

NEED/OPPORTUNITY STATEMENT (NOS)

Replacement of Motor Vehicles

NOS- 000000001545 revision 0.0



Ellipse project no(s):

TRIM file: [TRIM No]

Project reason: The replacement of aged TransGrid's Motor Vehicle and Mobile Plant fleet

Project category: Motor Vehicles - Fleet

Approvals

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Date submitted for approval	28 June 2016	

1. Background

A reliable and fit for purpose fleet of motor vehicles and mobile plant is critical to provide safe and efficient network maintenance services and construction work for our assets within NSW and the ACT. The vehicles are mainly used to:

- > Inspect transmission lines and easements
- > Maintain transmission lines and associated structures
- > Maintain substations and associated equipment
- > Maintain communications infrastructure
- > Transport plant and equipment associated with capital projects and maintenance activities, and construct work associated with capital projects, and
- > For full or part private use for a select few motor vehicles.

These assets are grouped into three categories with each performing a different function:

1. Mobile Plant comprises trucks, trailers, motorcycles, yellow goods, mobile cranes and elevated work platforms (EWP) that are used exclusively for business purposes in support of organisational objectives
2. Business Motor Vehicles are typically light commercial (utilities or vans) sedans, wagons or SUV's used to carry personnel and their tools/equipment and
3. Private Use Motor Vehicles currently consist of 15 motor vehicles which are typically sedans, wagons and SUV's allocated to a Contract Officer as part of their salary package. This is incentive provided to attract and retain senior managers and is offered as an alternative to novated leasing.

As of June 2016, the fleet of motor vehicle and mobile plant consisted of 1042 assets. 993 are utilised by the Field Services business unit exclusively for business purposes. The remaining 49 assets are used by senior managers of other TransGrid business units for business purpose with part private use.

2. Need/opportunity

The current level of fleet investment is based on adding no incremental risk to meeting key network asset restoration and maintenance service levels or otherwise negatively impacting broader network and business operating performance, including safety and environmental outcomes.

848 vehicles will reach the end of their economic life during the 2018/19 to 2022/23 regulatory period. A summary appears in Attachment 1. Maintaining the current service level provided by the fleet will necessitate their replacement or lease.

The vehicles requiring replacement during the period is assessed based on a lifecycle approach taking into account age, kilometres, vehicle sale returns, operating and maintenance costs and vehicle downtime. The age and kilometres parameters are as follows:

Vehicle Type	Age (Months)	Usage Limit (Kilometres)
SCO Business Motor Vehicles	36	60,000
Passenger Motor Vehicle	36	100,000
Light Duty Utility 2WD	36	110,000
Light Duty Commercial	48	140,000
Heavy Duty Commercial	60	175,000
Light Truck (GVM < 10T)	96*	200,000
Heavy Truck (GVM > 16T)	120*	250,000
Mobile Plant (Lifting)	120*	Not Applicable
Mobile Plant (Non Lifting)	240*	Not Applicable
Trailer (Non Plant)	240*	Not Applicable

* Note: - Mobile plant items are subjected to an annual review at end of their economic life to determine if the asset is replaced or retained.

The business utilisation of motor vehicles is on average 24,000kms¹ per annum, which benchmarks well with the industry average of 23,200kms². Mobile plant usage is also good with an average usage of 320hours³ per annum.

3. Related needs/opportunities

None

4. Recommendation

It is recommended that options be considered to address the identified need/opportunity.

¹ Motor vehicle utilisation is based on life to date usage of 457 business vehicles as at May 2016

² Industry average is based on a 446 vehicles used by Optus and 314 vehicles by Powerlink during FY15/16

³ Based on 52 mobile plant items tracked through Ellipse during FY15/16

Attachment 1 Summary of vehicles to be replaced

Vehicle category	Vehicle type	Quantity	Replacement Age range ⁴	Comments
TG Mobile Plant	Crane	3	8 - 10	Asset requires compliance based on the date of manufacture. These assets may be extended for a further 5 years if they are deemed to be in good working order and the compliance cost is deemed acceptable
TG Mobile Plant	Crane-rough Terrain	1	8 - 8	
TG Mobile Plant	Elevating W/platform	8	8 - 15	
TG Mobile Plant	Fork Lift	1	20 - 20	
TG Mobile Plant	Grader	1	30 - 30	
TG Mobile Plant	Motor Cycle	1	30 - 30	
TG Mobile Plant	Mower	2	20 - 20	
TG Mobile Plant	Misc. Plant	30	8 - 45	One EWP asset is below 10 years and deemed to need replacing due to compliance
TG Mobile Plant	Heavy Trailer	10	20 - 54	
TG Mobile Plant	Light Trailer	60	20 - 63	
TG Mobile Plant	Prime Mover	5	10 - 16	
TG Mobile Plant	Rigid Truck > 2 Tonne	27	8 - 30	Low aged vehicles are typically light trucks, which have a lower life cycle.
TG Business Vehicles	Motor Vehicle	670	1 - 5	Assets aged 2 years and below are being replaced based on kilometre limit. These assets will be extended in consultation with the Contract Officer
TG 100% Private Vehicles	Private MV	29	2 - 3	Assets aged 2 years and below are being replaced based on kilometre limit. These assets will be extended in consultation with the Contract Officer
Grand Total		848		

⁴ The replacement age is the age of an asset in years at the point of replacement. The current age of an asset has not been shown as some of the replaced assets will be acquired during the 5 year regulatory period and may be replaced more than once during this period.