

Policy

General Manager Vehicle Lease Scheme

Version 1.0

Adopted by Council at its meeting on 20 December 2013

Minute No xxx

Division:
Section:
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Technology and Corporate Services
Finance Unit
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General Manager Vehicle Lease Scheme

1.0 Scope

1.1 This policy applies to the position of General Manager.

2.0 Purpose

2.1 This Policy:

- Provides a clear framework for the procurement, use and management of the General Managers vehicle along with compliance with legal and safety requirements;
- Outlines the vehicle lease fees; and
- Sets out the responsibilities of Council, the Lessee and Designated Users in relation to the provision, operation, and maintenance of the lease vehicle.

3.0 Definitions

3.1 For the purpose of this Policy the following definitions apply:

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|----------------------------------|--|
| Lessee | The General Manager granted business and private use of a Council vehicle under a lease arrangement. |
| Council | Tweed Shire Council. |
| Designated User | Persons permitted use of a leased Council vehicle: <ul style="list-style-type: none">a) the Lessee;b) other Council employees;c) the Mayord) the partner of the Lessee;e) any other licensed driver or valid permit holder (including Learner and Provisional licences) provided they are authorised by the Lessee and that the Lessee is at all times present in the vehicle. |
| Employee | Tweed Shire Council Employees. |
| Fringe Benefits Tax (FBT) | FBT is a government imposed cost to Council in association with private use of vehicles. FBT is included in lease fee calculations as part of the overall contribution for use of the vehicle provided by Council. |
| Partner | Spouse, de facto spouse, and same sex partners of the Lessee who live with the Lessee on a bona fide domestic basis. |
| Private Use | Use of the Council vehicle by the Lessee outside of working hours for purposes unrelated to Council business. |
| Purchase Vehicles | The purchase, rent, hire or lease of a vehicle by Council. Refers to a motorised passenger vehicle and does not include light commercial vehicles. |

4.0 Lessee Entitlements and Obligations

4.1 Lessee Obligations

Lessees of a Council lease vehicle are responsible for:

- Full compliance with all aspects of this Policy.
- Maintaining the cleanliness of the vehicle.
- Overnight security, providing off street parking and under cover where possible.
- Notifying the Workshop Foreman of all defects observed in the operation of the vehicle or damage to the vehicle, no matter how minor.
- Ensuring that normal running items such as petrol, oil, battery, radiator, tyre pressures, or the like are checked at regular intervals or as otherwise recommended by the Manufacturer.
- Ensuring that the vehicle receives scheduled servicing as determined by Council's Fleet Management.
- Ensuring that they only provide permission to drive the lease vehicle to Designated Users as defined under this policy.
- Ensuring that Designated Users, other than Council employees, possess a current driver's licence or permit valid for use in NSW.
- Immediately advising Council of the cancellation or restriction of their driver's licence. Failure to do so will be considered a serious breach of the employer/employee relationship and may result in disciplinary action being taken.
- Ensuring that fuel is accessed from Council Depots only by Designated Users who are Council employees.

4.2 Lessee Entitlements

Council will provide:

- Servicing and maintenance of vehicles;
- Current registration, CTP and comprehensive insurance;
- Inclusion in a roadside assistance program;
- Fuel for work use and private use distributed through: Tweed Heads and Murwillumbah Depots during Depot hours and/or a Council issued fuel card.

4.3 Use of Lease Vehicle when on Leave

Lessees are entitled to retain use of their lease vehicle for periods of paid leave.

4.4 Authorisation for Unaccompanied Driving of a Council Vehicle by other than a Council Employee or the Lessee's Partner

Lessees wishing persons other than their partners to be able to drive the lease vehicle unaccompanied are to make a submission detailing the person, including details of age, to the Mayor. If the submission is deemed suitable, the Mayor will make application to Council's insurers with any additional premium payable to be paid by the Lessee. This provision is for extenuating circumstances only, such as lessee illness or injury.

4.5 Vehicle Ownership

Lease vehicles at all times remain the property of Council and are to be returned to Council on termination of employment and in accordance with the provisions of this Policy.

5.0 Designated User Responsibilities and Obligations:

5.1 Refuelling of Vehicles

Only Designated Users who are Council employees have an entitlement to refuel the lease vehicle at a Council Depot.

5.2 Accident and Breakdown

5.2.1 In the event of accident or breakdown the Designated User is to utilise the services of the nominated roadside assistance provider. If the vehicle requires towing, the nominated roadside assistance provider is to be requested to provide the usual free service and the Plant & Materials Coordinator is to be informed as soon as possible thereafter.

5.2.2 Where the accident is of such a nature that the vehicle will be unable to be driven for several days, no authorisation on repairs is to be undertaken without the prior approval of the Plant & Materials Coordinator. The Plant & Materials Coordinator will assume responsibility for subsequent action to recover or repair the vehicle. Where the accident occurs, other than in the direct performance of Council duties, the Lessee may be required to assist in the return of the vehicle to Murwillumbah in their own time. This is consistent with the principle that private use should not result in significant extra costs to Council.

5.2.3 Should breakdown occur in an area remote from Tweed Shire that is not covered by Road Safety Assist, the Designated User may authorise urgent repairs or replacement parts to the value of \$500. For costs above this limit the Designated User must seek prior authorisation from the Plant & Materials Coordinator. Reimbursement up to the authorised limit will be made on production of a tax invoice receipt.

5.3 Responsible Driving and Liability for Fines and Infringements

5.3.1 Designated Users shall conform with all regulations laid down under the Motor Traffic Act and any parking ordinances or regulations. The Lessee of the vehicle shall be liable for any traffic or parking infringements which occur with their vehicle unless it can be clearly established that the vehicle was being driven at the time by another driver. (See also 4.1 obligations regarding notification of restriction or cancellation of licence)

5.3.2 Where a Designated User fails to observe these conditions the Lessee is liable for the damage and loss sustained to both the Council vehicle and any third party property unless it can be clearly established that the vehicle was being driven by another Council employee. Council reserves the right to seek recovery of the cost of any damages caused to the Council vehicle or sustained by the third party as appropriate.

5.4 Lessee Liability Associated with Statutory Drug and Alcohol Offences

In the event of damage to a Council lease vehicle, or to a third party's property whilst the Designated User is under the influence of alcohol or drugs, and is found guilty of the offence, the Designated User is liable for the damage and loss sustained to both the Council vehicle and any third party property. Recovery of the cost of such damage will be instituted at the direction of the General Manager/Mayor. Disciplinary action may also result.

5.5 Disciplinary Action Occasioned by Inadequate Vehicle Use or Management

5.5.1 Where a Designated User is involved in repeated damage to Council vehicles and/or third party property, Council reserves the right to take action through the direction of the General Manager/Mayor.

5.5.2 Any action taken against the Designated User will be determined on a case by case basis giving consideration to the circumstances, the nature of the damage and the degree of the Designated User's negligence and may result in one or more of the following disciplinary remedies:

- Payment of insurance excess;
- Payment of cost of repairs or portion thereof;
- Withdrawal of private use or designated user privilege;
- Cancellation of Lease;
- Withdrawal of entitlement to drive Council vehicles;
- Written Warning
- Other action as determined by the General Manager/Mayor.

5.5.3 Where vehicle lease or vehicle use is withdrawn the withdrawal will be for a period determined by the Mayor.

5.6 Vehicle use Restrictions

Designated Users are prohibited from utilising a Council vehicle to compete in any car rally or competition, or to use the vehicle in any manner which may contravene Council's comprehensive insurance policy, and may result in voidance of insurance cover and/or the vehicle manufacturer's warranty.

6.0 **Council Vehicle**

6.1 Class of Vehicle

Vehicle selection is at the discretion of the lessee within the following parameters:

- a) is listed on the State Government contract pre qualification scheme - Motor Vehicles (administered by NSW Procurement)
- b) purchase price must not exceed \$50,000 (ex GST)
- c) fuel consumption <11ltr/100km
- d) CO2 emission < 231 g/km
- e) greenhouse gas rating > 5.4

6.2 Vehicle Replacement

Vehicle replacement is to occur when economically and operationally most beneficial to Council as determined by the Manager Works.

7.0 **Lease Fees**

7.1 Vehicle Lease Fees

The lessee is responsible for the following costs:-

- 70% of the actual operating costs (insurance, registration, repairs, servicing, tyres, fuels & oils etc);
- 70% of calculated depreciation - (18.75% large, 16% medium, 14% small vehicle)
- 70% of the opportunity cost of the purchase price - based on Councils most recent 10 yr loan borrowing rate
- 100% of Fringe Benefits Tax

Council has adopted 70% as the private use default component for lease calculation purposes. This percentage is consistent with the practice of the NSW Senior Executive Service motor vehicle arrangements, which was applicable at the commencement of the standard Division of Local Government employment contracts for senior officers.

Lease holders may fill out a log book, for a continuous 3 month period, if they believe the private use component is less than 70%. (100% of the FBT is still payable) The resultant private/business use split will be valid for 5 years.

Vehicle lease fees are paid from pre-tax payroll deductions.

8.0 **Breaches of the Policy**

8.1 Breaches of this policy will be treated as a disciplinary matter and will be addressed in accordance with Council's Disciplinary Protocol. Management action will be determined on a case by case basis and may include, but is not limited to, written warnings, recovery of funds, suspension or withdrawal of vehicle privileges and/or dismissal.

9.0 **Variations to Policy**

9.1 Variation Provisions

Notwithstanding anything contained in this policy, Council unconditionally and without prejudice at all times reserves the right to vary, amend, revoke or re-negotiate, any or all of the terms and conditions of this Policy, for any reason including but not restricted to, whether such right be exercised as a consequence of changing economic or commercial circumstances or practices, changing industry employment/industrial conditions (such contractual engagements), legislative/tax changes or operational need.

9.2 Employee Termination of a Lease Agreement

The lessee can terminate their lease agreement at any time by giving 2 weeks notice in writing to the Mayor. On cessation of the lease the vehicle is to be returned to the depot as a pool vehicle.

Version History

| Version # | Summary of changes made | Date changes made |
|-----------|-------------------------|-------------------|
| 1.0 | | |