Asset Management Plan

Operational Fleet Management Plan

2015 - 2020

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Authorisations

Action	Name and title	Date
Prepared by	Bevan Knowles	
Reviewed by	CEO, GM Works & Services Delivery, Leader Commercial Services	
Authorised by	TLT	
Review cycle	2.5 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 group managers.

Record of revisions

Section number	Details
	New Document

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1 Purpose

The purpose of this document is to describe Operational Fleet and related assets:

- 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 operational fleet and plant assets. Operational fleet means any motor vehicle including heavy rigid and plant that is provided by TasNetworks to meet its business operational requirements.

Operational fleet consists of:

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

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, and
- Telehandler.

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 identifies the issues and strategies relating to network system 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 operational 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 Operational Fleet 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 Operational Fleet are:

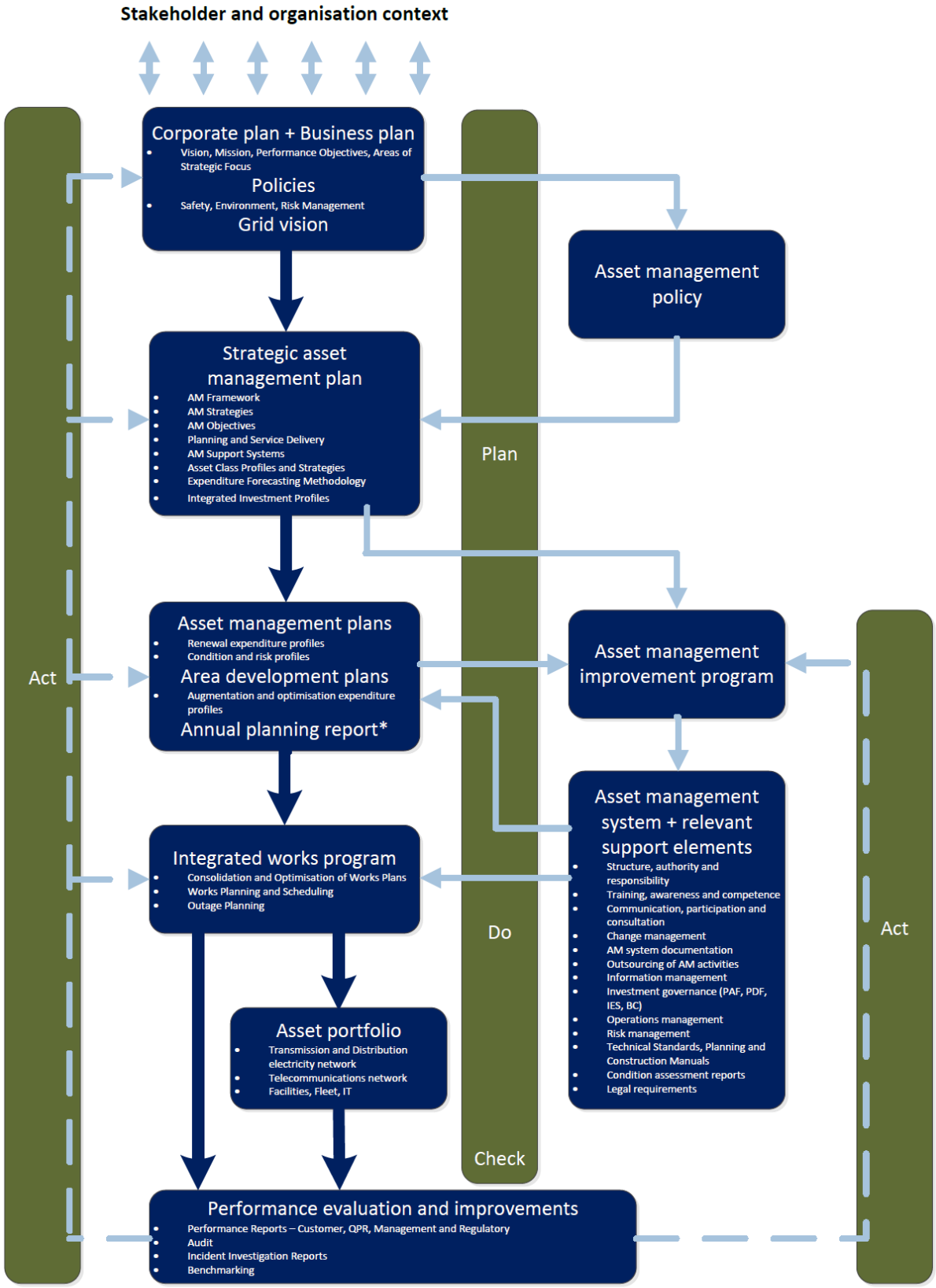
- ANCAP safety features, environmentally friendly and sustainable procurement criteria;
- Taking a life cycle approach;
- Developing cost-effective management strategies for the long term;
- Providing a defined level of service and monitoring performance,
- Understanding and meeting the demands of growth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

This asset management plan describes the asset management strategies and programs developed to manage Operational Fleet with the aim of achieving these objectives.

- Effectively managing the financial investment in fleet assets and develop long term, safety conscious cost effective strategies;
- Ensure that all 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 Operational Fleet 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 Operational Fleet 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 currently utilised by Fleet Services to manage Operational Fleet assets and provide business reporting:

- **Safety**

  RMSS

  All Operational Fleet asset safety incidents should be reported in RMSS, Fleet Services receive incident email notifications and utilise this system to check accident cost allocation and follow up third party incidents.

  Matesafe

  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, and
  - Managing faults with AVL's and Garmin units.

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

- **Financial**

  Navision

  Fleet Services enter new operational fleet assets into the corporate and network services ledgers to manage vehicle status for cost allocation, depreciation and disposal costs enabling Finance, Analysis and Reporting to prepare allocation cost reporting.

- **Asset Management**

  WASP

  Fleet Services enter vehicle details into WASP, validating the monthly charge rate and check disposed vehicles are flagged so costings are not charged out to departments. WASP interacts with Navision for billing purposes.

- **Fuel Card Management**

  BP and Caltex

  Both websites are used for fuel card management purposes.

- **Vehicle Procurement**

  ProcureGate

Procuregate is used for purchase order requisition for vehicle procurement, fuel, maintenance and transport services required by Fleet Services for Operational Fleet management.

- **Fleet Management System**

  Ausfleet

  Ausfleet is a comprehensive fleet management system providing asset costing and depreciation, procurement, maintenance, fleet location identification, asset history and disposal management functionality. System generated reports are accessed from Aus e-fleet web-site which are sent to the Finance, Analysis and Reporting team on a monthly basis to be uploaded to Navision or used for further business analysis.

- **Document Management**

  Zone

  All related Fleet Services documentation is stored in the Zone and shared accordingly. Fleet Services have established a collaborative zone to interact with other teams such as Payroll, Finance, Analysis and Reporting and Transaction Business Service teams.

4.2 Asset Information

Operational Fleet asset management data and knowledge is defined as relevant, accessible and reliable enough to produce satisfactory outputs required for effective asset management and decision making.

This includes the following asset management functions:

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

There are however some identified issues with collating this data into presentable readable information easily. Numerous spreadsheets are still maintained by Fleet Services staff resulting in double handling and manipulation of multiple spreadsheets increasing the chances of human error.

A TasNetworks integrated asset management system would reduce the effort, time and produce more detailed reporting resulting in a reduction of costs and more timely information to the business. Greater analysis could be undertaken with enhanced intelligence on expected useful life, maintenance and replacement costs.

5 Description of the Assets

TasNetworks currently own rather than lease its Operational Fleet assets for the delivery of the program of work. TasNetworks Operational Fleet composition reflects the strategic and

operational requirements of the business. The current composition of Operational Fleet assets and age profile are detailed further below.

5.1 Operational Fleet Composition

Operational Fleet is defined as any motor vehicle including light (passenger and utility), heavy rigid, plant vehicles and equipment that is provided by TasNetworks. Operational Fleet consists of Team Shared, Pool Vehicles, parked at depot vehicles and vehicles with Commuter Use Arrangements or On Call Arrangements. Operational Fleet vehicles are provided to a role because of the business requirements of that position.

Table 1: Operational Fleet Composition

Fleet Asset Category	Number of Units	%	Average Capital Value (per unit)
Light passenger vehicles	42	5	$30K
Light commercial vehicles	420	51	$40K
Commercial Trucks	82	10	$90K
Mobile Elevated Work Platform (MEWP)	49	6	$285K
Pole Hole Borer Erector (PHBE) Truck Mounted	6	1	$450K
Crane Truck Mounted	17	2	$40K
Trailers & other plant (vehicle loading cranes; truck mounted rewind frames; compressors; winches; post hole diggers; tractor; four wheeler, and telehandler)	207	25	$25K

Figure 2: Operational Fleet Composition

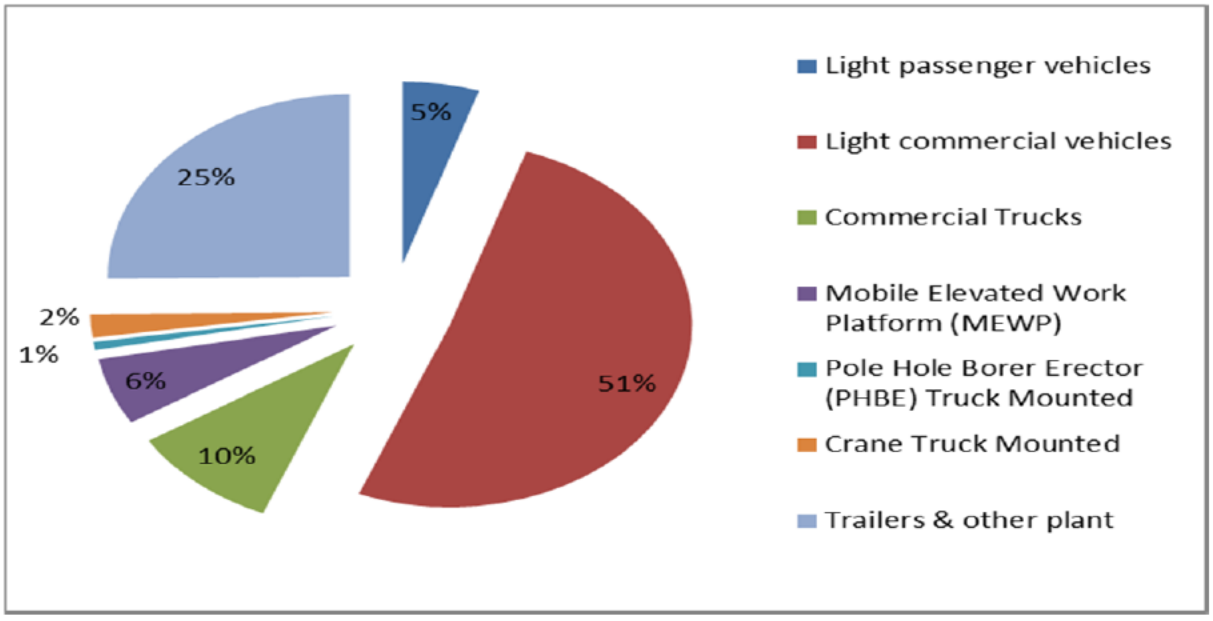
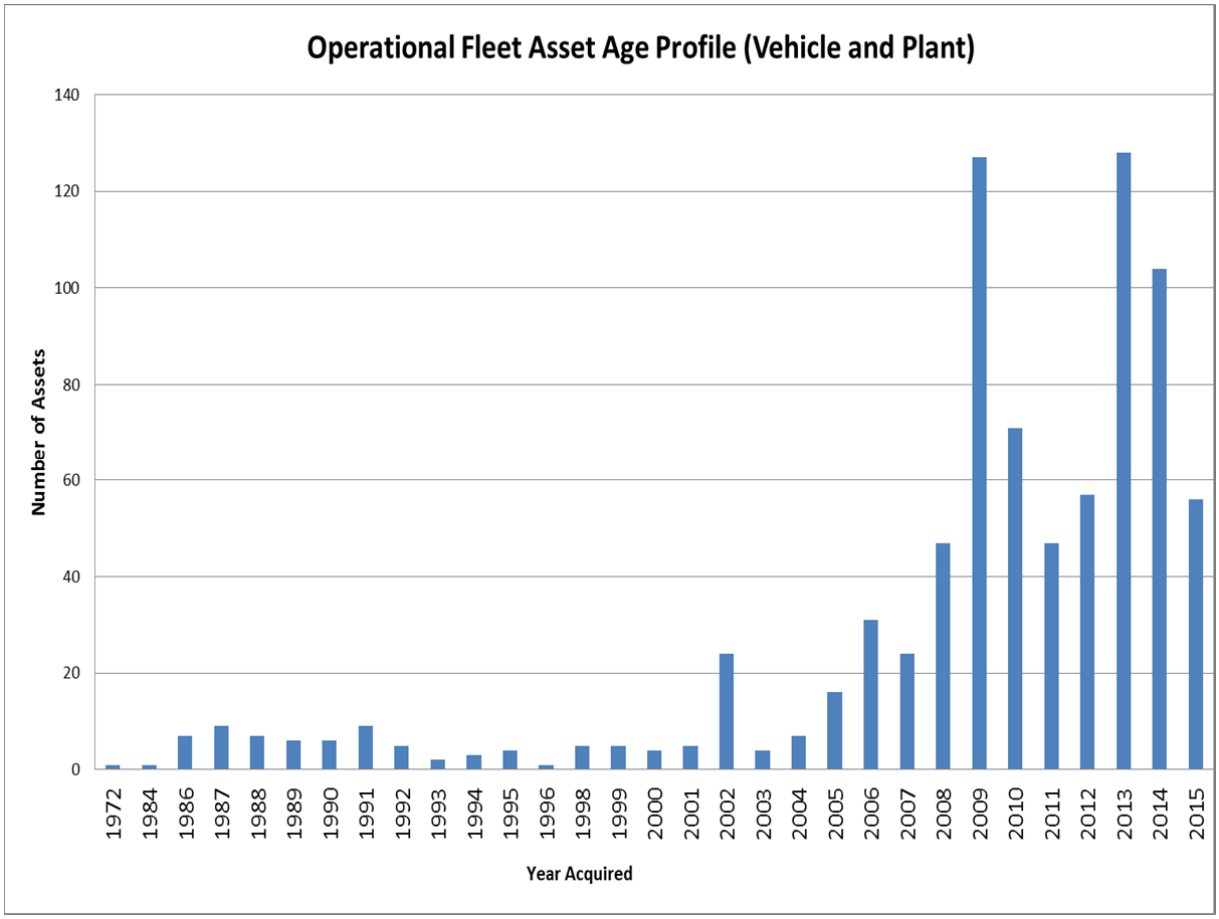


Figure 3: Operational Fleet Age Profile



Plant equipment and trailers are major contributors of the pre 2010 operational fleet asset age profile; further analysis will be required to determine TasNetworks operational fleet asset age profile once surplus operational fleet assets are disposed of from the antecedent businesses are completed.

A breakdown of Operational Fleet assets categories are shown below.

Figure 4: Light Passenger Vehicle Age Profile

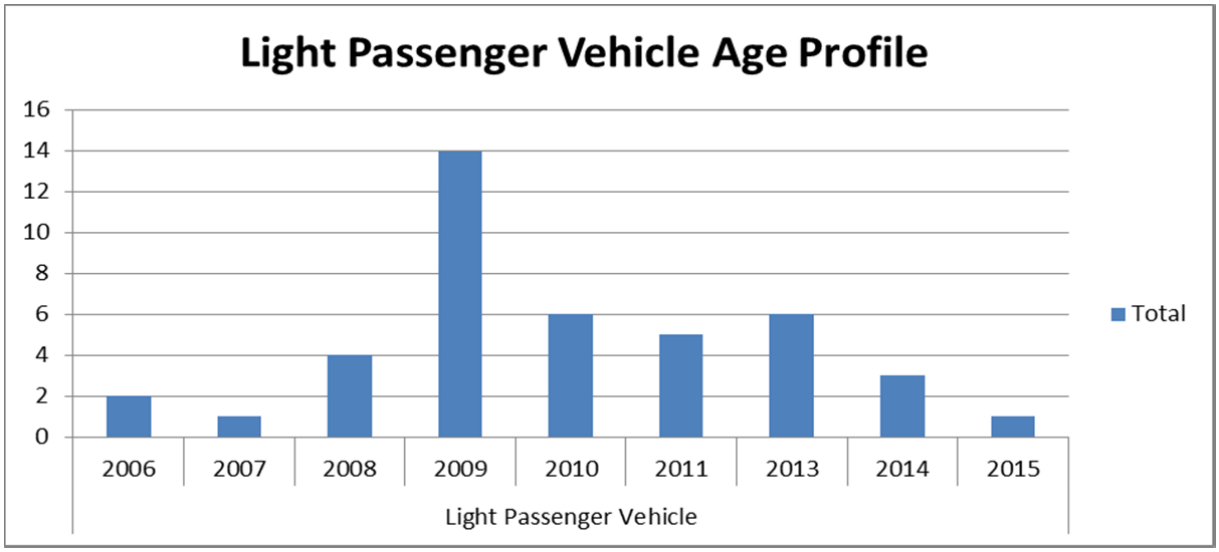


Figure 5: Light Commercial Vehicle Age Profile

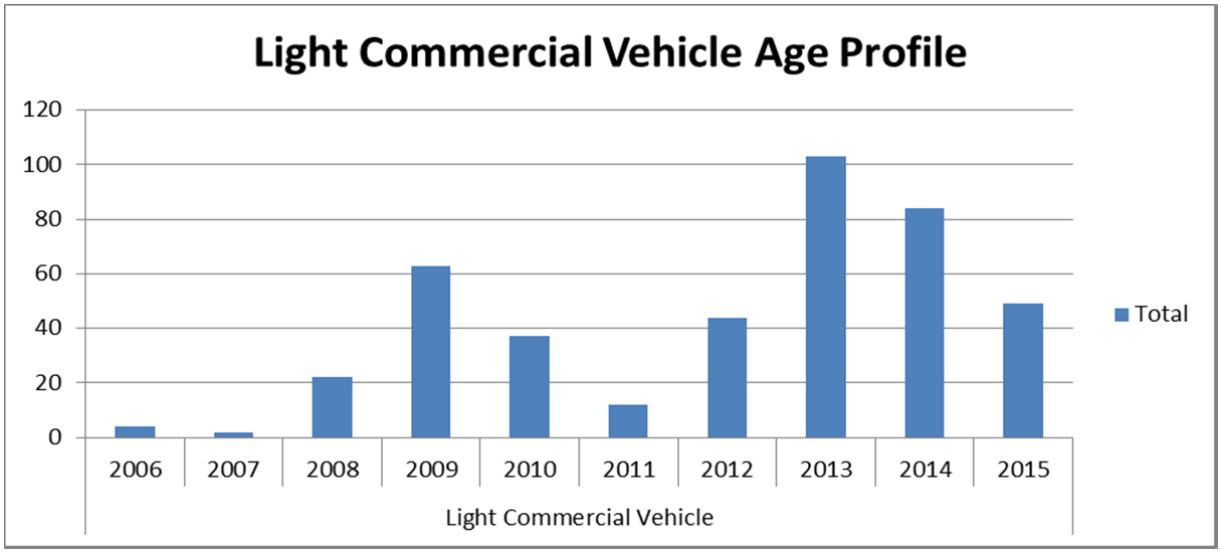


Figure 6: Commercial Trucks Age Profile

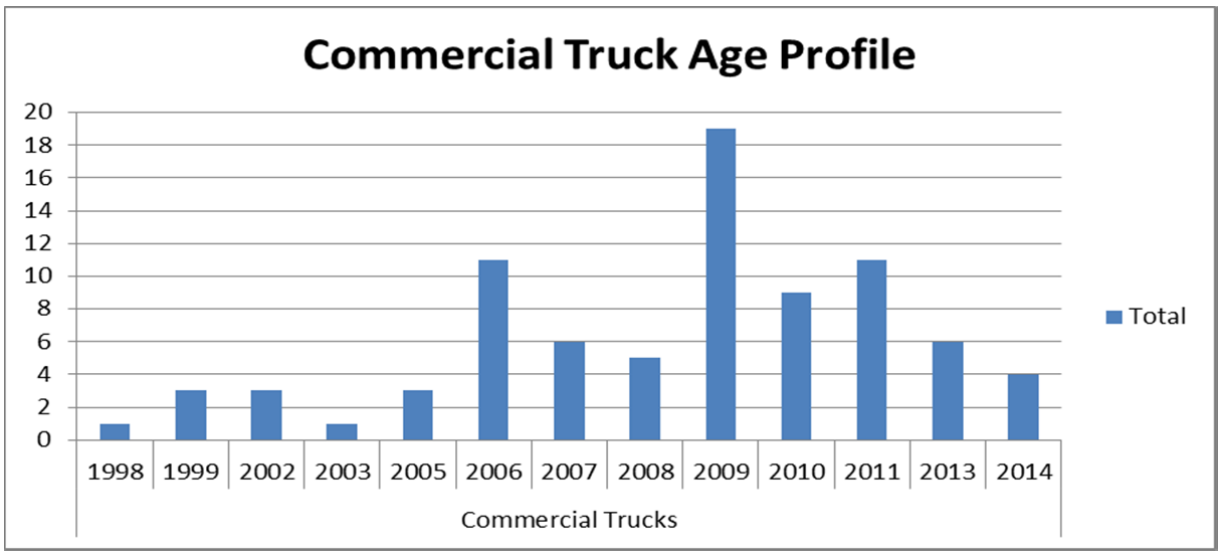


Figure 7: Mobile Elevated Work Platform (MEWP) Age Profile

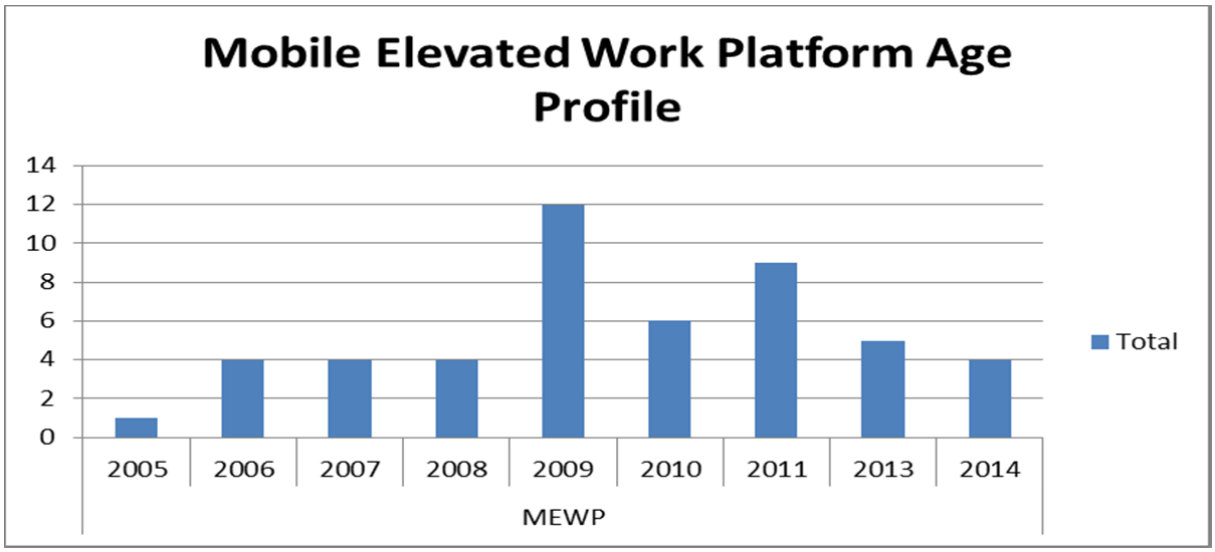


Figure 8: Pole Hole Borer Erector (PHBE) Truck Mounted

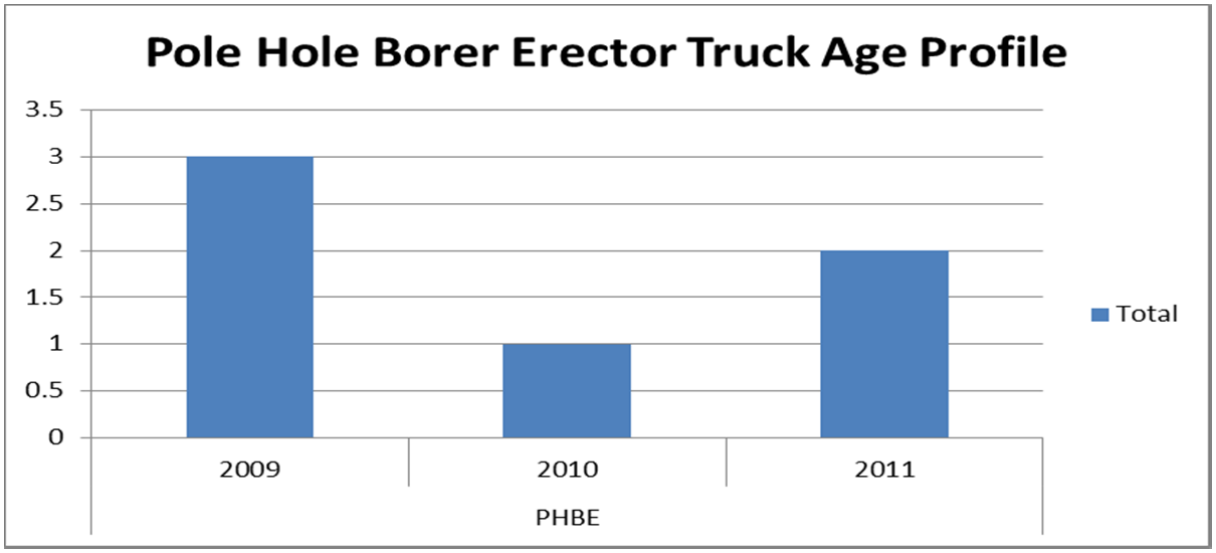


Figure 9: Crane Truck Mounted

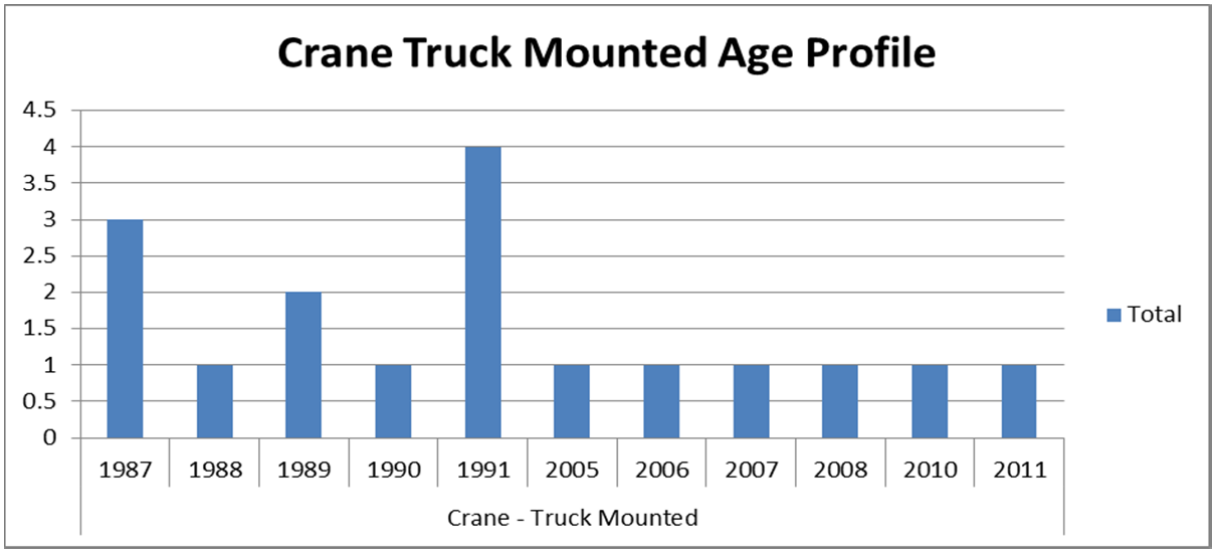
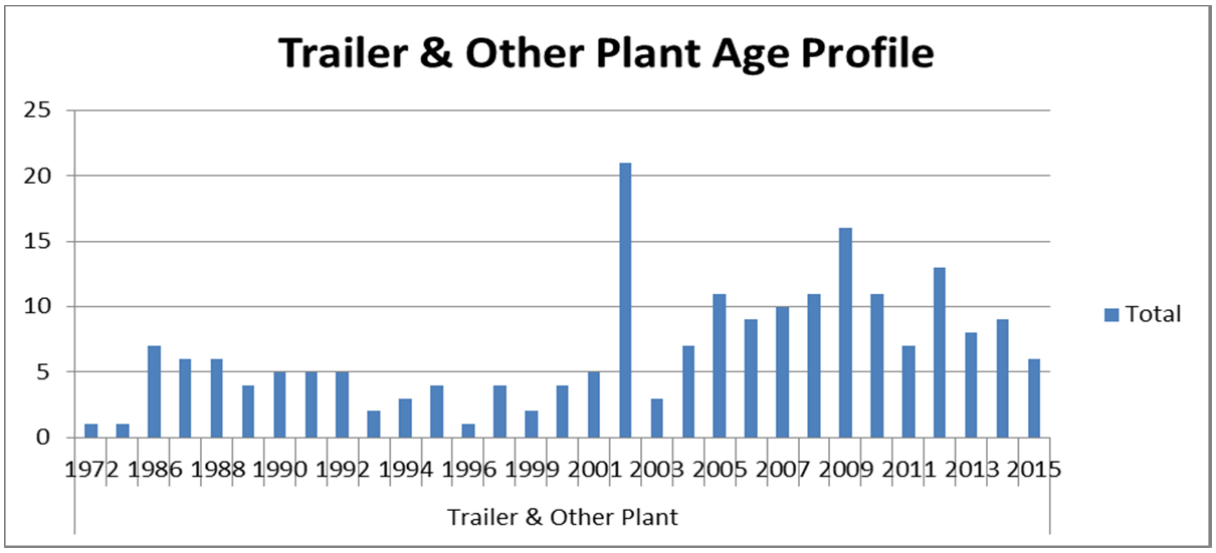


Figure 10: Trailer & other plant



6 Associated Risk

Fleet Services acknowledge that safety and risk management is an integral part of sound operational fleet 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 operational fleet 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, and
- Statutory compliance.

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 Operational Fleet Management

This section outlines strategies and actions for the operation and maintenance of Operational Fleet assets and focuses on the economic and physical management options through to Operational Asset 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. Operational fleet assets are operated and maintained so they continue to deliver their intended, fit for purpose levels of service.

The useful life of an Operational Fleet 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 Operational Fleet asset impacts such as: condition and reliability, usage patterns, supply, environmental and safety.

7.1.1 Routine Maintenance

Table 3 outlines various routine Fleet Services maintenance strategies undertaken to maintain Operational Fleet assets.

Table 3: Routine Maintenance Strategies

Strategy	Activity	Levels of Service
To maintain all Operational Fleet assets in a safe and operational condition	• Daily and weekly inspections by drivers/operators • Reporting and documenting defects to Fleet Services • Prioritisation of maintenance work activities	Operational Fleet assets meet operational and legislative requirements
Preventative maintenance and servicing	• Maintenance scheduled as per TasNetworks specifications and manufacturer's recommendations • Recording of maintenance performed, labour and materials used • Register of maintenance issues updated	Operational Fleet assets meet operational and legislative requirements

7.1.2 Non Routine Maintenance

TasNetworks has a contract in place for the provision of asset maintenance and services (including Emergency Breakdown) with Motors Group Tasmania Pty Ltd trading as Webster Trucks - contract number S/001255.

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

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 an Operational Fleet asset and is undertaken on a regular cycle.

7.1.3 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 maintain servicing regimes.
- Servicing or inspection of Operational Fleet assets is performed in accordance with TasNetworks specifications, manufacturer's recommendations or regulatory requirements for a specific Operational Fleet asset.
- All vehicles are fitted with standard safety equipment.
- Crashes and incidents must be reported immediately and any damage, malfunction 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.

7.1.4 Maintenance Expenditure

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

7.1.5 Operational Fleet Audit

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

7.1.6 Registration

When registering TasNetworks Operational Fleet 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.

The majority of TasNetworks' Operational Fleet assets are registered under one common expiry date of 1 March; Fleet Services will transition the small amount of fleet assets that fall outside the common expiry date.

7.1.7 Fuel Supply

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

TasNetworks obtains a significant discount (approximately up to [redacted] per litre) through the P450 contract and would not envisage obtaining fuel supply from any other contractual arrangement.

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 Operational Fleet 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 to sections of the above Standards.

7.3 Quality System

Fleet Services operate under the Quality Management System Standard AS/NZS 9001/14001/4801 framework. 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 Operational Fleet asset acquisition by considering the Operational Fleet asset's age and kilometres travelled. This methodology is reviewed regularly by Fleet Services in conjunction with the Pricing Determination and CAPEX budget setting processes in order to establish the schedule of operational fleet asset replacement.

TasNetworks replacement criteria appears to be on the higher end when compared to other utilities across the country and shows that TasNetworks maintain one of the highest age and condition based light passenger and commercial fleets in Australia.

TasNetworks own all Operational Fleet 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

Replacement Criteria				
	2015/16	2016/17	2017/18	2017/19
Light Passenger/Commercial				
KM's	150,000	150,000	150,000	150,000
Age	6	6	6	6
Heavy				
Trucks (Group 23-35) KM's	700,000	700,000	700,000	700,000
Age	10	10	10	10
Trucks (Group 41-56) KM's	700,000	700,000	700,000	700,000
Age	15	15	15	15
MEWP (Group 60-69) KM's	700,000	700,000	700,000	700,000
Age	10	10	10	10
Trailers other Plant KM's	700,000	700,000	700,000	700,000
Age	20	20	20	20

As part of determining the replacement program, consideration is given to the following Operational Fleet asset replacement criteria:

- Ongoing operational fleet asset safety status;
- Safety ratings and features;
- Fit for purpose;
- Cost required to make operational fleet 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 Operational Fleet assets;
- Environmental ratings and sustainability, and
- Replacement lead times.

7.5 Standardisation

Standardised Operational Fleet vehicle fit up and modifications have been agreed with key stakeholders within Work & Services Delivery - Field Operations to ensure the Operational Fleet asset meets the operational needs of the field workforce. There are a number of beneficial outcomes to the business as detailed further below:

- Leads to a reduction in unnecessary fit up costs as the Operational 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.

Vehicle selection is managed by Fleet Services based on the agreed fit up specifications documented in the vehicle standards master list.

7.6 Disposal Plan

Disposal of Operational Fleet assets includes the decommissioning of an asset. Operational Fleet 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, or
- At a time most efficient to replace for operational reasons.

All TasNetworks Operational Fleet assets are disposed of in conjunction with the relevant Pickles Auctions Pty Ltd contract S/001285B. To ensure probity and equity employees are not entitled to purchase Operational Fleet 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 establishes 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 operational fleet assets:

End of useful life cycle

Public auction.

Write-Off (Repairable)

If a financial assessment determines that the overall cost to replace the operational fleet 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 an operational fleet asset is classified as a repairable write-off.

The following points are validated as part of the operational fleet asset write-off process:

- Total repair costs exceed the overall value to replace the operational fleet asset, including body conversion and modification requirements;
- Replacement time frames and criticality of the operational fleet asset to business operations, and
- 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 an operational fleet asset which has been damaged to the extent that it must not be repaired and can only be used for parts. Such operational fleet assets are disposed of by a public auction.

8 Financial Summary

8.1 Proposed OPEX Expenditure Plan

There is four Fleet Services staff responsible for the effective management of TasNetworks Operational Fleet 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 operational fleet providing system reporting, analytical capabilities and fleet asset administration services;
- Develop operational fleet policy and frameworks to ensure the efficient management of fleet assets in line with TasNetworks governing principles and policies;
- Assist customers with TasNetworks operational 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.

The OPEX budget is reviewed on a yearly basis and is monitored on a monthly basis by Fleet Services and Finance.

OPEX budget for the 2015/16 financial year has been determined to be $426,000 including fuel and maintenance costs. 2015/16 financial year costs are the baseline costs used in the preparation of this document. No CPI increases have been added to subsequent years

Table 5: OPEX for period between 2015/16 and 2018/19 financial years

	2015/16	2016/17	2017/18	2018/19
OPEX Budget	426,000	426,000	426,000	426,000

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 Operational Fleet assets at an acceptable level.

Historical spend on the purchase of new fleet assets has been on average approximately $4,600,000 per annum. It is believed there are effieciencies to be gained through working with stakeholders to optimise fleet usage, continuing to strategically procure fleet assets and improve standardisation of fleet assets and fit outs.

Further consideration into the current size of the fleet and Operational Fleet asset utilisation improvements will be a major factor in reducing the gap between historical spend and budget.

All efforts will be made by the Fleet team to provide fleet services in a sustainable manner to ensure operational requirements are not impacted within the stated capital works programs and available budget.

2015/16 financial year costs are the baseline costs used in the preparation of this document. No CPI increases have been added to subsequent years

Table 6: CAPEX for period between 2015/16 and 2018/19 financial years

	2015/16	2016/17	2017/18	2018/19
CAPEX Budget	4,000,000	4,000,000	4,000,000	4,000,000

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 TasNetworks Leadership Team.

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. Corporate Plan, and
2. Operational Fleet Asset Policy.