



ACT
Government

Chief Minister, Treasury and
Economic Development

Freedom of Information Publication Coversheet

The following information is provided pursuant to section 28 of the *Freedom of Information Act 2016*.

FOI Reference: CMTEDDFOI 2023-028

Information to be published	Status
1. Access application	Published
2. Decision notice	Published
3. Documents and schedule	Published
4. Additional information identified	No
5. Fees	N/A
6. Processing time (in working days)	49
7. Decision made by Ombudsman	N/A
8. Additional information identified by Ombudsman	N/A
9. Decision made by ACAT	N/A
10. Additional information identified by ACAT	N/A

From: no-reply@act.gov.au
To: [CMTEDD FOI](#)
Subject: Freedom of Information request
Date: Wednesday, 8 February 2023 4:00:18 PM

Caution: This email originated from outside of the ACT Government. Do not click links or open attachments unless you recognise the sender and know the content is safe. [Learn why this is important](#)

Please find online enquiry details below. Please ensure this enquiry is responded to within fourteen working days.

Your details

All fields are optional, however an email address OR full postal address must be provided for us to process your request. An email address and telephone contact number will assist us to contact you quickly if we need to discuss your request.

Title:

First Name:

Last Name:

Business/Organisation:

Address:

Suburb:

Postcode:

State/Territory:

Phone/mobile:

Email address:

Request for information

(Please provide as much detail as possible, for example subject matter and relevant dates, and also provide details of documents that you are not interested in.)

Under the Freedom of Information Act 2016 I want to access the following document/s (*required field):

All the tender documentation relating to the selection and appointment of SG Fleet as the supplier of fleet vehicles to the ACT government

I do not want to access the following documents in relation to my request::

Thank you.
Freedom of Information Coordinator



ACT
Government

Chief Minister, Treasury and
Economic Development

Our ref: CMTEDDFOI2023-028



FREEDOM OF INFORMATION REQUEST

I refer to your application under section 30 of the *Freedom of Information Act 2016* (the Act), received by the Chief Minister, Treasury and Economic Development Directorate (CMTEDD) on 08 February 2023, in which you sought access to:

All the tender documentation relating to the selection and appointment of SG Fleet as the supplier of fleet vehicles to the ACT government.

Authority

I am an Information Officer appointed by the Director-General under section 18 of the Act to deal with access applications made under Part 5 of the Act.

Timeframes

In accordance with section 40 of the Act, CMTEDD was required to provide a decision on your access application by 08 March 2023. Following third party consultation required under section 38 of the Act, and extension of time granted by you under section 41 of the Act, the date for a decision on your request is now 21 April 2023.

Decision on access

Searches were completed for relevant documents and 12 documents were identified that fall within the scope of your request.

I have included as **Attachment A** to this decision the schedule of relevant documents. This provides a description of each document that falls within the scope of your request and the access decision for each of those documents.

I have decided to grant access in full to three documents relevant to your request. I have decided to refuse access to one document and provide partial access to nine documents as I consider them to contain information that on balance, would be contrary to the public interest to disclose under the test set out in section 17 of the Act.

In accordance with section 54(2) of the Act, my access decisions are detailed further in the following statement of reasons.

The documents released to you are provided as **Attachment B** to this letter.

Statement of Reasons

In reaching my access decisions, I have taken the following into account:

- the Act,
- the information that falls within the scope of your request,
- the views of a third party (as required under section 38 of the Act), and
- the *Human Rights Act 2004*.

Exemption claimed

Information that would, on balance, be contrary to the public interest to disclose under the test set out in section 17 of the Act

Public Interest

The Act has a presumption in favour of disclosure. As a decision maker I am required to decide where, on balance, public interest lies. As part of this process, I must consider factors favouring disclosure and nondisclosure.

In *Hogan v Hinch* (2011) 243 CLR 506, [31] French CJ stated that when ‘used in a statute, the term [public interest] derives its content from “the subject matter and the scope and purpose” of the enactment in which it [public interest] appears’. Section 17(1) of the Act sets out the test, to be applied to determine whether disclosure of information would be contrary to the public interest. These factors are found in subsection 17(2) and Schedule 2 of the Act.

Taking into consideration the information contained in the documents found to be within the scope of your request, I have identified that the following public interest factors are relevant to determine if release of the information contained within these documents is within the ‘public interest’.

Factors favouring disclosure in the public interest under schedule 2.1:

(a) disclosure of the information could reasonably be expected to do any of the following:

- (i) promote open discussion of public affairs and enhance the government’s accountability.*
- (ii) contribute to positive and informed debate on important issues or matters of public interest.*
- (iv) ensure effective oversight of expenditure of public funds.*
- (viii) reveal the reason for a government decision and any background or contextual information that informed the decision.*

Having reviewed the information related to SG Fleet, the disclosure of this information would without doubt reveal reasons for ACT Government decisions surrounding the selection of contracts in relation to fleet management.

Fleet management is a niche market, and the release of this information will assist in promoting discussion of government participation in this market as a user, in addition to promoting discussion and transparency in expenditure of public funds.

I place significant weight on the factors for release of this information.

Factors favouring nondisclosure in the public interest:

(a) *disclosure of the information could reasonably be expected to do any of the following:*

- (ii) *prejudice the protection of an individual's right to privacy or any other right under the [Human Rights Act 2004](#).*
- (x) *prejudice intergovernmental relations.*
- (xi) *prejudice trade secrets, business affairs or research of an agency or person.*
- (xii) *prejudice an agency's ability to obtain confidential information.*
- (xvi) *prejudice a deliberative process of government.*

I consider that the protection of an individual's right to privacy is a significant factor. In relation to the information requested, information concerning Commonwealth public servants has been redacted in line with Commonwealth guidelines. I have also chosen to redact some information concerning ACT Government public servants such as signatures. I have considered this information and in my opinion the protection of these personal details outweighs the benefit which may be derived from releasing them.

I have also considered the impact of disclosing information which relates to business affairs. In the case of *Re Mangan and The Treasury [2005] AATA 898* the term 'business affairs' was interpreted as meaning '*the totality of the money-making affairs of an organisation or undertaking as distinct from its private or internal affairs*'. Schedule 2 section 2.2(a)(xi) allows for government information to be withheld from release if disclosure of the information could reasonably be expected to prejudice the trade secrets, business affairs or research of an agency or person. The information in question contains sensitive information regarding the Department of Finance's Fleet Services Contract. Release of the information could also hamper the Department of Finance, and or, the ACT Government's, ability to obtain commercial information should either wish to approach the market.

The Fleet Services Contract was also supplied to the ACT Government under mutual understanding of confidence. To release this information could reasonably be expected to affect the relationship between the ACT Government and the Department of Finance. Additionally, releasing contracts that were supplied in confidence, would, or could, reasonably be expected to prejudice an agency's ability to obtain confidential information from future suppliers of goods and services to the ACT Government.

Advice from the Department of Finance is that this contract has only ever been subject to limited dissemination, and I am satisfied that release of this information would, or could, have significant impact on the business affairs of the Department of Finance as this information is not publicly available.

Factors relating to nondisclosure concerning prejudice of intergovernmental relationships, prejudice to the ability to obtain commercial information, prejudice of a

deliberative process and prejudice of business affairs and trade secrets of an entity, I place extreme weight and have chosen to redact this information.

Having applied the test outlined in section 17 of the Act and deciding that release of personal information and information related to government relations and business affairs contained in the documents is not in the public interest to release, I have chosen to redact this specific information in accordance with section 50(2). Noting the pro-disclosure intent of the Act, I am satisfied that redacting only the information that I believe is not in the public interest to release will ensure that the intent of the Act is met and will provide you with access to the majority of the information held by CMTEDD within the scope of your request.

Document 12 of the identified documents contain information that I consider, on balance, to be contrary to the public interest to disclose under the test set out in section 17 of the Act. This document has been withheld in its entirety.

Charges

Pursuant to *Freedom of Information (Fees) Determination 2017 (02)* processing charges are not applicable for this request.

Online publishing – Disclosure Log

Under section 28 of the Act, CMTEDD maintains an online record of access applications called a disclosure log. Your original access application, my decision and documents released to you in response to your access application will be published in the CMTEDD disclosure log after 28 April 2023. Your personal contact details will not be published.

You may view CMTEDD disclosure log at <https://www.cmtedd.act.gov.au/functions/foi>.

Ombudsman Review

My decision on your access request is a reviewable decision as identified in Schedule 3 of the Act. You have the right to seek Ombudsman review of this outcome under section 73 of the Act within 20 working days from the day that my decision is published in CMTEDD disclosure log, or a longer period allowed by the Ombudsman.

We recommend using this form [Applying for an Ombudsman Review](#) to ensure you provide all of the required information. Alternatively, you may write to the Ombudsman:

The ACT Ombudsman
GPO Box 442
CANBERRA ACT 2601

Via email: actfoi@ombudsman.gov.au

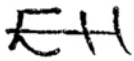
ACT Civil and Administrative Tribunal (ACAT) Review

Under section 84 of the Act, if a decision is made under section 82(1) on an Ombudsman review, you may apply to the ACAT for review of the Ombudsman decision. Further information may be obtained from the ACAT:

ACT Civil and Administrative Tribunal
Level 4, 1 Moore St
GPO Box 370
Canberra City ACT 2601
Telephone: (02) 6207 1740
<http://www.acat.act.gov.au/>

Should you have any queries in relation to your request please contact me by telephone on 6207 7754 or email CMTEDDFOI@act.gov.au.

Yours sincerely,



Emma Hotham
Information Officer
Information Access Team
Chief Minister, Treasury and Economic Development Directorate

21 April 2023



ACT
Government

Chief Minister, Treasury and
Economic Development

FREEDOM OF INFORMATION REQUEST SCHEDULE

WHAT ARE THE PARAMETERS OF THE REQUEST	Reference NO.
All the tender documentation relating to the selection and appointment of SG Fleet as the supplier of fleet vehicles to the ACT government	CMTEDDFOI2023-028

Ref No	Page number	Description	Date	Status	Reason for Exemption	Online Release Status
1	1	15 September 2014 - Letter from DOF - Advice on participation in AG Fleet Services Contract	15/09/2014	Partial	Sch 2 2.2(a)(ii)	Yes
2	2-5	20 March 2015 - Business Case Commonwealth FSC - Signed	20/03/2015	Partial	Sch 2 2.2(a)(ii)	Yes
3	6	20 March 2015 - letter from ACT Govt to notify of opt in to FSC - signed	05/09/2014	Partial	Sch 2 2.2(a)(ii)	Yes
4	7-8	20 April 2015 - ACT Gov - Opt-In Notice	15/04/2015	Partial	Sch 2 2.2 (a)(ii)	Yes
5	9-12	24 March 2022 Signed by UT - ACT Government Fleet Services (RITM315860) Cover Minute	24/03/2022	Partial	Sch 2 2.2 (a)(ii)	Yes
6	13-50	ACT Government Fleet Services (RITM315860) Cover Minute - Attachment A - Fleet Services Due Diligence Report	February 2022	Partial	Sch 2 2.2 (a)(x) Sch 2 2.2 (a)(xi) Sch 2 2.2 (a)(xii) Sch 2 2.2 (a)(xvi)	Yes
7	51-55	ACT Government Fleet Services (RITM315860) Cover Minute - Attachment B - Fleet Services Strategic Review	15/06/2017	Full		Yes
8	56-59	ACT Government Fleet Services (RITM315860) Cover Minute - Attachment C - Fleet Services Risk Assessment	22/12/2016	Full		Yes
9	60-61	5 April 2022 - Government Procurement Board Advice - ACT Government Fleet Services	08/04/2022	Partial	Sch 2 2.2 (a)(x) Sch 2 2.2 (a)(xvi)	Yes
10	62-66	7 October 2022 - SFEG Terms of Reference (Updated Membership) v9	27/09/2022	Full		Yes
11	67	April 2018 - Fleet Services Contract Extension	04/10/2018	Partial	Sch 2 2.2 (a)(x) Sch 2 2.2 (a)(xi)	Yes
12		April 2015 - Fleet Services Contract		Exempt	Sch 2 2.2 (a)(x) Sch 2 2.2 (a)(xi) Sch 2 2.2 (a)(xii)	No

Total No
of Docs



Australian Government
Department of Finance

Rec'd 15/9/2014 11:50am

Ms Carol Sinclair
Senior Procurement Officer
Procurement and Capital Works
ACT Government
Level 5, 40 Allara Street
CANBERRA ACT 2601

Dear Ms Sinclair

Advice to the ACT Government to participate in the Australian Government Vehicle Fleet Management and Leasing Services Arrangement

I understand that the ACT Government is currently considering its options for vehicle fleet management and leasing service providers and that you have requested the Department of Finance's (Finance) consideration of the ACT Government participating in the Fleet Services Contract (FSC).

Following your discussions with the Australian Government Fleet (AGF) team about the ACT Government's requirements and consultation with our manufacturers and suppliers, we have determined that the ACT Government may "in-principle" participate in our FSC. This "in-principle" determination is based on the ACT Government accessing and implementing the FSC in its entirety.

Later this year the FSC will undergo a 'house keeping' variation to ensure consistency with other whole of government arrangements and the *Public Governance, Performance and Accountability Act 2013*. The variation will update terminology and align the ACT Government's obligations with *Commonwealth Authorities and Companies Act 1997* agencies under the previous FSC version (incorporating Amendment #1) which you possess.

In your deliberations, I encourage you to consult further with the AGF and/or the current supplier (sgfleet) to gain further insight as to how you would benefit from the FSC.

If you have any questions regarding participation in the FSC, please contact the AGF team on (02) 6215 2800 or email Fleet@finance.gov.au.

Yours sincerely

Sch 2.2(a)(ii)

Assistant Secretary
Procurement Management Branch
5 September 2014



ACT
Government

Chief Minister, Treasury and
Economic Development

Date due with Minister's Office	Date due with DG Office	TRIM Number
N/A	03/03/15	Bm15/499

Any other critical date and reason
3 March 2015 - Approval of this option for ongoing delivery of Leasing and Fleet Management Services will enable joining of the FSC and Implementation to occur prior to the Territory's current contract expiring on 22 April 2015.

Subject: To seek your approval to join the Commonwealth Governments Fleet Services Contract (FSC) for ongoing delivery of Leasing and Fleet Management Services to the Territory.

Reply to correspondence from: N/A

Contact Officer: Carol Sinclair
Phone: 54384

Cleared by Director Goods and Services: D [Redacted] Sch 2.2(a)(ii)

Date: ~~27/2/15~~ 4/3/15

Cleared Executive Director PCW: George Tomlin [Redacted] Sch 2.2(a)(ii)

Date: 4/3/15

Cleared by Director-General: David D [Redacted] Sch 2.2(a)(ii)

Date: 20/3/15



ACT
Government

Chief Minister, Treasury and
Economic Development

Date 4 March 2015 TRIM No:
File No: 2014/5193

To Director-General *20/3/15*

- Executive Director, Procurement and Capital Works

Copied to:

- Under Treasurer
- A/g Deputy Director-General, Workforce Capability and Governance Division

From Director, Goods and Services Procurement

Subject Delivery of Leasing and Fleet Management Services to the Territory

Critical date and reason

10 March 2015 - Approval of this option for ongoing delivery of Leasing and Fleet Management Services will enable joining of the Commonwealth Government's Fleet Services Contract (FSC) and implementation to occur prior to the Territory's current contract expiring on 22 April 2015.

Purpose

To seek your approval to join the FSC for ongoing delivery of Leasing and Fleet Management Services to the Territory.

Background

The Whole of Government (WhoG) Section within Goods and Services (G&S) Procurement Branch undertakes procurements and manages contracts covering goods and services required by all or several directorates. One such service is Leasing and Fleet Management.

The Territory's current contract for Leasing and Fleet Management Services with sgfleet™ Pty Ltd expires on 22 April 2015. All available options to extend the contract have now been exercised by the Territory.

The current contract comprises:

- leasing services; and

- fleet management (purchase, delivery, sale, administration, maintenance and repairs, account management, fuel cards, registration/renewals, insurance and electronic log books).

Issues

Procurement Methodology

In September 2014, you agreed to the proposed procurement approach to be undertaken by G&S Procurement to identify a procurement option for ongoing delivery of Leasing and Fleet Management Services to the Territory. (Reference Minute BM14/2019 dated 12 September 2014).

G&S Procurement established a project to consider the method of procurement appropriate for continued delivery of these services in accordance with the governing principles of the *Government Procurement Act 2001*, being value for money and fit for purpose.

The Territory's policies relating to lowering carbon emissions, lowering costs and innovative service delivery for the vehicle fleet were also key considerations in the exploration of options.

The Business Case at Attachment 1 reports on the findings of G&S Procurement in relation to the two methods of procurement agreed for further exploration:

- a) leveraging from another jurisdiction's existing contract/s; and
- b) market test.

Exploration of these two procurement options has concluded that leveraging from the FSC would provide benefits to the Territory in terms of rationalisation of the fleet and savings.

The Territory has been a party to the Commonwealth Non-campaign Advertising contract for a number of years and more recently joined the Travel Management Company (TMC) arrangement. Both arrangements are working well, with the TMC delivering considerable savings.

Timeframes

The overarching timeframe is the expiry of the current fleet contract on 22 April 2015.

Consultation *(additional info attached)*

G&S Procurement consulted with Senior Executives with strategy and operations views on fleet, the Fleet Management Advisory Group (FMAG), Directorates Fleet Managers, Strategic Finance and sgfleet, the service provider for both the current contract and the FSC.

Financial

Significant savings can be achieved by joining the FSC through a switch from finance leases to operating leases for vehicles and from optimization of lease terms and kilometre usage. Full detail is provided in the attached Business Case.

Risks/ Sensitivities

The overall risk rating for the project is set at Medium. A risk analysis is provided in the attached Business Case.

Media

Not applicable.

Recommendation

That you:

1. agree the Territory join the FSC prior to the expiry of the current contract on 22 April 2015 to source leasing and fleet management services for its fleet of passenger and light commercial vehicles;

AGREED/NOT AGREED/PLEASE DISCUSS

2. sign the letter at Attachment 2 to advise the Department of Finance of the Territory's intention to join the FSC; and

AGREED/NOT AGREED/PLEASE DISCUSS

3. subject to your approval of recommendation 1 above, agree to the transition of leases and services over to the FSC commence as soon as possible prior to 22 April 2015.

AGREED/NOT AGREED/PLEASE DISCUSS

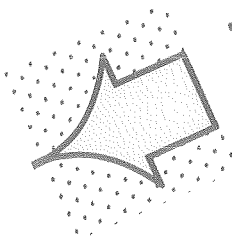
Dave Purser

Action Officer: Carol Sinclair

Phone: 54384



David Dawes..... 20/3/15 -





ACT
Government

Chief Minister, Treasury and
Economic Development

Our ref: 2014/5139
Your ref: 5 September 2014

Sch 2.2(a)(ii)

Assistant Secretary, Procurement Management Branch
Department of Finance
John Gorton Building
King Edward Terrace
PARKES ACT 2600

Dear Sch 2.2(a)(ii)

ACT Government access to the Australian Government Fleet Services Contract (FSC)

I refer to your letter of 5 September 2014 in which you acknowledged that the ACT Government was exploring its options to join the Whole of Australian Government (WOAG) Fleet Services Contract (FSC) and advising of the in-principle agreement to the Territory's participation in the FSC.

I am writing to advise you that the Territory has concluded its investigation into the FSC and has determined that joining the FSC would offer a number of benefits both in terms of rationalisation of the fleet and savings for the Territory.

I note that the Territory has been a party to the Commonwealth Non-campaign Advertising contract for a number of years and more recently joined the Travel Management Company arrangement. Both arrangements are working well.

I look forward to further cooperation around the FSC arrangements.

Yours sincerely

David Dawes
Director General
Economic Development

20th March 2015

Schedule 8 – Opt-in Notice

(See Clause 9.1 of this Agreement (Fleet Services Contract))

Entity:	ACT Government
Mailing address:	Level 2 Annexe Macarthur House
	12 Wattle Street, Lyneham
State/Territory:	ACT
Postcode:	2602
Phone Number:	(02) 6207 8944
E-mail Address:	George.Tomlins@act.gov.au

DECLARATION

By completing and signing this Schedule 8, the entity identified above agrees with the Commonwealth and the Fleet Manager to become a Participant for the purposes of the Agreement and any Related Agreement, from the Date of Commencement as indicated below, in accordance with Clause 9.1 of this Agreement.

From the Date of Commencement, the entity identified above becomes a Participant for the purposes of this Agreement and any Related Agreement (and assumes all of the rights and obligations of a Participant under this Agreement and any Related Agreement which do not include the exclusivity obligations set out in clause 5.1 of this Agreement).

Name:	George Tomlins
Position:	Executive Director Procurement and Capital Works
Date of application:	15 April 2015
Signature:	Sch 2.2(a)(ii)
Date:	15/4/15

Notification of Authorised Officer

The entity identified above hereby nominates the person identified below as its Authorised Officer, for the purposes of ordering Vehicles and other responsibilities that may arise from time to time under this Agreement and any Related Agreement.

Name of Authorised Officer: Carol Sinclair

Signature:

Sch 2.2(a)(ii)

Authorised by:

George Tommis

Signature:

Sch 2.2(a)(ii)

Finance Consent

I consent to the entity identified above being included as a Participant for the purposes of this Agreement.

Name:

Sch 2.2(a)(ii)

Position:

Date of Commencement:

Signature:

Please forward copies to Finance and to the Fleet Manager.

Defined terms have the same meaning as in this Agreement (Fleet Services Contract).

CMTEDD INTERNAL MINUTE



ACT
Government

Chief Minister, Treasury and
Economic Development

Date 24 March 2022 TRIM No: CMTEDD2022/1308
File No: TRSY22/13156

To Under Treasurer

From Executive Branch Manager, Goods and Services Procurement

Subject Whole of Government Fleet Services Arrangement

- DUT-BPIF .../.../...
- EGM PACT 24/03/2022

Critical date and reason

1. **30 March 2022** to ensure that the 5 April 2022 Government Procurement Board review appointment can be met.

Recommendations

2. That you:
 - approve the recommendation to extend the Whole of Government Fleet Services arrangement for a further six months (new expiry date of 31 January 2023); and

AGREED / NOT AGREED / PLEASE DISCUSS

- approve the documentation pack (Attachments A, B and C) for Government Procurement Board review on 5 April 2022.

AGREED / NOT AGREED / PLEASE DISCUSS

Sch 2.2(a)(ii)

Stuart Hocking PSM.....

30/03/2022

Background

3. The Whole of Australian Government Fleet Services Contract is a Commonwealth Government managed contract to which the Territory has elected to 'opt in'.
4. The current contract with SGFleet provides leasing services and fleet management services including the purchase, delivery, sale, administration, maintenance and repairs, account management, fuel cards, registration/renewals, insurance and electronic logbooks.
5. In April 2009, the Territory entered into a Services Agreement (Contract No – C09335) with SGFleet for the provision of leasing and fleet management services. In December 2012, and again in April 2015, the Territory chose to opt into the Australian Government Fleet (AGF) Fleet Services Contract (FSC), established through the Commonwealth Department of Finance.
6. In September 2016 the Territory integrated an existing arrangement with the FSC for leasing of heavy vehicles (including mowers and some plant equipment). Depending upon the specific vehicle requirement, Directorates may lease heavy vehicles through the FSC, may purchase heavy vehicles, or may arrange a custom build of the required vehicle (e.g. emergency vehicle, detainee transportation vehicle).
7. The Territory opted into this current arrangement on 30 October 2018 for an initial term of two years (with three 1-year options to extend). The Territory then exercised two 1-year extensions with the new expiry date of 22 July 2022 (leaving one 12-month extension option remaining).
8. The AGF have since extended the arrangement a further six months to allow for an approach to market to occur in the 2022 calendar year with a new expiry of 31 January 2023 and a six-month extension option remaining.
9. With a proposed contract value exceeding \$5 million, this procurement requires Government Procurement Board (the Board) endorsement. This submission will seek the Board's endorsement:
 - a. of the proposed procurement strategy to source ACT Government Fleet Services; and
 - b. to not progress to Procurement Review but participate in the AGF approach to market.

Issues

10. Procurement ACT has completed its due diligence processes (Attachment A) and recommend extending the current arrangement a further six months and joining the AGF in its approach to market for the following reasons:
 - a. independently, the Territory would be unable to tap into the major deals negotiated with vehicle manufacturers by the Commonwealth;

- b. the benefits of this option would include the ability to ensure that the Territory’s goals around sustainable energy and the net zero emission goals can be integrated into the statement of requirement; and
- c. this would also benefit the Commonwealth’s Zero Emission Strategies moving forward. The size of the AGF also ensures that a competitive approach to the market will be conducted obtaining a good value for money outcome.

Consultation

- 11. During the due diligence phase, Procurement ACT consulted with internal stakeholders (through survey and regular forum engagements) and other state and Territory jurisdictions.

Work Health and Safety

- 12. Nil response.

Financial

- 13. The Territory Fleet Services spend over the past four years is detailed below. The table indicates a stable spend over four financial years with an increase in the 2020-21 financial year. This increase is due to the Territory’s commitment to the zero emission policy with Directorates and Agencies meeting their obligations and leasing the more expensive battery electric vehicle Passenger and SUV’s where fit for purpose.
- 14. It is worth noting that with electric vehicle policies now in place and stock/delivery delays Electric Vehicle (EV) costs are slightly higher to that of their conventional internal combustion engine (ICE) equivalent. EV leases are expected to drop in price as more stock and models gradually become available.

Financial Year	Total Spend
2020-21	\$21,375,704.79
2019-20	\$19,158,032.43
2018-19	\$18,441,503.41
2017-18	\$18,232,645.96
Total	\$77,207,886.59

- 15. In the 2020-21 financial year, the Territory spent approximately \$21 million on its fleet leases and purchases. Based on this trend, Procurement ACT expect the Territory to continue to spend similar amounts per annum.
- 16. A contract term would be agreed with the AGF through the procurement process, but traditionally arrangements such as this tend to cover a five-year initial period with a number of extension options available. Based on an eight-year contract period, the total contract value could be \$168 million.

Risks/ Sensitivities

- 17. Completing a procurement with the AGF would meet the majority of the Territory’s procurement values. Key considerations in all Commonwealth procurement processes include:
 - a. value for money;
 - b. encouraging competition;
 - c. efficient, effective, economical and ethical procurement; and
 - d. accountability and transparency.

- 18. With the Territory participating in the tender documentation creation, it will be able to implement Territory specific requirements around its move to a zero emissions Government. This move is also of interest to the Commonwealth and an added benefit to them as the Territory has significant experience in this field.

Media

- 19. Nil response.

David Purser, Executive Branch Manager, Goods and Services Procurement

Action Officer: Danny Warburton

Phone: (02) 6207 7276

Attachment	Title
Attachment A	Fleet Services Due Diligence Report
Attachment B	Fleet Services Strategic Review
Attachment C	Fleet Services Risk Assessment



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Due Diligence Report – WhoG Fleet Services Contract (FSC)

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1. Executive Summary

This report outlines the findings and recommendations following a review of the Territory's Whole of Government (WhoG) Supply of Non-Executive Passenger and Light Commercial Vehicles. The Territory has an Opt In Arrangement to the Australian Government Fleet (AGF) through the Department of Finance Fleet Services Contract (FSC) for leasing of passenger, management of light commercial, and heavy vehicles (including mowers and some plant equipment).

The FSC Fleet Manager, sgfleet, has the contractual responsibility to advise on the most economic and efficient vehicles for leasing in a vehicle segment (e.g. small passenger vehicle, SUV, utes, vans), and is providing this guidance through the development of annual vehicle leasing matrix's including pure Battery Electric Vehicles (BEV or EV's) and Hydrogen Fuel Cell Electric Vehicles (HFCEV's) aligning to the Territory's Zero Emissions Policy. Advice is also provided by sgfleet on optimisation of each vehicle lease.

Consultations have occurred with the other state and Territory jurisdiction Fleet Teams to gauge an understanding of what other states are doing in the Fleet space and more generally any information about their experience with the market.

Performance of the current arrangement was determined by an internal survey with directorate and agency fleet managers. This review showed that the Opt In arrangement to the AGF Fleet Services contract is performing well financially providing Territory Directorates and Agencies with the optimum lease pricing over the individual terms of each lease agreement providing significant whole of life savings provided through AGF's significant buying power. Under the FSC, the arrangement is supported by sgfleet for motor vehicle and lease and vehicle management services.

There are several providers in the fleet management market. Sgfleet, on the 2nd September 2021 announced the acquisition of LeasePlan ANZ which brought together two significant motor vehicle lease and management providers with 250,000 vehicles under management.

While conducting due diligence, the CCMT found that there is a mix of in house and outsourced fleet management models in other jurisdictions dependant on their fleet size and staff numbers. The majority of jurisdictions outsource their fleet management services due to the economies of scale and the resource intensive processes involved with day-to-day fleet management operations.

There are three options identified for the Territory:

- (a) exercise up to the final 12-month extension of the AGF Opt In FSC arrangement and approach the market for a new Territory specific arrangement in 2022;
- (b) exercise a 6-month extension of the AGF Opt In arrangement and partner with them in an approach to market for a new arrangement (preferred); and
- (c) partnering with either the NSW State Government or the NSW Local Government Services Network.

2. Recommendation

Consideration of the findings outlined in this Report and the options made available, the recommendation is to replicate the AGF and exercise a 6-month extension of the current Opt In arrangement [Sch 2.2\(a\)\(xi\)](#)

The reasons for this recommendation include:

- (a) Feedback provided through the surveys and consultations show the Opt In arrangement is performing very effectively financially across government. The Opt In arrangement's performance has saved the Territory approximately \$4.2 million in lease savings over the period 2015 to 2021;
- (b) With the acquisition of Lease Plan ANZ by sgfleet, the Territory expects greater savings will occur across all segments of the FSC managed by sgfleet by exercising the remaining 6-month FSC extension, to January 2023; and
- (c) Exercising the 6-month extension and approaching the market with the AGF will allow for the Territory's sustainability goals in Pure Electric Vehicle (EV) to be considered and implemented when approaching the market.

3. Objective

The objective of the Due Diligence report is to outline the findings and recommendations surrounding the current fleet services contract. This review will aim to provide a broad understanding of the market conditions, what other states and government agencies are currently doing in the same space and assess the performance of the current contract against the market conditions and user opinion.

This report was compiled by the Contracts and Category Management Team (CCMT) through a series of consultations with other states, various directorate users and subject matter experts.

4. Background

In April 2009, the Territory entered into a Services Agreement (Contract No – C09335) with sgfleet for the provision of leasing and fleet management services. In December 2012, and again in April 2015, the Territory chose to opt into the Australian Government Fleet (AGF) Fleet Services Contract (FSC), established through the Commonwealth Department of Finance.

The current contract with sgfleet provides leasing services and fleet management services including the purchase, delivery, sale, administration, maintenance and repairs, account management, fuel cards, registration/renewals, insurance, and electronic logbooks and, importantly to this discussion, research, and analysis to underpin new and ongoing initiatives.

In September 2016 the Territory integrated an existing arrangement with the FSC for leasing of heavy vehicles (including mowers and some plant equipment). Depending upon the specific vehicle requirement, Directorates may lease heavy vehicles through the FSC, may purchase heavy vehicles, or may arrange a custom build of the required vehicle (e.g. emergency vehicle, detainee transportation vehicle).

The AGF have since extended their arrangement 6 months (new expiry of 31 January 2023), with one final option to extend for a further 6 months to July 2023.

5. Current Fleet numbers

The Territory Fleet has remained relatively stable as Directorates and Agencies move to reduce internal combustion engine (ICE) powered fleet vehicles to electric vehicles in alignment with the Territory's Net Zero Emission Policy increasing numbers in the zero emissions vehicles (ZEV) Battery Electric Vehicles (BEV) and Plug in Hybrid Electric Vehicles (PHEVs). The following table indicates Territory Fleet numbers at 1 July 2017 to 10 September 2021.

<u>Vehicles in Territory Fleet</u>	<u>01/07/2017</u>	<u>10/09/2021</u>
Passenger Vehicles	647	595
Light Commercials & Buses	412	490
Trucks (over 4.5 GVM)	87	156
Plant & Equipment	122	149
ZEV (BEV & PHEV)	22	169
<u>TOTAL</u>	<u>1,290</u>	<u>1,559</u>

6. Performance of Current Contract

6.1. Directorate and Agency User Surveys

A survey was conducted to ascertain Directorate satisfaction of the current contracts among various users across the Territory. There were responses from eight directorates with all respondents favourable with the arrangement and the supplier's services provided by sgfleet. An analysis of findings include:

- Feedback from Territory and agency buyers (through survey results) indicate good satisfaction rates for the FSC with significant savings over the life of the contract fleet services spend;
- The lack of electric van and commercial models which is common in the EV industry at this point. Manufacturers have started releasing EV models and through time will be able to integrate into the Territory fleet; and
- Feedback around the return & inspection disposal processes were very positive.

6.2. Contract Spend

The Territory Fleet Services spend over the past four years is detailed below. The tables indicate a stable spend over four calendar years with an increase in the 2020 financial year. This increase is due to the Territory's commitment to the zero emission policy with Directorates and Agencies meeting their obligations and leasing the more expensive battery electric vehicles Passenger and SUV's where fit for purpose.

With the introduction of the two new Territory Office Blocks (City and Dickson) with multiple Directorates/Agencies sharing one site it is envisaged the Territory's fleet size will decrease as agencies start to pool fleet vehicles in future years.

Financial Year	Total Spend
FY20/21	\$21,375,704.79
FY19/20	\$19,158,032.43
FY18/19	\$18,441,503.41
FY17/18	\$18,232,645.96
<u>Total</u>	<u>\$77,207,886.59</u>

A breakdown by Directorate per financial year:

Total Fleet Spend FY20/21	Sum of Total Fleet Costs (ex GST)
Canberra Glassworks	\$ 720.04
ACT Audit Office	\$ 19,967.44
Canberra Institute of Technology (CIT)	\$ 139,829.78
Chief Minister, Treasury & Economic Development Directorate	\$ 2,216,303.40
Community Services Directorate	\$ 699,108.12
Cultural Facilities Corporation	\$ 15,802.70
Education Directorate	\$ 638,979.07
Environment, Planning and Sustainability Directorate	\$ 1,970,326.95
Health Directorate	\$ 217,674.78
Integrity Commission	\$ 22,282.17
Justice & Community Safety Directorate	\$ 1,268,024.32
Legislative Assembly	\$ 27,474.65
Long Service Leave Authority	\$ 7,833.96
Suburban Land Authority	\$ 108,314.65
Transport Canberra and City Services Directorate	\$ 11,220,381.00
Canberra Health Services	\$ 2,626,519.83
Major Projects Canberra	\$ 62,606.23
Office of the Work Health and Safety Commissioner	\$ 113,555.70
Grand Total	\$ 21,375,704.79

Total Fleet Spend FY19/20	Sum of Total Fleet Costs (ex GST)
Audit Office	\$ 19,947.05
Canberra Institute of Technology (CIT)	\$ 145,331.16
Chief Minister, Treasury & Economic Development Directorate	\$ 2,442,025.25
Community Services Directorate	\$ 688,430.45
Cultural Facilities Corporation	\$ 31,555.64
Education Directorate	\$ 490,348.48
Environment, Planning and Sustainability Directorate	\$ 2,082,329.34
Health Directorate	\$ 85,811.51
Integrity Commission	\$ 3,791.50
Justice & Community Safety Directorate	\$ 1,367,289.15
Legislative Assembly	\$ 38,331.12
Long Service Leave Authority	\$ 8,282.56
Suburban Land Agency	\$ 118,301.23
Transport Canberra and City Services Directorate	\$ 8,785,884.48
Canberra Health Services	\$ 2,806,683.16
Major Projects Canberra	\$ 43,690.35
Grand Total	\$ 19,158,032.43
Total Fleet Spend FY18/19	Sum of Total Fleet Costs (ex GST)
Audit Office	\$ 8,896.86
Canberra Institute of Technology (CIT)	\$ 104,545.61
Chief Minister, Treasury & Economic Development Directorate	\$ 2,349,469.93
Community Services Directorate	\$ 724,456.21

Cultural Facilities Corporation	\$	32,493.98
Education Directorate	\$	452,981.92
Environment, Planning & Sustainability Directorate	\$	1,801,091.12
Justice & Community Safety Directorate	\$	1,246,508.88
Legislative Assembly	\$	20,611.49
Long Service Leave Authority	\$	7,833.96
Suburban Land Agency	\$	84,466.88
Transport Canberra and City Services Directorate	\$	8,486,953.35
Canberra Health Services	\$	3,121,193.22
Grand Total	\$	18,441,503.41

Total Fleet Spend FY17/18	Sum of Total Fleet Costs (ex GST)	
Legal Aid Commission	\$	2,073.99
Audit Office	\$	10,238.25
Chief Minister, Treasury & Economic Development Directorate	\$	2,339,019.90
Community Services Directorate	\$	758,627.21
Cultural Facilities Corporation	\$	45,343.82
Education & Training Directorate	\$	424,782.23
Environment, Planning and Sustainability Directorate	\$	1,826,504.04
Justice & Community Safety Directorate	\$	1,127,702.27
Legislative Assembly	\$	11,827.03
Long Service Leave Authority	\$	5,922.42
Suburban Land Agency	\$	36,819.22
Transport Canberra and City Services	\$	8,670,981.79
Canberra Health Services	\$	2,972,803.79
Grand Total	\$	18,232,645.96

6.3. Compulsory Third Party insurance (CTP) Green Slip Rebates

The Territory, under the terms of the FSC are credited financial rebates on CTP and Green Slip through a quarterly revenue stream with deposits invoiced and directly deposited in favour of the Territory. These rebates have amounted to \$31,758.81 over the past 4 years to September 2021.

Period	2018	2019	2020	2021(YTD)
CTP Rebates	\$8,431.58	\$9,724.99	\$9,024.68	\$4,577.56
Total Revenue				\$31,758.81

6.4. Volkswagen (VW) Class Action Rebate

The Territory joined the Maurice Blackburn Lawyers Volkswagen (VW) Group Class Action as a Fleet Operator for the purposes of the court approved Settlement Scheme. The Territory's eligibility to receive payments in respect of certain vehicles affected by the VW diesel emissions issue.

The settlement payment amounts were calculated in accordance with a methodology approved by the Federal Court of Australia, indicating the Territory was not entitled to seek a review of the amounts of our settlement payments or by the way they were calculated.

Description	Single Payment Amount
VW Class Action Settlement Schedule 2020 – Single Payment received February 2021 in favor of the Territory.	\$33,174.78

7. Consultation

Consultation and market research with industry and other jurisdictions were conducted during the due diligence process, with parties and stakeholders including state, subject matter experts and contract users. These consultations provided an expansive overview of the Fleet Vehicle Leasing/Buying and Management market and the procurement models used by other states has allowed the Fleet Team to identify options for the Territory.

Consultations were also had with the Environment, Planning and Sustainable Development Directorate (EPSDD), with their Net Zero Policy team to understand the Territory’s objectives surrounding sustainable energy and its pathway to Net Zero Emissions. EPSDD has significant influence in this space driving the Zero Emissions Electric Vehicle messaging to Directorate Fleet Managers and all Stakeholders.

7.1. Fleet Manager Business Improvement Group (FMBIG)

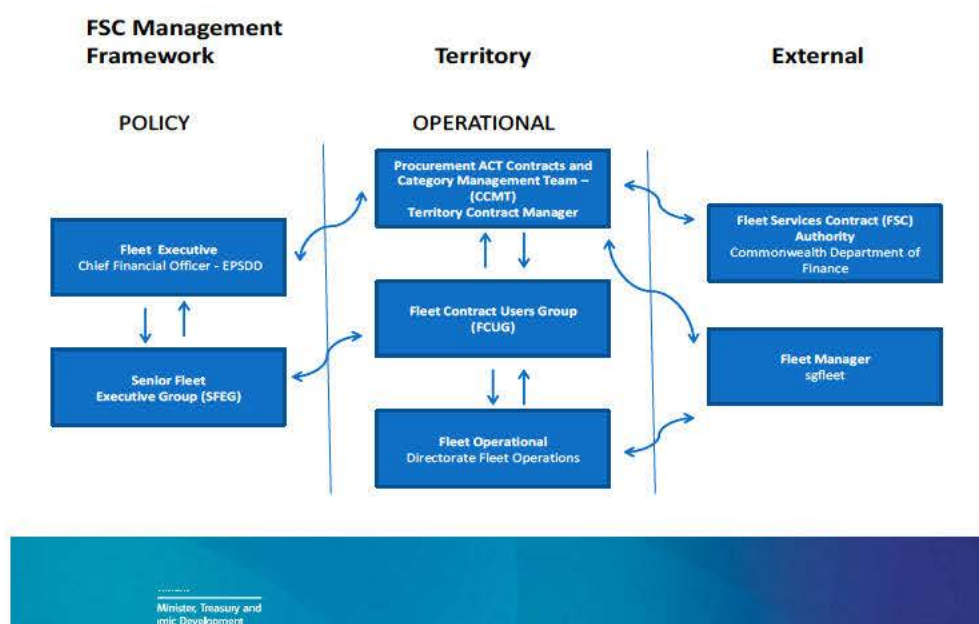
The Territory are members of the Fleet Manager Business Improvement Group and has regular ongoing conversations with the Group to discuss market trends, innovation, environmental considerations, COVID-19 implications, Zero Emissions electric vehicle availabilities and other related topics. The Territory is in a particularly unique situation in terms of geography however, these consultations are vital in maintaining connections with other states and being aware of any opt-in arrangements possible for the Territory. As a member of this group the CCMT have been able to provide a summary of every State and Territory fleet services arrangements which is set out below.

7.2. Senior Fleet Executive Group (SFEG)

The SFEG is made up of Senior Executives from each Directorate and advises on policy applying to fleet.

FLEET GOVERNANCE

The diagram below summarises governance arrangements applying to Fleet and Fuel.



SFEG members have the following responsibilities:

Considering Fleet strategy, policy and project proposals, proposed by the Fleet Contract Users Group (FCUG) and sgfleet through the CCMT;

- Initiating SFEG strategy, policy and project proposals to the Fleet Policy Executive for consideration and approval.
- Recommending fleet strategy, policy and projects to the Fleet Policy Executive for consideration and approval.
- Being advocates for approved fleet initiatives and projects in their home Directorate and in other forums to both represent the interest of their stakeholder groups and the Territory.
- Monitoring progress of approved Fleet initiatives and projects.

7.3. Fleet Contract Users Group (FCUG)

The Fleet Contract Users Group (FCUG) comprises of Territory's Agency and Directorate fleet personnel and provides feedback to Senior Executives and Procurement ACT CCMT on fleet ordering and management under the FSC. The CCMT is the Territory Fleet Contract Manager, and Commonwealth Finance fulfils the role of Contract Authority on the FSC. The Fleet Manager (also referred to as the fleet services provider) under the FSC, and therefore fleet provider to the Territory, is sgfleet.

The FCUG fleet operations personnel undertaking vehicle ordering and maintenance tasks and provides feedback to Senior Executives and the CCMT on fleet ordering and management under the FSC. The FCUG is co-ordinated by the CCMT.

Fleet Contract Users Group (FCUG)	Fleet Operations	Consulted on sgfleet analysis of scope for vehicle optimisation. Assists in identifying scope for efficiencies involving vehicle disposal and sharing. Makes recommendations to the SFEG.
sgfleet	Fleet Manager (Provider)	Provides contractually specific vehicle fleet management and expert industry advice. Makes recommendations on fleet optimisation. Provides up-to-date, accurate and accessible fleet management data. Manages operational issues relating to ordering, delivery, maintenance and return of vehicles.
Contracts and Category Management Team, Procurement ACT	Fleet Contract and Category Director	Identifies scope for Territory vehicle optimisation in consultation with sgfleet based upon utilisation levels.
Contracts and Category Management Team Procurement ACT	Fleet Contract Manager – Assistant Director	Liaises with sgfleet to implement vehicle optimisation process as approved.

7.4. Industry and Market Research

There have been several impacts on the fleet industry within the past 18-24 months, primarily COVID-19 related and that of electric vehicles. But to summarise, there are significant disruptions to supply across the manufacturing industry and various components that impact vehicle lead times. The industry is seeing significant increases in the used car market as the supply for new vehicles becomes restricted. The economy dipped significantly but recovered very quickly in 2020, the Territory saw record monthly falls and subsequent rises in the new vehicle market throughout 2020.

Demand is remaining at normal levels, but large sectors of the economy are still undergoing stress and uncertainty. Sgfleet report operating lease numbers which are now sitting at pre COVID-19 levels, impact of supply delays being felt. Typically, an AGF approval expiry aligns to a window which allows for “normal” order to delivery timeframes. Isuzu Australia perfectly highlighted the uncertainty in the market... *“With uncertainty surrounding component supply, they are unable to confirm production until the very last moment, with resulting lead times being almost impossible to accurately provide at this stage.”*

To date there is no way to accurately determine the lead time for vehicles as motor vehicle parts manufacturers parts supply worldwide including lithium batteries for EV's supply has been interrupted and, in some cases, has ceased manufacturing due to raw material unavailability's. However, sgfleet has, for many years been taking the approach of actioning for replacements at least 9 months in advance of the contract any Government leased vehicle expiry date in order not to experience lengthy delays in motor vehicle deliveries pre COVID-19 Pandemic.

When such actions are taken it provides a greater degree of certainty in meeting expected changeover dates and minimises additional costs and helps create greater budget certainty. Ultimately, COVID-19 presents both a challenge and an opportunity for Government and Commercial fleets. With sufficient organisation and planning, fleets can continue to changeover as per usual and will benefit from record returns on their used vehicle sales whilst upgrading to ever safer and more efficient vehicles.

In March 2020, sgfleet had major concerns with emergence of COVID-19 Health Pandemic escalating quickly and by the end of that month, lockdowns were enforced in all geographical locations across Australia and multi motor vehicle manufacturers across the world. sgfleet immediately activated its business continuity plan and, thanks to this rapid response teams, we were able to maintain service levels throughout. All necessary precautions were adopted a very careful approach to costs, sourcing, expenditure, and workload management, sgfleet did not face cashflow pressure at any stage. This approach was driven by corporate and novated operating lease customers opting not to enter into a new lease, with efforts to properly manage the volume of returning vehicles in a difficult residual value environment, as well as our restricted ability to deliver new vehicles.

The Territory utilised the sgfleet online in-house disposal tender process set-up to avoid the main issues associated with using external auction houses, which stopped operating for some time due to COVID-19 Lockdown responsibilities. The Territory together with sgfleet exercised some innovative methods to make good use of returned vehicles, for example by offering them packaged as mini-leases should directorates or agencies require short-term cover leases. Overall, disposal volumes were down by about 35% for the full fourth quarter period, but by June, volumes were up slightly on the same month last year.

On 2nd September 2021 sgfleet announced the acquisition of LeasePlan ANZ businesses bringing together two significant motor vehicle lease and management providers across the two countries with some 250,000 vehicles under vehicle management. The acquisition creates a \$2.5billion company with a highly regarded fleet management and leasing offering.

The tables provided an overview of sales across each segment. Of interest is the level of BEV and PHEV sales year to date with June accounting for 0.9% of the Passenger and SUV sales.

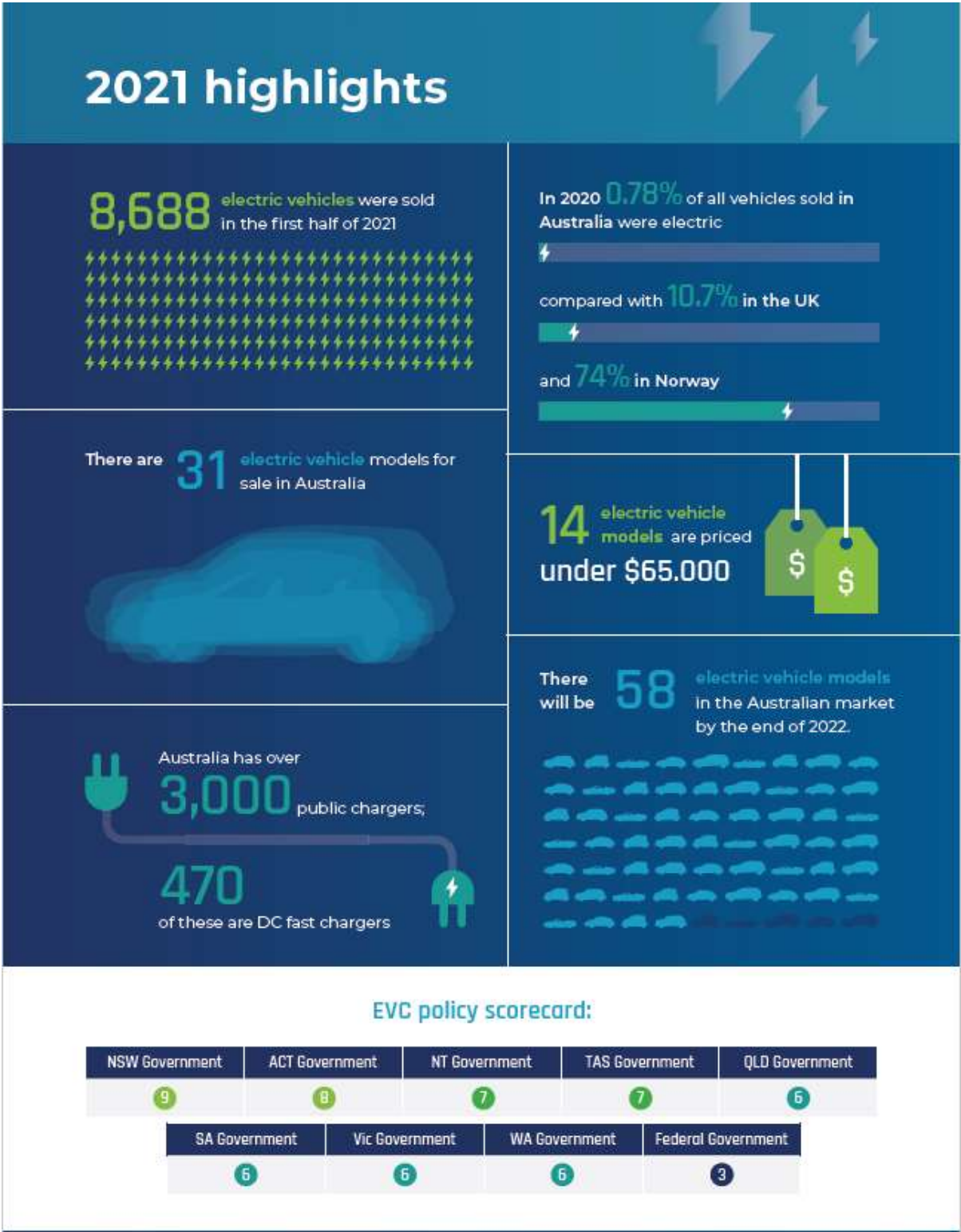
National	JUNE 2021							
	Month		YTD		Variance +/- Vol. & %			
Total Market	2021	2020	2021	2020	MTH	YTD	MTH	YTD
Passenger								
Diesel	559	532	4,046	2,898	27	1,148	5.1%	39.6%
Electric	161	90	858	415	71	443	78.9%	106.7%
Hybrid	2,020	2,337	14,071	11,836	-317	2,235	-13.6%	18.9%
Hydrogen	0	0	7	0	0	7	-	-
Petrol	20,575	22,038	101,601	97,661	-1,463	3,940	-6.6%	4.0%
PHEV	46	46	204	177	0	27	0.0%	15.3%
SUV								
Diesel	11,339	11,752	59,017	45,652	-413	13,365	-3.5%	29.3%
Electric	354	86	1,330	343	268	987	311.6%	287.8%
Hybrid	3,822	1,905	22,587	11,396	1,917	11,191	100.6%	98.2%
Hydrogen	0	0	20	0	0	20	-	-
Petrol	37,974	38,019	208,252	154,444	-45	53,808	-0.1%	34.8%
PHEV	272	162	1,236	578	110	658	67.9%	113.8%
Light Commercial								
Diesel	26,387	25,818	124,084	92,685	569	31,399	2.2%	33.9%
Electric	11	0	29	13	11	16	-	123.1%
Petrol	2,152	2,827	9,394	7,916	-675	1,478	-23.9%	18.7%
Heavy Commercial	4,992	4,622	20,732	16,401	370	4,331	8.0%	26.4%
Total	110,664	110,234	567,468	442,415	430	125,053	0.4%	28.3%
Passenger, SUV, Light Commercial								
Diesel	38,285	38,102	187,147	141,235	183	45,912	0.5%	32.5%
Electric	526	176	2,217	771	350	1,446	198.9%	187.5%
Hybrid	5,842	4,242	36,658	23,232	1,600	13,426	37.7%	57.8%
Hydrogen	0	0	27	0	0	27	-	-
Petrol	60,701	62,884	319,247	260,021	-2,183	59,226	-3.5%	22.8%
PHEV	318	208	1,440	755	110	685	52.9%	90.7%

Heavy Commercial	4,992	4,622	20,732	16,401	370	4,331	8.0%	26.4%
Total	110,664	110,234	567,468	442,415	430	125,053	0.4%	28.3%

NEW VEHICLE SALES BY SEGMENT AND MODEL										
National										
JUNE 2021										
Hyundai Ioniq	52	0.5%	46	0.4%	215	0.4%	275	0.5%	13.0%	-21.8%
Toyota Prius V	27	0.3%	18	0.1%	124	0.2%	164	0.3%	50.0%	-24.4%
Volkswagen Golf	219	2.1%	1,407	11.3%	585	1.1%	5,901	10.5%	-84.4%	-90.1%
Total Small < \$40K	10,293	9.3%	12,451	11.3%	53,346	9.4%	56,300	12.7%	-17.3%	-5.2%
Small > \$40K	Volume	Share	Volume	Share	Volume	Share	Volume	Share		
Nissan Leaf	48	3.5%	47	2.2%	239	4.0%	176	2.5%	2.1%	35.8%
Total Small > \$40K	1,381	1.2%	2,143	1.9%	5,948	1.0%	7,178	1.6%	-35.6%	-17.1%
Total Small	11,674	10.5%	14,594	13.2%	59,294	10.4%	63,478	14.3%	-20.0%	-6.6%
Total Sports > \$200K	111	0.1%	104	0.1%	570	0.1%	616	0.1%	6.7%	-7.5%
Total Sports	1,215	1.1%	1,331	1.2%	5,940	1.0%	5,420	1.2%	-8.7%	9.6%
Total Passenger < \$	18,929	17.1%	19,607	17.8%	100,852	17.8%	94,503	21.4%	-3.5%	6.7%
Total Passenger > \$	4,432	4.0%	5,436	4.9%	19,935	3.5%	18,484	4.2%	-18.5%	7.9%
Total Passenger	23,361	21.1%	25,043	22.7%	120,787	21.3%	112,987	25.5%	-6.7%	6.9%

7.5. Electric Vehicles

Provided below is a snapshot of the 2021 EV highlights provided by the EV Council of Australia.



From this we can see that Australia has been slow to adopt to EV technology but as seen from the Territory’s Zero Emission and Parliamentary & Governing Agreement (PAGA) policy commitments, the Territory is committed to 100% EV replacements of passenger vehicles where fit for purpose.

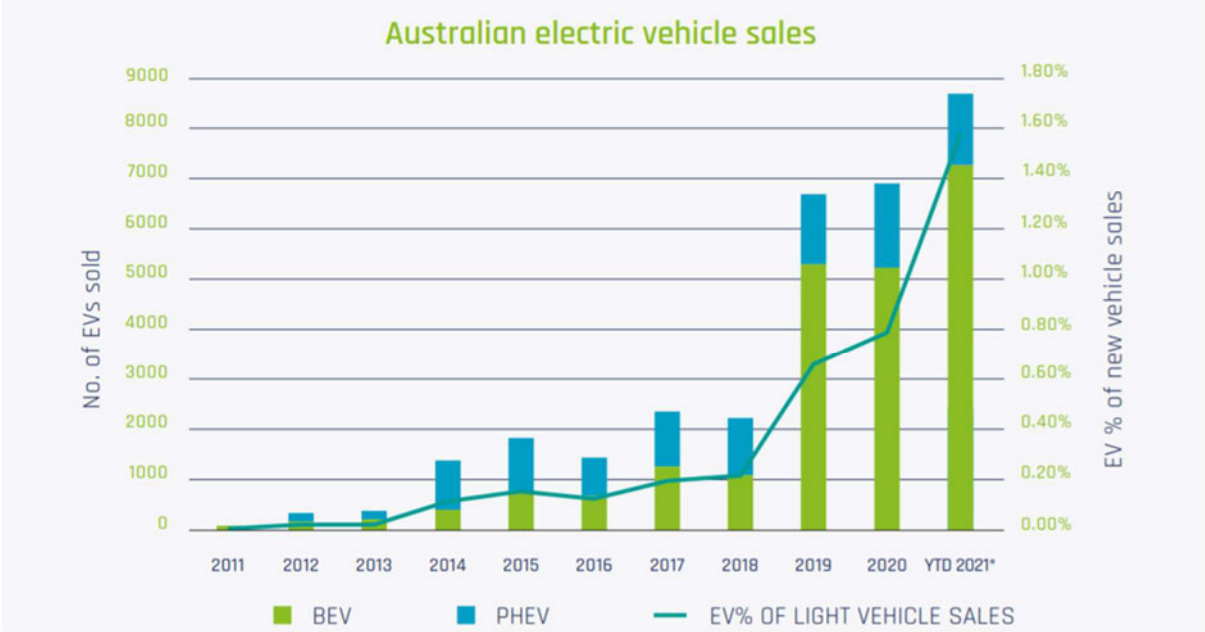
So far in 2021, 8,688 electric vehicles have been sold in Australia, representing 1.57% of the total light vehicle market. Despite growth of electric vehicle sales, Australia still sits significantly behind the rest of the world when it comes to electric vehicle adoption. In Norway, the world’s leading electric vehicle adopter, three-quarters of all light vehicles sold in 2020 were electric. Australia is also well behind the UK (10.7%), China (6.2%) and the United States (2.3%).

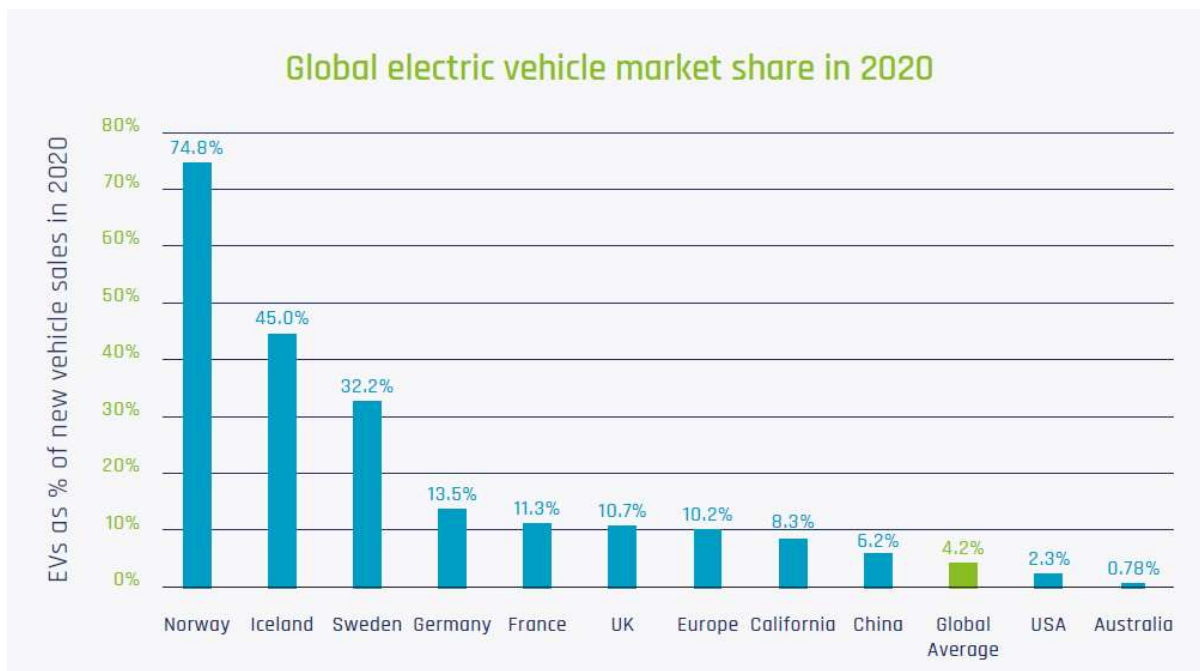
Globally, electric vehicles represented 4.2% of light vehicle sales, up from 2.5% in 2019. This demonstrates the strength and direction of the automotive market towards electrification.

Electric vehicle sales

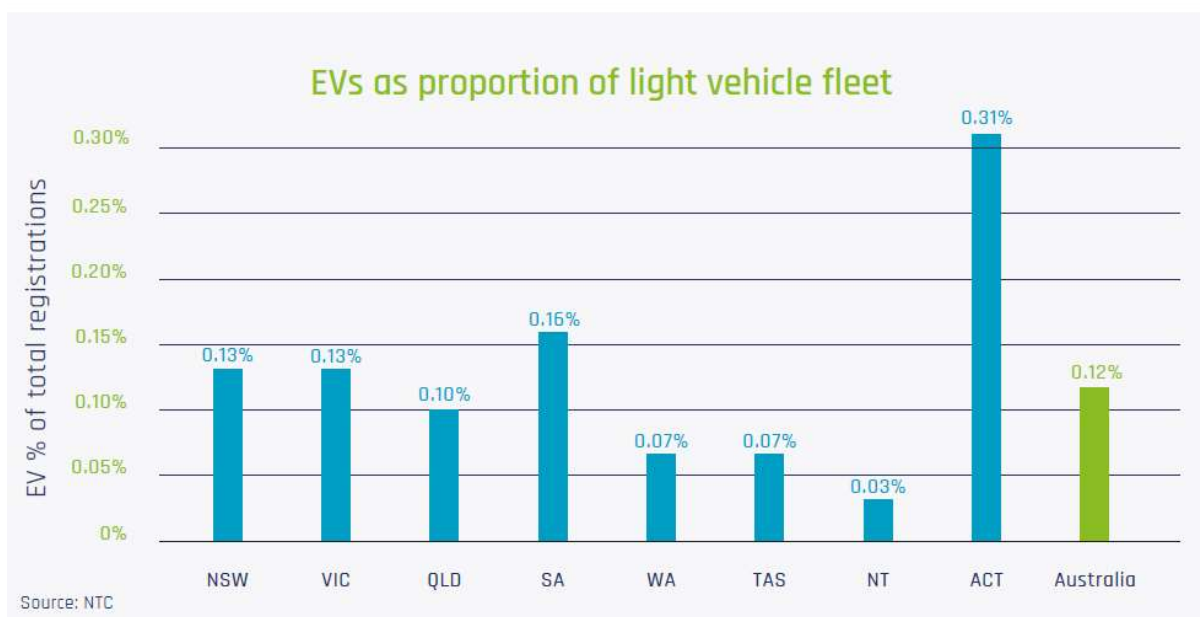
Australian electric vehicle sales are displaying resilience and growth despite a marked decrease in overall vehicle sales.

In 2020, 6,900 electric vehicles¹ were sold in Australia representing 0.78% of all new light vehicle sales, up from 6,718 electric vehicles sold (0.65%) in 2019. The majority of these sales (76%) were Battery Electric Vehicles (BEVs), with Plug-in Hybrid Electric Vehicles (PHEVs) representing just under one-quarter of sales. Meanwhile, overall light vehicle sales fell to 920,414 vehicles in 2020, down from 1,063,000 vehicles sold in 2019.²





Even with recent annual growth in electric vehicle sales in Australia, only 0.12% of Australia’s light vehicle fleet is electric. While NSW and Victoria are home to the majority of Australia’s electric vehicles, ACT leads the nation on a per vehicle basis with 0.31% electric vehicle fleet penetration followed by South Australia at 0.16%.



With additional models – some at lower price points – expected in the coming years, electric vehicle sales and market share will continue to increase.

Most carmakers around the world have now made firm public commitments to electrification, including publicly pledging billions of dollars in investment towards electric vehicles over the next few years alone. Several carmakers have now set timelines to become 100% electric: Jaguar Land Rover (2025), Volvo (2030), Mazda (2030), Ford in Europe (2030), Nissan (early 2030s), GM (2035), Daimler (2039), and Honda (2040).

Other carmakers have committed to electric vehicle model targets. By 2025, Audi will have 30 electric vehicle models available, Hyundai will have 23 models, Groupe Renault will have 24 models, and GM will have 30 models. The Volkswagen Group will have 70 new electric models available by 2028.

The Territory's transition to Zero Emissions Vehicles Action Plan 2018-21 commits it to transitioning to a zero emissions passenger vehicle fleet, where fit for purpose. As defined in the Action Plan, a zero emissions vehicle is:

1. A battery electric vehicle - fuelled solely by electricity and does not use any conventional fuels.
2. A plug-in hybrid an electric vehicle (also known as a range-extended vehicle) - fuelled by electricity as well as having either a petrol or diesel tank to extend the range of the vehicle for long trips.
3. These vehicles can be run either on electricity or fuel but are considered to be Zero Emissions Vehicles as it is most likely that the vehicle will be run on electricity for the majority of trips (due to lower cost for charging than re-fuelling).
4. A Fuel Cell Electric vehicle uses a fuel cell to power an electric motor. Fuel cells use oxygen from the air and compressed hydrogen as fuel. Hydrogen that is created using renewable electricity is a zero-emissions fuel source.
5. A battery electric vehicle is the preferred choice of Zero Emissions vehicle, as it has no tailpipe emissions.
6. A Plug-in Hybrid Electric Vehicle (PHEV) is the least preferred choice of zero emissions vehicle. However, in some circumstances the lease of a PHEV may be appropriate. Examples may include:
 - A large vehicle capable of carrying more equipment and/or passengers than a smaller battery electric vehicle is required (e.g. Mitsubishi Outlander PHEV);
 - No charging stations can be installed by the time the vehicle arrives in the fleet due to issue such as re-location of offices, or lack of secure parking etc;
 - Occasional or regular trips into regions of the ACT or Australia, where there is a lack of charging infrastructure.
 - Supply chain issues – for instance, if due to a pandemic/force majeure event beyond the Territory's control, there is a lack of available affordable battery electric vehicle models for the Australian market, whilst there are more affordable PHEV models still available for reliable quick delivery to the ACT.

7.6. Passenger electric vehicle model availability

Australians now have access to 31 passenger electric vehicle models from 12 different carmakers, compared to 28 models available in July 2020. Four since last year, six more models under \$65,000 have been launched, bringing the total to fourteen. Carmakers continue to supply Australia with more plug-in hybrid vehicle models (17) than battery electric vehicle models (14).

The largest vehicle segment is the SUV, which reflects internal combustion engine vehicle purchasing behaviour in Australia. While the supply of new models to market has not shifted significantly in the last twelve months, carmakers are now confirming the upcoming supply of new electric vehicle models into the Australian market.

It is therefore expected that by the end of 2022, Australians will have access to 27 additional electric vehicle models, with a predicted 20 battery electric vehicles and seven plug-in hybrid vehicles entering the market. This will see an expected total of 58 passenger electric vehicle models available in Australia.

7.7. Electric buses

Electric bus model availability has increased over the last 12 months alongside supportive procurement commitments from state governments. There are now six electric buses on the market from BCI Bus, BusTech Group, Custom Denning, Nexport BYD Gemilang, Nexport BYD Volgren, and Yutong. Increased interest from state governments has had a particularly positive impact on the domestic electric bus industry given that procurement processes tend to preference Australian-made and assembled vehicles.

Volvo has recently delivered its first ever electric buses into Australia – four e-buses with 2.5m-wide Australian manufactured Volgren bodies. The Volvo electric buses will be integrated into the existing Western Australia Public Transport Authority (PTA).



The Territory has made its first move towards having 90 electric buses on Canberra roads, releasing a request for tender to the market for the supply of both the buses and supporting infrastructure. This procurement is currently underway at the time of writing this report. The Territory expects the first batch of all-electric buses will commence operation in the 2023-24 financial year.

The Territory has invited proposals from a range of potential service providers, including bus manufacturers through to the construction industry, with plans to establish new electric bus hubs that will host servicing and charging infrastructure, and a new bus depot in the north of Canberra.

7.8. Commercial electric vehicles

Increasing demand from the freight and logistics sectors for light and heavy electric vehicle models over the last twelve months has highlighted the need for coordinated national policy to encourage truck manufacturers to allocate volume to our market. Despite rising demand, supply in the Australian market remains limited.

Currently, Renault supplies the Kangoo, a light commercial van, while SEA Electric supplies a range of products including a van and minibus as well as specialised vehicles and multiple truck-cab chassis. The Volvo Group also has medium duty models available and in service. In the next two years, we expect to see models from ACE-EV, Fuso, Electric Trucks (Nexport/TrueGreen Mobility), EV Automotive, JAC Motors, Janus Electric, SAIC Motor and The Volvo Group.



Australian Company SEA Electric founded in 2012, with a proprietary electric power-system technology (known as SEA-Drive) for the world's urban delivery and distribution fleets. With global headquarters in Los Angeles, SEA Electric currently has operations in five countries and more than one million miles of independent OEM testing and in-service operation in all markets.

SEA Electric plans to accelerate its global sales efforts and further utilize its proprietary Sea-Drive 120b battery power system, while strengthening the delivery and distribution transportation segment for vehicles that operate in urban and metropolitan areas in Australia and internationally.

The Territory is currently trialling an SEA Electric Pantech truck through TCCSD with a view of integration of EV trucks into the Territory Fleet. Sea Electric are currently manufacturing a prototype Garbage Truck for use in Australian council areas (Blacktown City Council) and State and Territory Government applications. The Territory has also shown interest in this market segment.



Blacktown City Council – Sea Electric Garbage Truck

SEA Electric currently partners with commercial vehicle OEMs, namely in Australia HINO using the Hino truck body chassis and cabins to house their EV power plant. HINO dealers throughout Australia, operators and upfitters to deliver a new range of zero-emissions trucks and is on schedule to deliver more than 1,000 electric commercial vehicles this year. The company forecast is to have more than 15,000 vehicles on the road by the end of 2023. The SEA Electric power systems are also adaptable to a growing list of commercial trucks, cargo vans, and more including Toyota Hi-Ace, Ford Sprinter & Transit Vans and Freightliner, Isuzu, Iveco truck ranges.

7.9. EV Infrastructure

Public charging infrastructure is vital to supporting existing electric vehicles while encouraging future adoption. There are now over 3,000 public chargers installed across Australia at over 1,650 locations. Of these chargers, 470 are DC fast or ultra-fast chargers (50 kW and over), which have been installed at almost 250 locations.

	ACT		NSW		NT		QLD		SA	
	DC Fast	Standard	DC Fast	Standard	DC Fast	Standard	DC Fast	Standard	DC Fast	Standard
No. of sites	5	28	78	426	2	14	57	234	14	144
No. of chargers	10	48	181	836	2	28	84	402	27	256
	TAS		VIC		WA		National			
	DC Fast	Standard	DC Fast	Standard	DC Fast	Standard	DC Fast	Standard		
No. of sites	16	63	46	316	26	184	244	1409		
No. of chargers	18	82	115	607	33	272	470	2531		

In the last 12 months, there has been a significant increase in the rollout of public chargers. The number of DC fast or ultra-fast chargers installed has increased by 24% while the number of public standard chargers has increased by 23%.

With additional government and private investment in public charging already committed, it is expected that this growth will continue, at least in the short-term. Many state governments as well as the Federal Government have committed significant funds for co-investing with the private sector to build more fast chargers. The biggest barrier to sustained investment in public charging infrastructure is the low uptake of electric vehicles in Australia. Without higher utilisation of public charging infrastructure, the business case for continuing investment in public charging infrastructure will diminish.

Currently, across Australia there are 7.21 electric vehicles for every installed public charger. While this national average does not illustrate utilisation rates of public charging infrastructure, it does provide some insight into the commercial realities facing the public charging operators without significant electric vehicle sales growth.

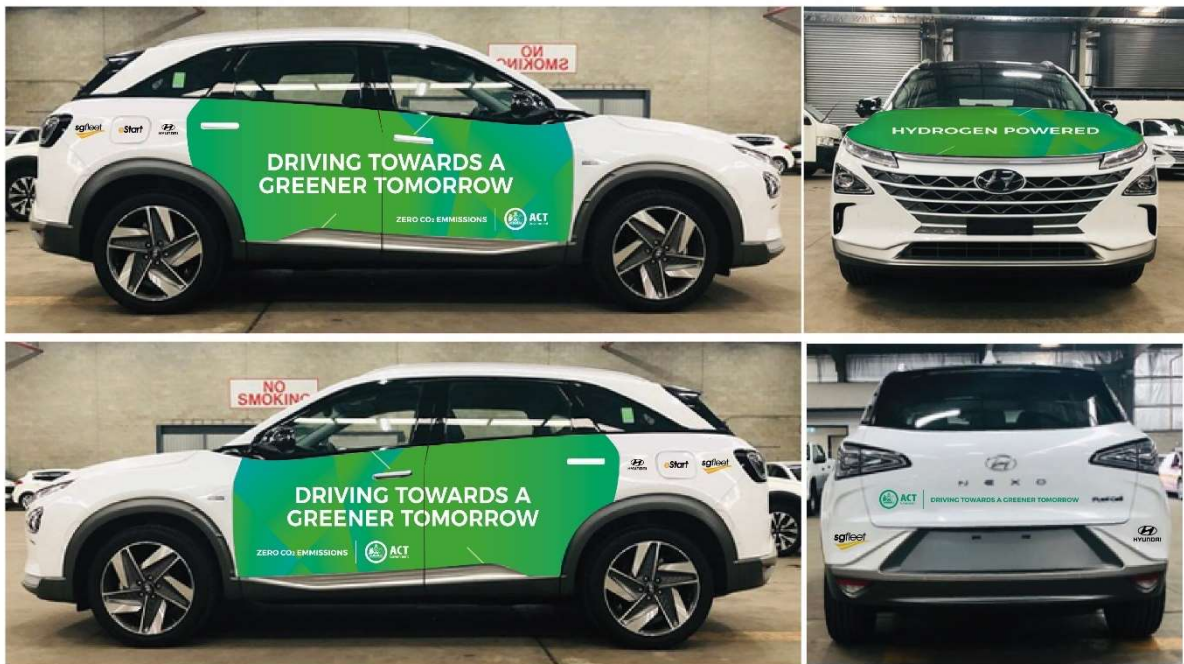
The Territory has traditionally been a national leader in progressive electric vehicle policy and has continued to complement these efforts over the past 12 months. Financial incentives through tax rebates have been complemented by two years free registration and a \$15,000 interest free loan. The Territory continues to work towards its government fleet procurement targets and has signalled it may revise its bus electrification targets, bringing them forward in line with NSW.

While it similarly does not have a mandated target or fleet regulations, its continued efforts to improve transport electrification demonstrate a strong willingness and even enthusiasm to support and accelerate the shift to electric vehicles.

7.10. Hydrogen based vehicles

As the name suggests hydrogen fuel cell electric vehicles (FCEVs) are electric vehicles. In the fuel cell hydrogen is turned into electrical energy, by reaction with oxygen from the air, which creates water and electricity. Hydrogen fuel, 'Green' hydrogen is produced using renewable energy, for example using renewably sourced electricity to convert water into its components, oxygen and hydrogen.

The Territory, partnering with Hyundai Australia has integrated twenty Hyundai NEXO Hydrogen Fuel Cell Electric Vehicles into our Fleet on a three-year loan program. Through a Reverse Auction Tender with EPSDD the Hyundai NEXO Loan Vehicle arrangement was initiated and provides at no cost to Territory Directorates & Agencies 20 x Hydrogen Fuel Cell EV's integrated into the Territory's Fleet.



An additional benefit of the Loan Program is the supply of Hydrogen fuel for the 20 strong Hyundai NEXO Fleet for the first twelve months of the Loan Program. For years 2 & 3 of the NEXO Loan Program Territory Directorates and Agencies will be responsible for the cost of the Hydrogen to power the fuel cell electric vehicles. The NEXO's have a 5.5kilo capacity fuel tank with an estimated 2021 cost to power the vehicles being \$15.50 per kilo. For budgetary purposes moving forward Directorates/Agencies should include an estimated cost of \$85.25 plus GST within budget bids per tank. The NEXO's have a 666km driving range on a full tank of Hydrogen fuel.

Hydrogen fuel generated in 2021 by Canberra's 100% renewable energy sourced electricity, have made hydrogen vehicles in the Territory a true zero emissions vehicle. Canberra is the first Australian city to pilot a publicly available hydrogen refuelling station. The station, located in Fyshwick, is accessible when capacity to service the public is available.

7.11. Jurisdictional Analysis

Consultation with other state and Territory fleet managers has provided the below overview on current fleet services contracts across Australia.

Note: ACT Fleet numbers do not include heavy and plant vehicle such as mowers etc.

Jurisdiction:	Weston Australia	ACT	Australian Government Fleet	New South Wales	Northern Territory	Queensland	South Australia	Tasmania	Victoria
Entity Name:	State Fleet	Territory (under the AGF Arrangement)	Australian Government Fleet (AGF)	NSW Procurement	NT Fleet	QFleet	Fleet SA	Department of Treasury and Finance	VicFleet
Parent Agency	Department of Finance	Department of Finance, Commonwealth	Department of Finance	NSW Treasury	Department of Corporate & Digital Development	Department Housing & Public Works	Department Treasury & Finance	Department of Treasury and Finance	Department of Treasury and Finance
Count - Passenger	3,100	438	2,899	8,002	986	3,300	2,195	1875	4700
Count - SUV	3,129	155	3,780	4,621	588	3,314	2,542	Report does not currently split out included in passenger	3976
Count - Other Light Commercial	2,478	496	3,596	6,787	1,105	3,704	1,960	638	2671
BEV Count	11	46	15	44	1	48	9	4	4
FCEV Count	0	20		0	0	0	0	0	0
HEV Count	370	38	1,739	3,328	90	1,805	1,701	266	2004
PHEV Count	1	32	7	33	4	30	39	8	42
Total Fleet Count	9,089	809	12,036	23,230	2,867	12,201	8,446	2,791	10,702
EV Targets	Ramping up to 25% of eligible fleet replaced with BEV or PHEV by 2025	100% of all Territory new passenger fleet vehicle leases must be either pure electric, hydrogen, plug in hybrids or PHEVs where fit for purpose was effective 1 July 2020.		Annual procured passenger vehicles to be 30% EV's (Hybrid, PHEV, BEV, Hydrogen) by 2023 with at least 10% to be BEV's. 50% passenger vehicle procurement to be fully electric by 2026, 100% by 2030.	Cabinet decision pending.	144 EV by 31 December 2021 288 EV by 31 December 2022	5% EV by 2025 (of SUV and passenger fleet) 60% LEV by 2025 (of total fleet)	Transition Government Fleet to 100% electric by 2030. Press release dated 12 November 2020	400 EV by 2023 20% EV's in the Government fleet by 2025
Fleet Management - in-house / outsourced / agency discretion	Outsourced	Outsourced	Outsourced	Outsourced	In house	In house	Fleet Manager	Outsourced	In house
Fleet Management Provider	Fleetcare	SG Fleet	SG Fleet	sgfleet / SmartFleet	n/a	n/a	LeasePlan	LeasePlan Australia	n/a
Vehicle Disposal / Remarketing Provider	Pickles	SG Fleet using themselves / Pickles and Manhiems	SG Fleet using themselves / Pickles and Manhiems	Pickles for Statefleet run off / Lessor Funded excluded	Pickles	Manheim	Pickles	LeasePlan Australia/ Pickles	Pickles

Fleet Ownership / Funding - in-house / outsourced / agency discretion	State Fleet	Leased is Outsourced - CBA Owned is in-house by Agency	Leased is Outsourced - CBA Owned is in-house by Agency	Outsourced	In house	In house	In house	Department of Treasury and Finance	Department of Treasury and Finance
Fleet Leasing provider/s	State Fleet	SG Fleet	SG Fleet	Alphabet, FleetPartners, Interleasing, LeasePlan, CustomFleet, Toyota Fleet Services	n/a	n/a	n/a	n/a	n/a
Operating or Finance Leases	Operating	Operating	Operating	Operating	Operating	Operating	Operating	N/A Usage agreement	Finance
Contract Start Date	1 July 2018			1 June 2021	Not applicable	Not applicable	August 2019	1 May 2019	Not applicable
Contract End date	30 June 2023	31 July 2022	31 January 2023	30 June 2026	Not applicable	Not applicable	August 2024	30 April 2022	Not applicable
Contract Extension Options	2 remaining 2-year extension options	1 x 1-year optional extensions	1 x 6-month optional extension (2023)	1 x 2-year optional extension (2028) + 1 x 1-year optional extension (2029)	Not applicable	Not applicable	1 x 5-year option	2 x 3-year optional extensions	Not applicable

Further consultation occurred with NSW (both state and Local Government Procurement) and the AGF as these entities were deemed similar in size and therefore further consideration around each arrangement is provided below:

7.12. Local Government Procurement (LGP)

The NSW Local Government Services Network – Local Government Procurement a private company not as the name suggests a Government Agency intend approaching the market in 2022 with a view to provide NSW Councils a panel of preferred suppliers arrangement with indicative pricing only. This is expected to be implemented by mid-2022.

Their approach is more localised, doing business with local vehicle dealerships and not vehicle manufacturers. Territory Directorate Fleet Managers would be required to negotiate on every individual lease/purchase as quantity discounts with local vehicle dealerships would apply. This would also impact residual values in that these will vary based on the time of the purchase by the agency.

This arrangement will have an EV focus as well as an EV infrastructure panel component. Discussion with LGP around the Territory's involvement has been discussion as well as input sought from EPSDD on the infrastructure aspects. EPSDD have setup their own infrastructure panel and therefore would not benefit from this arrangement. There is potential to further investigate the outcomes of this arrangement closer to their execution date as it aligns with the Territory's procurement process.

7.13. Australian Government Fleet (AGF)

The Commonwealth Government tested the market in late 2012, resulting in the FSC. The FSC was executed on 1 February 2013 with an initial term of six and a half years up to 31 July 2019. It also had a 1 x 3-year optional extension which was executed and a final 1 x 1-year optional extension period (July 2023). The FSC has been extended a further 6 months with a new expiry date on 31 January 2023.

One further variation consideration of 6-months can be exercised on the current Opt In arrangement to the FSC should the Commonwealth require additional time should a change in Government occur to Commonwealth fleet policy after the 2022 Federal Election, 18 May 2022.

The Department of Finance has recently conducted an internal review to ascertain best practices moving forward, including a streamline procurement process model similar to the Territory with specialised procurement teams undertaking all procurement processes/tendering services, policy, and risk. A specialist Contract Management Team has also been established to manage all Commonwealth Whole of Government arrangements upon procurement completion.

The FSC offers stability in lease costs through a Vehicle Selection List (Matrix), updated bi-annually with new vehicle offerings. The Territory has pricing which is identical to all Commonwealth agencies. The Territory is the third largest lease procurer across this arrangement.

The FSC supports eighty (80) Commonwealth agencies including the Territory providing strong market positioning is achieved through the FSC Fleet Services provider and managers sgfleet. sgfleet has recently acquired LeasePlan to become sgfleet/LeasePlan Australia's Government & Corporate motor vehicle leasing and management organisation.

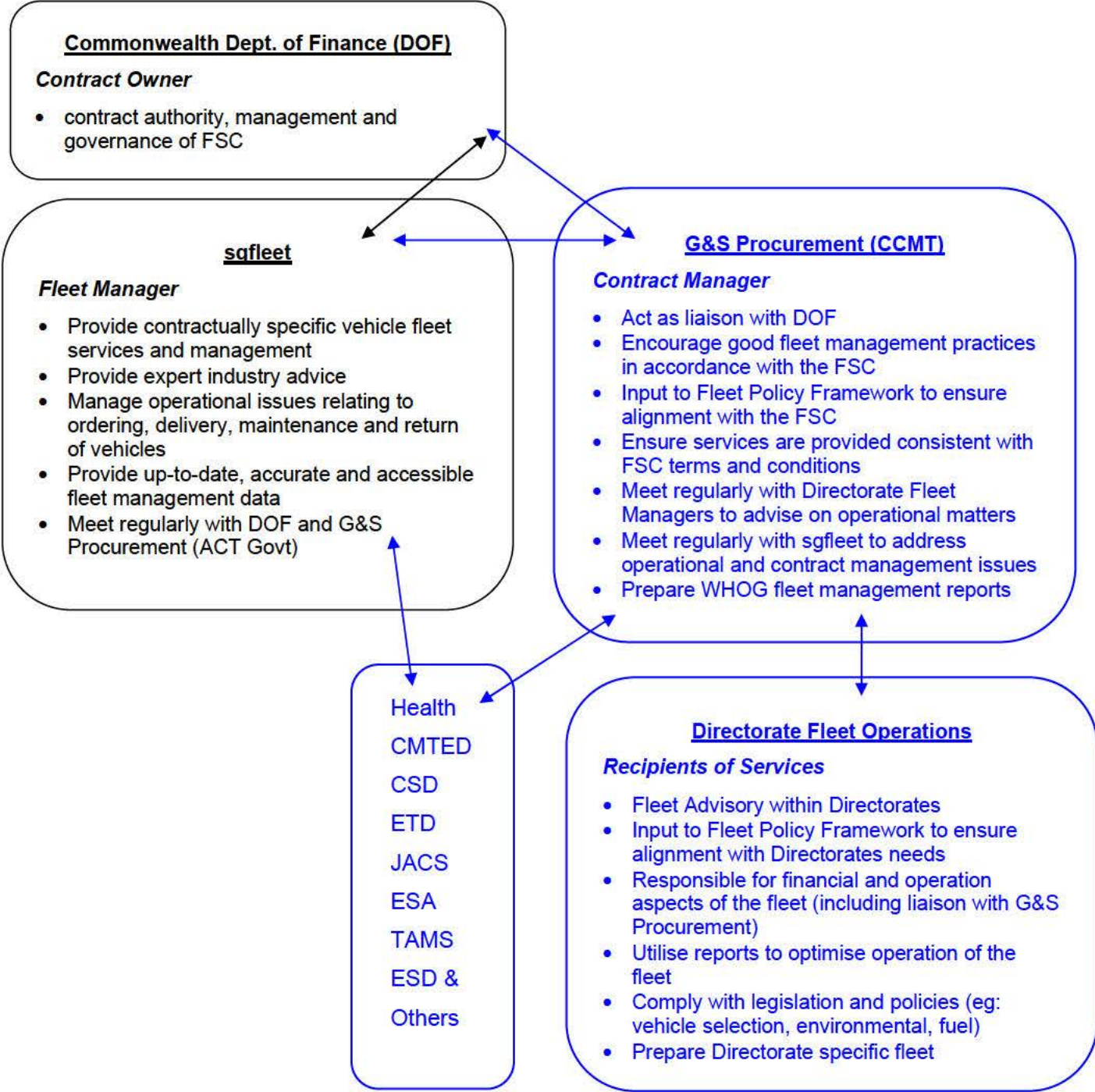
Sch 2.2(a)(xi), Sch 2.2(a)(xii)

Sch 2.2(a)(xi), Sch 2.2(a)(x)

Sch 2.2(a)(x), Sch 2.2(a)(xi)



The below diagram provides an overview of the current structure of the FSC and how it works operationally across the Territory.



Sch 2.2(a)(xvi), Sch 2.2(a)(x)

7.14. New South Wales State Government

The NSW State Government use two contract arrangements for their fleet, Contract 300 Fleet Management Services and Contract 333 Lessor Funding. These arrangements are newly executed in July 2021 for a period of 5 years with 2 further options to extend. The Territory can access this arrangement as the Territory is considered by NSW as a Commonwealth entity allowing use of these NSW State Government Contracts.

These contracts have multiple providers, for Contract 300 there are three fleet management providers sgfleet, Lease Plan and Smart Fleet however with the recent acquisition by sgfleet of LeasePlan the panel size has been reduced by one to 2 organisations for fleet management services. Contract 333 has three providers for Lessor Funding: Toyota finance, Custom Financial Services and VW Financial Services. This arrangement has a monthly management fee of \$5.50 attached to it.

Both contracts use a flexible monthly pricing model by having fortnightly tenders submitted to panel providers seeking the best pricing deals for each bulk fortnightly order of approximately 300 vehicles at a time. Pricing can be similar to that of the Commonwealth's buying power but is not fixed as the Territory has under the FSC. Contract 300 also does not cover plant and equipment, mowers, tractors, slashers, all-terrain Vehicles etc which the Territory require.

The NSW State Government Fleet Contract is a mandatory, whole-of-government fleet management panel arrangement which covers standard fleet management services, additional and specialist services.

The NSW fleet size is around 23,230 and consists of a range of petrol, BEV, PHEV and light commercial vehicles. It is worth noting that at this stage there are two EV models available to this arrangement. It is expected that over time this will increase.

Standard fleet management services

Standard fleet management services include quotes, ordering and other services for light passenger and commercial vehicles, consolidated invoicing and online reporting, eTag management and lease restructuring.

Additional fleet management services

Additional services include:

- roadside assistance;
- accident claims and repairs;
- fuel cards; and
- telematics, including logbooks, rollover alerts, harsh braking, and speeding.

8. Policy Considerations

8.1. ACT Climate Change Strategy 2019-2025 – Net Zero Emissions and the ACT Sustainable Energy Policy

Market research was provided by the 10th Legislative Assembly – Parliamentary & Governing Agreement, in understanding that the world is facing a climate change emergency, and commit to undertaking rapid, science-based action to mitigate and adapt to climate change and transition the ACT to net zero emissions. The Territory has committed to working closely with the community, ensuring a just transition for those impacted by the shift to net zero emissions, and growing sustainable industries and jobs.

Significantly expand the number of zero emission vehicles (ZEVs) in the ACT by doing the following:

- (a) setting Zero Emissions Vehicle Targets in the ACT's transition to zero emission vehicles action plan of replacing 50% of newly leased Territory fleet vehicles (that are fit for purpose) with zero emission vehicles (e.g. electric, hydrogen) from 2019-20 and 100% of newly leased vehicles (where they are fit for purpose) from 2020-21;
- (b) engage with the ZEV industry and adopt an ambitious target for new ACT vehicle sales to be zero emission by 2030;
- (c) provide financial incentives for the purchase of zero emission vehicles. This includes free vehicle registration for new zero emission vehicles for two years, introduced as soon as practical;
- (d) develop additional financial incentives to support greater ZEV uptake by businesses and the community sector;
- (e) implement a pathway for the ACT to use only zero emissions public transport, garbage trucks, taxi and rideshare vehicles by the mid-2030s - with no further purchase of non-zero emissions buses. Short-term leasing of buses to meet peak operational requirements is permitted;
- (f) build at least 50 electric vehicle recharging stations across Canberra and the region, holding a reverse auction for their construction in 2021-22. This will include working with service station providers to explore broader public charging infrastructure;
- (g) enact regulation in conjunction with the Territory Plan Review to require charging infrastructure for new multi-unit residential and commercial buildings, and investigate measures to support retrofitting of charging infrastructure in existing buildings;
- (h) conduct market sounding to attract zero emission vehicle industries and other economic and training opportunities to the ACT; and
- (i) research and pilot further Vehicle2Grid and Vehicle2Home projects to improve energy efficiency and grid reliability.

9. Options

There are three options identified for the Territory, exercise up to the final 12-month extension of the AGF Opt In FSC arrangement and approach the market for a new Territory specific arrangement in 2022, exercise a 6-month extension (which the AGF has done) of the AGF Opt In arrangement and partner with them in an approach to market for a new arrangement and partnering with either the NSW State Government or the NSW Local Government Services Network.

9.1. Use 12-month Extension Option and approach the market in 2022

Sch 2.2(a)(x), Sch 2.2(a)(xi), Sch 2.2(a)(xii)

Sch 2.2(a)(x), Sch 2.2(a)(xi), Sch 2.2(a)(xii)

9.2. Use 6-month Extension Option and in conjunction with the AGF approach the market in 2022-2023 (Preferred)

Sch 2.2(a)(x), Sch 2.2(a)(xi), Sch 2.2(a)(xii)

9.3. Opt-in into either the NSW state or Local Government Procurement (NSW LGP) - Preferred Supplier Arrangements

There are two opt-in arrangements that may be available to the Territory, these include opting into the New South Wales state arrangement and the New South Wales Local Government Procurement (NSWLPG) preferred supplier arrangement from April 2022. With the NSWLGP arrangement to be implemented in 2022, it is still yet to be seen how the arrangement will operate. Therefore, there is some risk to the Territory at this point due to the unknowns. This option was explored further and was deemed not a preferred option due to the contract structures in place.

The NSW State Contracts (300 and 333) use flexible monthly pricing models by having fortnightly tenders submitted to panel providers seeking the best pricing deals for each bulk fortnightly order of approximately 300 vehicles at a time. Pricing is not fixed as the Territory has under the FSC. Contract 300 also does not cover plant and equipment, mowers, tractors, slashers, and all-terrain Vehicles etc.

Opting into an already established arrangement may allow for negotiation of an improved value for money arrangement, however it should be noted that they also may not offer improved arrangements to the existing Opt In Arrangement the Territory has at present under the FSC.

The risk around this contract arrangement being that the Territory, as small as its fleet is, would mean that directorates across the Territory would have to further negotiate a price which mean a variety of different leases and residual costs making it harder to manage and maintain their fleets.

10. Recommendation

The preferred strategy is to replicate the AGF and exercise a 6-month extension of the current Opt In arrangement and approach the market with the AGF team in the 2022/2023 financial year for a new Fleet Services Contract.

11. Next Steps

Based on the recommended approach above, the next steps include:

- (a) Prepare documentation and seek delegate approval to extend the current arrangement a further six months;
- (b) Prepare AGF specific documentation to extend the Territories Opt In arrangement;
- (c) Sch 2.2(a)(xi)
- (d) Continue to provide updates to both FCUG and SFEG;
- (e) Execute contract and provide communications to Territory Fleet Managers; and
- (f) Work with Directorates and Agencies in the implementation of a new arrangement (should a transition be required to a new provider).

ATTACHMENT 1 – Summary of survey results

Rating Measures: 1 – Very Poor;
2 – Poor;
3 – Adequate;
4 – Good; and
5 – Very Good.

Fleet Services Contract – Vendor <i>sgfleet</i>										
Vehicle Services	Rating out of 5									Comments
	CMTEDD	ED	CSD	Shared Services	EPSDD	CIT	ACT HD	CHS	AVERAGE	
QUOTATION ORDER PLACEMENT & DELIVERY										
Request for Lease Quote	4	4	5	4	3	4	5	5	4.3	<ul style="list-style-type: none"> Usually quite quick Easy process using the lease request form.
Quotation Response Time	4	4	4	4	5	4	4	4	4.1	
Vehicle order placement and delivery estimate	N/A	4	4	4	2	4	4	4	3.7	<ul style="list-style-type: none"> COVID-19 delays in new vehicle deliveries across the board – causing lease extensions Unsure as I haven't done this for a while
Vehicle Delivery Service	5	3	5	5	4	4	3	N/A	4.1	
Electric Passenger Vehicle Selection	2	3	4	2	4	4	4	2	3.1	<ul style="list-style-type: none"> Limited BEVs available that are fit for purpose for CHS business needs, (limited model types, low km range).
Customer Relationship Management (CRM) enquiries and responses times to those enquiries	3	5	5	3	4	4	3	4	3.9	
Vehicle Selection List order process	3	4	4	3	5	4	3	4	3.8	<ul style="list-style-type: none"> No Electric Vans inadequate motor vehicle choice
Vehicle Selection List (Matrix) Does the VSL provide an adequate motor vehicle choice for your Directorate's current needs?	2	3	4	N/A	N/A	N/A	N/A	2	3	<ul style="list-style-type: none"> CHS are often required to order vehicles that are not on the VSL matrix (e.g. Volkswagen Caddy van, Toyota Hiace). No Electric Vans
Vehicle Selection List (Matrix) Would your Directorate prefer a greater selection of commercial vehicles than is currently offered on the VSL?	3	4	4	3	4	4	4	3	3.6	<ul style="list-style-type: none"> Electric Vans Would like to see light commercial and passenger vans available (e.g. Volkswagen Caddy Cargo, Volkswagen Multivan, Toyota HiAce).
Vehicle Selection List (Matrix) Do you feel the VSL provide an adequate Electric Vehicle choice for your Directorate's current needs including BEVs, PHEVs, Plug In Hybrids and Hydrogen FCEVs.	3	3	3	5	4	4	4	2	3.5	<ul style="list-style-type: none"> Limited vehicle types and km range or BEVs. The VSL has limited vehicle types (e.g. vans) and the BEVs that are listed have a limited km range (under 300kms) which often makes them not fit for purpose for CHS.
IN SERVICE VEHICLE MANAGEMENT										
Vehicle Registration Compulsory Third Party Insurance Service	5	4	5	5	4	4	4	4	4.4	<ul style="list-style-type: none"> Excellent

Fleet Services Contract – Vendor <i>sgfleet</i>										
Vehicle Services	Rating out of 5									Comments
	CMTEDD	ED	CSD	Shared Services	EPSDD	CIT	ACT HD	CHS	AVERAGE	
Comprehensive Insurance Service	5	4	5	5	1	4	4	2	3.8	<ul style="list-style-type: none"> Sch 2.2(a)(xi)
Accident Management Service	3	4	4	3	4	4	4	3	3.6	<ul style="list-style-type: none"> Sch 2.2(a)(xi)
Vehicle Maintenance, Repairs and Tyre Services	5	4	5	5	4	4	4	3	4.3	
Vehicle Service Issues/Resolution Please provide an indication to any issue leading to a satisfactory resolution outcome or not.	N/A	4	5	N/A	4	4	4	3	4.0	<ul style="list-style-type: none"> Handled quickly by Relations Manager.
Lease Variation Service	4	4	4	4	4	3	3	4	3.8	<ul style="list-style-type: none"> Sch 2.2(a)(xi)
Lease Early Termination Service	N/A	4	4	N/A	4	N/A	3	4	3.8	<ul style="list-style-type: none"> Never have had too early terminate a lease
Fleet Vehicle Roadside Assistance Service	5	5	5	5	4	5	4	4	4.6	
Toll Management Service	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Infringement Management Service	3	4	4	3	4	3	4	4	3.6	<ul style="list-style-type: none"> All infringement notices are received in a timely manner Often these are sent to the wrong area in the first
Temporary Vehicle (Accident) Service	4	5	5	4	2	N/A	3	2	3.6	<ul style="list-style-type: none"> We find difficult to receive temporary vehicle service due to the nature of our vehicle needs (commercial, utility and 4WD). EPSDD Sch 2.2(a)(xi)
Temporary Vehicle (Other) Service	N/A	4	4	N/A	5	N/A	3	N/A	4.0	<ul style="list-style-type: none"> sgfleet went out of their way to assist our agency within 1 hour of our request.
Short Term Lease Service	N/A	4	N/A	N/A	N/A	N/A	N/A	5	4.5	<ul style="list-style-type: none"> SG Fleet have been very accommodating when CHS has needed short term leases to assist with business operations.
Any Service Features Offered e.g. Courtesy Cars	N/A	N/A	4	5	2	N/A	N/A	N/A	3.7	<ul style="list-style-type: none"> Dealers don't seem to offer a courtesy vehicle.
Fuel Management Reporting Service	3	N/A	4	4	4	4	4	4	3.9	<ul style="list-style-type: none"> Fleet Intelligence
Fleet Intelligence Vehicle Tracking, Identification and Reports	3	4	4	3	1	3	4	4	3.3	<ul style="list-style-type: none"> Fleet Intelligence work well – very good report available at all times
Comprehensive Vehicle Inspection Reports from Dealers	N/A	4	4	N/A	5	4	4	4	4.2	<ul style="list-style-type: none"> Component of vehicle package Would be beneficial for dealers to send inspection reports from servicing to CHS Fleet Management for records.

Fleet Services Contract – Vendor <i>sgfleet</i>										
Vehicle Services	Rating out of 5									Comments
	CMTEDD	ED	CSD	Shared Services	EPSDD	CIT	ACT HD	CHS	AVERAGE	
FBT Reporting Service	N/A	4	3	N/A	5	4	3	4	3.8	<ul style="list-style-type: none"> Inventory Reporting Sch 2.2(a)(xi)
Key Replacement Services	N/A	4	4	N/A	4	4	3	4	3.8	
Warranty	N/A	4	4	5	4	4	3	4	4.0	
Service Issues – Please provide a full description of any service issues your Directorate/Agency may currently have that may require the intervention of the Procurement ACT, CCMT Fleet Contract Manager	N/A	Nil	4	Nil	2	Nil	4	N/A	3.3	<ul style="list-style-type: none"> Sch 2.2(a)(xi)
RETURN & INSPECTION DISPOSAL										
Vehicle Return and Inspection	3	5	4	5	5	5	4	4	4.4	<ul style="list-style-type: none"> Sch 2.2(a)(xi)
sgfleet Vehicle Sale Process	5	5	5	5	5	5	4	3	4.6	<ul style="list-style-type: none"> Excellent service Little involvement by Directorates.
Profit Share Arrangements	5	5	5	5	5	5	4	3	4.6	<ul style="list-style-type: none"> Very good Excellent
sgfleet INNOVATION AND EVENT SERVICES										
Electric Vehicles – Are they a popular choice of pool vehicle within your agency?	N/A	4	3	3	4	4	N/A	3	3.5	<ul style="list-style-type: none"> Average Choice Average Choice they seem to be used quite a lot but they are a bit small for some of our SDO's Some concerns with km range and length of time it takes to re-charge vehicle.
Hyundai NEXO Hydrogen Fuel Cell Electric Vehicles – How has your Directorate/Agency used these vehicles, have they met the initial requirements expected?	N/A	N/A	3	3	5	4	4	4	3.8	<ul style="list-style-type: none"> Business unit has reported the vehicle to be great to drive. Concerns with refueling station being offline and limited hydrogen available. No, they have not met the initial requirements, we have 2 currently used by the SDO's and 1 is a Pool vehicle. Problem is the only refueling station is offline far too often.
Booking Intelligence – What works for you?	N/A	3	5	5	5	4	4	3	4.1	<ul style="list-style-type: none"> Our directorate has greater visibility on availability of pool and closed user group fleet vehicles and their utilisation due to BI BI continues to work very effectively Most things but getting PINs for contractors is sometimes time consuming System is simple to use but site does glitch often and changes were made behind the scenes without any communication to directorates. Generally, works well, and has been a great improvement.
sgfleet's acquisition of LeasePlan ANZ announcement on 2 September 2021, how do you envisage this merger to assist Territory Agencies under the FSC?	N/A	N/A	4	5	N/A	4	5	2	4.0	<ul style="list-style-type: none"> I Plan to wait and see, but doubt it will make much of a difference Little information has been provided to Directorates at this stage. Any benefits/changes that will occur are yet to be communicated. I believe that it should work well.

Fleet Services Contract – Vendor <i>sgfleet</i>										
Vehicle Services	Rating out of 5									Comments
	CMTEDD	ED	CSD	Shared Services	EPSDD	CIT	ACT HD	CHS	AVERAGE	
<p>Customisation of reports</p> <p>Are the reports your Directorate receives for analysis through sgfleet's Fleet Intelligence provide you with adequate tracking of your fleet or are their refinements you would like included??</p>	N/A	4	4	3	5	4	4	3	3.9	<ul style="list-style-type: none"> • [REDACTED]
<p>Current Team Relationships</p> <p>Is your sgfleet Relationship Manager providing your directorate with the level of service you expect as a valued customer?</p>	3	5	4	5	5	4	5	4	4.4	<ul style="list-style-type: none"> • Yes, very good • Recent staff movement in sgfleet (Canberra) has resulted in a reduction of knowledge/experience in the Governments fleet. This has attributed to delays in obtaining information/quotes etc.
<p>Additional Services – Has sgfleet provided your directorate/agency with additional services not normally included under the FSC? COVID-19 related</p>	N/A	5	N/A	4	N/A	5	3	4	4.2	<ul style="list-style-type: none"> • Zoom Meetings have worked very effectively • Additional reports and comparison quotes have been provided.
<p>Overall satisfaction with the service sgfleet has provided to your Directorate / Agency?</p>	3	5	4	3	4	4	4	3	3.8	<ul style="list-style-type: none"> • Overall, very good service provided by sgfleet • SG Fleet provide an adequate service.
<p>Are there any Fleet Services not offered that would be of benefit to your Directorate/Agency now or into the future?</p>	N/A	4	N/A	4	4	4	N/A	N/A	4.0	<ul style="list-style-type: none"> • Fuel cards for Hire Vehicles. • Detailed designs/drawings to be included in quotes for non-standard vehicle builds.

ATTACHMENT 2 - OPTION ANALYSIS DASHBOARD

Option	Strength	Weakness	Opportunity	Threat
<p>Option 1 Opt out of the FSC and approach the market in 2022.</p>	<ul style="list-style-type: none"> The Territory will implement an arrangement suitable in meeting its zero net emissions targets. 	<ul style="list-style-type: none"> Independently, the Territory would be unable to tap into the major deals negotiated with vehicle manufacturers by larger organisations. 	<ul style="list-style-type: none"> The opportunity to influence and guide the EV components of the new arrangement through the tender process. A contract managed by the Territory would provide the ability to directly liaise and interact with suppliers. 	<ul style="list-style-type: none"> The Territory may not secure competitive pricing compared to other arrangements due to its fleet size.
<p>Option 2 Use 6-month Extension Option and in conjunction with the AGF approach the market in 2022- 2023.</p>	<ul style="list-style-type: none"> Participation in the development of requirements, and the subsequent tender process. Sch 2.2(a)(xi) There is flexibility for the Territory to apply its policies and carbon neutrality framework under the FSC. The arrangement provides benefits in terms of vehicle purchase price, fleet monitoring and reporting. Directorates continue to have responsibility for vehicle ordering and operation. 	<ul style="list-style-type: none"> With the Territory not managing the head agreement there is limited involvement and management of the contract terms and conditions. 	<ul style="list-style-type: none"> The opportunity to influence and guide the EV components Sch 2.2(a)(xi) The ability to influence EV model selection due to the Territory having considerable experience to date which the Commonwealth are seeking to include in their new arrangement. 	<ul style="list-style-type: none"> Nil.
<p>Option 3 Opt-in into either the NSW state or Local Government Procurement - Preferred Supplier Arrangements.</p>	<ul style="list-style-type: none"> Participation in the development of requirements, and the subsequent tender process. The Territory would be also part of the evaluation process. The arrangement provides benefits in terms of vehicle purchase price, fleet monitoring and reporting. Directorates continue to have responsibility for vehicle ordering and operation. 	<ul style="list-style-type: none"> EV Vehicle model availability under these arrangements are limited at this point in time. With the Territory not managing the head agreement there is limited involvement and management of the contract terms and conditions. 	<ul style="list-style-type: none"> The opportunity to influence and guide the EV components of the new arrangement through the tender process. 	<ul style="list-style-type: none"> With vehicle pricing based on an order-by-order basis, this operating model could see similar vehicles purchased by Directorates at different lease and residual balance cost points.



ACT
Government

Contracts and Category Management Team

Procurement ACT

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ACT
Government

Chief Minister, Treasury and
Economic Development

GOVERNMENT PROCUREMENT BOARD

STRATEGIC REVIEW SUBMISSION

SUBMISSION OVERVIEW	
Name of Procurement	ACT Government Fleet Services (RITM3158608)
Purpose	<p>The proposed procurement activity is being presented to the Board as it is a goods and services procurement valued \$5m and over.</p> <p>This Submission seeks the Board's endorsement:</p> <ul style="list-style-type: none">• of the proposed procurement strategy to source ACT Government Fleet Services; and• not progress to Procurement Review but participate in the Australian Government Fleet (AGF) approach to market.
Estimated value (\$)	The procurement value is estimated at \$12,000,000 (GST inclusive) per annum or greater. The total procurement value will depend on the contract term agreed with the AGF during the procurement phase.
Procurement Risk	The procurement risk is identified as Low.

SUBMISSION DETAILS	
Background	<p>The Whole of Australian Government Fleet Services Contract (FSC) is a Commonwealth Government managed contract to which the Territory has elected to 'opt in'.</p> <p>In April 2009, the Territory entered into a Services Agreement (Contract No – C09335) with sgfleet for the provision of leasing and fleet management services. In December 2012, and again in April 2015, the Territory chose to opt into the AGF Fleet Services Contract, established through the Commonwealth Department of Finance.</p> <p>The current contract with sgfleet provides leasing services and fleet management services including the purchase, delivery, sale, administration, maintenance and repairs, account management, fuel cards, registration/renewals, insurance and electronic logbooks and, importantly to this discussion, research and analysis to underpin new and ongoing initiatives.</p> <p>In September 2016 the Territory integrated an existing arrangement with the FSC for leasing of heavy vehicles (including mowers and some plant equipment). Depending upon the specific vehicle requirement, Directorates may lease heavy vehicles through the FSC, may purchase heavy vehicles, or may arrange a custom build of the required vehicle (e.g. emergency vehicle, detainee transportation vehicle).</p> <p>The ACT Government opted into this arrangement on 30 October 2018 for an initial term of two years (with three 1-year options to extend). The ACT Government then exercised two one-year extensions with the new expiry date of</p>

Strategic Review Submission

	<p>22 July 2022 (leaving one x 6-month extension option remaining).</p> <p>The AGF have since extended the arrangement a further 6 months to allow for an approach to market to occur in the 2022 calendar year with a new expiry of 31 January 2023 with a 6-month extension option remaining.</p>
Strategic Vision	<p>The Territory is adopting a more coordinated category management approach to administering its energy arrangements. As well as encouraging competitive pricing, transparency and improved relationships with suppliers, a key intent of managing the energy arrangements is to establish arrangements which actively and measurably support the Government’s strategic objectives and corporate policies such as:</p> <ul style="list-style-type: none"> • “Climate Change Strategy”; • “Carbon Neutral Government Framework”; • transition from fossil fuels; • “Zero Emissions” Vehicle target; • commitment to Hydrogen vehicles; and • general technology and digitisation opportunities.
Objectives	<p>The objective of this procurement is to establish a new Whole of Government (WhoG) fleet services arrangement and in doing so:</p> <ul style="list-style-type: none"> • secure competitive fleet pricing to enable the ACT Government to better monitor, plan and manage its fleet; • effectively manage the financial investment in fleet assets and develop long term, cost effective strategies to manage ongoing; • ensure that all fleet asset governance is consistent with Territory Climate Change Strategy around transitioning away from fossil fuels and “Zero Emissions” Vehicle targets; • facilitate and demonstrate effective management and implementation of whole-of-life cycle approach ; and • seek continuous improvement in fleet asset management practices.
Scope	<p>The current contract provides leasing and fleet management services including the purchase, delivery, sale, administration, maintenance and repairs, account management, fuel cards, registration/renewals, insurance and electronic logbooks and, importantly to this discussion, research and analysis to underpin new and ongoing initiatives.</p> <p>In September 2016 the Territory integrated an existing arrangement with the FSC for leasing of heavy vehicles (including mowers and some plant equipment). Depending upon the specific vehicle requirement, Directorates may lease heavy vehicles through the FSC, may purchase heavy vehicles, or may arrange a custom build of the required vehicle (e.g. emergency vehicle, detainee transportation vehicle).</p> <p>This approach to market will cover the same service scope as the existing arrangement while further defining and implementing electric vehicle policy to integrate into the AGF contract.</p>
Imperatives	<p>The key imperatives which impact on the approach and timing of this procurement include:</p> <ul style="list-style-type: none"> • Business continuity - The current contract expires on 31 January 2023

Strategic Review Submission

	<p>and therefore no contractual arrangement will exist.</p> <ul style="list-style-type: none"> • Transition (if required): to allow for fleet information to be transitioned, a 30-business day window would be appropriate prior to the contract completion date.
Territory WhoG arrangement	The existing WhoG fleet services contract is an 'opt in' arrangement with the AGF. This procurement is to replace the current arrangement.
Discovery	<p>The CCMT within Goods and Services Procurement (G&S) has undertaken wide reaching discovery to understand energy market drivers, contractual structure options, and jurisdictional piggy-back options, including discussions with:</p> <ul style="list-style-type: none"> • Other State and Territory Governments; • NSW Local Government Procurement; • Department of Finance, Australian Government Fleet (Whole of Australian Government contracts); • Current supplier (SGFleet); and • ACT Government Directorate representatives representing the Fleet Stakeholder Groups, Sustainability Managers and EPSDD climate change staff. <p>The fleet services due diligence report is located at Attachment A and provides a comprehensive review with recommendations.</p>
Collaboration	The fleet services arrangement will be accessed by all ACT Government Directorates and agencies. Accordingly, consultation has occurred with all ACT Government Directorates through the Fleet Management stakeholder Groups which is represented by Chief Financial Officers (executive forum) and key operational fleet managers (operational forum).
Procurement Strategy Options	<p><u>Option 1: Use 12-month Extension Option and approach the market in 2022</u></p> <p>This option would see the Territory extend the Opt In arrangement with the AGF and commence a market approach in 2022 separately for a new arrangement for the Territory. This model is not preferred with a summary of the reasoning here:</p> <ul style="list-style-type: none"> • An open market RFT would be resource intensive, costly and is likely to result in a contract similar to the existing contract, the opportunity will have been lost to achieve an innovative solution; • under the terms of the FSC, sgfleet is not permitted to offer the same deal to any other entity and other fleet companies are unlikely to be able to match the FSC; • having received the benefits available through an FSC style contract, the Territory would be remiss in not developing a statement of requirement that seeks a similar level of sophistication. This would be a time-consuming exercise and noting that the AGF tender approach in 2022 would be a similar arrangement and include a similar list of ev models (if not the identical list due to model availability in Australia presently); • Independently, the Territory would be unable to tap into the major deals negotiated with vehicle manufacturers by the Commonwealth. <p><u>Option 2: Opt-in into either the NSW state or Local Government Procurement (NSW LGP) - Preferred Supplier Arrangements</u></p>

Strategic Review Submission

	<p>There are two opt-in arrangements that may be available to the Territory, these include opting into the New South Wales state arrangement and the New South Wales Local Government Procurement (NSWLPG) preferred supplier arrangement from April 2022. With the NSWLGP arrangement to be implemented in 2022, it is still yet to be seen how the arrangement will operate. Therefore, there is some risk to the Territory at his point due to the unknowns. This option could be explored further in 2022 to determine its suitability prior to any approach to market with the AGF. This will then provide the Territory with an ‘apples for apples’ comparison.</p> <p>Opting into an already established arrangement may allow for negotiation of an improved value for money arrangement, however it should be noted that they also may not offer improved arrangements to the existing Opt In Arrangement the Territory has at present under the FSC.</p> <p>The NSW State Contracts (300 and 333) use flexible monthly pricing models by having fortnightly tenders submitted to panel providers seeking the best pricing deals for each bulk fortnightly order of approximately 300 vehicles at a time. Pricing is not fixed as the Territory has under the FSC. Contract 300 also does not cover plant and equipment, mowers tractors slashers, All terrain Vehicles etc.</p> <p>The risk around this contract arrangement being that the Territory, as small as its fleet is, would mean that directorates across the Territory would have to further negotiate a price which mean a variety of different leases and residual costs making it harder to manage and maintain their fleets.</p> <p><u>Option 3: Use 12-month Extension Option and in conjunction with the AGF approach the market in 2022- 2023</u></p> <p>This option would see the Territory exercise a 6-month extension to the FSC and then participate as a stakeholder in the development of the statement of requirements (including EV aspects) and the subsequent tender and evaluation process. The benefits of this option would include the ability to ensure that the Territories goals around sustainable energy and the Net Zero Emission goals can be integrated into the statement of requirement.</p> <p>This will provide a better understanding around the technologies available to help with these objectives. This would also benefit the Commonwealths Zero Emission Strategies moving forward. The size of the AGF also ensures that a competitive approach to the market will be conducted obtaining a good value for money outcome.</p>
<p>Preferred Procurement Strategy</p>	<p>The preferred procurement strategy is option 3, extend the current arrangement 6 months and participate in the Commonwealth approach to market.</p>
<p>Procurement Governance</p>	<p>The delegated authority for this procurement will be the Under Treasurer, CMTEDD. Strategic oversight, which represents Directorates’ needs, is provided by both the Senior and Operational Fleet Stakeholder Groups.</p>
<p>Contract Management Strategy</p>	<p>Contract management responsibility will reside with the CCMT, working closely with the Fleet Stakeholder Groups and Directorates to proactively manage the contract and monitor and address any risks and issues.</p> <p>The data and billing information will be contained within a dedicated online portal,</p>

Strategic Review Submission

	<p>which will be able to be accessed by all Directorates to obtain real time usage and spend information and will allow tailored reporting to multi-stakeholders (e.g. delegate, executive, users, corporate and parliamentary reporting).</p> <p>The CCMT will work with the AGF to model / develop relevant key performance indicators which will be set out in the detailed Statement of Requirement, and subsequently included in the contract and Contract Management Plan (CMP).</p>
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PROJECT DETAILS		
Executive Director	David Purser, Executive Branch Manager, Goods & Services Procurement	
Project Owner	Danny Warburton	
Section / Division	Contracts and Category Management Team, Goods and Services Procurement Branch, CMTEDD	
Stakeholder(s)	Stakeholder	Proposed role(s)
	Stuart Hocking PSM, Under Treasurer, CMTEDD	Delegate
	Senior Utility Stakeholder Group	Strategic oversight/endorsement and implementation Steering Committee
	Operational Utility Stakeholder Group	Procurement development and evaluation team membership.
Other responsible officer(s)	Procurement Officer	Danny Warburton, Director Energy Portfolio
	Other Officers	Nick Edmondson, Senior Procurement Officer and Contract Manager

RELEVANT DOCUMENTS (ATTACHED)	
Supporting Document(s)	<p>Attachment A: Fleet services due diligence report</p> <p>Attachment B: Risk Identification</p>



RISK IDENTIFICATION

INTRODUCTION

The following risk form identifies events or situations where the objectives of the fleet services procurement may be placed in jeopardy, or incur significant consequences.

There are many treatment options for managing the risk, in particular the Territory may:

- avoid the risk,
- reduce the risk,
- remove the source of the risk,
- modify the probabilities and/or consequences,
- retain the risk but share the responsibility with the supplier,
- retain the risk and the responsibility, or
- retain the risk and even increase it in order to pursue an benefit or opportunity.

The Contracts and Category Management Team (CCMT) will review all responses to any subsequent approach to market (ATM), with the risks identified and maintained in this document and any ensuing Risk Management Plan, to ascertain how and to what extent a Supplier's offer is able to assist the Territory in mitigating the risk and thereby provide guidance regarding the Value for Money assessment.

RISK PROFILE

OVERVIEW

The CCMT has identified that the procurement of fleet services has the following risk profile against its procurement objectives.

This assessment is preliminary and will be subjected to a formal Risk Assessment and Treatment regime (as described in the project's Risk Management Plan), when the final statement of requirements and contract provisions are prepared for release to the market.

The Risk Profile is assessed by the highest rated risk (not an averaged or mediated risk).

Source of Risk	Assessed	Description
Business Unit	Low	The CCMT has a well-documented category plan that provides a detailed and clear statement of the strategic direction and a high capability to deliver these new services. However, it is possible that problems associated with the introduction of services (should the supplier change) could have a financial, service delivery impact on the Territory.

Source of Risk	Assessed	Description
Supplier	Medium	Fleet services is a comparatively niche market with a well-established competitive supplier base. It is worth noting that on 2nd September 2021 sgfleet announced the acquisition of LeasePlan ANZ businesses bring together two significant motor vehicle lease and management providers across the two countries with some 250,000 vehicles under vehicle management. The acquisition creates a \$2.5billion company with a highly regarded fleet management and leasing offering.
Relationship	Low	The Territory, through the existing arrangement and its relationship with manufacturers and market players means there is a well-established relationship with a number of key market suppliers in the fleet environment.
Environment	Medium	<p>There have been several impacts on the fleet industry within the past 18-24 months, primarily COVID-19 related and that of electric vehicles. There has been significant disruptions to supply across the manufacturing industry and various components that impacts vehicle lead times. The industry is seeing significant increases in the used car market as the supply for new vehicles becomes restricted. The economy dipped significantly but recovered very quickly in 2020, the Territory saw record monthly falls and subsequent rises in the new vehicle market throughout 2020.</p> <p>Demand is remaining at normal levels, but large sectors of the economy are still undergoing stress and uncertainty. Sgfleet report operating lease numbers which are now sitting at pre COVID-19 levels, impact of supply delays being felt. Typically, an AGF approval expiry aligns to a window which allows for “normal” order to delivery timeframes. Isuzu Australia perfectly highlighted the uncertainty in the market... “With uncertainty surrounding component supply, they are unable to confirm production until the very last moment, with resulting lead times being almost impossible to accurately provide at this stage.”</p> <p>To date there is no way to accurately determine the lead time for vehicles as motor vehicle parts manufacturers parts supply worldwide including lithium batteries for EV’s supply has been interrupted and, in some cases, has ceased manufacturing due to raw materials unavailability’s.</p>

IDENTIFICATION OF RISK

Procurement Objective	Risk	Impact	Treatment
Encourage competitive tension between suppliers within a comparatively niche market.	Lack of competitive tension.	The Territory is unable to obtain a competitive pricing structure meaning a value for money outcome is not achieved.	An open tender process will allow greater opportunity for the Territory to encourage suppliers to bid. Although a niche market, it is expected that there will be several respondents to ensure a competitive process is completed.
Delays in the Procurement	Working in collaboration with the AGF delays in the procurement could impact the Territory.	The Territory is unable to put in place a suitable contract for fleet services.	The Department of Finance has recently implemented a streamlined procurement process model similar to the Territory with specialised procurement teams undertaking all procurement processes/tendering services, policy, and risk. This will provide procurement specialist skills and ensure the procurement meets its timeline. There is also a further 6-month extension option available should it be required.
Improve resource management through detailed usage forecasting. This will enable administrative and savings opportunities to be identified (e.g. through improved user knowledge, management and uptake).	The supplier is unable to provide timely, reliable data in the required format.	The Territory is unable to manage and plan its fleet replacement management processes.	Tender documents to clearly set out requirements, to require evidence on the ability for internal systems to deliver data in the required format, account manager to be assigned to the Territory including in the event of a change in supplier.

Stuart, Katharine

From: Smith, Charlotte on behalf of Government Procurement Board
Sent: Friday, 8 April 2022 10:21 AM
To: Ward, Nathan; Warburton, Danny; Edmondson, Nick
Cc: Government Procurement Board; Purser, Dave; Hocking, Stuart
Subject: Government Procurement Board Advice - 5 April 2022 - ACT Government Fleet Services

OFFICIAL: Sensitive

Good morning,

Thank you for your presentation and papers provided to the Government Procurement Board (the Board) on 5 April 2022. Please note the below from the Board:

ACT Government Fleet Services

Attendees:

- *Nathan Ward, Senior Director, Procurement ACT, Chief Minister, Treasury and Economic Development Directorate (CMTEDD)*
- *Danny Warburton, Director, Procurement ACT, CMTEDD*
- *Nick Edmondson, Assistant Director, Procurement ACT, CMTEDD*

The Board thanked the attendees for the papers and overview provided.

The following advice from the Board is provided for proponents' consideration:

- **Recommend** updating the Risk Plan to include a risk around instability of supply and rising fuel costs due to world events.
- **Recommend** clarifying in the documentation to market how fuel costs (petrol/diesel) will be managed as the increase in use of electric vehicles will decrease the volume of fuel required.

*During discussion with the proponents the Board also **noted**:*

Sch 2.2(a)(x)

- *The ACT Government have the option under the current arrangements to extend for another six months and for the ACT Government to proceed with its own procurement process if the Commonwealth Government procurement direction does not achieve the ACT Government's outcomes also.*
- *The Territory's existing banking arrangements will not change or be impacted.*
- *The proponents confirmed there have been no performance issues with the current suppliers with learnings to be incorporated into the Commonwealth Government procurement process.*
- *Under the current arrangement and to respond to Audit Office Report's recommendations, the proponents issued a guidance document for when the current arrangement should be used versus when a directorate/agency should approach the market. The proponents noted that similar guidance will be issued for the proposed procurement arrangement.*

Sch 2.2(a)(x), Sch 2.2(a)(xvi)

- *The proponents explored potentially using the NSW Government fleet arrangements; however, the NSW arrangements do not offer the price certainty that the Commonwealth Government arrangements will be able to provide to the ACT Government.*

The Board looks forward to considering the second pass. The Chair suggests the second pass occur towards the end of the Commonwealth Government procurement evaluation process stage when the costs and more details around the service offerings are known.

If you wish to speak with a Board member about this feedback, please contact Ms Bettina Konti (Chair of the Board).

NOTE: It is the responsibility of the Project Officer to:

- Ensure that you are familiar with the Part 3 Notifiable Contracts requirements of the *Government Procurement Act 2001* including Section 26 Meaning of notifiable amendment, Division 3.3 Availability of notifiable contracts, and Division 3.4 on Confidential Text, and have planned to include the required information on the Contracts Register within 21 days after the contract is made. Refer to Procurement Circular PC16 Notifiable and Reportable Contracts at http://www.procurement.act.gov.au/About/procurement_circulars and the Contracts Register at <http://www.procurement.act.gov.au/contracts>
- Seek clarification immediately from the sender on the meaning of this message, if not absolutely clear;
- Advise all appropriate staff associated with the project of the Board's decision and any additional actions resultant from this advice;
- Should the process outlined above not commence within 3 months of this notice, provide a revised timetable;
- Complete all actions associated with this decision.

Kind regards,

Charlotte Smith | Government Procurement Board Secretariat

Phone: 02 6207 0254 | Email: governmentprocurementboard@act.gov.au

Procurement ACT | Chief Minister, Treasury and Economic Development Directorate | ACT Government

GPO Box 158, Canberra City | act.gov.au

Please consider the environment before printing this email. If printing is necessary, please print double-sided.



1. PURPOSE

These Terms of Reference (ToR) describe the governance role and responsibilities and other arrangements for the ACT Government (Territory) Senior Fleet Executive Group (SFEG).

2. BACKGROUND

On 22 April 2015 the Territory joined the Australian Government’s Fleet Service Contract (FSC). Previously, our fleet management services were provided directly by sgfleet which is actually the current FSC service provider. The current contract with sgfleet provides Leasing Services and Fleet Management Services (purchase, delivery, sale, administration, maintenance and repairs, account management, fuel cards, registration/renewals, insurance and electronic log books and, importantly, research and analysis to underpin new and ongoing initiatives).

On 14 June 2016 the Territory Fleet Executive, Bronwen Overton Clarke, advised all Directors General of the new Territory fleet governance and management arrangements and called for directorate nominations for the Senior Fleet Executive Group (SFEG) – refer to Attachment A for details of these fleet governance and management arrangements.

Significant savings in fleet have been achieved through good contract management, SFEG responsibilities in relation to this initiative. Most savings under the FSC arrangements will be achieved by switching leases from finance leases to operating leases for passenger and light commercial vehicles and by optimisation of lease terms and kilometre usage – refer to Attachment B for Territory Fleet Optimisation Roles and Responsibilities.

3. SFEG MEMBERSHIP AND ADMINISTRATION

3.1 Membership

SFEG membership is as follows:

Directorate	Member
SFEG Chair	<i>Thao Le (Chief Financial Officer)</i> Environment, Planning, Sustainability Development Directorate
Deputy Chair	<i>Lisa Johnson (Executive Branch Manager)</i> Transport Canberra and City Services Directorate
Chief Minister, Treasury and Economic Development Directorate Corporate Procurement ACT	<i>Kirsten Thompson (Executive Branch Manager)</i> <i>Dave Purser (Executive Branch Manager)</i>
Community Services Directorate	<i>Ash Balaretnaraja (Executive Branch Manager)</i>
Education Directorate	<i>John Nakkon (Executive Branch Manager)</i>

Environment, Planning, Sustainability Development Directorate	<i>Fiona Wright (Executive Group Manager)</i> <i>Thoa Le (SFEG Chair/Policy Owner Chief Financial Officer)</i> <i>Danny Warburton (Senior Director)</i>
Health Directorate	<i>Liz Lopa (Executive Group Manager)</i> <i>David Jones (Executive Branch Manager)</i>
Canberra Health Services	<i>Colm Mooney (Executive Group Manager)</i> <i>John Ludvigson (Senior Director)</i>
Justice and Community Safety Directorate Emergency Services Agency (JACS/ESA)	<i>TBA (Executive Group Manager)</i> <i>Jason Jones (Executive Branch Manager)</i> <i>Anthony Mallia (Senior Director)</i>
Transport Canberra & City Services Directorate	<i>Lisa Johnson Deputy Chair SFEG (Executive Branch Manager)</i> <i>Trish Campbell (Senior Director)</i>
Canberra Institute of Technology	<i>Joeephine Anderson (A/Executive Director)</i> <i>Sean Colson (Senior Director)</i>
Major Projects Canberra	<i>Kiley Bailey (Senior Director)</i>
Contract Manager/Secretariat Procurement ACT – Contracts and Category Management Team - Fleet	<i>Fiona Vink (Senior Director)</i> <i>Nick Edmondson (A/gDirector – SFEG Secretariat/ Contract Manager)</i>

3.2 SFEG Secretariat

The SFEG Secretariat will be provided by the WhoG Contracts and Category Management Team, Procurement ACT. The SFEG Secretariat will provide update reports on fleet governance and management for each SFEG meeting and as otherwise required by the SFEG.

3.3 SFEG Meeting Frequency

SFEG will meet as required, or bi-annually.

3.4 SFEG Meeting Quorum

A meeting quorum consists of the Chair (or Deputy-Chair) and three other members (excluding proxies).

3.5 Meeting Papers and Reporting

The Secretariat will distribute meeting papers to the SFEG at least three working days before meetings.

Aside from routine meetings, the Secretariat will provide monthly progress reports and other updates as required to the SFEG.

3.6 Conflicts of Interest

Where an SFEG member becomes aware of a conflict of interest (actual, potential or perceived), including during the course of a meeting, the member should immediately notify the Chair and excuse themselves for the duration of that particular discussion.

3.7 Proxies

When unavailable to attend meetings, members should notify the Chair immediately, through the Secretariat and nominate a suitable person (proxy) to attend in their place. A proxy should be prepared and able to speak for their Directorate and the SFEG member they represent.

3.8 Ad Hoc Attendees/Advisors

Expert independent industry and other government representatives will be invited to provide advice, including attending relevant meetings, as required.

4. ROLES AND RESPONSIBILITIES

SFEG members have the following responsibilities:

- Considering fleet strategy, policy and project proposals proposed by the Fleet Contract Users Group (FCUG) and sgfleet through Procurement ACT, Contracts and Category Management Team; and, originating SFEG strategy, policy and project proposals to the Fleet Policy Executive for consideration and approval.
- Recommending fleet strategy, policy and projects to the Fleet Policy Executive for consideration and approval.
- Being advocates for approved fleet initiatives and projects in their home Directorate and in other forums to both represent the interest of their stakeholder groups and the Territory.
- Monitoring progress of approved fleet initiatives and projects.

5. PROJECT WORKING GROUP(S)

Project Working Groups or Project Teams may be established by the SFEG to support delivery of specific projects. Any such Working Groups will be accountable to the SFEG.

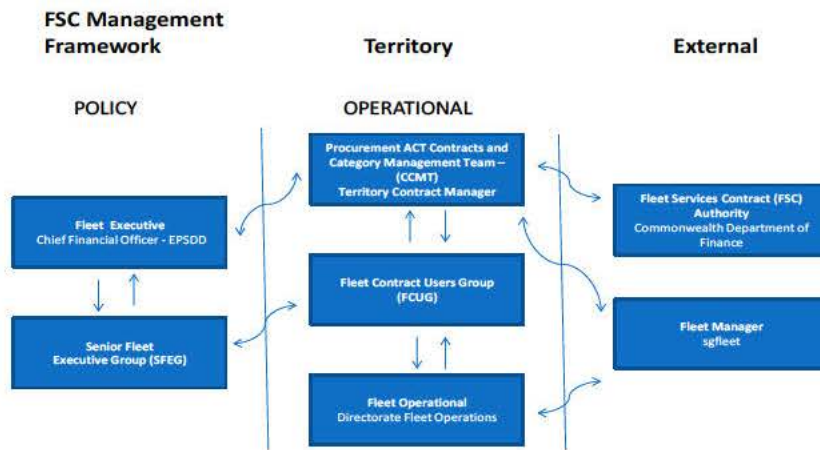
6. REVIEW

This ToR is effective from agreement by the SFEG in-session. Review of the ToR document will be conducted as required by the SFEG. Generally, such review should be conducted at least once annually.

Attachment A

WoAG Fleet Services Contract (FSC) Governance and Management Arrangements

Fleet Services Contract (FSC) Management Framework



Internal Governance

Key elements are as follows:

This section provides relevant background on fleet governance arrangements and on the Commonwealth Fleet Services Contract (FSC) which the Territory has joined in an 'Opt In' Arrangement for vehicle leasing arrangements.

- EPSDD Chief Financial Officer - Fleet Policy Executive approving fleet strategy and policy; responsible Delegate on fleet matters;
- Chair, Senior Fleet Executive Group (SFEG) – (Any Directorate) SFEG member rotating position voted in by SFEG Memders;
- Senior Fleet Executive Group (SFEG) - recommending fleet strategy, policy and projects to the Fleet Policy Executive for consideration and approval and committing Directorates/Agencies to fleet initiatives. SFEG activities will be co-ordinated by the WhoG Contracts and Category Management Team, Procurement ACT as Secretariat.
- Directorate fleet operations personnel - undertaking vehicle ordering and maintenance tasks, act as members of the Fleet Contract Users Group (FCUG) providing feedback on Fleet Services Contract (FSC) issues and concerns. The FCUG will also be co-ordinated by the WhoG Contracts and Category Management Team, Procurement ACT
- WhoG Contracts and Category Management Team, Procurement ACT - Territory Fleet Category Director and Territory Fleet Contract Manager/Authority; and Secretariat to the SFEG and FCUG.

Attachment B

Territory Fleet Optimisation - Roles and Responsibilities

Initiative: Optimisation of Territory fleet utilisation under the sgfleet arrangement		
SFEG Chair	Fleet Policy	Approves fleet optimisation process and initiatives consistent with Territory fleet strategy and policy.
Senior Fleet Executive Group (SFEG)	Fleet Policy	<p>Considers sgfleet and FCUG recommendations regarding fleet optimisation and confirms Territory policy for optimisation in alignment, including making policy recommendations to the Fleet Policy Executive for consideration.</p> <p>Commits Directorates and Agencies to the agreed optimisation process, timeframe and initiatives.</p>
Fleet Contract Users Group (FCUG)	Fleet Operations	Consulted on sgfleet analysis of scope for vehicle optimisation. Assists in identifying scope for efficiencies involving vehicle disposal and sharing. Makes recommendations to the SFEG.
sgfleet	Fleet Manager (Provider)	<p>Provides contractually specific vehicle fleet management and expert industry advice.</p> <p>Makes recommendations on fleet optimisation.</p> <p>Provides up-to-date, accurate and accessible fleet management data.</p> <p>Manages operational issues relating to ordering, delivery, maintenance and return of vehicles.</p>
Contracts and Category Management Team, Procurement ACT	Fleet Contract and Category Director	Identifies scope for Territory vehicle optimisation in consultation with sgfleet based upon utilisation levels.
Contracts and Category Management Team Procurement ACT	Fleet Contract Manager – Assistant Director	Liaises with sgfleet to implement vehicle optimisation process as approved.



AGF ADVICE: 2018/04

Issued 04/10/2018

Fleet Services Contract Extension

Fleet Managers

The purpose of this advice is to advise you of the outcome of the review of the Fleet Services Contract.

The Australian Government Fleet team recently completed a review of the arrangement to consider the performance of the Arrangement and SG Fleet; examine the options pending expiration of the initial term of the Arrangement; and determine the preferred extension option for the Arrangement.

The review determined that:

- SG Fleet continues to meet its key performance requirements for the Australian Government and its Participants as required by the Arrangement.

Sch 2.2(a)(xi), Sch 2.2(a)(xii)

- Fleet management requirements are being effectively met and professionally managed by SG Fleet, this was confirmed by agencies through a survey undertaken by Finance.
- The relationship between SG Fleet and the Australian Government remains strong and SG Fleet have demonstrated a consistent willingness to work with agencies and Finance to ensure the effectiveness of the Arrangement.

The review recommended an extension of the Arrangement for a further three years.

The review has been endorsed and approved by the delegate. The Fleet Services Contract has been extended for a further three years and is now set to expire on 31 July 2022. AusTender has been updated to reflect the change in term and the Standing Offer Notice SON1142512 remains unchanged.

No action is required from Agencies.

If you have any questions regarding this advice, please contact the Australian Government Fleet team on (02) 6215 2800 or email fleet@finance.gov.au

Regards

Australian Government Fleet team

