops or verbally during day to day business activities.

Strong and effective business partnering will prevent business silo's forming and allow fluid and contextual discussion to take place resulting in more robust decision making for TasNetworks.

2.8. Resource Management

Objective - To provide a framework for delivering Fleet Services activities and utilise information system capability.

2.8.1. Staff

Decision: On-going development and team member support will enable Fleet Services to meet individual and team objectives by adopting in-house development opportunities, team building exercises, training, professional activities, education and celebrating achievements.

Decision: All fleet management processes documented and current processes to be updated.

Decision: Reengineering of some processes will be required with the TasNetworks Integrated Business Solution (TIBS) implementation.

Decision: Contingency and succession plans will need to be adopted most likely at the back end of this strategy period or be addressed in the next strategy to accommodate potential team structure changes. Changes to fleet management operations or current business functions or strategies will vary planning outcomes.

Four Fleet Services staff located across the State manage Tool of Trade Fleet activities, two staff (Fleet BSO and Fleet Coordinator) are located in Maria St, one (Fleet Coordinator) in Devonport and the Fleet Services Team Leader based in Launceston (Appendix B). This structure provides coverage to the major centres and enables a holistic service standard to be achieved. The two Fleet Coordinators have extensive experience in the area of fleet management and are long term employees. Knowledge built over the years by all staff will need to be strategically managed for the benefit of the business for when current staff consider other personal and career options.

Whilst TasNetworks is in its infancy and there is currently common ambiguity around business operations due to duplicated systems and processes the objective for Fleet Services is to consolidate, coach and support each team member to enable them to overcome challenges and become more resilient to the different operating environment.

The advent of TIBS may require some reengineering of existing processes to align with system capabilities. The expected benefits TIBS will offer is reduced duplication of work, process automation, less reliance on spread sheets and increased fleet management intelligence.

2.8.2. Information Systems

Decision: Fleet Services to coordinate the instalment of Matesafe units in all TasNetworks Tool of Trade Fleet vehicles.

Matesafe

HSE have received approval from the TasNetworks Board to install the Matesafe GPS system into all Tool of Trade Fleet vehicles as a key safety initiative. In addition to the safety features of this system it also provides TasNetworks with operational fleet efficiency reporting benefits as described in section 2.1.2.

Due to the merging of the 2 antecedent businesses approximately 60 ex transmission vehicles need to have the Matesafe system installed. Fleet Services together with HSE and Business Partners are developing an implementation plan and this will be communicated to the impacted employees prior to installation.

Caveat: The below opportunities may be delivered under the TasNetworks Integrated Business Solution (TIBS) project and may become redundant.

Opportunity: Matesafe to AusFleet interface project.

Additional business operational efficiencies could also be gained by revisiting the Matesafe to AusFleet interface project proposed by Fleet Services in March 2014.

Currently the Fleet Services team relies on odometer readings from fuel purchases as the main update of distances travelled by vehicles. Readings are also supplied by Webster when maintenance is performed.

The process from fuel sales relies on the driver of the vehicle processing the odometer reading at the time of purchase. This process is not strictly adhered to and can generate up to 35% error rate in the data.

This generates a risk of additional administration time to correct data, lack of servicing and maintenance which could lead to higher costs and safety issues.

Most of the Tool of Trade Fleet are fitted with Matesafe GPS tracking devices, which log odometer readings on a daily basis. The Fleet Services team would prefer an interface was developed between the Matesafe and the AusFleet system to allow the import of accurate odometer data that can be used to mitigate the risks within the current process.

A new import process is required to bring data into the AusFleet system. AusFleet can generate the export using current functionality.

At the time of project suspension the delivery was estimated at 10 weeks duration, at a cost of [REDACTED]

In line with the Board decision on Matesafe, Fleet Services believes this is a perfect time to reconsider the above project and resolve erroneous data implications and streamline business processes.

More accurate odometer readings in the AusFleet System will result in more accurate management of Tool of Trade Fleet operations with:

- Improved servicing regimes, reducing maintenance costs;
- Safer and more reliable vehicles, and
- Reduction in fleet administration because of the need to manage incorrect data.

Opportunity: Matesafe Pool Booking System.

The pool booking system enables Fleet Services to assign a group of vehicles to a pool vehicle arrangement in order to make them available to be booked by employees. The system can be customised to either allow users to choose their own vehicles, or have the system allocate one for them.

Pool vehicle users can be assigned a booking login only; they do not see the maps and more importantly the costs can be attributed to department cost centres creating a more equitable environment across the business.

Reports are available to represent usage costs by a range of parameters and booking exceptions.

Fleet Services strongly encourages the use of this function with no extra system cost to TasNetworks, pool vehicle practice consistency and stronger reporting capabilities.

2.8.3. Tool of TradeFleet Policy, Procedures and Guidelines

Fleet Services are the custodian of Tool of Trade fleet policy and frameworks to ensure the efficient and effective management of Tool of Trade Fleet in line with TasNetworks governing principles and policies.

These documents are listed below:

- Tool of Trade Fleet Policy;
- Tool of Trade Fleet Procedures and Guidelines, and
- Tool of Trade Fleet Management Plan.

3. Management of the Tool of TradeFleet Strategy

Fleet Services Team Leader is responsible for achieving the objectives in the Tool of Trade Fleet strategy who reports to the Commercial Services Leader. Subsequent support in achieving the Tool of Trade Fleet strategy position and associated outcomes will be required from the Commercial Services Leader and General Manager Finance and Business Services.

If applicable, additional individual or group support from the TasNetworks Leadership team may also be required.

A summary of key strategy decisions, actions and any variation from previous practice from the antecedent businesses Aurora Energy and Transend are provided in Appendix A.

4. Appendix A

Table 1 – Summary of Strategy Actions

| Key Strategy Decision | Actions | Responsible Person | Timeframe | Variation from Previous Practice |
|-------------------------|---|---|---------------------|---|
| 2.1.2 Fleet Utilisation | <p>Opportunity: [REDACTED]</p> <p>Decision: By December 2015 Fleet Services will seek further training and assistance from the vendor to ensure utilisation reporting is being produced and presented in the most effective manner to support informed decision making.</p> | <p>Fleet Services. TLT, Leaders.</p> <p>Fleet Services.</p> | By the end of 2016. | [REDACTED] |
| 2.1.3 Fleet Maintenance | <p>Decision: TasNetworks Tool of Trade Fleet asset maintenance services to be provided by Websters under the existing contractual arrangement.</p> | Fleet Services. | June 2015. | <p>No change from previous practice for ex Aurora Energy staff.</p> <p>Communications have been provided to ex Transend staff impacted with no significant transitional issues.</p> |

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| 2.1.4 Fleet Management | Decision: Fleet Services [REDACTED] Fleet Management provisions. | Fleet Services. | April 2015. | No change from previous practice for ex Aurora Energy staff. Communications have been provided to ex Transend staff impacted with no significant transitional issues. |
| 2.1.5 Vehicle Registration | Decision: Fleet Services will manage all registrations and vehicle assets will be registered under one common expiry date of 1 March. | Fleet Services. | During strategy period. | No significant change or impact on business operations. |
| 2.1.6 Tool of Trade Fleet Audit | Decision: Fleet Services will conduct a physical audit of Tool of Trade Fleet assets every 2 years and desk top reconciliation on a yearly basis. | Fleet Services. | During strategy period. | No significant change or impact on business operations. |
| 2.2.1 Vehicle Standardisation | Opportunity: Fleet Services to broaden the standardisation of vehicles where possible and engage and collaborate with other key fleet stakeholders. | Fleet Services & other key stakeholders. | During strategy period. | No significant change or impact on business operations. |
| 2.2.2 Ownership of Tool of | Decision: Throughout this strategy period Fleet Services recommends | Fleet Services & Finance & Business | During strategy | No change in previous practice however, a |

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| TradeFleet | TasNetworks to continue owning Tool of Trade Fleet assets and embark on further analysis to ensure TasNetworks is achieving the best return on assets in preparation for the subsequent Tool of Trade Fleet strategy period. | Services. | period. | significant change to current operating expenses if leasing was considered. |
| 2.2.3 Sourcing | <p>Opportunity: [REDACTED]</p> <p>Opportunity: [REDACTED]</p> | Fleet Services. | During strategy period. | Uptake of strategic sourcing principles rather than piecemeal sourcing. |
| 2.3.1 Vehicle Replacement | Decision: Fleet Services to adhere to Tool of Trade Fleet Asset Management Plan replacement criteria to ensure the Tool of TradeFleet profile is safe, fit for purpose, legislatively compliant and delivered in a timely manner. | Fleet Services & key fleet stakeholders. TLT. | During strategy period. | <p>Previously Fleet Services have been able to roll over unused funding into the next year.</p> <p>More robust vehicle replacement selection will be required to ensure business operations are not</p> |

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| | <p>Opportunity: [REDACTED]</p> | | | <p>affected.</p> <p>[REDACTED]</p> <p>Potential increase in maintenance operating costs if fleet size remains.</p> |
| 2.4.1 Safety | <p>Decision: Fleet Services to promote and maximise safety by acquiring and maintaining Tool of Trade Fleet assets to a high standard in accordance with TasNetworks Health, Safety and Environmental (HSE) policies and legislative requirements.</p> | Fleet Services & Health, Safety and Environment. | During strategy period. | No change from previous practice. |
| 2.4.2 Benchmarking | <p>Decision: To benchmark against and create relationships with other distribution/transmission service providers in the electricity sector.</p> | Fleet Services. | During strategy period. | Formal relationship. |

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| 2.4.3 Forums | Decision: Fleet Services staff to attend/participate in fleet industry forums. | Fleet Services. | During strategy period. | No change from previous practice. |
| 2.5.1 Alternative Technology | <p>Decision: Fleet Services will liaise with vehicle manufacturers/dealers to keep abreast of advances in technology and alternative fuels and assess in terms of operational fit for purpose.</p> <p>Decision: Fleet Services will investigate and integrate Plug-in-hybrid Electric Vehicles (PHEV) and fully Electric Vehicles (EV) into the Tool of Trade Fleet where these vehicles align with fit for purpose business operations.</p> | Fleet Services. | During strategy period. | No change from previous practice however, a more formal approach to PHEV and EV vehicles. |
| 2.6.1 Service Provider Relationships | <p>Decision: Develop current Webster reporting to enable greater analysis of maintenance costs and more informed decision making on Tool of Trade Fleet assets.</p> <p>Decision: Fleet Services along with Webster representatives to review contract schedules including KPI's to ensure alignment with TasNetworks ongoing business operations and Fleet Services requirements.</p> <p>Decision: Fleet Services to actively</p> | Fleet Services. | <p>By end of 15/16 Financial Year.</p> <p>By end of 2015.</p> <p>During strategy</p> | No change from previous practice. |

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| | pursue opportunities and build relationships with supplementary fleet service providers. | | period. | |
| 2.7.1 Business Partnering | Decision: Fleet Services will make use of collaborative opportunities within the business and be a committed business partner through open and constructive communication. | Fleet Services. | During strategy period. | Greater active participation across the business. |
| 2.8.1 Staff | <p>Decision: On-going development and team member support will enable Fleet Services to meet individual and team objectives by adopting in-house development opportunities, team building exercises, training, professional activities, education and celebrating achievements.</p> <p>Decision: All fleet management processes documented and current processes to be updated.</p> <p>Decision: Reengineering of some processes will be required with the TasNetworks Integrated Business Solution (TIBS) implementation.</p> <p>Decision: Contingency and succession plans will need to be adopted most</p> | Fleet Services. | During strategy period. | Updated to reflect TasNetworks environment. |

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| | likely at the back end of this strategy period or be addressed in the next strategy to accommodate potential team structure changes. Changes to fleet management operations or current business functions or strategies will vary planning outcomes. | | | |
| 2.8.2 Information Systems | <p>Decision: Fleet Services to coordinate the instalment of Matesafe units in all TasNetworks Tool of Trade Fleet vehicles.</p> <p><u><i>Caveat: The below opportunities may be delivered under the TasNetworks Integrated Business Solution (TIBS) project and may become redundant.</i></u></p> <p>Opportunity: Matesafe to Ausfleet interface project</p> <p>Opportunity: Matesafe Pool Booking System</p> | <p>Heath, Safety and Environment, Business Partners, Fleet Services.</p> <p>Fleet Services & Information Technology.</p> | <p>By end of 2015.</p> <p>During strategy period.</p> | <p>Installation of Matesafe in ex Transmission vehicles.</p> <p>Upgrade of current systems utilised.</p> |

5. Appendix B

Figure 1 – Fleet Services Structure

Finance and Business Services Finance, Analysis and Reporting Commercial, Property and Fleet Compliance and Risk

