



NAMBUCCA VALLEY COUNCIL

FLEET PROCUREMENT POLICY NO: CS 35

Our Vision

Nambucca Valley ~ Living at its best

Our Mission Statement

'The Nambucca Valley will value and protect its natural environment, maintain its assets and infrastructure and develop opportunities for its people.'

1.0 Policy objective

The objective of this policy is to clearly define the terms and conditions applicable to procurement of passenger and commercial vehicles and the leaseback rate charged to employees which offsets Council's FBT Liability.

2.0 Policy objective

Council provides motor vehicles for the primary purpose of having access to an operational vehicle fleet as a resource in the provision of services to the community to achieve Council's corporate and delivery plan objectives. The operational needs of Council underpin the fleet strategy including the size, vehicle specification, acquisition, management, maintenance and disposal.

It is acknowledged that Council employees with a leaseback vehicle agreement should have a reasonable choice of vehicle so as to best match their private (and Council) use needs and personal budget, however costs to Council must be minimised to maintain financial stability. The leaseback rate payable needs to be commensurate with the vehicle; fair and equitable as to not disadvantage those with lesser personal needs in vehicle class and accessories. The terms and conditions below apply equally to all employees under a leaseback arrangement.

2.1 User Agreements

Employee usage of Council fleet vehicles is through the following agreements;

- Commuter Use – Commercial Vehicles
- Leaseback – Passenger Vehicles

There are FBT implications for both agreements and this will be a consideration in setting the maximum budget value and employee cost recovery terms and conditions.

2.2 Budget

Annually, through the Integrated Planning and Reporting (IP&R) process a maximum budget value will be approved for the procurement of replacement vehicles.

As a default vehicles are currently budgeted on the following replacement cycles;

- Passenger vehicles - 4 year/150,000km – max. spend \$41,000 GST Excl./\$45,100 GST Incl.
- Commercial vehicles - 4 year/150,000km – max. spend \$44,500 GST Excl./\$48,950 GST Incl.

Any variation to useful life of the vehicle impacts depreciation, operations, maintenance and residual value and must be approved through the Plant Committee and the Quarterly Budget Review submission process.

2.3 Approved Vehicle List

All Council owned passenger and commercial vehicles are to be procured from the “NSW Procurement Approved Vehicle List” under Motor Vehicles Contract Scheme SCM653 or subsequent contracts which replace this scheme. Vehicles selected on this list have been prequalified using criteria which reflect the NSW Governments strategy to transition all vehicles to clean energy and lower emission technologies and will continue to evolve with new innovation and technology releases.

The Depot Co-ordinator will be consulted where new models come into the fleet to check the workshop’s capabilities to perform maintenance. Vehicle models may be disallowed if distance/cost to maintain are excessive.

2.4 Leaseback Vehicles

The Council owns a number of vehicles which operate under leaseback arrangements whereby the employee pays a weekly rate which entitles them to business and private use of the vehicle as per “Vehicle Agreement User Group 2 (Private use under leaseback)”.

2.4.1 Budget

The maximum budget in Section 2.2 applies and must incorporate purchase of accessories.

2.4.2 Accessories

It is acknowledged that employees with a leaseback vehicle may require fitted accessories which are not required for business use. Accessories must be purchased within the maximum budget allowed in Section 2.2 and this value will be included in leaseback rate calculation as specified in Section 2.2.4. This is effective for replacement vehicles from the date of policy approval and replaces the previous scheme whereby employees paid for the first purchase of an accessory with subsequent replacements paid for by council. Personal accessories purchased under the former scheme will be eligible for compensation.

2.2.3 Requirement for 4WD Vehicle Usage

Some employees under leaseback arrangements on occasion may need to take their vehicle off-road or on difficult terrains to safely perform their role. AWD vehicles are considered a safe option as there is not the requirement for the driver to mechanically engage to drive all four wheels. In addition to the availability of Council’s Utility fleet, all leaseback vehicles are to be available for business use by other employees during business hours if the need arises. If a 4WD is required for personal use a number of vehicles are available on “NSW Procurement Approved Vehicle List” under the maximum budget value and at the applicable leaseback rate.

2.2.4 Leaseback Rate

Council pays Fringe Benefits Tax on the Gross Purchase Price of leaseback vehicles provided to employees as a benefit. This includes the cost of accessories which are permanently installed on the vehicle. Other vehicle operating costs such as fuel, registration, insurance, maintenance and GPS will be paid by the Council unless specified otherwise in the “Vehicle Agreement User Group 2 (Private use under leaseback)”.

The calculation of the leaseback rate is variable, based on vehicle selection and cost.

The Leaseback rate payable by employees will be calculated as;

$$\begin{array}{ccccccc} \text{Gross Purchase} & & & & & & \\ \text{Price} & & \text{FBT} & & \text{Weeks} & & \text{Leaseback} \\ \text{(incl. accessories)} & \times & \text{Statutory Rate} & / & \text{(4 year avg.)} & = & \text{Rate per week} \\ & & \mathbf{20\%} & & \mathbf{52.2} & & \$ \\ \text{GST Inclusive} & & & & & & \end{array}$$

For example:

Toyota RAV4 MY21 2.0 GX 5ST FWD AUTO 5DR WAGON
Purchase Price \$32,000 + Towbar \$1,000

$$\text{\$33,000} \quad \times \quad 20\% \quad / \quad 52.2 \quad = \quad \begin{array}{l} \text{Leaseback} \\ \text{Rate per week} \\ \text{\$126.44} \end{array}$$

On adoption of this policy the leaseback rate applies to;

- New or replacement vehicles procured for leaseback employees
- Where there is a change in the employee assigned to a leaseback vehicle
- Where a leaseback vehicle is swapped or reassigned to another employee
- The calculated leaseback rate is held for life of the vehicle unless the capital cost is increased or new FBT rates are published by the ATO. No annual indexation will apply.

3.0 Related legislation and references

This Policy should be read in conjunction with the:

- Local Government (State) Award 2020
- NSW Procurement “buy.nsw” SCM0653 Motor Vehicles Scheme
- Form - Vehicle Agreement User Group 2 (Private use under leaseback) CM9 25861/2008

4.0 Responsibility

The Management Accountant is responsible for the procurement and administration of Council vehicles.

5.0 History

The new policy replaces the Sustainable Fleet and Plant Policy No: ES01

| | | | |
|---------------------------|-----------------------|----------------------|--------------------------|
| Department: | Corporate Services | Last Reviewed | Resolution Number |
| Policy Category | Council | | |
| Endorsed By: | General Manager | | |
| Approval Authority | Council | | |
| Policy Owner | Management Accountant | | |
| Contact Officer | Management Accountant | | |
| Document No. | 67919/2021 | | |
| First Adopted | 24 Feb 2022 | | |
| Resolution No: | 83/22 | | |
| Review Date: | 24 Feb 2023 | | |

