

PORT PHILLIP CITY COUNCIL

Fleet Review 2013

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PORT PHILLIP CITY COUNCIL

Fleet Review 2013

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Port Phillip Fleet Background

- 2012 Port Phillip's fleet was fully leased
- Fleet comprised of 142 units consisting of predominantly passenger, light commercial, and limited plant items
- City of Port Phillips outdoor services are supplied by external contractors (Parks and Gardens, Civil Infrastructure, Waste Collection etc)
- Into the final year of a 5 year lease contract with SG Fleet
- A full fleet evaluation was initially undertaken in 2011 and again in 2012



Port Phillip Evaluation Process

- **Best value review undertaken**
 - Significant savings were identified
- **Organisational realignment of Fleet Management responsibility**
- **Examine fleet utilisation within a leasing structure**
 - Cost of under utilisation
 - Cost of vehicles travelling excess km's
- **Investigate value added opportunities**
 - Reporting
 - Training
 - Detailed fleet intelligence (new model release, market changes etc)
 - Accident reports
 - Trend data
 - Fleet utilisation
 - Cost reduction opportunities
- **Development of costing model**



Port Phillip's Fleet methodology

- Fleet management responsibility moved from the Sustainability Department to the Finance Department
- Review and update the Vehicle Fleet Policy
- Decision made to transition from a structure of predominantly leased vehicles to predominately owned fleet
- Review all associated contracts
 - Insurance
 - Fuel
- Triple bottom line fleet methodology



Port Phillip's Fleet methodology continued

Category	Discount Allocation	Measure	Rate	Discount Percentage
Environmental	20%	Green vehicle guide rating	5 star	20%
			4 -- 4 ½ Star	15%
			3 – 3 ½ star	10%
			2 star and below	Not permitted
Social	15%	Australian Manufactured. Overseas Manufactured Safety	ANCAP 5	10%
			ANCAP 4 – 4 1/2	NIL
			ANCAP 3 1/2 or below	5%
				NIL (exceptional circumstances only) Not permitted
Economic	20%	Projected cost per annum	\$ 0 - \$9000	20%
			\$9001- \$10800	15%
			\$10801- \$12600	10%
			\$12601 - \$14400	5%
			\$14401 +	0%



Port Phillip's Fleet methodology continued

The costing methodology is based on the following key components;

- Environmental rating
- Local manufacture
- ANCAP safety rating
- Opportunity cost of capital
- FBT allowance
- Projected loss of value of vehicle
- Fuel and maintenance



Port Phillip's Fleet methodology continued

Fleet Evaluation Model

MODEL	G R E E N	% D I C T I O N A L	L O C A L	A C C I D E N T I F I C A T I O N	% P R I O R I T Y	opportunity cost	FBT19.2%	VALUE 36M/60KM	PROJECTED LOSS	L / 1 0 0 K M	F U E L	\$ / 1 0 0 K M	FUEL 60KM + 30% Inner City	MISC COSTS 3 YEARS	COST PER ANNUM BASED ON THREE YEARS inc opp cost	% D I S C	COST PER ANNUM(3 YEARS)(INC FBT 19.2%)	T O T A L	CURRENT SALARY DEDUCTION	CURRENT SALARY DEDUCTION IF 19.2% FBT WAS APPLIED	PROPOSED SALARY DEDUCTION	
HONDA INSIGHT VTI 5D HATCH INLINE 4 1339 cc	5	20	0	5*	5	\$ 29,950.00	\$ 3,594.00	\$ 5,750.40	\$ 14,900.00	\$ 15,050.00	4.3	1.32	5.676	\$ 4,427.28	\$ 6,810.00	\$ 9,960.43	15	\$ 15,710.83	40	\$ 7,944.14	\$ 8,806.70	\$ 9,426.50
TOYOTA CAMRY HYBRID 4D SEDAN INLINE 4 2494 cc	5	20	10	5*	5	\$ 29,391.60	\$ 3,526.99	\$ 5,643.19	\$ 16,200.00	\$ 13,191.60	5.2	1.32	6.864	\$ 5,353.92	\$ 6,810.00	\$ 9,627.50	15	\$ 15,270.69	50	\$ 8,314.41	\$ 9,019.80	\$ 7,635.35
TOYOTA PRIUS HYBRID 5D HATCHBACK INLINE 4 1798 cc	5	20	0	5*	5	\$ 31,270.80	\$ 3,752.50	\$ 6,003.99	\$ 18,000.00	\$ 13,270.80	3.9	1.32	5.148	\$ 4,015.44	\$ 6,810.00	\$ 9,282.91	15	\$ 15,286.91	40	\$ 8,864.64	\$ 9,765.24	\$ 9,172.14
2012 TOYOTA AURION AT-X GSV50R 4D SEDAN V6 3456 cc MPFI 6 SP AUTOMATIC	4	15	10	5*	5	\$ 28,462.20	\$ 3,415.46	\$ 5,464.74	\$ 16,300.00	\$ 12,162.20	9.3	1.32	12.276	\$ 9,575.28	\$ 6,810.00	\$ 10,654.31	15	\$ 16,119.06	45	NA	NA	\$ 8,865.48



Port Phillip's Fleet methodology continued

- **Mandatory driver safety program (RACV Driver Safety)**
 - Review key risk areas (Speed, Driver Fatigue, Substance abuse etc)
 - Road laws
- **Risk management focus**
 - 41% of work related deaths involve a motor vehicle
 - 20% of business vehicles are involved in crashes
 - 60% of the time it is the fault of the fleet driver
 - Economic cost of road casualty crashes is estimated at \$2.9 billion p.a.
- **Organisational responsibility**
 - Duty of Care (vehicle deemed a workplace under OHS Act)
 - Chain of responsibility
- **Further Developments**
 - Accident Management Services
 - Fleet Care (RACV)



Port Phillip's Fleet methodology continued

- Whole of life costing projection model

<u>MODEL</u>	<u>SEGMENT</u>	<u>ACQUISTION</u>	<u>20K km</u>	LOSS PER 10KM	<u>30K km</u>	LOSS PER 10KM	<u>40K km</u>	LOSS PER 10KM	<u>50K km</u>	LOSS PER 10KM	<u>60K km</u>	LOSS PER 10KM	<u>70K km</u>	LOSS PER 10KM
FORD MONDEO LX TDCi MC 5D HATCHBACK DIESEL TURBO 4 1997 cc DTFI 6 SP AUTO DIRECT SHIFT	MED	\$35,490	\$21,500	\$6,995	\$19,300	\$5,397	\$18,100	\$4,348	\$16,300	\$3,838	\$14,700	\$3,465	\$13,200	\$3,184
HOLDEN CRUZE CD JH MY13 4D SPORTWAGON INLINE 4 1796 cc MPFI 6 SP AUTOMATIC	SML	\$25,790	\$16,500	\$4,645	\$15,700	\$3,363	\$15,100	\$2,673	\$14,500	\$2,258	\$14,000	\$1,965	\$12,800	\$1,856



Port Phillip Fleet Objectives

- More balanced approach to fleet management
 - Triple bottom line evaluation
- Best Value Fleet Management
 - Identify saving opportunities
 - Flexibility to identify and take advantage of market changes
 - Development of fleet dealer network
 - Flexibility to dispose of vehicles as required
- Reduce Councils overall fleet numbers
- Implementation of a fit for purpose methodology
- Implementation of a Fleet Management Database



Port Phillip Fleet Objectives

- Better utilisation of councils “pool” fleet
- Closer monitoring of the fleet resale market
- Focus on risk management
- Implement structured fleet approach
 - Fleet care
 - Accident management



Any Questions?

