



StateFleet
Government Services

The
StateFleet Leasing Arrangement

Service Directory

November 2014

The information contained in this Service Directory is available in our on-line Service Directory at www.statefleet.nsw.gov.au .

Contents

Introduction	2
Eligible Clients	2
StateFleet Responsibilities	2
Client Responsibilities	3
Product Terms	3
Commencement of Lease	3
Lease End Date	3
Termination of Lease.....	4
Transfer of Lease between Clients	4
Lease Payments	4
Purchase Price of Vehicle	4
Interest Rate	5
Residual Value Percentages.....	5
Lease Term.....	5
Competitively Neutral Fee	6
Lease Management Fee.....	6
Adjustment of Lease Term	6
Vehicle Category Definitions	7
Lease Quotes - easy.Quote	7
Excess Kilometre Charge	7
Penalties.....	8
Billing	9
Vehicle Replacement	9
Vehicle Selection	9
Vehicle Purchase and Acceptance – easy.Order	9
Fit Out and Modifications	10
Luxury Car Tax (LCT) Threshold.....	10
Vehicle Warranty.....	11
Logos	11
Vehicle Care and Maintenance.....	11
Accidents or Theft of Vehicle	11
Vehicle Return.....	12
Vehicle Condition Assessment	12

Introduction

In 2003 the NSW Government introduced the StateFleet Leasing Arrangement for the provision of passenger and commercial motor vehicles to budget sector and other approved agencies.

This arrangement is financed by the NSW Treasury Corporation and managed by StateFleet.

All new motor vehicles delivered to approved Client Agencies are financed under the StateFleet Leasing Arrangement.

Eligible Clients

Eligible Clients of the StateFleet Leasing Arrangement include:

- the agencies listed in Schedule 1 – Public Service Agencies to the *Government Sector Employment Act 2013*
- the government sector agencies, as defined in the *Government Sector Employment Act 2013*, and as approved by the Treasury
- Public Service senior executives
- other agencies as approved by StateFleet.

StateFleet Responsibilities

As Manager of the StateFleet Leasing Arrangement, StateFleet is responsible for:

- forecasting and reviewing the residual value percentages of vehicles available for lease under the arrangement
- managing the residual risk
- providing indicative lease quotations for the lease of vehicles
- purchasing and arranging for the delivery of vehicles in accordance with Client order requirements
- arranging payment to vehicle suppliers
- providing a lease schedule in accordance with the Master Lease Agreement between StateFleet and the Client at the commencement of each lease
- endeavoring to ensure vehicles are being serviced by Clients in accordance with manufacturers specifications and are being maintained in good repair and in a clean and roadworthy condition throughout the term of the lease
- disposing of vehicles including controlling the disposal method, negotiating reserve prices, detailing and arranging the sale and collecting the proceeds
- invoicing all lease payments, excess km charges, penalties and return repair costs and debiting the Client's nominated account for the monthly invoice amount charged
- monitoring the late return of vehicles and charging the late return penalty
- providing quarterly reporting on the leased fleet.

Client Responsibilities

Under the StateFleet Leasing Arrangement, Clients are responsible for:

- the selection and management of leased vehicles in accordance with the *Motor Vehicle Policy for New South Wales Government Agencies*, available on StateFleet's website address (www.statefleet.nsw.gov.au)
- maintaining vehicle registration
- renewing third party insurance with the Treasury nominated insurer
- vehicle insurance and accident management in accordance with the TMF or other insurance provider
- ensuring sufficient clear funds are available to allow a debit payment to be made for all lease payments, excess km charges, penalties and return repair costs
- servicing the vehicles in accordance with the manufacturers' recommendations
- maintaining vehicles in good repair and in a clean and roadworthy condition throughout the term of the lease
- maintaining the vehicle warranty
- initiating the order for new vehicles and returning vehicles on the lease end date
- arranging the payment of any fines, levies or charges relating to traffic offences by the driver of the vehicle
- promptly bringing to the attention of a StateFleet representative any errors, problems or issues which may arise during the lease period and may affect the supply, commencement or ongoing provision of services.

Product Terms

The following subject terms are applicable to StateFleet's lease products including the Standard Lease, Serviced Lease and All Inclusive Lease.

Commencement of Lease

The lease term commences on the date of delivery of the vehicle to the Client.

Lease End Date

The lease end date is the date the vehicle is due for return to StateFleet. The date is determined by incrementing the delivery date of the vehicle by the number of months in its lease term.

For example: A vehicle delivered on 1/8/14 with a 36 month lease term has a lease end date of 31/7/17.

Termination of Lease

The Client must retain the vehicle for the period of the lease term commencing from the date of delivery of the vehicle. The vehicle lease cannot be terminated early.

The lease term will be terminated on either:

- the return of the vehicle by the Client and acceptance of the vehicle by StateFleet on lease end, or
- the date StateFleet receives insurance proceeds from the insurer in the event of total loss or theft.

Transfer of Lease between Clients

Vehicles may be transferred between Client Departments and Client cost centres if the receiving Client notifies StateFleet in writing that they are willing to accept liability for the lease fees payable. Lease fees terminate for the transferring Client and commence for the receiving Client on the first day of the current month or a later date as agreed between the Clients and StateFleet.

Lease Payments

The lease payment for a vehicle is calculated when the invoice for the purchase of the vehicle is presented to StateFleet. The lease payment is calculated in accordance with the formula contained in the Master Lease Agreement using the following components:

- purchase price of vehicle
- interest rate
- residual value percentage
- lease term
- competitively neutral fee
- lease management fee
- general risk fee.

Indicative lease payments are available from StateFleet to assist Clients when selecting a vehicle. These payments are indicative only due to fluctuating variables including contract purchase prices, interest rates and residual value percentages over time.

Purchase Price of Vehicle

The purchase price is the invoiced value of the vehicle, including accessories and options, in accordance with the Office of Finance and Services Prequalification Scheme: Motor Vehicles.

Interest Rate

NSW Treasury Corporation (T Corp) determines the interest rate on the loan finance for the purchase of vehicles under the StateFleet Leasing Arrangement. This rate is reviewed on a six monthly basis, or sooner where the circumstances warrant.

StateFleet uses the interest rate applicable at the time, in the calculation of the lease payment for a vehicle.

Residual Value Percentages

The residual value percentage is the forecast net sale price expressed as a percentage of the original purchase price. In the StateFleet Leasing Arrangement, a residual value percentage is applied to each vehicle according to its make, model, series, body type and lease term.

The residual value percentage is used in the calculation of the lease payment for a vehicle.

Lease Term

A lease term is a period of time in months a vehicle can be leased by a Client. A new range of lease terms became available on 1 June 2012 to meet new requirements under the *Motor Vehicle Policy for New South Wales Government Motor Vehicles*:-

All Government motor vehicles must be retained for a minimum period of 36 months or 60,000 kilometres, whichever comes first.

The lease terms for passenger and commercial vehicles provide the flexibility to meet an extensive range of options within the requirements of the Policy as follows:

Vehicle Category	Lease Term (months)	Maximum Kms
Passenger	9 - 48	100,000
Light Commercial	9 - 60	150,000
Heavy Commercial	9 - 60	300,000

The lease term is the period in time in months as determined by the Client. The nominated kilometres to be travelled within the lease term must not exceed the maximum kilometres indicated above. The nominated kilometres together with the lease term is used to calculate the monthly lease payment.

To meet the minimum requirements when entering into a new lease, Clients should estimate the term in months the vehicle will travel 60,000 kilometres. If the term

estimated is greater than 36 months then the Client should estimate the total kilometres to be travelled by the vehicle in 36 months.

For example:

If it is estimated a passenger vehicle will travel 2,000 km per month it will travel 60,000 km in 30 months. The lease term to meet the minimum requirements is 30 months / 60,000km.

If it is estimated a passenger vehicle will travel 1,450 km per month it will travel 60,000km in 42 months. The same vehicle will travel 52,200 km in 36 months. The lease term to meet the minimum requirements is 36 months / 55,000 km. (Under this example, a lease term of up to 48 months / 70,000 km remains optional).

Note: Vehicles cannot be returned early (before the lease end date) under the StateFleet Leasing Arrangement.

Competitively Neutral Fee

The competitively neutral fee is charged to reflect the private sectors anticipated return on equity.

Lease Management Fee

The lease management fee is the fee approved by the Treasury.

General Risk Fee

The general risk fee is charged as a component of the monthly lease payment to reduce the exposure to fluctuating residual values on the sale of vehicles.

Adjustment of Lease Term

The lease term may be adjusted during the term of the lease to reflect the actual utilisation of the vehicle based on kilometres travelled and age of the vehicle in months. The Client may:

- request an adjustment to the lease term, no later than one month proceeding the mid-point of the lease term, and
- in extraordinary business circumstances, request an additional adjustment to the lease term, up until one month preceding the lease end date, for the consideration of StateFleet.

The lease fee payable on the vehicle will be recalculated based on the new lease term.

Vehicle Category Definitions

Passenger

A four (4) wheeled motorised vehicle primarily designed for the carriage of people, including sedans, wagons, coupes, hatches, SUVs, AWDs, 4WDs, people movers and convertible or van style wagons having a seating capacity of up to nine (9) including the driver.

Commercial

A four (4) wheeled motorised vehicle primarily designed for the carriage of goods and having a Gross Vehicle Mass exceeding 1 tonne, including utilities, vans, omnibuses and trucks.

Light commercial vehicles are generally defined as having a Gross Vehicle Mass of less than 3.5 tonne.

Heavy Commercial vehicles are generally defined as having a Gross Vehicle Mass of 3.5 or more tonne.

Lease Quotes - easy.Quote

easy.Quote is an on-line lease quoting facility available to registered Clients of StateFleet Online. The quoting facility provides indicative lease quotes for the full range of vehicles under the Prequalification Scheme: Motor Vehicles including vehicle options and accessories.

Excess Kilometre Charge

Applicable to leases for passenger and light commercial vehicles ordered before 1 January 2015.

An Excess Kilometre Charge will apply on the lease of a passenger or light commercial vehicle if it exceeds the nominated kilometres to be travelled by more than 10%.

The excess charge payable is 12 cents per kilometre over and above the 10% buffer on the intended kilometres. For example, if a vehicle on a 24 month term / 40,000km lease is returned with 46,000km, an excess kilometre charge of \$240 will apply. (10% buffer on 40,000km is 4,000km; 46,000km - 44,000km is 2,000km; 2000 x 0.12 = \$240).

Applicable to leases for passenger and light commercial vehicles ordered from 1 January 2015.

An Excess Kilometre Charge will apply on the lease of a passenger or light commercial vehicle if it exceeds the nominated kilometres to be travelled by more than 5,000 kilometres.

The excess charge payable is 12 cents per kilometre on the total sum of kilometres over and above the nominated kilometres.

For example, if a vehicle on a 36 month term / 60,000km lease is returned with 64,000km, an excess kilometre charge will not apply. If a vehicle on a 36 month term / 60,000km lease is returned with 66,000km, an excess kilometre charge of \$720 will apply. (66,000km - 60,000km is 6,000km; 6000 x 0.12 = \$720).

Penalties

Applicable to leases for passenger and light commercial vehicles returned before 1 April 2015.

A Late Return Penalty will apply on the lease if a Client retains the vehicle for more than six months after the lease end date.

The penalty fee payable will represent an additional full lease payment each month until the vehicle is returned and accepted by StateFleet. This fee will be pro-rated from the date six months after the lease end date.

For example, a vehicle with a due lease end date of 31/05/14 has a monthly lease fee of \$500. If the Client retains the vehicle after 30/11/14, the total lease fees payable from 1/12/14 will be \$1000 per month until the vehicle is returned.

Applicable to leases for passenger and light commercial vehicles returned from 1 April 2015.

Passenger Vehicles

A Late Return Penalty will apply on the lease of a passenger vehicle if a Client retains the vehicle for more than three months after the lease end date.

The penalty fee payable will represent an additional full lease payment each month until the vehicle is returned and accepted by StateFleet. This fee will be pro-rated from the date three months after the lease end date.

For example, a vehicle with a due lease end date of 31/10/14 has a monthly lease fee of \$500. If the Client retains the vehicle after 30/01/15, the total lease fees payable from 31/01/15 will be \$1000 per month until the vehicle is returned.

Light Commercial and Commercial Vehicles

A Late Return Penalty will apply on the lease of a light commercial or commercial vehicle if a Client retains the vehicle for more than six months after the lease end date.

The penalty fee payable will represent an additional full lease payment each month until the vehicle is returned and accepted by StateFleet. This fee will be pro-rated from the date six months after the lease end date.

For example, a vehicle with a due lease end date of 31/8/14 has a monthly lease fee of \$700. If the Client retains the vehicle after 28/02/15, the total lease fees payable from 1/03/15 will be \$1,400 per month until the vehicle is returned.

Billing

The lease fees payable to StateFleet commence from the date of delivery of the vehicle to the Client, i.e. commencement of the lease term, and continue until termination of the lease.

Lease fees are invoiced by StateFleet one month in arrears and are debited from the Client's nominated account within 30 days of the date of the invoice.

The first invoice received for a new vehicle will include lease fees payable from the date the vehicle was delivered to the last day of the invoice month.

For example, if a vehicle was delivered on 15/4/14, the first invoice dated 31/5/14 will include lease fees payable from 15/4/14 to 31/5/14.

Vehicle Replacement

The Client's Fleet Manager is responsible for ensuring replacement action is initiated in due time so the delivery of the new vehicle coincides with the lease end date of the vehicle being replaced.

Information on new vehicle delivery times is available on StateFleet's website address (www.statefleet.nsw.gov.au).

Vehicle Selection

Clients of the StateFleet Leasing Arrangement are able to select from a comprehensive range of motor vehicles available through the Office of Finance and Services Prequalification Scheme: Motor Vehicles. A complete listing of vehicle makes, models and accessories is available through smartbuy.

The selection of vehicles, including options and accessories, should be based on firm business principles according to the Client's operational needs, and in accordance with the *Motor Vehicle Policy for NSW Government Agencies*. Other points for consideration when selecting a vehicle include the indicative lease payment, expected delivery time, compliance under the Luxury Car Tax threshold, the green rating and likely requirement to conform to the Client's Fleet Manager's recommended manufacturer fleet profile.

Vehicle Purchase and Acceptance – easy.Order

When a new vehicle is required the Client is to complete an on-line order using easy.Order; an on-line vehicle ordering facility available to registered Clients of StateFleet Online and available on StateFleet's website address (www.statefleet.nsw.gov.au).

Clients are encouraged to nominate the dealer for vehicle delivery and give careful consideration to the required delivery date. The delivery date should coincide with the lease end date of the vehicle being replaced.

StateFleet will place an order for the new vehicle with the nominated dealer or, in cases where a dealer has not been nominated, the nearest dealer to the delivery location. StateFleet will send a copy of the vehicle order to the Client.

Prior to accepting the new vehicle on delivery, the Client is to countersign a New Vehicle Delivery Checklist. Delivery of the vehicle should not be accepted unless all requirements on the checklist have been met. If required by the Client, StateFleet will assist should a dispute arise during the delivery process.

On acceptance of the vehicle, the Dealer will forward the New Vehicle Delivery Checklist and vehicle invoice direct to StateFleet.

Fit Out and Modifications

All vehicle fit outs and modifications must comply with the Roads and Maritime Services Vehicle Standards.

All standard fit outs and modifications included in the StateFleet Leasing Arrangement are to be returned with the vehicle on lease end date, or alternatively and under prior agreement, transferred to the replacement lease vehicle.

Fit outs and modifications that must be removed from the vehicle prior to its return to StateFleet include:

- customised fit outs included in the StateFleet Leasing Arrangement which are unique to the Client's requirements
- all fit outs and modifications financed by the Client.

The Client will arrange and pay for the decommissioning of the vehicle and ensure any damage to the vehicle resulting from the installation or removal of the fit out or modification is rectified. The Client may arrange to transfer a fit out to the replacement vehicle, or in the case of a replacement lease vehicle, transfer the fit out under prior agreement with StateFleet.

Additions to the Lease

If required, additional vehicle accessories or equipment may be purchased after delivery of the vehicle. These items must be ordered within the three month period after the delivery date to include their cost in the lease of the vehicle. The lease fee payable on the vehicle will be adjusted to include the new items.

Orders for the additional items are to be sent direct to StateFleet by facsimile message.

Luxury Car Tax (LCT) Threshold

Any passenger vehicle, station wagon or 4WD vehicle with a cost (GST inclusive), including accessories, in excess of the LCT threshold cannot be leased through the StateFleet Leasing Arrangement.

The Australian Taxation Office reviews the LCT threshold each financial year. The LCT threshold for the 2014-15 financial year is \$61,884 (incl GST).

Vehicle Warranty

The manufacturer's warranty on the vehicle commences from the date of vehicle delivery. The terms and conditions of warranty specific to the vehicle are outlined in the Manufacturers Vehicle Handbook.

Clients are to ensure each vehicle is maintained in accordance with the terms and conditions of its warranty.

Logos

The Client's logo may be displayed on vehicles supplied under the StateFleet Leasing Arrangement.

The logo must be removed from each vehicle prior to its return to StateFleet. The Client should take care when removing logo decals or stickers as damage to the vehicle's paintwork may constitute unfair wear and tear under the Vehicle Condition Assessment Policy.

Vehicle Care and Maintenance

Clients are to ensure vehicles are fully serviced and maintained in a clean and roadworthy condition throughout the term of their lease. Care and maintenance of the vehicles includes:

- protective and secure covering or garaging
- regular preventative maintenance checks in accordance with the manufacturer's recommendations e.g. fluid levels and tyre pressure
- regular washing of the vehicles' exterior and cleaning of interior surfaces
- repair or replacement of damaged paintwork, parts or panels
- correct usage in accordance with the vehicles' designed purpose
- regular servicing in accordance with the manufacturers' recommendations by a licensed motor vehicle dealer, or Motor Vehicle Repair Industry Council approved workshop.

StateFleet reserves the right to inspect any vehicle during the term of its lease.

Accidents or Theft of Vehicle

The Client is responsible for implementing appropriate accident / theft management procedures in accordance with the requirements of the Treasury Managed Fund (TMF) or, where applicable, other insurance provider as approved by StateFleet.

In the event of total loss or theft, the lease fees payable on the vehicle will terminate on the date StateFleet receives the insurance proceeds from the TMF Fund Manager or other insurance provider.

Vehicle Return

Vehicles must be returned to StateFleet (or its nominated agent) on the lease end date or most practicable date thereafter. StateFleet will notify the Client of vehicles due for return one month in advance of the vehicles' lease end date.

Note: Passenger and Light Commercial / Commercial Vehicles retained for more than three and six months respectively, after the due lease end date will attract a Late Return Penalty. Passenger and Light Commercial Vehicles exceeding the nominated kilometres to be travelled by more than 5,000 kilometres will attract an Excess Kilometre Charge.

Prior to the return of a vehicle to StateFleet (or its nominated agent):

- the vehicle must be cleaned, well maintained (fully serviced) and presented in a roadworthy condition with all options and accessories fitted at the time of purchase intact
- all repair work to address unfair wear and tear and /or damage must be completed
- any fit out or modification financed by the Client must be removed
- any customised fit out included in the StateFleet Leasing Arrangement that is unique to the Client's requirements must be removed.

A Safety Inspection Report (pink slip) may be obtained for each vehicle prior to its return (optional).

StateFleet reserves the right to reject any vehicles, which are not able to be registered or have sustained unfair wear and tear or damage.

Vehicle Condition Assessment

All vehicles returned will undergo a Vehicle Condition Assessment to determine the condition of each vehicle. Wear and tear that is deemed to be unacceptable may include stains, burns, scratches, panel or windscreen damage, or evidence of vehicle abuse.

A full description of fair wear and tear, unfair wear and tear and unacceptable vehicle damage is detailed in the Vehicle Condition Assessment Directory available on StateFleet's website address (www.statefleet.nsw.gov.au).

If the Vehicle Condition Assessment determines that either rectification and /or repair work is required to restore the vehicle to a suitable sale standard StateFleet may:

- reject the vehicle and request the Client to collect the vehicle at its own expense and carry out the repair work in accordance with the Client's insurance arrangements
- obtain a quote to complete the work, and:
 - spend an amount of up to \$500 for minor rectification work to address fair wear and tear to the vehicle and deduct the cost from the sale proceeds,

- spend an amount of up to \$1000 to repair work to address unfair wear and tear or damage to the vehicle and charge the Client for the cost of repairs. In cases where the repair work exceeds \$1000 StateFleet will request the Client to authorise StateFleet to carry out repair work either through the Client's insurance arrangements or under direct charge to the Client. If the Client does not provide written authorisation (including the provision of an approved TMF / insurance claim number or agreement to on cost the work) within ten working days of the request, StateFleet will direct the Client to collect the vehicle at its own expense and carry out the repair work in accordance with the Client's own arrangements.

StateFleet reserves the right to inspect any vehicle during the term of its lease and conduct a Vehicle Condition Assessment to monitor the care and maintenance of the vehicle.