

Government of **Western Australia** Department of **Finance**



STATE FLEET GENERAL AGREEMENT

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1 SCOPE OF AGREEMENT

The contractual arrangement between State Fleet and the Lessee will cover all vehicles with operating leases, leased by the Lessee from State Fleet. The *WA Government Fleet Policy and Guidelines* document provides direction to Lessees on vehicle selection policy and requirements.

Vehicles leased through State Fleet finance leases have their own lease document and are therefore excluded from this agreement.

2 LEASE TERMS AND CONDITIONS

Lessee

The Lessee is the entity which leases the vehicle from State Fleet.

Lease Term

Lessees must select the lease term (refer Attachment 1) which best matches the usage of the vehicle. The Lessee agrees to lease the vehicle until either the mandatory:

- monthly lease term (36 months electric vehicles, 60 months other passenger; 72 months other SUV/Commercial); or
- kilometres (100,000 km passenger, 120,000 Km SUV/Commercial)

is reached, unless otherwise endorsed by State Fleet.

Leased vehicles covered by a Salaries and Allowances Tribunal determination are not bound by the mandatory lease terms listed above and may be leased under a range of terms at or above 40,000 kilometres.

Once the lease term ends the vehicle must be returned promptly. All leases will commence and terminate on a common date being the 15th of the month.

Lease Payments

The Lessee agrees to make monthly lease payments for each vehicle (including GST and any other taxes and charges) by the due payment date each month.

Lease Commencement

The commencement of a lease occurs when State Fleet makes payment to the dealer for a vehicle, on the 15th of a month, and this normally is up to 30 days after the vehicle is received by the Lessee. The Lessee, in effect, has up to a month of vehicle use without incurring a lease invoice. This can be offset by a period at the end of the lease, between when a Lessee relinquishes a vehicle for disposal and the disposal contractor receives the vehicle in saleable condition.

Lease Termination

The vehicle will only pass to the disposal contractor after it meets the State Fleet Vehicle Return Standard as certified by the inspection contractor in conjunction with State Fleet's Disposal Manager. For a lease to terminate on the 15th of any given month, the vehicle must have been inspected, repairs undertaken and handed over to the disposal contractor in saleable condition on or before the 7th day of the month.

Failure to Return Vehicle at End of Lease Term

Where a vehicle lease is not terminated by the end of the scheduled lease term the Lessee will be required to make a further monthly lease payment for each month beyond the lease term. Where the vehicle is not returned within 6 months of the end of the lease term State Fleet may, at its discretion, invoke a minimum vehicle rental of \$500 per month.

Carbon Offset Charge

Under a Cabinet endorsed policy, State Fleet has established a Carbon Offset Program to offset the CO_2 emitted through vehicle fuel consumption. The cost of this program is passed on to Lessees through a carbon charge on the monthly State Fleet invoice. All Lessees are required to contribute to this program unless the Lessee has its own equivalent approved program.

Overuse Adjustment

Where a vehicle exceeds its vehicle kilometre specification by more than 5,000 kilometres the Lessee agrees to pay State Fleet an overuse adjustment. The overuse adjustment is 5c for every kilometre exceeding the first 5,000 kilometres. State Fleet will calculate the overuse adjustment at the termination of the lease and invoice the Lessee at this time. The overuse adjustment reflects the anticipated loss in resale suffered by a vehicle due to its additional kilometres travelled.

Early Lease Termination (Early Return Adjustment)

If a Lessee terminates a lease prior to the end of the lease term, then the Lessee will be charged an adjustment equivalent to 80% of the remaining lease payments to the termination of the lease. State Fleet will calculate the adjustment at the termination of the lease and invoice the Lessee at this time. The early return adjustment reflects the shortfall in rental payments needed to cover the capital depreciation on a vehicle.

Lease Re-Hire

State Fleet offers an online facility where a vehicle lease term in months and/or lease kilometres may be amended. The re-hire facility may be used to amend the term to align the lease more closely with the actual usage. A prolonged change in the usage pattern of a vehicle may prompt a vehicle re-hire to ensure the monthly rental and end-of-lease adjustments are minimised.

Vehicle re-hire cases are still required to meet the Vehicle Return Standard and any applicable lease adjustments (e.g. Early Return etc.) still apply.

Overdue Payments

State Fleet may, at its discretion, charge interest on overdue amounts at the current overdraft rate.

Residual Risk

State Fleet will carry the residual risk on the sale of the vehicle. The only exceptions to this are any vehicles where a finance lease applies, and an estimated residual value has been agreed between State Fleet and the Lessee concerned. Excluding finance lease vehicles, all State Fleet leased vehicles are on operating leases where State Fleet bears the risk of a loss on sale.

Vehicle Loss

Where a vehicle is damaged, and in the opinion of the insurer is not considered economical to repair, then the Lessee or its insurer will be responsible for the payment of the termination value for that vehicle. The termination value for the vehicle will be calculated by State Fleet and is based on the debt principal outstanding on the vehicle at that time.

3 LESSEE UNDERTAKINGS ON VEHICLES

Lessee Information

The Lessee warrants that the lease specification (lease term and kilometre specification) chosen for a vehicle is reasonable and that other information supplied (usually via a fleet management provider, or directly) in relation to a vehicle is accurate.

Fleet Management

The engagement of a fleet management organisation is mandatory.

In-vehicle Monitoring Systems

All leased government vehicles, excluding those allocated to Salaries and Allowances Tribunal determination members, must be fitted with telematics at the Lessee's expense.

The Lessee may choose the most appropriate device subject to State Fleet data requirements.

The Lessee must meet the legislative requirements of the Surveillance Devices Act 1998 to ensure each driver is aware that the vehicle they are driving is fitted with a monitoring device which can determine the vehicles activity, speed and geographical location at any time.

Raw data collected by telematics devices is transmitted to the telematics service provider (selected by the Lessee) under the whole-of-Government Fleet Services Common Use Arrangement (CUA). The data gathered is protected by the data management, sovereignty, privacy and confidentiality clauses of the CUA.

Insurance

The Lessee must affect and maintain insurance on State Fleet vehicles unless it has the express approval of State Fleet to self-insure. Where a vehicle becomes an insurance loss the Lessee (or their fleet management provider) must advise State Fleet (via an electronic Casualty Occurrence Notice) within 30 days of the loss event. The Lessee will continue to make lease payments until the 15th of the month after which this Notice is received provided the Notice is received by the 7th of the month.

Indemnity

The Lessee indemnifies State Fleet against any claims or costs arising from the Lessee's use of a vehicle – both during the life of the vehicle and until the end of the post-sale warranty period.

Traffic/Parking Infringements

Drivers of vehicles are personally responsible for the payment of any fines incurred.

Approved Drivers

Only authorised personnel holding an appropriate current driver's licence are permitted to drive government vehicles. Probationary drivers are permitted to drive government vehicles for business purposes. Learner drivers cannot drive government vehicles unless the vehicle is allocated to a Salaries and Allowances Tribunal determination member.

Passengers

Family members, friends or other persons not associated with official government business should not be carried in government vehicles, except where approved by the CEO in accordance with this policy.

No Smoking

Smoking is not permitted in any government vehicles at any time.

Security

Vehicles should be parked in a safe and secure place wherever possible. Vehicles should be properly secured when unoccupied.

Vehicle Maintenance

The Lessee will keep vehicles roadworthy and in good order and ensure vehicles are serviced in line with manufacturer's recommendations and warranty requirements. Any equipment acquired with the vehicle must be returned with the vehicle at the time of first inspection. Service records and spare keys are to be sent with the vehicle to the disposal contractor.

Failure to service the vehicle according to schedule may not only render the manufacturer's warranty void but result in the Lessee being liable to pay for the cost of any repairs attributable to the lack of servicing.

Vehicle Registration

The vehicle is to be registered in the name of the Lessee. Registration is to be maintained until the vehicle is disposed of.

Vehicle Build

State Fleet generally seeks to purchase vehicles with a build date no more than 6 months prior to vehicle delivery to avoid procuring stock which may have depreciated in value. In some cases, a Lessee may (in conjunction with the fleet management provider) agree to acquire a new vehicle with a build outside this parameter. Whilst the fleet management provider should seek a further discount for these 'older' new vehicles, State Fleet also reserves the right to adjust the rental of such vehicles, as the residual value may be affected by the extended age of the vehicle.

Vehicle Ownership

The Lessee acknowledges that property and/or rights in each vehicle rest with the State Fleet and agree not to part with possession of the vehicle or encumber the vehicle in any way.

Vehicle Return Standard

Lessees are expected to return vehicles for disposal to meet the Vehicle Return Standard (outlined in Attachment 2). This includes any equipment that may have been fitted to the vehicle when purchased. Any vehicle returned that does not meet the Vehicle Return Standard will be repaired at the cost of the Lessee to the extent that the refurbishment expense is warranted. This includes replacing any missing equipment or accessories. In unusual circumstances the level of repair may be negotiated with State Fleet.

Service Logbooks, Manuals and Keys

The Lessee will be responsible for returning the vehicle with its service logbook, driver's manual, spare set/s of keys (including the master key) and any wheel lock keys.

Vehicle Domicile

The vehicle is not to be used outside the State of Western Australia for a period of 7 days or more without the permission of State Fleet.

Date Interpretation

Where a payment date does not fall on a business day then the next business day shall be substituted for that date. Delivery to the inspection contractor must be within normal business hours on a business day.

ATTACHMENT 1: VEHICLE LEASE TERMS AND KILOMETRE SPECIFICATIONS

Vehicles covered by Section 4 of the *WA Government Fleet Policy and Guidelines* must be leased on the following mandatory terms:

- Passenger Vehicles 60 months or 100,000 kilometres whichever is reached first.
- SUV and Commercial vehicles 72 months or 120,000 kilometres whichever is reached first.

Lessors are required to estimate the vehicle's usage prior to acquisition to determine whether the mandatory lease term or mandatory kilometres will limit the term.

The following terms are available:

Maximum kilometres -

| Passenger Kilometres ('000) | SUV & Commercial Kilometres ('000) | Lease Term (months) |
|-----------------------------------|--|------------------------|
| 100 | 120 | 6 |
| 100 | 120 | 9 |
| 100 | 120 | 12 |
| 100 | 120 | 15 |
| 100 | 120 | 18 |
| 100 | 120 | 24 |
| 100 | 120 | 30 |
| 100 | 120 | 36 |
| 100 | 120 | 42 |
| 100 | 120 | 48 |
| 100 | 120 | 60 |
| N/A | 120 | 72 |

Maximum Lease Terms -

| Passenger Lease Term (months) | SUV & Commercial Lease Term (months) | Kilometres ('000) |
|-------------------------------------|--|----------------------|
| 60 | 72 | 60 |
| 60 | 72 | 80 |
| 60 | 72 | 100 |
| 60 | 72 | 120 |

Leased vehicles covered by a Salaries and Allowances Tribunal determination are not bound by the mandatory lease terms listed above and may be leased under a range of terms at or above 40,000 kilometres.

The fleet management provider is available to assist in these matters.

Finance Leases

Finance leases can sometimes be arranged with State Fleet in special circumstances involving heavy commercial vehicles and buses, vehicles with extensive fit-out, or high kilometre vehicles. Finance leases allow vehicles to run longer lease terms (usually 7 or 10 years) or to higher kilometre specifications so that the cost of the vehicles and accessories can be amortised over a longer period.

To arrange a finance lease, Lessees need to approach State Fleet with a business case. This case would normally include the underlying business reason for seeking longer lease terms/higher kilometres as well as details of the model, fit-out, type, any alternative funding arrangements investigated, and the number of vehicles involved.

Where State Fleet approval is given for a finance lease, an approval reference will be provided to the Lessee and fleet management provider. This approval reference will need to be quoted by the fleet management provider when acquiring vehicles.

ATTACHMENT 2: VEHICLE RETURN STANDARD

A Guide to Fair Wear and Tear

State Fleet vehicles are a government asset that should be properly managed and maintained. The lease rate set at the start of the lease assumed that when the vehicle is returned for disposal its resale value will cover the balance of the loan for that vehicle. State Fleet carries the residual risk when a vehicle is sold, and Lessees are responsible for returning vehicles in an acceptable condition.

To ensure the condition of the vehicle does not contribute to an unnecessary loss on sale, State Fleet has a Vehicle Return Standard.

What is *Fair Wear and Tear*? It is a term used, considering a vehicle's age, mileage and overall condition, from mechanical and the electrics through to bodywork and the upholstery, to determine the degree of deterioration judged to be reasonable/acceptable at the end of a lease period. It should not be confused with damage to a vehicle caused by inappropriate use, negligence or impact.

Where the boundary lies of what is Fair Wear and Tear is very much subjective.

It is difficult to be too prescriptive as no two vehicles have the same usage condition. Even if the used condition is identical on vehicles, the effect on the expected sale price could still differ due to the types of vehicles. For example, buyers of a commercial vehicle will have different expectations than a buyer of a standard passenger vehicle.

With the help of its disposal contractors, and examining practices used by other fleet operators, State Fleet has created this *Guide to Fair Wear and Tear*.

The aim of this *Guide* is to provide an accepted State Fleet standard that defines *Fair Wear and Tear* on passenger and light commercial vehicles when they are returned at the end of their lease.

This Guide includes:

- Detailed descriptions of State Fleet's vehicle return standards for all areas of the vehicle.
- A range of images to illustrate these standards. The images are examples only and not an exhaustive catalogue of unacceptable/acceptable vehicle damage.
- A detailed procedure of the return of your vehicle at lease end. An understanding of these procedures will help ensure the return process is as streamlined as possible.

Returning the Vehicle

Causes of unreasonable wear and tear

The main causes of unreasonable wear and tear in a fleet vehicle are:

- Lack of regular checking by the vehicle user leading to faults and damage going undetected and unrepaired.
- Not adhering to the vehicle manufacturer's recommended maintenance and servicing schedule.
- Drivers not taking responsibility for the day-to-day care and maintenance of the vehicle.

- Poor quality of body repairs, leading to general neglect.
- Drivers provided with insufficient information to enable them to responsibly fulfil their obligation to maintain the vehicle.

User's responsibility

With the assistance of your fleet management provider, Lessees are responsible for the monitoring, maintenance and repair of State Fleet vehicles. Lessees should ensure maintenance and servicing of the vehicle follows the manufacturer's recommended schedule, using only approved servicing agents and approved quality parts. Regular spot checks, possibly related to distance travelled and use, should be carried out to ensure any issues with a vehicle and/or its operator are identified at an early stage. A thoroughly completed service book is to be maintained for each vehicle.

To maintain a vehicle in a safe, clean and roadworthy condition, and to avoid possible expense after the vehicle is returned Lessees <u>must:</u>

- Ensure vehicles can always pass a Department of Transport vehicle examination.
- Rectify any significant damage and mechanical problems as soon as is practicable.
- Carry out a minimum weekly check on oil, water and tyre pressure.
- Ensure vehicle service books are always completed by the servicing agent and available with the vehicle.
- Regularly clean the bodywork, upholstery and trim.
- Not use the vehicle to tow beyond its capacity.

Servicing and documentation

Regular maintenance should be carried out by a franchised dealer or fleet management provider approved servicing agent according to the manufacturer's guidelines, using approved service parts and lubricants only. Any defects or damage that occurs during normal use should be rectified as soon as authority for repairs has been granted by the fleet management provider.

The vehicle instruction/logbook, including the full-service record and any other documents relating to vehicle equipment are the responsibility of the vehicle user and must be intact and available. All documents must be in the vehicle on its return – including any details of radio security codes.

Appearance

Regular cleaning of both interior and exterior of the vehicle is required. The vehicle should be returned at lease end in a suitably clean condition to allow proper inspection of the paint, body and interior.

Additional equipment

Accessories such as car phones that have been installed after purchase are either to be removed, and any holes or damage made good to a professional standard, or the equipment left in the vehicle. This includes fit-outs such as cranes, pods, toolboxes, etc. All standard equipment, such as seats, spare wheel and tools, together with non-standard or customised fittings originally supplied, must be returned at the end of the lease period.

Badges and labels

Non-standard badges, labels or advertising fitted to the bodywork or glass of the vehicle should be removed, with any damage caused by their attachment or removal made good. Any paint work colour fade due to the attachment of advertising is chargeable to the user. Advertising should never be painted directly onto the vehicle.

Keys and security

A full set of keys should be available. If the locking system is remote, the appropriate key should be available and functioning. Return of the master key which controls the vehicle's engine management system is mandatory.

If the vehicle was originally supplied with a security system, this should be intact and fully operational, including any key necessary for operation. Any additional, non-standard security system should be fitted according to a recognised standard.

Fuel

The vehicle must have at least a quarter tank of fuel.

Vehicle inspection and fixing faults

The vehicle must be returned in a safe, legal and reliable mechanical condition, capable of passing a Department of Transport vehicle examination, with all safety features such as parking sensors in working order. It should also have no serious physical damage.

The vehicle will be inspected when it is received for disposal. The inspection will assess the interior and exterior condition of the vehicle including under body and mechanical areas. The inspecting officer will complete a Vehicle Inspection Report (VIR) which will identify all faults and areas of wear and tear. Areas identified as *Fair Wear and Tear* or minor damage that will not affect the possible sale price will be noted as 'Report Only'.

The inspection will also look for evidence that the Lessee has maintained the vehicle to the manufacturer's specifications (such as a stamped service manual). This will be noted on the VIR including where there is no evidence, or the evidence is incomplete.

State Fleet will ensure that all refurbishment, fixing mechanical faults and servicing as outlined in the VIR will be paid for by the Lessee and completed before the vehicle is made available for sale.

Fixing mechanical faults and completing servicing is mandatory.

Failure to service the vehicle correctly as required by the manufacturer may void the manufacturer's warranty. This could lead to a claim against the Lessee during the three-month warranty period after disposal if the fault is traced to incorrect or lack of servicing.

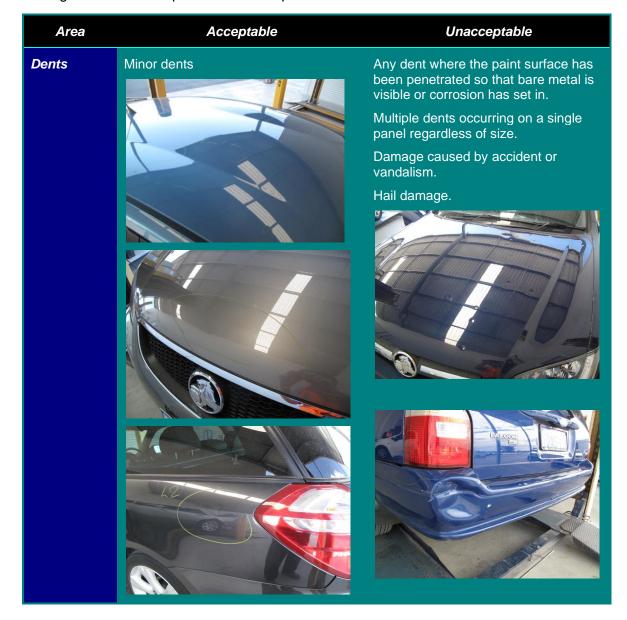
Where refurbishing or repairing the vehicle is deemed uneconomic, State Fleet may agree to sell the vehicle at a lower value with the Lessee making up any loss on sale.

Use of this Guide

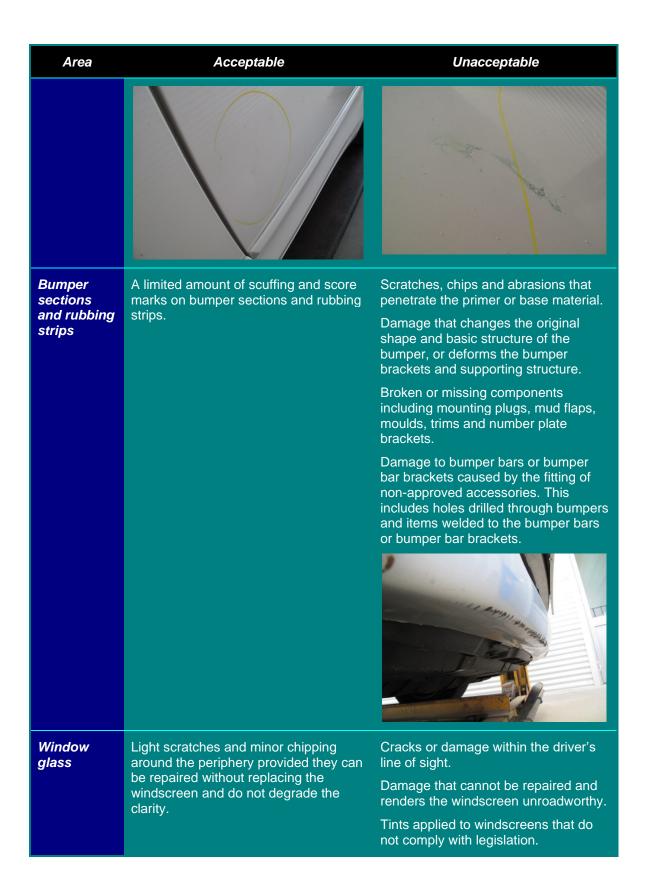
This is a return standard rather than an indication of what damage will need to be repaired. These guidelines are based on five-year-old general passenger vehicles such as Camry, i30, and Mazda 6. Prestigious passenger vehicles, SUV's and commercial vehicles are not included in this guide.

Vehicle Exterior

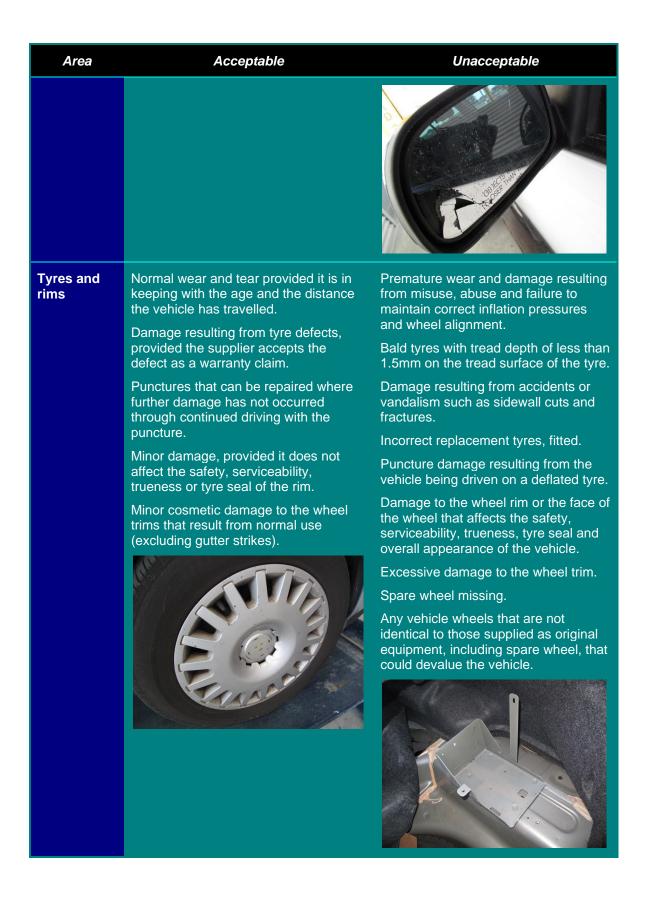
Vehicle damage which causes the vehicle to be un-roadworthy or unsafe, and major scratches and dents that penetrate the primer coat or base material must be repaired as and when it occurs. Vehicles must be always roadworthy and safe when in use. Rust seriously devalues a vehicle and therefore it is important that any repairs are carried out to a professional standard, with any applicable anti-corrosion guarantees taken into consideration. Obvious evidence of repair such as colour mismatch or misalignment between panels is unacceptable.

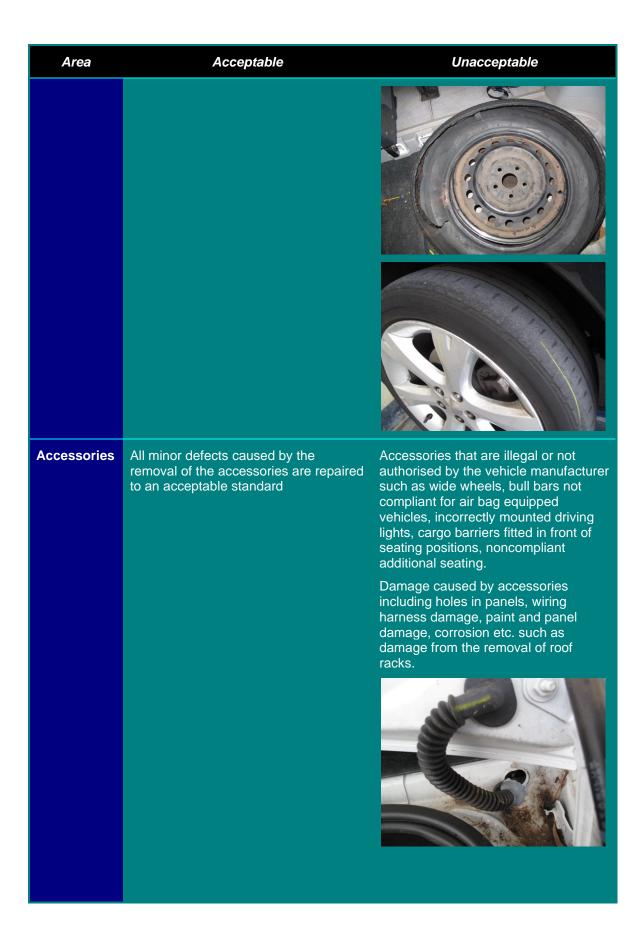


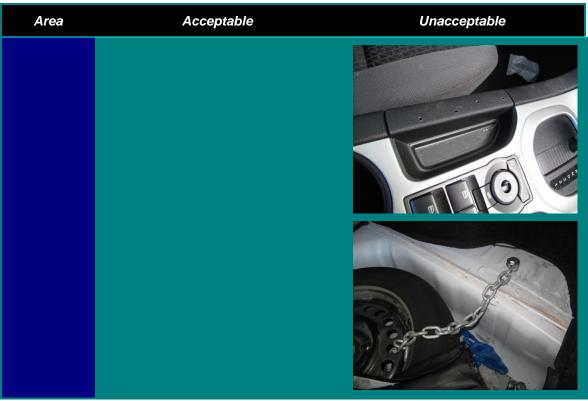
| Area | Acceptable | Unacceptable |
|-----------|--|--|
| Paintwork | Small areas of stone chipping and light scratches relative to the age and mileage as long as they have not | Major abrasions caused by, for example, continual use of automatic car-washing. |
| | penetrated so that bare metal is visible or corrosion has set in. Adhesive residue from the removal of | Repairs that have not been carried out to an acceptable standard such as colour mismatch between panels. |
| | exterior signs and decals that can be removed by normal detailing | Damage caused by bird excrement. |
| | processes. | Salt water damage caused by prolonged exposure without sufficient, regular cleaning. |
| | | Excessive stone chipping that would decrease the value of the vehicle. |
| | | Use of incorrect or excessive adhesive sign residue that cause paint and panel damage. |
| | | Damage resulting from the improper use of tools to remove signage such as scratches, tears, scapes, etc. |
| | | Significant paint finish inconsistencies caused when paint under signage has not faded as much as the surrounding area. |
| | | Significant paint finish inconsistencies where paintwork surrounding the signage has been resprayed resulting in an uneven finish when signage is removed. |
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Under Body Components

| Area | Acceptable | Unacceptable |
|------------------|---|--|
| Radiator core | The radiator core is clear and unobstructed and coolant is not contaminated. | <text></text> |
| Underside | Minor damage that does not affect the roadworthiness, safety, driveability and resale value of the vehicle. | Significant damage that renders the vehicle unroadworthy. Corrosion and salt water damage caused by prolonged exposure without sufficient, regular cleaning. Excessive build up of mud and other road materials that prevent the true condition of under body components from being properly assessed. |

| Area | Acceptable | Unacceptable |
|---------|------------|--|
| | | Excessive build up of grass and other flammable materials that may be a fire hazard if not properly removed. |
| | | |
| | | |
| | | |
| Exhaust | | Catalytic converter failure. |
| system | | Not properly suspended, gas leaks, or evidence of blowing from the exhaust system joints. |
| | | |

| Area | Acceptable | Unacceptable |
|-----------|--|--------------|
| Oil leaks | Minor oil misting or dampness around seals or gaskets providing oil drips are not present. | |

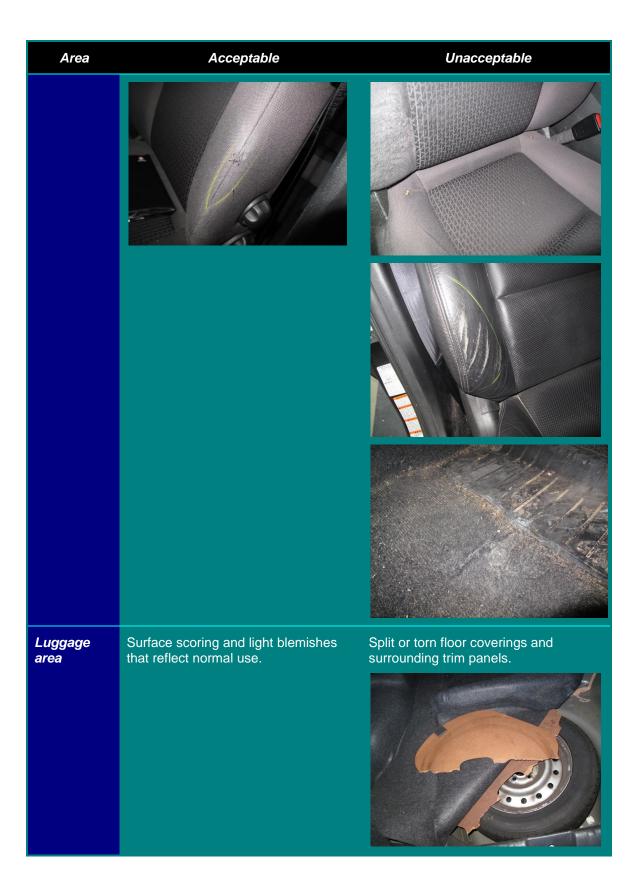
Mechanical Condition

Regular servicing and maintenance through an approved repairer in accordance with the vehicle manufacturer's servicing program should keep the vehicle in a roadworthy mechanical condition.

| Area | Acceptable | Unacceptable |
|--------------|------------|---|
| Brakes | | Grooved brake discs caused by metal to metal contact. |
| | | Brakes below legal limit. |
| Engine | | Damage due to running vehicle with insufficient coolant, lubricating oil and with broken internal components. |
| Transmission | | Slipping, erratic gear changing, clutch slipping, noisy transmission or ineffective synchromesh. |
| Fluids | | Engine oil, transmission oil, radiator and water for windscreen wipers below the minimum level. |

Vehicle Interior

| Area | Acceptable | Unacceptable |
|---------------|---|--|
| Interior trim | Wear and non-permanent soiling through normal use. Repairs that are not readily visible. Fading caused by sunlight that is consistent with the age and use of the vehicle. | Visible burns, tears or permanent staining to the seats, headlining or carpets. Fading caused as a result of contact with chemicals and solvents. Damage caused by footwear marks or vandalism. Damage resulting from overloading, carrying inappropriate equipment or excessive force to the seat. |



| Area | Acceptable | Unacceptable |
|-------------------------------|---|---|
| Door opening tread area | Scuffing to the door and luggage area treads providing paintwork has not been damaged down to bare metal and aperture seals are not torn. | |
| Dashboard and console | Minor staining that can be cleaned by normal detailing procedures. Accessories that do not require permanent screw holes or marks, and are installed by qualified staff. Minor scratches if detailing processes will adequately rejuvenate the material. | <text><text><text><text><text><text><text></text></text></text></text></text></text></text> |



| Area | Acceptable | Unacceptable |
|------------|---|---|
| | | |
| Seat belts | Minor staining that can be cleaned by normal detailing procedures. | Fading caused by contact with chemicals and solvents. |
| | Fading caused by sunlight that is consistent with the age and use of the vehicle. | Cuts, tears and abrasions resulting from misuse and restraining inappropriate items or equipment. |
| | Damage caused by defective materials, manufacturing faults or normal wear and tear (to the extent | Damage resulting from door strikes, animals chewing, or road abrasions caused by the buckle dragging. |
| | that the damage or wear does not render the vehicle unroadworthy). | Damage resulting from unauthorised modification of the vehicle and undeclared accident damage. |
| | | Damage caused by misuse or restraining inappropriate equipment. |