



Investment Case LITE

*Fleet Replacement Programme
(FY 2020/21, 2021/22, 2022/23 & 2023/24)*

Initiative ID: ICL-14

Senior Responsible Owner: Kirit Parbhu -
Business Manager, Asset Maintenance &
Delivery

Benefits Realisation Owner: David Jacobs

Prepared by: David Jacobs Fleet Manager

Date: 18 June 2020

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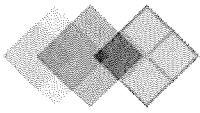
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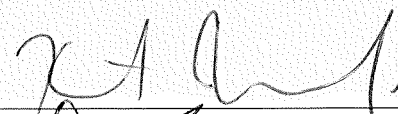
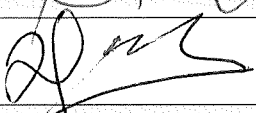

RPA Rating: Low



DEPARTMENT OF
CORRECTIONS
ARA POUTAMA AOTEAROA



Endorsement Status

Role	Date & Signature [Ensure all have signed prior to submission for approval]
Senior Responsible Owner (SRO): Kirit Parbhu, Business Manager, Asset Maintenance and Delivery	 18/6/20
Senior Supplier (SS): David Jacobs, Fleet Manager	 18/6/20
EPMO Investment Lead: Duncan Chadwick	Approved via email 8 June 2020
Finance Reviewed: Andy Hicks	 18/6/20

Executive Summary

The primary goal of this investment case is to obtain approval to proceed with the Fleet Replacement Programme (FRP) replacing identified fleet assets deemed as most at-risk over the next four years.

The Department of Corrections has the second largest government fleet, comprising of approximately 1,400 vehicle assets of various types (excluding 446 trailers) of which approximately 1,173 are classified as light vehicles. At present the Department has 650 passenger cars located across 114 sites.

Based on 10-year fleet renewals plan the Department undertakes continuing fleet asset replacements on an annual basis. Through annual reprioritisation processes the most at-risk assets identified and addressed; under-performing, no longer compliant with fleet policies and end-of-life across the fleet that pose potential operational consequences if they were to fail, or are required for the delivery of sentence management without interruption/hindrance from fleet based assets due to the asset failing.

To identify the assets needing replacement over the next four years from 2020/21 through to 2024/25, structured risk assessments have been completed against all assets on the Fleet Asset Register that have been identified as requiring consideration for replacement.

This Investment Case seeks approval to proceed with the FRP replacing identified fleet assets deemed as most at-risk over the next four years.

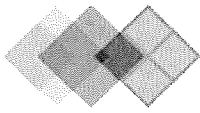
The recommended option - Option A has identified 360 at risk fleet assets requiring replacement by 2024 at a total cost of \$27,200,000 over the following four financial years at:

- 89 assets at a cost of \$7,700,000 in FY 2020/21
- 83 assets at a cost of \$6,500,000 in FY 2021/22
- 87 assets at a cost of \$6,500,000 in FY2022/23
- 101 assets at a cost of \$6,500,000 in FY2023/24

During the four year programme, focus will be given to exiting older at risk assets from the fleet that would further reduce longer replacement pressures.

For the 2020/21 FY 89 planned fleet asset replacements within 2020/2021 FY (year one) for a total estimated capital cost of \$7,700,000 comprising of the below elements and aligns with the FRP 2020/2021 Programme of Work capital allocation in the approved 2020/2021 Capital Plan:

- \$6,000,000 for Fleet Renewals 2020/21
- \$1,200,000 for the replacement of two 22 Cell Prisoner Escort Vehicles
- \$500,000 for supplementary renewals funding where fossil fuelled cars are replaced with electric cars.



Strategic

Strategically this Investment Case aligns with the Department's key priorities through the modernisation of the fleet. The Fleet Replacement four year programme has direct linkages to two other fleet initiatives currently proposed over the following four years. These are the; Smart Vehicle Systems and Low Emission Fleet Electric Vehicle Charger Installation four year programme. The combination of completing these three fleet initiatives will create value for the Department by providing; a fleet that is right sized, optimised vehicle use, safer vehicles and enhanced sustainable and fuel-efficient fleet including where practical the adoption of electric vehicles resulting in a reduction in CO2 fleet emissions.

Completion of the four year Fleet Replacement programme in combination with the other two fleet initiatives will align with strategic objectives and also provide the Department with a reduction in the cost of operating the fleet.

The Department has identified vehicles as one of its twelve Health and Safety critical risks.

The Fleet Replacement four year programme delivers on three of the Department's four key priorities;

- Safety – through ensuring assets are safe, fit for use and compliant - this will reduce the health and safety risk to users and occupants of the fleet assets and other road users.
- Our People – by improving safety & wellbeing of our staff through the introduction of fit for use and compliant assets which support the management of prisoners and offenders
- Rehabilitation – by providing assets that are fit for use and compliant enabling prisoners and offenders to improve sentence compliance and contribute towards reducing the rate of re-offending.

The Fleet Replacement Programme aligns with the following Hōkai Rangi strategic areas:

Humanising and Healing – Those in our care gain the skills, encouragement and support they need through respectful and value led interactions, while not being further harmed or traumatised by their experiences with our systems and environments.

- *This initiative will reduce the risk of harm and improve conditions – ensuring the health and safety of people in our care.*

Foundations for participation – We will create an environment that improves the ability of people in our care to transition back into society upon release.

- *People in our care will be using fit-for-purpose vehicles while undertaking training and education, enabling them to gain certification which will be transferable when they transition back into the community.*

This programme also aligns with the following investment priorities which are detailed in section 1.4 of the investment case:

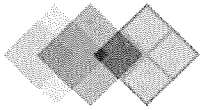
- Managing and responding to core volume changes
- Modernising the way we work
- Supporting rehabilitation, reintegration and transitioning prisoners / offenders
- Managing/maintaining asset resilience, service levels and capacity
- Enhancing business value, efficiency and effectiveness. Lead transformation of the Criminal Justice Sector.

Economic

The estimated capital cost to undertake and deliver the Fleet Replacement programme over four years is \$27,200,000. This programme excludes other Fleet initiatives i.e. Telematics and Electric Vehicle Charging Stations, these initiatives are the subject of separate investment cases.

Option A in this investment case is for the replacement of 360 most at-risk fleet assets over the four year programme as it provides replacement of under-performing, no longer compliant with fleet policies, and end-of-life assets across the fleet that pose potential operational consequences if they were to fail, or are required for the delivery of sentence management without interruption/hindrance due to the asset failing.

The cost to deliver Option A in the 2020/21 FY at \$7,700,000 aligns with the approved Capital Plan allocation for the Fleet Replacement Programme 2020/21 and includes replacement of 89 assets ranging in cost from \$15,000 - \$600,000 per asset with an average value of \$78,000.



The required capital at \$6,500,000 for each subsequent three years will be factored into each year's Capital Plan planning process.

Leasing replacement vehicles is not a consideration for the options presented in this investment case, as preliminary findings from lease versus own supports an ownership model, where the term (life) of economic use can be extended beyond permissible leasing terms.

Commercial

The procurement strategy for the delivery of FRP 2020/21 will use existing fleet contracts inclusive of All of Government Light Commercial Vehicles' Contract– see section 3.2 for more detail of the procurement strategy.

Management

This programme will be delivered using the Strengthening Portfolio Management (SPM) tools and in accordance with the P3M3 control framework. Key milestone dates, governance, project structure, change management approach, benefits management approach, project assurance and reporting requirements are detailed in Section 5 of this investment case.

Benefits

Delivery of the Fleet Replacement Programme and the delivery of 360 fleet replacements under Option A over the next four financial years will be measuring the following four benefits:

- Reduction of Reactive Maintenance Costs for the 360 new fleet assets compared to the current reactive maintenance costs for the assets being replaced. The estimated opex savings by reducing the re-active repairs over the four year programme is \$547,000 per year in the first two years
- Reduction in Fleet Fuel Costs attributed to the purchase of electric vehicles within the light commercial fleet with estimated fuel cost saving of \$176,000 over the four year programme based on current fuel pricing.

These cost savings will be monitored over the programme and any further increases in savings will be detailed in the funding memos prior to the programme moving into the following financial year.

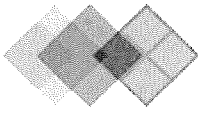
- Reduction in CO2 emissions
 - Over the proposed four year replacement programme 190 light commercial fleet replacement vehicles (inclusive of 64 zero emissions electric vehicles) – will result in a reduction of CO2 emissions.
- Improving Policy Safety Compliance – Light Commercial Fleet: ANCAP (Australasian New Car Assessment Program) Safety Rating
 - Uplift of 190 applicable fleet replacements having ANCAP 5 rating over the four year replacement programme.

Further detail on the benefits and outcomes for the programme are detailed in section 2.4 of this investment case and in the Benefits Profiles attached at Appendix Five.

Financial

The estimated capital cost to undertake and deliver the programme is \$27,200,000 over four years. Capital funding for the first year of \$7,700,000 is allocated to the programme in the approved 2020/21 Capital Plan comprising of the following allocations:

- \$6,000,000 for Fleet Renewals 2020/2021
- \$1,200,000 for the replacement of two 22 Cell Prisoner Escort Vehicles
- \$500,000 for supplementary renewals funding where fossil fuelled cars are replaced with electric cars.



This Investment Case is seeking approval of the proposed four year plan for the Fleet Replacement Programme (FRP) replacing 360 identified fleet assets deemed as most at-risk over the next four years and the initial release of the \$7,700,000 to replace 89 identified fleet assets in the 2020/2021 financial year. Funding memos will be submitted to the Infrastructure & Facilities Portfolio Governance Committee (IFPGC) prior to the subsequent financial years revalidating the investment and seeking the release of the capital funding to complete that financial year's identified replacements.

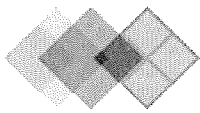
This proposed staged funding release approach will provide the Department with control of the capital spend and if there was any significant shift in Government/Department priorities or the ability to achieve the benefits then a new investment case would be submitted.

Subject to approval of this Investment Case and subsequent funding memos, the programme is scheduled to be complete as per the milestones set out in Section 5.3 with final completion by 30 June 2024.

Summary of Solution

Delivery of the recommended Option A –will provide the following:

- Replacement of 360 most at-risk fleet assets identified as; under-performing, no longer compliant with fleet policies and end-of-life fleet assets
- Mitigates safety and compliance risks that have been identified through an asset condition assessment of fleet assets held on the Fleet Register and in conjunction with Custom Fleet
- Mitigates potential operational impacts, from the replaced assets that have been prioritised due to their current condition such as the replacement of the two 22 cell prisoner escorts vehicles
- Provides for a reduction in CO2 emissions in order to meet where practical Government priorities to reduce the emissions profile of government fleet
- Reduction in fleet operating cost
- For the 2020/2021 year the replacement proposal (89 fleet assets) meets the constraints of the Capital Plan allowance for 2020/2021.
- The end state of the four year programme going into 2024/2025 will be the reduction in the current trajectory of required asset replacements from 541 to 397. This reduction in replacements is supported through the introduction of the Smart Vehicle Systems technology - refer to Appendix Four detailing the 4-10 year replacement plan. For each of the three out years, the Fleet team will revalidate the investment and assess the Department's ability to undertake further asset replacements.



Summary of Costs

The summary of costs for the recommended option for the four year programme are detailed in the table below:

Cost Element	Cost Type	FY 2020/21		FY 2021/22		FY 2022/23		FY 2023/24		Total	
		Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$
Northern Region	Estimate	16	\$815,000	17	\$1,378,000	19	\$1,348,000	22	\$1,231,000	74	\$4,772,000
Central Region	Estimate	21	\$1,961,000	21	\$1,276,000	29	\$1,941,500	23	\$1,417,500	93	\$6,596,000
Lower North Region	Estimate	29	\$2,532,000	23	\$2,074,000	18	\$1,452,000	20	\$1,174,000	89	\$7,232,000
Southern Region	Estimate	23	\$1,593,000	22	\$1,256,500	21	\$1,311,000	30	\$1,837,500	96	\$5,998,000
Tactical Operations	Estimate							5	\$257,000	5	\$257,000
National Office	Estimate	2	\$82,000					1	\$52,000	3	\$134,000
Project Management Costs	Estimate		\$260,000		\$120,000		\$120,000		\$12,000		\$620,000
Subtotal		89	\$7,243,000	83	\$6,104,500	87	\$6,172,500	101	\$6,089,000	360	\$25,609,000
Contingency	\$		\$457,000		\$395,500		\$327,500		\$411,000		\$1,591,000
	%		5.94%		6.08%		5.04%		6.32%		5.85%
Total Programme Costs			\$7,700,000		\$6,500,000		\$6,500,000		\$6,500,000		\$27,200,000

Funding	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	Total
Renewals	\$6,000,000	\$6,000,000	\$6,000,000	\$6,000,000	\$24,000,000
Electric Vehicle Uplift	\$500,000	\$500,000	\$500,000	\$500,000	\$2,000,000
Two 22 Cell PEV Replacements	\$1,200,000	-	-	-	\$1,200,000
Prior Approvals	-	-	-	-	
Total Programme Funding	\$7,700,000	\$6,500,000	\$6,500,000	\$6,500,000	\$27,200,000
Funding required this Investment Case	\$7,700,000	-	-	-	\$7,700,000
Impact on Capital Programme	-	\$6,500,000	\$6,500,000	\$6,500,000	\$19,500,000

Attached at Appendix Three is a detailed table of the 89 replacement fleet assets for FY2020/21.

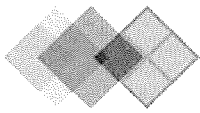
A detailed table of the replacement fleet assets for the subsequent three years will be included in the funding memos submitted to IFPGC prior to the subsequent financial years revalidating the investment and seeking the release of the capital funding to complete that financial year's installation works.

Summary of Consultation

The identification of the 360 most at-risk fleet assets for replacement did not require initial consultation with stakeholders as the assets were identified using the Fleet Risk Assessment Modelling Tool. Attached in Appendix Two is a detailed description of the Risk Assessment Modelling Tool. However, the Fleet team will consult with the Regions and Cost Centre Managers prior to placing the order for the replacement assets ensuring that the assets to be replaced have not been superseded by another assets in terms of risk for replacement.

IFPGC endorsed this Investment Case at the 17 June 2020 committee meeting.

Consultation with the Crown is not applicable to this investment case.



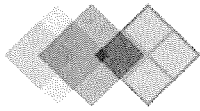
Recommended Actions & Approvals

Recommendations

Approval to Proceed		
1.	Approve this investment case subject to any amendments.	YES/NO
2.	Note the purpose of this initiative is to proceed with the Fleet Replacement Programme (FRP) replacing 360 identified fleet assets deemed as most at-risk over the next four financial years commencing with FY2020/2021 and the replacement of 89 identified fleet assets. Undertaking this Programme of work will mitigate safety and compliance risks, and potential operational impacts. The FRP also supports the Department to migrate towards meeting the Government priority to reduce the emissions profile of the government light vehicle fleet.	YES/NO
Financial Approvals		
3.	Note the estimated total Capital funding required to undertake this initiative over the next four financial years is \$27,200,000. The Capital Plan allocation for this initiative is \$7,700,000 for the 2020/2021 FY and is on the approved 2020/21 Capital Plan. The required capital for forward years will be factored into each forward years Capital Plan planning process as detailed in section 4.1 of this investment case.	YES/NO
4.	Note the FY2020/21 investment comprises of the following allocations on the Capital Plan: <ul style="list-style-type: none"> \$6,000,000 for Fleet Renewals 2020/2021 \$1,200,000 for the preplacement of two 22 Cell Prisoner Escort Vehicles \$500,000 for supplementary renewals funding where fossil fuelled vehicles are replaced with electric vehicles. 	YES/NO
5.	Approve the release of Capital funding required to complete the first year of the investment at \$7,700,000 in FY 2020/2021 for fleet asset replacements.	YES/NO
6.	Note there is an increase in depreciation costs relating to the replacement assets re on going Opex and no identified ongoing Opex costs associated with fuel or maintenance costs for this Programme of work.	YES/NO
7.	Note funding memos will be submitted to IFPGC prior to the subsequent financial years revalidating the investment and seeking the release of the capital funding to complete that financial year's fleet asset replacements.	YES/NO
Delegation Approvals		
8.	Authorise the Fleet Manager to expend the approved capital funding of \$7,243,000 (not including contingency) for costs elements set out in the schedule in section 4.	YES/NO
9.	Authorise the SRO to sign to enter into contract negotiations and sign contracts for the scope and cost elements included in this investment case.	YES/NO
10.	Authorise and allocate the contingency of \$457,000 to the SRO to expend.	YES/NO

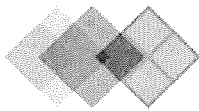
Approved

Name	Role	
Jeremy Lightfoot, Chief Executive	Investment Committee Chair	
Signature:		Date:



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1. The Strategic Case – The Case for Change

1.1 Overview

The Department of Corrections has the second largest government fleet. The fleet comprises of approximately 1,900 assets of varied types and supports around 9,000 staff, who work with people in our care nationally.

Usage of the fleet assets is varied from transporting people in our care (prison and community based) staff, drug-dog detection teams, and national office staff.

Fleet assets are also in use by prison-based industries supporting the re-integration of people in our care.

Based on a ten-year fleet renewals plan and annually, the Fleet Management team delivers a range of fleet renewals; replacing fleet assets under the Fleet Replacement Programme of Work.

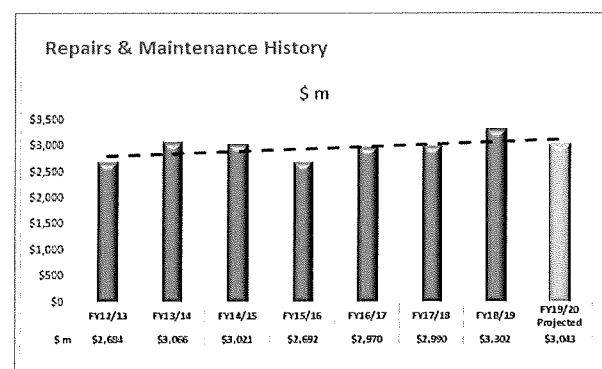
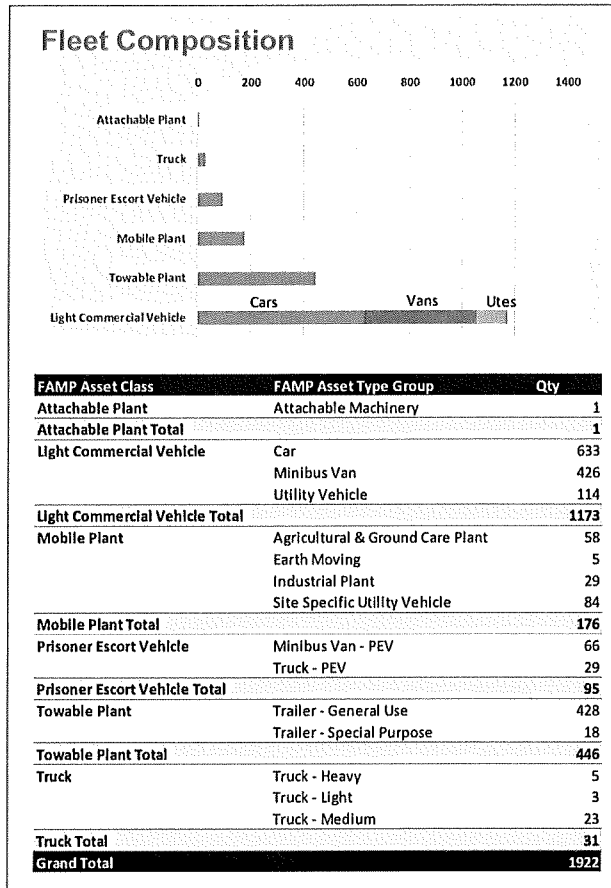
An established process is in place to identify the assets requiring replacement across the Department's fleet, and to also prioritise asset replacement in alignment with the Property Strategic Investment Priorities.

The Fleet Replacement Programme will replace fleet assets identified as most at-risk, including assets that have reached the end of economic life, via a risk based targeted prioritisation process and deferment plan.

The general performance of these identified high risk fleet assets contributes to uneconomic cost pressures being placed on the operating budget.

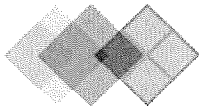
The adjacent chart demonstrates the correlation of the aging fleet and the impact of repairs and maintenance costs on operational budgets.

In addition, the unreliability of these fleet assets especially when taken out of service for reactive repairs is distributive to the business.



1.2 Current State and Business Need

<p>What is the specific problem or need we are addressing and its impact?</p>	<p>There are currently fleet assets in use that have been identified as needing to be replaced, due to being:</p> <ul style="list-style-type: none"> at the end of their operational or economic life non compliant with the Department's fleet related policies i.e. age, kilometres travelled, asset not having an Australasian New Car Assessment Program 5 (ANCAP 5) safety rating and/or having obsolete safety features
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- potential risks for the Department in complying with its statutory responsibilities and obligations under the Land Transport Act and the Health and Safety at Work Act
- no longer mechanically reliable and impacting on operational delivery when out of service due to reactive maintenance such as the replacement of the two 22 cell prisoner escorts vehicles
- no longer cost effective in terms of maintenance to keep them operational
- required to meet where practical Government priorities to reduce the emissions profile of government fleet with the wider adoption of electric vehicles.

1.3 The Strategic and Business Contribution

The Fleet Replacement four year programme has direct linkages to two other fleet initiatives currently proposed over the following four years. These are the; Smart Vehicle Systems and Low Emission Fleet Electric Vehicle Charger Installation four year programme. The combination of completing these three fleet initiatives will create value for the Department by providing; a fleet that is right sized, optimised vehicle use, safer vehicles and enhanced sustainable and fuel-efficient fleet including where practical the adoption of electric vehicles resulting in a reduction in CO2 fleet emissions.

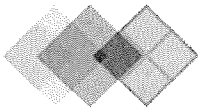
Safety and Wellbeing is embedded within all of the Department's investment priorities and in order to continue contributing to those, this investment proposal is required to support the safety and wellbeing of staff, people in our care and the wider public.

Completion of the four year Fleet Replacement programme in combination with the other two fleet initiatives will align with strategic objectives and also provide the Department with a reduction in the cost of operating the fleet.

In particular, the Fleet Replacement programme aligns with the Department's investment priorities of:

- *Managing and responding to core volume changes* – The recommended Option A targets the replacement of fleet assets deemed most at-risk while working in tandem with inflight initiatives to right size the fleet.
- *Modernising the way we work* – The proposed option continues modernisation of the fleet by assets which are low in emissions, petrol-hybrid technology, safer, compliant and fit for purpose.
Note: The Department is currently running a pilot scheme of electric vehicles.
- *Supporting rehabilitation, reintegration and transitioning prisoners / offenders* – The recommended option continues with active replacement of fleet assets directly used in the rehabilitation, reintegration and transitioning prisoners / offenders, such as the replacement minibus passenger vans, tractors, ride on mowers, side by sides, etc.
- *Managing/maintaining asset resilience, service levels and capacity* – The recommended option will retire fleet assets identified most at-risk and provide safe, reliable, fit for purpose and compliant fleet assets within the department's fiscal priorities.
- *Enhancing business value, efficiency and effectiveness* – The recommended Option A will deliver value for money through a targeted replacement programme and provide efficient assets. The programme seeks to reduce reactive repair costs by replacing at-risk fleet assets and lowering fuel costs by moving to towards a low emissions fleet.
- *Lead transformation of the Criminal Justice Sector* – The proposed option continues with the on-going replacement of prisoner escort vehicles-based requirements developed by Corrections interfacing with the Ministry of Justice (Courts) and Police in the transport of prisoners and offenders.

This proposal aligns with investment package two in the Long-Term Investment Plan of - Maintaining and Enhancing Service Levels



Which Hōkai Rangi strategic area(s) does this initiative relate to?

Humanising and Healing – Those in our care gain the skills, encouragement and support they need through respectful and value led interactions, while not being further harmed or traumatised by their experiences with our systems and environments.

- *This initiative will reduce the risk of harm and improve conditions – ensuring the health and safety of people in our care.*

Foundations for participation – We will create an environment that improves the ability of people in our care to transition back into society upon release.

- *People in our care will be using fit-for-purpose vehicles while undertaking training and education, enabling them to gain certification which will be transferable when they transition back into the community.*

1.4 Objectives and Outcomes

The primary objective for the Fleet Replacement Programme is to ensure the upkeep of a safe, right sized, accessible, reliable, fit for purpose and compliant fleet that supports the Department’s operating environment and the people in its care.

The Department can expect to see the following investment outcomes:

- Enhancement of fleet assets, with the removal of end of life and failing assets; replacements will maximise the economic returns on investment over the whole of life ownership of the asset and allow a greater level of control in preventing increased reactive maintenance costs
- Modernisation of the fleet, with the replacement of end of life and failing assets, as such the prisoner escorts vehicles
- Enhanced reliance with the reduction in operational interruptions due to asset failures
- Enhanced sustainable and fuel-efficient fleet including where practical the adoption of electric vehicles resulting in a reduction in CO2 fleet emissions
- Assets will be safer, compliant and fit for purpose.

Strategically this Investment Case aligns to the Department’s key priorities (Safety and Our People) where the Department has identified vehicles as one of its twelve Health and Safety critical risks. In parallel to this programme of work there are inflight fleet specific strategic work streams seeking to inform a fleet strategy by:

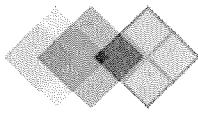
- developing a cost sustainable 10-year fleet renewals plan programme
- creating a sustainable and resilient fleet
- implementation of a right size (utilisation) and accessible fleet.

1.5 Scope

In-Scope

The following elements and activities are within the scope of this investment case:

- Delivery of the FRP over the coming four financial years
- Replace the identified assets within each of the financial years which will be identified using the Fleet Risk Assessment Modelling Tool - Attached at Appendix Two
- Confirm the FRP 2020/21 Programme of Work ensuring that the 89 most at-risk fleet assets have been identified correctly – see Appendix Three for a detailed list of those fleet assets for replacement in FY2020/21
- Set up contract for purchase of new ready to use trucks and specialised trailers
- Variation to existing contract for supply of PEVs
- All Land Transport and Health and Safety compliance and certification are to be adhered to



- Ensure at handover of the replacement asset users receive appropriate user induction relating to the safe and proper use of the replacement assets
- Ensure project controls to ensure any change is managed and reported within agreed timeframes.

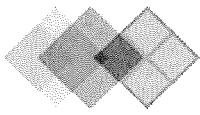
In addition to the replacement of the 360 most at-risk assets over the four year programme, the following activities are also in scope for the programme:

- Delivery of the Fleet Renewal 10 year Plan to be completed within the 2020/21 financial year
- Ensure vehicle recipients are inducted by suppliers on the safe and proper use of the fleet assets
- Ensure that the existing vehicles tagged for replacement are disposed through the Custom Fleet contract (public auction).

Out of Scope

The following programme elements and activities are out of the scope for this investment case:

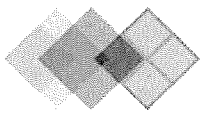
- Replacement of assets which are not on the recommended option list – Option A
- Low value asset replacements: Trailers under \$3,000 in value
- Competency training – this will be the responsibility of the cost centre/site.



2. The Economic Case – Optimising the Value Proposition

2.1 Critical Success Factors

Key Critical Success Factor	Broad Description
Strategic fit and business needs	<p>The investment proposal aligns with the Departments investment priorities for:</p> <ul style="list-style-type: none"> Managing / maintaining asset resilience, service levels and capacity Managing and responding to core volume changes Supporting rehabilitation, reintegration and transitioning prisoners / offenders Modernising the way we work Enhancing business value, efficiency and effectiveness. <p>The investment proposal will be a success if it provides:</p> <ul style="list-style-type: none"> Replacement of the identified most at-risk fleet assets over the next four financial years Improved safety for staff, offenders, prisoners and other road users Reduction in operational interruptions due to asset failures Reduction in CO2 emissions.
Potential value for money	<p>The investment proposal will be a success if it:</p> <ul style="list-style-type: none"> Optimises public value (social, environmental and economic), in terms of the benefits and risks Is completed within the estimated budget.
Supplier capacity and capability	<p>This investment proposal will be a success:</p> <ul style="list-style-type: none"> If there are no disruptions in the supply chain from ordering the asset, manufacture of the asset, shipping the asset, fit out and delivery to site of the asset.
Potential affordability	<p>The investment proposal costs will be funded from:</p> <ul style="list-style-type: none"> The approved 2020/21 Capital Plan allocations for replacements in FY2020/21. The subsequent Capital Plans for the next three years.
Potential achievability	<p>The investment proposal:</p> <ul style="list-style-type: none"> Can be delivered as the Fleet Management Team have all the skills, specialist knowledge, capabilities and resources needed to complete the programme Can be completed safely within the timeline defined and to the quality and specification - standards expected Can be delivered given the Departments ability to respond to the changes required.
Improved safety and wellbeing performance	<p>This proposal will:</p> <ul style="list-style-type: none"> Enable the Department to meet its health and safety obligations including managing risks so far as reasonably practicable Enhance the safety and wellbeing of staff, prisoners and/or others affected by the use of Department's fleet assets.



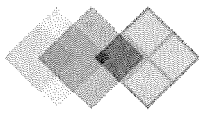
2.2 Options Evaluation and Analysis

Leasing the replacement vehicles is not a consideration for the options presented in this investment case, as preliminary findings from lease vs own supports an ownership model, where the term (life) of economic use can be extended beyond permissible leasing terms.

The detailed options analysis uses the combination risk assessments undertaken by Custom Fleet and criteria used by the Fleet Management team to determine fleet assets requiring prioritised replacement. Fleet assets are profiled against condition and asset life consumed (i.e. age, kilometres travelled, reactive maintenance costs), safety (i.e. ANCAP applicable to the light commercial vehicles), environmental considerations and fitness for business requirement.

To determine the ranking of a fleet asset each of the current 1,403 assets are rated from 1 to 1,403, with 1 being the highest risk asset and 1,403 being the least risk asset. Refer to Appendix Two to the weighted multi criteria decision making process used to determine fleet assets requiring prioritised replacement conforming to leading fleet management and international asset management principles.

Multi-criteria analysis	Weighting (1 – low, 3 - high)	Option 'A' (preferred)		Option 'B' (do more)		Option 'C' (do all)		Option 'D' (do nothing)	
		Score (1-low, 5-high)	Weighted Score (weighing x score)	Score (1-low, 5-high)	Weighted Score (weighing x score)	Score (1-low, 5-high)	Weighted Score (weighing x score)	Score (1-low, 5-high)	Weighted Score (weighing x score)
Improved safety for staff, offenders, prisoners and other road users	3	5	15	5	15	5	15	0	0
Replacement of the identified 360- most at-risk fleet assets	3	5	15	5	15	5	15	0	0
Potential affordability	3	5	15	1	3	0	0	0	0
Reduction in operational interruptions due to asset failures	3	5	15	5	15	5	15	0	0
Can be completed safely within the timeline defined and to the quality and specification - standards expected	3	5	15	1	3	0	0	0	0
Total Score			75		51		45		0
Multi criteria ranking		1st		2nd		3rd		4th	
Cost analysis									
Implementation cost (\$m)		\$27.2m		\$21.1m		\$31.1m		NA	



Cost benefit analysis				
Benefits (\$k)	\$547,000 savings in re-active repair costs \$176,000 fuel cost savings over four years The depreciation costs for options B and C will out weight the re-active repair savings			
Cost benefit analysis ranking	1 st	2 nd	3 rd	4 th
Preferred option	YES	NO	NO	NO

The total implementation cost in this analysis is the capital cost associated with acquiring the vehicles and getting them into service.

Option A - Recommended

This option proposes a four year renewals programme where a total of 360 at risk fleet assets will be replaced by 2024 over the following four financial years:

- 89 assets in FY 2020/21
- 83 assets in FY 2021/22
- 87 assets in FY2022/23
- 101 assets in FY2023/24

If the estimated budgets are underspent in each of the financial years, the excess funding will be used to:

- Extend the scope of the Fleet Replacement Programme for that year to fund other fleet assets, via substitution;
- Or be released and reduce the overall programme budget.

Any change to scope or substitution will be notified to the Infrastructure & Facilities Portfolio Governance Committee (IFPGC) for approval prior to any changes/substitutions being carried out.

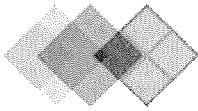
All costs will be closely monitored through a regular reporting and sign-off process.

The recommended Option A an ownership investment choice, requires replacing 360 most at risk fleet assets as initially assessed and identified by Custom Fleet and prioritised by the Fleet Management team over the following four financial years. The first year is 2020/21 and proposes replacing 89 assets at a cost of \$7,700,000 and the request for the release of funding for the 2020/21 FY is included in this investment case.

Overall the 360 replacements under Option A for the four year programme will not comprise the downsizing benefits from the Telematics project.

Due to the size of fleet requiring replacement as per policies (\$31.3m / 668 fleet assets), the programme allows for down-sizing of the fleet to take place reducing future demands post 2023/24. During the four year programme, focus will be given to exiting older at risk assets from the fleet that would further reduce longer replacement pressures.

Pros	Cons
<ul style="list-style-type: none"> • Reduces risk of not meeting statutory requirements (compliance) • Reduces safety issues identified through the asset assessment • Provides for modernisation of the fleet • Reduces reactive maintenance costs approximating \$547,000 per year in the first two years • Reduction in fleet fuel costs of \$176,000 over the four year programme • Reduced risk of asset failure, and the impact on operational ability 	<ul style="list-style-type: none"> • Incurs a capital cost • Defers 308 identified fleet assets which under the current fleet policies would be due for replacement – see Options B and C.



Pros	Cons
<ul style="list-style-type: none"> Provides for a reduction in CO2 emissions in order to meet where practical Government priorities to reduce the emissions profile of government fleet. 	

This option has been recommended for the following reasons:

- Reduces safety and compliance risks that have been identified through asset condition assessments and overall asset ranking within the entire fleet
- Reduces identified risks associated with asset failure and subsequent impact on day to day operational delivery
- Supports the Department to migrate towards meeting the Government priority to reduce the emissions profile of the government light vehicle fleet.
- Reduces fleet operating costs

Option B - Not Recommended

This option proposes to replace 410 fleet assets at a cost of \$20,070,500 in the 2020/21 financial year by extending the economic life of the assets.

Option B an ownership investment choice is an alternative to Option A and would replace 410 assets that have been identified as needing replacement based on age (inclusive of the 360 assets identified in Option A) in the 2020/21FY.

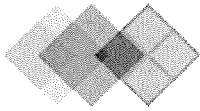
Pros	Cons
<ul style="list-style-type: none"> All pro's outlined in Option A Greater reduction in safety, operational and resilience risks due to increased volumes of aged assets being replaced Increased long term protection against rising OPEX costs associated with a growing aged fleet. 	<ul style="list-style-type: none"> Incurs a greater capital cost than Option A and would exceed the current approved Capital Plan allocation for Fleet Replacement in the 2020/21 FY by \$12,370,500 Would create additional work that would stretch existing internal resources which would have the potential for delivery risks Suppliers may not be able to meet the demand for replacement assets within the programme timeline Would not account for the fleet right sizing benefits expected from the pending In-Systems (Telematics) project Would follow the current vehicle replacement policy rather than managing the assets and maximising the economic worth of the assets.

Option C - Not Recommended

This option proposes to replace 668 fleet assets at a cost of \$31,141,500 in the 2020/21 financial year in alignment with current fleet policies.

Option C, an ownership investment choice, requires replacing all fleet assets exceeding the current fleet policies based on consumed age. This option is inclusive of Options A & B.

Pros	Cons
<ul style="list-style-type: none"> All pro's outlined in Option A & B Will provide a fleet that is 100% compliant with current fleet policies Rapid modernisation of the fleet. 	<ul style="list-style-type: none"> Incurs a greater capital cost than Options A and B and would exceed the current approved Capital Plan allocation for Fleet Replacement in the 2020/21 FY by \$23,441,500



Pros	Cons
	<ul style="list-style-type: none"> • Would create additional work that would require additional resourcing within the fleet team • Suppliers may not be able to meet the demand for replacement assets and deliver assets within the required time frame • Would not account for the fleet right sizing benefits expected from the pending In-Systems (Telematics) project • Would follow vehicle replacement policy rather than managing the assets and maximising the economic worth of the assets.

Option D – Not Recommended: Do nothing/status quo.

This option is untenable as it does not address the following issues/risks of:

- meeting statutory requirements
- health and safety risks identified through the asset assessment
- supporting modernising the fleet
- ongoing reactive maintenance costs
- escalating higher asset failure rates, and the impact on operational ability.

Appendix Four provides a comparative overview of the options analysis for options A, B and C listing the number and cost of fleet assets requiring replacement for each option.

2.3 Benefits

Delivery of the Fleet Replacement Programme and the delivery of 360 fleet replacements under Option A over the next four financial years will be measuring four benefits, two financial and two non-financial as detailed in the Benefit Profiles attached at Appendix Five.

2.3.1 Financial Benefits

Two financial benefits have been identified for this proposal:

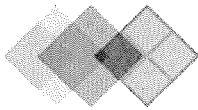
- Reduction of Reactive Maintenance Costs for the 360 new fleet assets compared to the current reactive maintenance costs for the assets being replaced. The estimated opex savings by reducing the re-active repairs over the four year programme is \$547,000 per year in the first two years.
- Reduction in Fleet Fuel Costs attributed to the purchase of electric vehicles within the light commercial fleet with estimated fuel cost saving of \$176,000 over the four year programme based on current fuel pricing.

These cost savings will be monitored over the programme and any further increases in savings will be detailed in the funding memos prior to the programme moving into the following financial year.

2.3.2 Non-Financial Benefits

There are two primary non-financial benefits identified for this proposal:

- **Reduction in CO2 emissions**
 - Over the proposed four year replacement programme 190 light commercial fleet replacement vehicles (inclusive of 64 zero emissions electric vehicles) – will result in a reduction of CO2 emissions.
 - Strategic Alignment – Managing/maintaining asset resilience, service levels and capacity.



- **Improving Policy Safety Compliance – Light Commercial Fleet: ANCAP (Australasian New Car Assessment Program) Safety Rating**
 - Uplift of 190 applicable fleet replacements having ANCAP 5 rating over the four year replacement programme
 - Strategic Alignment – Reducing Health and Safety risks.

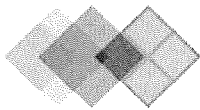
The below table profiles the current overall ANCAP ratings for the light commercial fleet and the improvement to the ANCAP profile that the programme will deliver.

ANCAP Ratings	Baseline Qty May 2020	Baseline Qty % 2021	End of programme Qty	End of programme %	Notes
0	4	0.3%	2	0.2%	The remaining two are prison based vans
1	0	0.0%	0	0.0%	
2	8	0.7%	8	0.7%	The 8 are station wagons purchased in 2016 still hold a strong economic life
3	230	19.8%	113	9.7%	
4	224	19.3%	222	19.2%	
5	693	59.8%	814	70.2%	
Total	1159	100%	1159	100%	

Detailed linkage of benefits to the enablers that drive them and any assumptions that have been made are included in the benefits profiles attached at Appendix Five.

The Department can expect to also see the following outcomes:

- Enhancement improvements with replaced the replaced assets, with the removal of end of life and failing assets; with the aim of reducing future OPEX costs
- Reduction in operational disruption due to asset failures
- Modernised assets provide improved engine fuel consumption technologies that will assist in the reduction in fuel consumption
- Improved safety features for users, occupants and other road users.



3. The Commercial Case – The Viability of the Potential Deal to Vendors

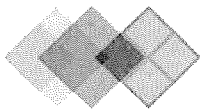
3.1 Required Services

Service Required for Delivery	Identified Resource	Internal/External	Procurement Requirements	Available Capacity
Overall management and delivery of the Fleet Replacement Programme	Fleet Manager	Internal	N/A	Existing resource within Fleet team, with dedicated capacity
Day to day management of the programme	Fleet Specialist	Internal	N/A as covered under existing Contract	Dedicated role within the Fleet team
Supply of replacement assets	External Suppliers	External	Existing contracts and new contracts (see below in Procurement Strategy)	Available supplier capacity will be assessed on an asset type basis

3.2 Procurement Strategy

Fleet Management as part of the procurement strategy will continue to use the following supply channels for the 2020/21 replacement programme:

Asset Category	Procurement Channel	Notes
Light Commercial Vehicle		
Car	All of Government Light Commercial Vehicle Contract	No impediments
Minibus Van	All of Government Light Commercial Vehicle Contract (base vehicle) & Wade 2011 NZ Group (fit out)	No impediments
Utility Vehicle	All of Government Light Commercial Vehicle Contract	No impediments
Mobile Plant		
Agricultural & Ground Care Plant (Tractors & Ride-On Mowers)	There are current supply contracts with CB Norwood's, Power Farming and Parklands	No impediments
Industrial Plant (Forklifts)	Current Supply Contract with AB Equipment	No impediments
Site Specific Utility Vehicle	There are current supply contracts with CB Norwood's, Blue Wing Honda and Yamaha	No impediments
Prisoner Escort Vehicle		
Minibus Van - PEV	All of Government Light Commercial Vehicle Contract (base vehicle) & Wade 2011 NZ Group (build)	Partial impediments - New update PEV standards will requires a contract variation by June 2020 including a two year contract extension
Truck - PEV		
Towable Plant		
Trailer - Special Purpose	Fleet Management has commenced the procurement of engineering services the includes trailer builds, truck supply and fabrication works	Contracts as planned so that orders can be placed in the 3rd quarter of 2020/21



Truck		
Trucks	Fleet Management has commenced the procurement of engineering services the includes trailer builds, truck supply and fabrication works	Contracts as planned so that orders can be placed in the 3rd quarter of 2020/21

The procurement strategy for the subsequent three years will be confirmed in the funding memos submitted to IFPGC prior to the subsequent financial years revalidating the investment and seeking the release of the capital funding to complete that financial year's replacements.

Procurement planning for Engineering Services is under way for the following fleet asset types:

- Trucks
- Trailer - Special Purpose

3.3 Contractual Arrangements and Accounting Treatment

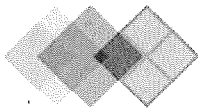
Contractual Agreements

The Department will be using a combination of existing contacts, some requiring variations and the enactment of new contracts as detailed in the table in section 3.2 above.

Accounting Treatment

Due to the type of service delivered and the scope of work, corresponding accounting treatment will be:

- CAPEX for the programme costs (internal costs, contractors, suppliers etc).



4. The Financial Case – Affordability and Funding Proposal

4.1 Total Programme Costs

Costs indicated below are budget estimates and will be finalised through a formal quoting and purchasing process as part of the procurement strategy Fleet Replacement Programme over the next four financial years.

Based on budget estimates, the recommended Option A – 89 “most at-risk” fleet asset replacements will cost \$7,700,00 including internal delivery costs for the 2020/2021FY

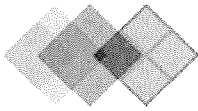
Cost Element	Cost Type	FY 2020/21		FY 2021/22		FY 2022/23		FY 2023/24		Total	
		Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$
Northern Region	Estimate	16	\$815,000	17	\$1,378,000	19	\$1,348,000	22	\$1,231,000	74	\$4,772,000
Central Region	Estimate	21	\$1,961,000	21	\$1,276,000	29	\$1,941,500	23	\$1,417,500	93	\$6,596,000
Lower North Region	Estimate	29	\$2,532,000	23	\$2,074,000	18	\$1,452,000	20	\$1,174,000	89	\$7,232,000
Southern Region	Estimate	23	\$1,593,000	22	\$1,256,500	21	\$1,311,000	30	\$1,837,500	96	\$5,998,000
Tactical Operations	Estimate							5	\$257,000	5	\$257,000
National Office	Estimate	2	\$82,000					1	\$52,000	3	\$134,000
Project Management Costs	Estimate		\$260,000		\$120,000		\$120,000		\$12,000		\$620,000
Subtotal		89	\$7,243,000	83	\$6,104,500	87	\$6,172,500	101	\$6,089,000	360	\$25,609,000
Contingency	\$		\$457,000		\$395,500		\$327,500		\$411,000		\$1,591,000
	%		5.94%		6.08%		5.04%		6.32%		5.85%
Total Programme Costs			\$7,700,000		\$6,500,000		\$6,500,000		\$6,500,000		\$27,200,000

Funding	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	Total
Renewals	\$6,000,000	\$6,000,000	\$6,000,000	\$6,000,000	\$24,000,000
Electric Vehicle Uplift	\$500,000	\$500,000	\$500,000	\$500,000	\$2,000,000
Two 22 Cell PEV Replacements	\$1,200,000	-	-	-	\$1,200,000
Prior Approvals	-	-	-	-	
Total Programme Funding	\$7,700,000	\$6,500,000	\$6,500,000	\$6,500,000	\$27,200,000
Funding required this Investment Case	\$7,700,000	-	-	-	\$7,700,000
Impact on Capital Programme	-	\$6,500,000	\$6,500,000	\$6,500,000	\$19,500,000

Note: The required capital for forward years will be factored into each forward years Capital Plan planning process.

See Appendix Six for further cost details per region relating to the replacement assets in the recommended Option A for the 2020/21 FY.

The benefits and outcomes relating to the recommended Option A replacements are focused around business resilience and replacement of end-of-life and underperforming assets. The number of aging at-risk fleet assets is growing which poses a budget risk if there are unforeseen replacements exceeding the contingency funding included in the programme costs.



The fleet has aged beyond the current policy as shown in Appendix Four due to:

- Historic underspends
- Capital requirements is not proportionate to the value of the fleet especially with the size of the mobile plant placed under centralised fleet management in 2014.
- Inflationary cost pressures

4.2 Contingency

Contingency for this total investment has been calculated at;

- Approximately 6% per year to be used for unforeseen asset replacements and other unforeseen programme costs i.e. insurance write offs (low risk)

The financial delegations for contingency spend is:

- SRO 100%

4.3 On-Going Operating Costs

No ongoing costs are foreseen (excluding existing planned maintenance commitments and depreciation) in relation to the asset replacements proposed as detailed in the table below:

Operating costs	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	Total
Current (status quo) operating cost (ongoing BAU)	N/a	N/a	N/a	N/a	N/a
Post-programme operating cost (ongoing BAU)	N/a	N/a	N/a	N/a	N/a
Variance between Current (status quo) operating cost (ongoing BAU) and Post-programme	N/a	N/a	N/a	N/a	N/a
Impacted Cost centre (ongoing BAU)	neutral	neutral	neutral	neutral	neutral
Capital Charge	\$351,255	\$644,663	\$856,517	\$1,032,530	\$2,884,964
Depreciation impact	\$276,228	\$868,298	\$1,235,476	\$1,929,062	\$4,309,064

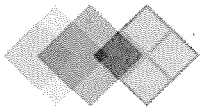
Delivery of the asset replacements will allow the Fleet Team to have a greater level of control in preventing increased reactive maintenance costs; which will be achieved by replacing the underperforming 360 at risk assets commencing with the 89 replacements in 2020/21 FY.

4.4 Funding Approach

The estimated capital cost to undertake and deliver the programme is \$27,200,000 over four years. The first year Capital funding of \$7,700,000 in FY2020/21 is allocated to the programme in the approved 2020/21 Capital Plan with the required capital for the subsequent three years to be factored into each year's Capital Plan planning process.

This Investment Case is seeking approval of the proposed four year plan for Fleet Replacements of identified fleet assets and the initial release of the \$7,700,000 to carry out fleet asset replacements for the 2020/2021 financial year. Funding memos will be submitted to IFPGC prior to the subsequent financial years revalidating the investment and seeking the release of the capital funding to complete that financial year's installation works.

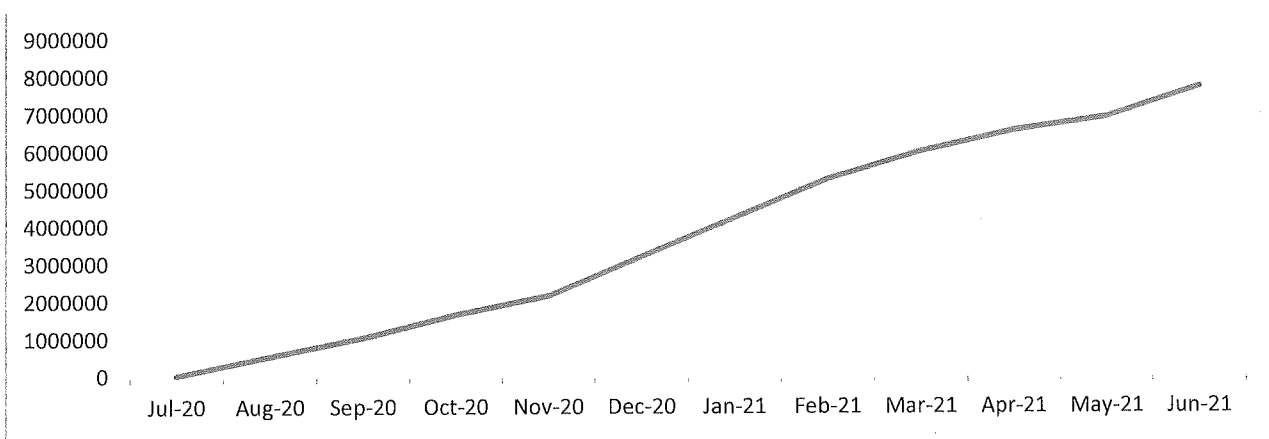
This proposed staged funding release approach will provide the Department with control of the capital spend and if there was any significant shift in Government priorities or the ability to achieve the benefits then a new investment case would be submitted.



Subject to approval of this Investment Case and subsequent funding memos, the programme is scheduled to be complete as per the milestones set out in Section 5.3 with final completion by 30 June 2024.

Funding for Option A in the 2020/21 FY has been allocated in the approved 2020/2021 FY Capital Plan and there are three line items for Fleet for replacement vehicles; \$6,000,000 Fleet vehicle purchases, \$1,200,000 for two 22 Cell Prisoner Escort Vehicle Replacements and \$500,000 Fleet Renewals Four Year Plan 2020-2024 (Electric Vehicle Uplift).

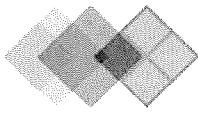
These three-line items form the Fleet Replacement Programme 2020/2021 and the forecast of this spend is as follows:



\$K

Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21
\$33	\$504	\$504	\$609	\$499	\$1,051	\$1,027	\$1,027	\$724	\$561	\$351	\$808

The forecast spend for the subsequent three years will be detailed in the funding memos submitted to IFPGC prior to the subsequent financial years revalidating the investment and seeking the release of the capital funding to complete that financial year's replacements.



5. The Management Case – Achievability of Successful Delivery

5.1 Resource Requirements

Resourcing for the four year programme will require;

- External procurement support in 2020/21 Engineering Services, turn-key design and build of truck bodies and truck supply
- Internal Procurement resources in 2020/21 for the return to market for the design, build and supply of prisoner escort vehicles
- 1 FTE (existing internal Fleet Management Specialist)
- Oversight from the existing internal Fleet Manager

For the 2020/21 year a resource forecast is detailed in the following table:

Role	Resourcing FY2020/21											
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Internal FTE (Fleet Specialist)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
External Procurement Specialist (Engineering Services)	100%	100%	100%	100%	100%	100%						
Internal Procurement Adviser (Prisoner Escort Vehicles)			12%	12%	12%	12%	12%	12%	12%	12%	12%	12%
Fleet Manager	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%

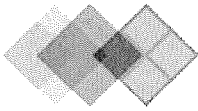
The resourcing requirements for the subsequent three years will be confirmed in the funding memos submitted to IFPGC prior to the subsequent financial years revalidating the investment and seeking the release of the capital funding to complete that financial year's replacements.

5.2 Project Management Approach

The delivery approach / strategy / framework to be followed will be the standard Corrections Initiative Life Cycle. Fleet Asset Replacement is a programme of work and sits under the Maintain Infrastructure and Services investment category and so reporting through to the Asset Maintenance and Delivery (AMD) Programme Board SRO will be high touch reporting with strong governance through the Infrastructure & Facilities Portfolio Governance Committee (IFPGC). The decision to invest in this proposal and approve the required capital funding, falls within the Investment Committee.

The programme delivery approach will follow these key principles:

- The replacement of remuneration vehicles under the Department's Terms and Conditions: Ongoing Private Use of Department Vehicles will be guided as follows:
 - Schedule 1: Terms and Conditions of Reasonable Private Use Vehicles: The replacement of these vehicles will mandatorily be included into the replacement programme
 - Schedule 2: Terms and Conditions of Limited Private Use vehicles: The replacement of these pool car type vehicles will be a direct output of the replacement programme. The replacement of these vehicles will rely on the Regional Management teams substituting the vehicle with a general pool car that has been identified for replacement.
- Prior to seeking pricing from the supplier, scoping of the requirements/functionality of the replacement asset will be carried out. Included in this scoping exercise will be identification and consideration of an alternative similar replacement which may offer cost savings, have greater functionality, lower emissions etc



- A purchase order will be issued for each individual replacement based on an agreed supplier quoted price
- Each delivery and handover of the replacement asset will require a signed handover and receipting document to be produced by the supply contractors
- The handover and receipting documentation of the replacement asset will also activate the commencement of the disposal process of the asset being replaced.

Programme quality assurance will be managed by the Fleet Specialist reporting to the Fleet Manager using detailed controls to track and monitor the programme, using the following measures:

- Spend and Forecast Tracking
- Confirmed Quotes
- Issued Purchase Orders
- Confirmed Handovers
- System Uploads – Fixed Asset Register and Custom Fleet
- Confirmed Disposals – receipting of proceeds
- Stakeholder communication
- Monthly reporting

The programme will be monitored monthly, inclusive of individual asset replacement progress. This monthly report is reviewed by the Fleet Specialist and approved by the Fleet Manager. The report will also be sent out to the Regional Managers FPT for their information, and a combined report summarising progress will be submitted to the AMD Programme Board & IFPGC on a monthly basis.

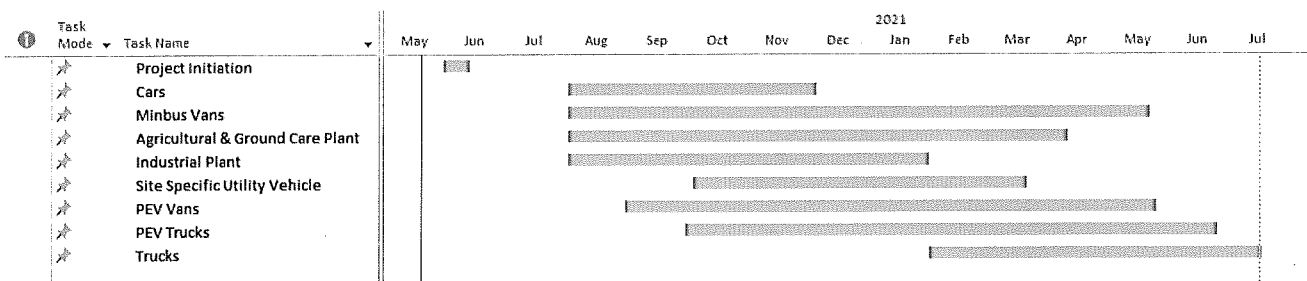
5.3 Milestones

The delivery of the Fleet Replacement Programme for the 2020/21 FY will be phased as shown in the forecast below and is contingent on the following key dependencies:

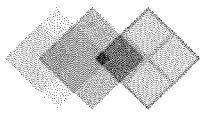
- Programme Investment Case approved June 2020
- Wade Group contract variation approved for the updated Prisoner Escort Vehicles by 30 July 2020
- Opening a procurement pathway for Engineering Services (Trucks and Specialised trailers) February 2021
- Supplier stock availability and import lead times

The on-time delivery confidence under this investment is high due to:

- The timely presentation of the investment case before the commencement of the replacement programme in 2020/21
- The adoption of a four year programme that creates business and planning certainties that are needed when purchasing asset with long lead times.



The milestones for the subsequent three years will be detailed in the funding memos submitted to IFPGC prior to the subsequent financial years revalidating the investment and seeking the release of the capital funding to complete that financial year's installation works.

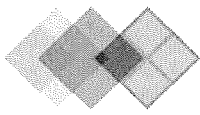


5.4 Governance

Role	Name and Title	Acceptance
SRO	Kirit Parbhu, Business Manager, Asset Maintenance & Delivery	Yes
Senior Supplier & BRO	David Jacobs, Fleet Manager	Yes

5.4.1 Tolerance Levels

Area	Project Tolerances (When to escalate to the SRO)	Portfolio Tolerances (When to escalate to the IFPGC)	Escalation Tolerances (When to escalate to OPC?)
Costs	Forecast to Complete Costs are above the currently approved budget	Forecast to complete costs are above the currently approved budget (excl. contingency) by 10%. Forecast to complete costs are below the currently approved budget (excl. contingency) by 10%.	Forecast to complete costs are above the currently approved budget (incl. contingency) by 15%. Forecast to complete costs are below the currently approved budget (incl. contingency) by 20%.
Schedule	Project completion is forecast to complete 4 weeks (or more) after the current approved completion baseline milestone or a milestone completion delay of 4 weeks (or more)	Project completion is forecast to complete 6 weeks (or more) after the original approved completion baseline milestone or a milestone delay that has a flow-on impact to cost, benefit or scope	Project completion is forecast to complete more than 6 weeks after original approved completion baseline milestone or schedule milestone impacts that have a flow-on impact to cost, benefits or scope at an organisational level
Benefits	Benefit cannot be realised or will be significantly reduced or measures for realisation are within the agreed targeted tolerance values or realisation is off track up to three months of the targeted benefit profile schedule	Benefit cannot be realised or will be significantly reduced or measures for realisation are above targeted tolerance values or realisation is off track between three to six months of the targeted benefit profile schedule	Benefit cannot be realised or will be significantly reduced or measures for realisation are above targeted tolerance values or realisation is off track up between three to six months of the targeted benefit profile schedule.
Scope	The project is proposing to de-scope or include in-scope an output	The project is proposing to de-scope or include in-scope an output that has a flow-on impact to cost, benefit or schedule at a portfolio level	The project is proposing to de-scope or include in-scope an output that has a flow-on impact to cost, benefit or schedule at an organisational level
Risks	Risks that have a rating of Medium and above	Risks that have a rating of High	Risks that have a rating of High
Issues	Issues that have an impact rating of Moderate and above	Issues that have an impact rating of Major and above	Issues that have an impact rating of Major and above



5.5 Change Management Approach

5.5.1 Change Management Strategy

The scale of change for this initiative over four years has been assessed as very low to low as this is a continuous annual programme while impacting on users at national office, 63 community service centres and 16 prison sites over the next four financial years.

Assets are being replaced that are at end-of-life or no longer compliant. The impact of change is low on the sites and the people operating or monitoring the asset.

Change will be minor with the introduction and familiarisation of new modern vehicle technologies with the replacements. This will be mitigated through documented and signed supplier handover, induction and familiarisation processes overseen by the change lead. This is backed up with each asset being supplied with an owners operating manual.

Assets are being replaced that are at end-of-life or no longer compliant. The impact of change is low on the sites and the people operating or monitoring the asset. The change touches on the following change elements:

- learning and development – changes in the operation and features of some mobile plant assets. If the replacement asset operates differently than the asset being replaced, then training will be identified and provided to the appropriate user operating the replacement asset
- people risk, stakeholder, communications and impact management – the impact of introducing the replacement assets will be managed through communication process to ensure the replacement asset creates the least impact or risk to users and occupants.

The Fleet Manager has been identified as the Change Owner and the Change Lead will be the Fleet Specialist who will take responsibility for driving any identified change management activities required under the EPMO framework.

The Fleet Specialist will be supported by the identified appropriate site contact at each site where assets are being replaced to ensure that any impact to the site during the identified assets being replaced is managed and communicated to have the least impact on the site. The ultimate responsibility for ownership of the change impact to the business will be the Fleet Specialist.

5.5.2 Stakeholder and Impact Analysis

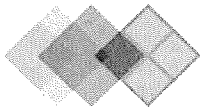
Given the scale of the change has been assessed as very low to very low, the Change Lead will undertake this assessment and lead any identified change activities. This will be done as part of the individual notification and communication processes to new vehicle recipients and respective Regional Finance and Administration Managers.

5.6 Benefits Management Approach

The benefits listed in the Economic Case were identified through the quarterly CustomFleet reviews shared with the regional management teams and engagement with the EPMO Benefits Lead. The Benefits Profile have been produced (see Appendix Five).

As per the defined benefit management process the programme manager will monitor the benefits for the life of the programme, recording any changes to the identified benefits and report to the programme board of any variations or realisations during the execution of the programme. Benefits will also be reported to EPMO as stated in the appended Benefits Profile.

Once the programme is handed over to BAU operations, the benefits will be measured and monitored by the Benefits Realisation Owner (BRO). The BRO will provide the required reporting of the agreed benefits and take necessary action to correct any variations.



5.7 Dependencies

While noting the below listed projects there are no identified dependencies for the Fleet Replacement Programme, however the Programme Manager will work in collaboration with the Capital Project team to identify any projects that may impact or cross over with the replacement programme. The following projects will support the Fleet Replacement Programme:

- Low Emission Fleet Electric Vehicle Charger Installation Project – this will influence the type of vehicle that is purchased
- Smart Vehicle Systems (telematics) – this will affect the quantity that is purchased

5.8 Project Assurance

The assurance processes that will be in place for this programme of work are:

- The project management plan outlines the methodology and the process checks
- Internal reviews of progress using the agreed programme timelines
- Monthly Project reporting to the Programme Board and IFPGC
- A review of key deliverables (and appropriate corrective action if required)
- Post completion review/lessons learnt workshop and a completion report.

The intent is to deliver the 360 vehicle replacements under the recommended Option A commencing with the 89 replacements in the 2020/2021 FY.

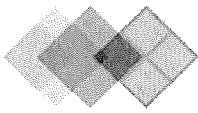
5.8.1 Risk and Issue Management

From an operational day-to-day perspective, the project delivery for each of the individual 360 asset replacements in this four year programme will be tracked on a Risk and Issues Register; which is reviewed on a monthly basis by the Fleet Specialist.

Issues can be raised by anyone within the programme team and entered into the issues register within the programme control book. This register will be reviewed on a regular basis and updated regularly by the Fleet Specialist as the programme progresses.

The table below describes the key potential risks to deliver the project and associated intended mitigation to each risk.

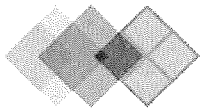
Risk Type	Description	Mitigation
Quality, Resource and Schedule	<p>Quality: If there are product defects.</p> <p>Scheduling: If local stock availability is limited, on time project delivery could be affected.</p>	<p>Quality: All supply contracts have warranty and defect provisions.</p> <p>Scheduling: Regular Supplier meetings are held where the forecasted renewal's programme is discussed ensuring agreed lead delivery times verified at the time orders are placed.</p>
Financial	<p>If after orders have been placed and product variation occur i.e. additional requirements.</p>	<p>With each purchase order written fixed quotations are obtained and checked with provisions in the Supply Contract including variation provisions. All variations required prior written agreement.</p> <p>The Mobile Plant and pending Engineering's Services Contacts have robust secondary procurement processes where supplied all quotations are founded detailed written requirements, supplier site assessment and fit for purpose warranty statement.</p>



Risk Type	Description	Mitigation
Stakeholder and Health and Safety	<p>If the delivery vehicle is not fit for intended purposes.</p> <p>If staff are not familiar with the feature of supplied vehicle</p>	<p>For each vehicle purchase a detailed fit for purpose assessments are undertaken with the cost centre owner of their designated person prior orders been placed.</p> <p>Set delivery, handover and induction provisions are set out in the supply contracts requiring dated and signed evidencing documentation. The Mobile Plant and pending Engineering's Services Contacts have robust secondary procurement processes where supplied all quotations are founded detailed written requirements, supplier site assessment and fit for purpose warranty statement.</p>

5.9 Reporting Requirements

The programme will be monitored monthly, inclusive of individual asset replacement progress. This monthly report is reviewed by the Fleet Specialist and approved by the Fleet Manager. The report will also be sent out to the Regional Managers FPT for their information, and a combined report summarising progress will be submitted to the Programme Board & IFPGC on a monthly basis.



APPENDIX ONE: DOCUMENT CONTROL

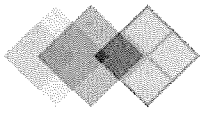
Document Information	
Document ID	Fleet Replacement Programme Investment Case Lite (Four Year Programme)
Release Date	19 June 2020

Document History		
Version	Issue Date	Changes
V1	5 March 2020	Initial Draft
V2	15 May 2020	Updates from the Fleet team and review by the SBCA.
V3	20 May 2020	Updates from the Fleet team and formatting
V4	21 May 2020	Updates from the Fleet team and review by the SBCA
V5	22 May 2020	Additional information from the Fleet Team
V6	25 May 2020	Review by the SBCA
V7	25 May 2020	Updates from Fleet and draft ready for Finance review
V8	26 May 2020	Addressing feedback from Finance
V9	26 May 2020	Updates from SBCA and Fleet Manager
V10	27 May 2020	Updates from Fleet Manager
V11	27 May 2020	For 2nd review by Finance
V12	28 May 2020	For EPMO review
V13	29 May 2020	Updates from Fleet re benefits
V14	2 June 2020	Benefit section updated with feedback from EPMO
V15	5-8 June 2020	EMPO feedback incorporated.
V16	8 June 2020	For submission to IFPGC
V17	18 June 2020	Incorporating feedback from IFPGC
V18	18 June 2020	Finalised for IC

Document Reviewers

Name	Title	Review Date	Status
Duncan Chadwick	EMPO Review	8 June 2020	Comments Incorporated
David Jacobs	Senior Supplier Representative & BRO	28 May 2020	Comments Incorporated
Kirit Parbhu	Senior Responsible Owner	16 June 2020	Comments Incorporated
Andy Hicks	Finance	28 May 2020	Comments Incorporated

Definitions and Acronyms (include Māori names and meaning)	
Acronym	Definition
IFPGC	Infrastructure and Facilities Portfolio Governance Committee
PEV	Prisoner Escort Vehicle



APPENDIX TWO: FLEET RISK ASSESSMENT MODEL

Weighted Multi Criteria Decision Making Process Used To Determine Fleet Assets Requiring Prioritised Replacement

Summarised overview: Each asset is risk ranked using multiple criteria and is then distributed by its asset class.

Ranked prioritisation is determined from multiple criteria: condition, safety, environmental sustainability, user and business requirements with discretionary override influences by the Fleet Manager. Using the ranking list, the distribution is then proportioned by applied weightings across the 5 asset categories.

Scored Criteria

Asset Replacement Framework			
Condition / Asset Life Consumed (Using the below proxies)			
Age	<input checked="" type="checkbox"/>	Fleet Register - NZTA	Used
Kilometres	<input checked="" type="checkbox"/>	Custom Fleet	Used
Hours	<input checked="" type="checkbox"/>	Custom Fleet	Used
Reactive Repair Costs	<input checked="" type="checkbox"/>	Custom Fleet	Used
Annual Risk Profile	<input checked="" type="checkbox"/>	Custom Fleet	Used
Safety			
ANCPAP	<input checked="" type="checkbox"/>	Fleet Register - NZTA	Used
Technology	<input type="checkbox"/>	Fleet Management	Considered
Sustainability			
Fuel	<input type="checkbox"/>	Fleet Register	Considered
Fuel Economy	<input type="checkbox"/>	Fleet Register	Considered
CO2 Emissions	<input checked="" type="checkbox"/>	Fleet Register	Used
User			
Transmission	<input type="checkbox"/>	Fleet Register	Considered
Class Driver License	<input type="checkbox"/>	Fleet Register	Considered
Business			
Risk	<input checked="" type="checkbox"/>	Refer Risk Table	Used

Scoring Rated 10 (Very Unfavourable) to 0 Very Favourable)

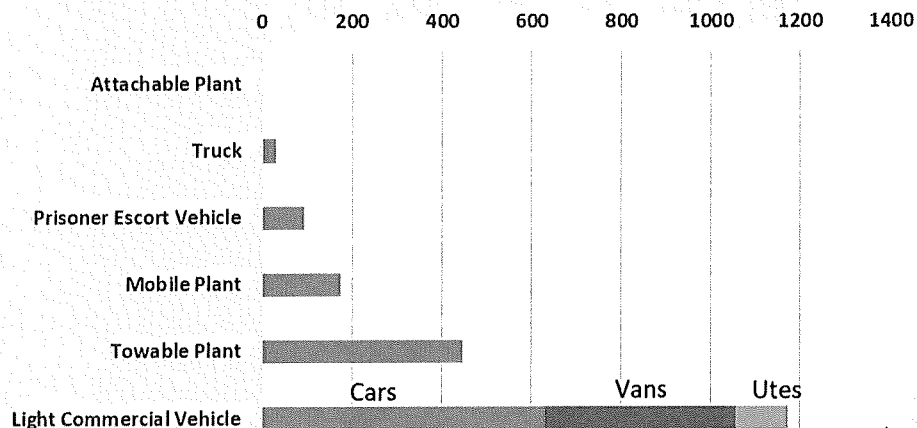
Applied Weightings

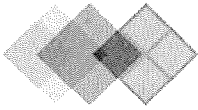
Weighting Attributes	Weightings
Must Replace - Score (Over Ride)	20.0%
Age Normalised	15.0%
KM Normalised	15.0%
RM Score Normalised	10.0%
CF Risk Normalised	10.0%
ANCAP Score Normalised	20.0%
CO2 Normalised	2.5%
Business Importance Normalised	7.5%
	100.0%

The process includes overrides where assets are prioritised for immediate replacement and other deferred.

Apportionment of allocated funding across the various fleet asset classes

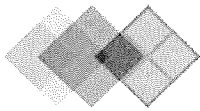
Fleet Composition





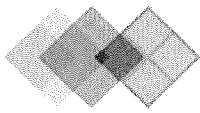
Applied Apportionments

Asset Class	Qty	2021		2022		2023		2024
		\$6,983,000		\$5,984,500		\$6,052,500		\$5,969,000
Attachable Plant	3	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0
Light Commercial Vehicle	1159	\$2,112,358	35.25%	\$2,109,536	45.25%	\$2,738,756	45.25%	\$2,700,973
Mobile Plant	176	\$1,326,770	17.00%	\$1,017,365	17.00%	\$1,028,925	17.00%	\$1,014,730
Prisoner Escort Vehicle	93	\$3,002,690	32.50%	\$1,944,963	30.00%	\$1,815,750	30.00%	\$1,790,700
Towable Plant	448	\$17,458	0.25%	\$14,961	0.25%	\$15,131	0.25%	\$14,923
Truck	31	\$523,725	15.00%	\$897,675	7.50%	\$453,938	7.50%	\$447,675
		\$6,983,000	100.00%	\$5,984,500	100.00%	\$6,052,500	100.00%	\$5,969,000

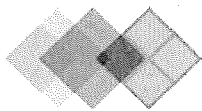


APPENDIX THREE: DETAILED LIST OF FLEET ASSETS TO BE REPLACED FY 2020/21

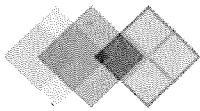
Region	Location	Rego	FAMP Asset Class	FAMP Asset Type Group	FAMP Asset Type Detailed Descriptor	Replacement Value
Central	LSE Hamilton, 150 London St	FUR294	Light Commercial Vehicle	Minibus Van	Minibus Passenger Van	52,000
Central	LSE Hamilton, 150 London St	FSQ987	Light Commercial Vehicle	Car	Car - Hatchback	52,000
Central	LSE-Taupo-9 Taniwha St.	FWN332	Light Commercial Vehicle	Minibus Van	Minibus Passenger Van	52,000
Central	SHCF	FEH960	Light Commercial Vehicle	Minibus Van	Minibus Passenger Van	52,000
Central	SHCF	GDY65	Light Commercial Vehicle	Car	Car - Hatchback	30,000
Central	SHCF	B2BTF	Mobile Plant	Site Specific Utility Vehicle	Utility Task Vehicle (Side by Side - Light prison Use)	22,000
Central	SHCF	FLQ456	Prisoner Escort Vehicle	Minibus Van - PEV	Minibus van Escort 4 Cell	110,000
Central	SHCF	FLH755	Prisoner Escort Vehicle	Truck - PEV	Truck Escorts 8 Cell	170,000
Central	SHCF	HRH993	Prisoner Escort Vehicle	Truck - PEV	Truck Escorts 22 cell Phase 2	600,000
Central	Tongariro Prison	GBG631	Light Commercial Vehicle	Minibus Van	Minibus Passenger Van	52,000
Central	Tongariro Prison	FLQ457	Prisoner Escort Vehicle	Minibus Van - PEV	Minibus van Escort 4 Cell	110,000
Central	Tongariro Prison	ZX5290	Truck	Truck - Medium	Medium Goods Vehicle (3.5 - 12t)	100,000
Central	Waikeria	FYR534	Light Commercial Vehicle	Minibus Van	Minibus Goods (Cargo) Van	45,000
Central	Waikeria	GHD69	Light Commercial Vehicle	Minibus Van	Minibus Passenger Van	52,000
Central	Waikeria	B1NBA	Mobile Plant	Site Specific Utility Vehicle	Utility Task Vehicle (Side by Side - Off Rd Use)	27,000
Central	Waikeria	VCORR114	Mobile Plant	Agricultural & Ground Care Plant	Ride-On Mower	40,000
Central	Waikeria	44ZSN	Mobile Plant	Agricultural & Ground Care Plant	Tractor	115,000
Central	Waikeria	A6GWK	Mobile Plant	Agricultural & Ground Care Plant	Tractor	115,000
Central	Waikeria	61ZGN	Mobile Plant	Agricultural & Ground Care Plant	Tractor	115,000
Central	Waikeria	VCORR112	Towable Plant	Trailer - Special Purpose - has defined purpose	Feed-out Single Axle Trailer	50,000
Lower North	Hawkes Bay Prison	Gdq809	Light Commercial Vehicle	Minibus Van	Minibus Passenger Van	52,000



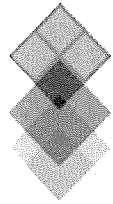
Lower North	Hawkes Bay Prison	FLH753	Prisoner Escort Vehicle	Truck - PEV	Truck Escorts 8 Cell	170,000
Lower North	Hawkes Bay Prison	FLQ449	Prisoner Escort Vehicle	Minibus Van - PEV	Minibus van Escort 4 Cell	110,000
Lower North	Head Office	GFQ522	Light Commercial Vehicle	Car	Car - Hatchback	30,000
Lower North	LSE Gisborne,156-158 Kahutia S	FLF286	Light Commercial Vehicle	Minibus Van	Minibus Passenger Van	52,000
Lower North	LSE Hastings-101Lyndon Rd East	FPT94	Light Commercial Vehicle	Minibus Van	Minibus Passenger Van	52,000
Lower North	LSE Levin-Cr Bristol&Exeter St	FSH257	Light Commercial Vehicle	Minibus Van	Minibus Passenger Van	52,000
Lower North	LSE Levin-Cr Bristol&Exeter St	FSL880	Light Commercial Vehicle	Car	Car - Hatchback	52,000
Lower North	LSE Lower Hutt-5 Market Gr	FWN64	Light Commercial Vehicle	Minibus Van	Minibus Passenger Van	52,000
Lower North	LSE Wellington31-33Adelaide Rd	GAY157	Light Commercial Vehicle	Car	Car - Hatchback	52,000
Lower North	LSE Wellington31-33Adelaide Rd	FSQ981	Light Commercial Vehicle	Car	Car - Hatchback	52,000
Lower North	Manawatu Prison	FLQ451	Prisoner Escort Vehicle	Minibus Van - PEV	Minibus van Escort 4 Cell	110,000
Lower North	Manawatu Prison	ABB880	Truck	Truck - Medium	Medium Goods Vehicle (3.5 - 12t)	100,000
Lower North	OWN Wanganui-39 Wilson St	FEH998	Light Commercial Vehicle	Minibus Van	Minibus Passenger Van	52,000
Lower North	Rimutaka Prison	FZN581	Light Commercial Vehicle	Minibus Van	Minibus Passenger Van	52,000
Lower North	Rimutaka Prison	GDF384	Light Commercial Vehicle	Car	Car - Hatchback	30,000
Lower North	Rimutaka Prison	VCORR119	Mobile Plant	Site Specific Utility Vehicle	Utility Task Vehicle (Side by Side - Off Rd Use)	22,000
Lower North	Rimutaka Prison	VCORR116	Mobile Plant	Agricultural & Ground Care Plant	Ride-On Mower	40,000
Lower North	Rimutaka Prison	B1MDL	Mobile Plant	Agricultural & Ground Care Plant	Tractor	115,000
Lower North	Rimutaka Prison	FLQ448	Prisoner Escort Vehicle	Minibus Van - PEV	Minibus van Escort 4 Cell	110,000
Lower North	Rimutaka Prison	FLH754	Prisoner Escort Vehicle	Truck - PEV	Truck Escorts 8 Cell	170,000
Lower North	Rimutaka Prison	HLA748	Prisoner Escort Vehicle	Truck - PEV	Truck Escorts 22 cell Phase 2	600,000
Lower North	Wanganui - Kaitoke Prison	FYC668	Light Commercial Vehicle	Minibus Van	Minibus Passenger Van	52,000
Lower North	Wanganui - Kaitoke Prison	GKZ317	Light Commercial Vehicle	Minibus Van	Minibus Passenger Van	52,000
Lower North	Wanganui - Kaitoke Prison	VCORR010	Mobile Plant	Site Specific Utility Vehicle	Utility Task Vehicle (Side by Side - Light prison Use)	15,500
Lower North	Wanganui - Kaitoke Prison	VCORR012	Mobile Plant	Site Specific Utility Vehicle	Utility Task Vehicle (Side by Side - Light prison Use)	15,500



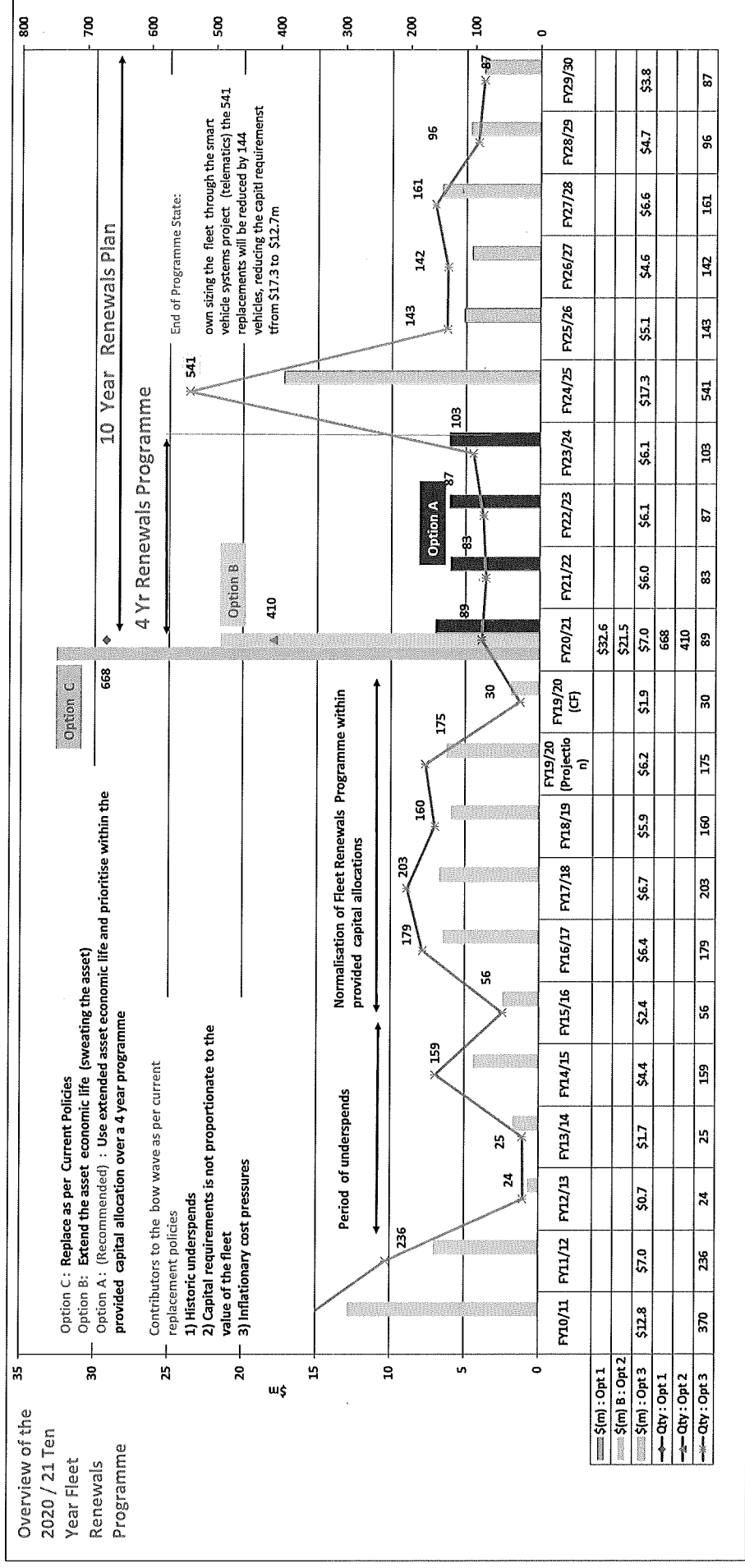
Lower North	Wanganui - Kaitoke Prison	FLH756	Prisoner Escort Vehicle	Truck - PEV	Truck Escorts 8 Cell	170,000
Lower North	Wanganui - Kaitoke Prison	ZR8682	Truck	Truck - Medium	Medium Goods Vehicle (3.5 - 12t)	100,000
National Office	Head Office	FSG134	Light Commercial Vehicle	Car	Car - Hatchback	52,000
National Office	National Office	LKU40	Light Commercial Vehicle	Car	Car - Rem	30,000
Northern	ARWCF	GBN816	Light Commercial Vehicle	Minibus Van	Minibus Goods (Cargo) Van	45,000
Northern	ARWCF	VCORR157	Mobile Plant	Industrial Plant	Forklift	60,000
Northern	ARWCF	A5ZGC	Mobile Plant	Site Specific Utility Vehicle	Utility Task Vehicle (Side by Side - Off Rd Use)	22,000
Northern	ARWCF	VCORR004	Mobile Plant	Agricultural & Ground Care Plant	Ride-On Mower	40,000
Northern	ARWCF	FLQ446	Prisoner Escort Vehicle	Minibus Van - PEV	Minibus van Escort 4 Cell	110,000
Northern	Auckland Prison	ABB878	Truck	Truck - Medium	Medium Goods Vehicle (3.5 - 12t)	100,000
Northern	LSE Acklnd,666 Grt Sth Rd Grln	FSU391	Light Commercial Vehicle	Car	Car - Hatchback	52,000
Northern	LSE Kaitaia - 51 North Park Dr	FZQ572	Light Commercial Vehicle	Minibus Van	Minibus Passenger Van	52,000
Northern	LSE Papakura,22 Tironui Road	FSR98	Light Commercial Vehicle	Car	Car - Hatchback	52,000
Northern	LSE Whangarei, 26-30 Walton St	GAS103	Light Commercial Vehicle	Minibus Van	Minibus Passenger Van	52,000
Northern	Northland Prison	VCORR150	Mobile Plant	Site Specific Utility Vehicle	Utility Task Vehicle (Side by Side - Light prison Use)	22,000
Northern	Northland Prison	B6AAU	Mobile Plant	Site Specific Utility Vehicle	Utility Task Vehicle (Side by Side - Light prison Use)	22,000
Northern	OWN Manukau-9 Barrowcliffe Pl	GCZ31	Light Commercial Vehicle	Car	Car - Hatchback	30,000
Northern	OWN Otahuhu- 21-23Frt Richard Rd	FSR99	Light Commercial Vehicle	Car	Car - Hatchback	52,000
Northern	OWN Panmure-118 Jellicoe Rd	GAN532	Light Commercial Vehicle	Minibus Van	Minibus Passenger Van	52,000
Northern	OWN Panmure-118 Jellicoe Rd	GAS122	Light Commercial Vehicle	Car	Car - Hatchback	52,000
Southern	Christchurch (Paparua)	VCORR100	Mobile Plant	Site Specific Utility Vehicle	Utility Task Vehicle (Side by Side - Off Rd Use)	22,000
Southern	Christchurch (Paparua)	31ZQF	Mobile Plant	Agricultural & Ground Care Plant	Tractor	115,000
Southern	Christchurch (Paparua)	83ZUM	Mobile Plant	Agricultural & Ground Care Plant	Tractor	115,000
Southern	Christchurch (Paparua)	A9DDR	Mobile Plant	Agricultural & Ground Care Plant	Tractor	115,000
Southern	Christchurch Womens	FZE865	Light Commercial Vehicle	Minibus Van	Minibus Passenger Van	52,000

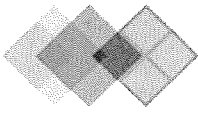


Southern	Christchurch Womens	VCORR047	Mobile Plant	Industrial Plant	Forklift - Counterbalance	60,000
Southern	Christchurch Womens	VCORR151	Mobile Plant	Agricultural & Ground Care Plant	Ride-On Mower	40,000
Southern	Invercargill Prison	FLQ455	Prisoner Escort Vehicle	Minibus Van - PEV	Minibus van Escort 4 Cell	110,000
Southern	LSE-L4B-JSP-40 Lichfield St CH	LUC907	Light Commercial Vehicle	Car	Car - Rem	30,000
Southern	OCF	DWY19	Light Commercial Vehicle	Minibus Van	Minibus Goods Van - Special Purpose (SERT) & Ground Mtnce	48,000
Southern	OCF	FDK94	Light Commercial Vehicle	Minibus Van	Minibus Passenger Van	52,000
Southern	OCF	VCORR041	Mobile Plant	Agricultural & Ground Care Plant	Ride-On Mower	40,000
Southern	OCF	FLH757	Prisoner Escort Vehicle	Truck - PEV	Truck Escorts 8 Cell	170,000
Southern	OCF	FLQ450	Prisoner Escort Vehicle	Minibus Van - PEV	Minibus van Escort 4 Cell	110,000
Southern	Own 209 Annex Rd Christchurch	FSJ295	Light Commercial Vehicle	Minibus Van	Minibus Passenger Van	52,000
Southern	Own 209 Annex Rd Christchurch	FSJ296	Light Commercial Vehicle	Minibus Van	Minibus Passenger Van	52,000
Southern	Own 209 Annex Rd Christchurch	FSU386	Light Commercial Vehicle	Car	Car - Hatchback	52,000
Southern	OWN Dunedin-97 King Edward St	FSN768	Light Commercial Vehicle	Minibus Van	Minibus Passenger Van	52,000
Southern	OWN Greymouth-20 Johnston St	GAG461	Light Commercial Vehicle	Minibus Van	Minibus Passenger Van	52,000
Southern	OWN Rangiora-81 Ivory St	GAS229	Light Commercial Vehicle	Minibus Van	Minibus Passenger Van	52,000
Southern	Rolleston Prison	FZE866	Light Commercial Vehicle	Minibus Van	Minibus Passenger Van	52,000
Southern	Rolleston Prison	VCORR158	Mobile Plant	Agricultural & Ground Care Plant	Ride-On Mower	40,000
Southern	Rolleston Prison	FKH106	Prisoner Escort Vehicle	Minibus Van - PEV	Minibus van Escort 2 Cell	110,000
GRAND TOTAL						6,983,000

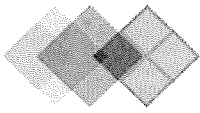


APPENDIX FOUR: OPTIONS ANALYSIS AND RECOMMENDED OPTION





APPENDIX FIVE: BENEFIT PROFILES



APPENDIX SIX: FINANCIAL SUMMARY FRP BY REGION FOR FY2020/21

FY2020/21 Distribution by Region

Central Region		
Asset Class & Type	Qty	Value
Attachable Plant		
Attachable Machinery	-	-
Light commercial		
Car	2	82,000
Minibus Van	6	305,000
Utility Vehicle	-	-
Mobile Plant		
Agricultural & Ground Care Plant	4	385,000
Earth Moving	-	-
Industrial Plant	-	-
Site Specific Utility Vehicle	2	49,000
Prisoner Escort Vehicle		
Minibus Van - PEV	2	220,000
Truck - PEV	2	770,000
Trucks		
Truck	1	100,000
Trailers		
Trailer - General Use	-	-
Trailer - Special Purpose	1	50,000
Totals	20	1,961,000

Northern Region		
Asset Class & Type	Qty	Value
Attachable Plant		
Attachable Machinery	-	-
Light commercial		
Car	5	238,000
Minibus Van	4	201,000
Utility Vehicle	-	-
Mobile Plant		
Agricultural & Ground Care Plant	1	40,000
Earth Moving	-	-
Industrial Plant	1	60,000
Site Specific Utility Vehicle	3	66,000
Prisoner Escort Vehicle		
Minibus Van - PEV	1	110,000
Truck - PEV	-	-
Trucks		
Truck	1	100,000
Trailers		
Trailer - General Use	-	-
Trailer - Special Purpose	-	-
Totals	16	815,000

Lower North Region		
Asset Class & Type	Qty	Value
Attachable Plant		
Attachable Machinery	-	-
Light commercial		
Car	5	216,000
Minibus Van	9	468,000
Utility Vehicle	-	-
Mobile Plant		
Agricultural & Ground Care Plant	2	155,000
Earth Moving	-	-
Industrial Plant	-	-
Site Specific Utility Vehicle	3	53,000
Prisoner Escort Vehicle		
Minibus Van - PEV	3	330,000
Truck - PEV	4	1,110,000
Trucks		
Truck	2	200,000
Trailers		
Trailer - General Use	-	-
Trailer - Special Purpose	-	-
Totals	28	2,532,000

Southern Region		
Asset Class & Type	Qty	Value
Attachable Plant		
Attachable Machinery	-	-
Light commercial		
Car	2	82,000
Minibus Van	9	464,000
Utility Vehicle	-	-
Mobile Plant		
Agricultural & Ground Care Plant	6	465,000
Earth Moving	-	-
Industrial Plant	1	60,000
Site Specific Utility Vehicle	1	22,000
Prisoner Escort Vehicle		
Minibus Van - PEV	3	330,000
Truck - PEV	1	170,000
Trucks		
Truck	-	-
Trailers		
Trailer - General Use	-	-
Trailer - Special Purpose	-	-
Totals	23	1,593,000

Tactical Operations		
Asset Class & Type	Qty	Value
Light commercial		
Car	-	-
Minibus Van	-	-
Utility Vehicle	-	-
Totals	-	-

National Office		
Asset Class & Type	Qty	Value
Light commercial		
Car	2	82,000
Minibus Van	-	-
Utility Vehicle	-	-
Totals	2	82,000

Benefit Profile

Fleet Replacement Programme 2020/2024

Approval

By signing this Benefit Profile I confirm I understand my role and responsibility in the Benefit Realisation, and confirm the contents of this document.

Role	Name	Signature	Date
Programme / Project Manager:	David Jacobs, Fleet Manager	Approved via email	2 June 2020
Senior Responsible Owner:	Kirit Parbhu, Business Manager	Approved via email	8 June 2020
Benefit Realisation Owner:	David Jacobs, Fleet Manager	Approved via email	2 June 2020
EPMO Benefits Lead:	Duncan Chadwick	Approved via email	2 June 2020

Document History

Version	Author	Issue Date	Changes
Version 1.0	David Jacobs	21/05/2020	Initial Draft
Version 2.0	David Jacobs	25/05/2020	Revised tolerances
Version 3.0	David Jacobs	25/05/2020	Recommended Change EPMO & Finance
Version 4.0	Helen Houlker	26 May 2020	Review
Version 5.0	Dave Jacobs	26 May 2020	Updates
Version 6.0	Dave Jacobs	27 May 2020	Incorporating feedback from EPMO Benefit Lead
Version 7.0	Helen Houlker	27 May 2020	Updates for Finance review
Version 8.0	Helen Houlker	28 May 2020	Incorporating all feedback to date from Finance & EPMO
Version 9.0	David Jacobs	29 May 2020	Revised benefit number two
Version 10	Helen Houlker	29 May 2020	Benefit Profiles revised to include a second financial benefit & feedback from EPMO
Version 11	Helen Houlker	2 June 2020	Incorporating feedback from EPMO and updates from Fleet and finalising Profiles

Benefit 1 – Improving Policy Safety Compliance – Light Commercial Fleet ANCAP Safety Rating

Benefit ID	Benefit Realisation Owner	Benefit Measure Owner	Strategic Alignment	Benefit Type	Measurability	Beneficiary	Performance measure	Measure evidence	Baseline value / Current state and baseline date	Target value & date	Tolerance	Reporting frequency, start and finish date
B1	David Jacobs	David Jacobs	Managing / maintaining asset resilience, services levels and capacity	Enhancement	Quantifiable	Single Agency	Count of the light commercial fleet segment of vehicles that are not ANCAP 5 rated	Fleet ANCAP records are sourced from NZTA and Custom Fleet	The current base line for the 4 year renewals programme: Of the 360 vehicles identified for replacement over the four years, including 190 from the light vehicle fleet, 69 are ANCAP 5 rated and 121 are not ANCAP 5 rated	The programme will see 190 ANCAP 5 replacements by 2024, made up of 44 replacements in FY 2020/21 41 replacement in FY 2021/22 52 replacements in FY2022/23 53 replacements in FY2023/24	96% of agreed total target amounts being 182 out of 190 replacements by 30 June 2024 42 replacements in FY 2020/21. 39 replacement in FY 2021/22. 50 replacements in FY2022/23. 51 replacements in FY2023/24.	Monthly project reporting to Fleet Manager, Business Manager and Infrastructure & Facilities Portfolio Governance Committee starting September 2020 and ending August 2024.

Benefit Constraints, Dependency and Assumptions

Benefit ID	Description	Responsibility
B1	Assumption: The on catalogue AoG Contract vehicles will only be ANCAP 5. Assumption: The level of replacements will not negate the reduction of the fleet expected through the delivery of the Telematic Paper. The telematics project will see the retirement of the older fleet stock that will reduce the 2024/25 impact requiring 541 vehicle replacements costing \$17.3m as shown in Appendix 4 of the investment case.	Project Manager

Actions to Achieve Measure

Benefit ID	Description	Responsibility
B1	Ensure that all vehicle purchases are only made through the AoG contract, that lists only ANCAP 5 vehicles only.	Senior Responsible Owner

Benefit 2 – Reduction in CO2 Emissions within the Fleet

Benefit ID	Benefit Realisation Owner	Benefit Measure Owner	Strategic Alignment	Benefit Type	Measurability	Beneficiary	Performance measure	Measure evidence	Baseline value / Current state and baseline date	Target value & date	Tolerance	Reporting frequency, start and finish date
B2	David Jacobs	David Jacobs	Managing / maintaining asset resilience, services levels and capacity	Enhancement	Quantifiable	Single Agency	Emission reduction: tonnes CO2 for the fleet kilometres travelled (see the assumptions below)	Evidence of measures are: Distance travelled (Custom Fleet) Vehicle CO2 emission (NZTA)	The current base line for the 4 year renewals programme: Of the 190 light commercial vehicle replacements, there will be potential emissions reduction of 372,000 tonnes CO2	The programme will see reduced emissions made up of: In FY 2020/21 Reduce Emissions by 35,000 t CO2 In FY 2021/22 Reduce Emissions by 71,000 t CO2 In FY2022/23. Reduce Emissions by 116,000 t CO2 In FY2023/24. Reduce Emissions by 150,000 t CO2	75% of agreed total target amounts being 279,000 of 372,000 t CO2 In FY 2020/21 Reduce Emissions by 26,250 t CO2 In FY 2021/22 Reduce Emissions by 53,250 t CO2 In FY2022/23. Reduce Emissions by 87,000 t CO2 In FY2023/24. Reduce Emissions by 112,500 t CO2	Monthly project reporting to Fleet Manager, Business Manager and Infrastructure & Facilities Portfolio Governance Committee starting September 2020 and ending August 2024.

Benefit Constraints, Dependency and Assumptions

Benefit ID	Description	Responsibility
B2	Assumption: There being no change to the future business demand on the use of the vehicles and there will be no change in kms per year travelled. The potential emissions reduction has been based on past use (kms) to determine target CO2 g/kms reduction. Dependency: There is a dependency on the successful introduction of the Fleet Telematics project to enable the accurate collection of vehicle operating data.	Project Manager

Actions to Achieve Measure

Benefit ID	Description	Responsibility
B2	The Telematics project when implemented will provide accurate metrics of the measures and will allow business oversight and levers to manage vehicle usage and negative driving behaviours.	Senior Responsible Owner

Benefit 3 – Reduction in Fleet Fuel Costs

Benefit ID	Benefit Realisation Owner	Benefit Measure Owner	Strategic Alignment	Benefit Type	Measurability	Beneficiary	Performance measure	Measure evidence	Baseline value / Current state and baseline date	Target value & date	Tolerance	Reporting frequency, start and finish date
B3	David Jacobs	David Jacobs	Managing / maintaining asset resilience, services levels and capacity	Economic; cashable	Quantifiable	Single Agency	Fuel savings: \$	Evidence of measures are: Fuel price (NZDF-Corrections BP Syndicated Contract) /consumption	The current base line for the 4 year renewals programme: Of the 190 light commercial vehicle replacements, there are estimated fuel savings of \$176,000 over the four year programme	The programme will provide estimated fuel savings made up of In FY 2020/21 \$15,000 In FY 2021/22 \$33,000 In FY2022/23 \$56,000 In FY2023/24 \$73,000	75% of agreed total target amount being \$132,000 of \$176,000 by 30 June 2024, In FY 2020/21 \$11,250 In FY 2021/22 \$24,750 In FY2022/23 \$42,000 In FY2023/24 \$54,750	Monthly project reporting to Fleet Manager, Business Manager and Infrastructure & Facilities Portfolio Governance Committee starting September 2020 and ending August 2024.

Benefit Constraints, Dependency and Assumptions

Benefit ID	Description	Responsibility
B3	Assumption: There being no change to the future business demand on the use of the vehicles, there will be no change in kms per year travelled, the fuel pricing is based on the NZDF-Corrections fuel prices in April 2020 and the rate of fuel consumption will be static and will not fluctuate with varying drivers. Dependency: There is a dependency on the Fleet Telematics project to provide accurate vehicle operating data.	Project Manager

Actions to Achieve Measure

Benefit ID	Description	Responsibility
B3	The Telematics project when implemented will provide accurate metrics of the measures and will allow business oversight and levers to manage fuel usage and negative driving behaviours.	Senior Responsible Owner

Benefit 4 – Reduction of Reactive Maintenance Costs

Benefit ID	Benefit Realisation Owner	Benefit Measure Owner	Strategic Alignment	Benefit Type	Measurability	Beneficiary	Performance measure	Measure evidence	Baseline value / Current state and baseline date	Target value & date	Tolerance	Reporting frequency, start and finish date
B4	David Jacobs	David Jacobs	Managing / maintaining asset resilience, services levels and capacity	Enhancement	Quantifiable	Single Agency	Sum cost of the annualised reactive repair costs	Custom Fleet Annual High Risk Report that included the annualised reactive repair cost for each asset.	The current base line annualised repair cost of the 360 fleet asset to be replaced is \$547,000	The programme will see 360 vehicle replacements by 2024, where annual repair costs will be reduced by \$263,000 in FY 2020/21 \$122,000 in FY 2021/22 \$99,000 in FY2022/23 \$63,000 in FY2023/24	75% of agreed total target amounts being \$410,250 of \$547,000 by 30 June 2024, \$197,300 in FY 2020/21 \$91,500 in FY 2021/22 \$74,300 in FY2022/23 \$47,300 in FY2023/24	Monthly project reporting to Fleet Manager, Business Manager and Infrastructure & Facilities Portfolio Governance Committee starting September 2020 and ending August 2024.

Benefit Constraints, Dependency and Assumptions

Benefit ID	Description	Responsibility
B4	Assumption: There will be an element of unforeseen reactive repairs costs that may be outside the initial manufacturer/supplier warranty terms and conditions.	Project Manager

Actions to Achieve Measure

Benefit ID	Description	Responsibility
B4	Ensure that the recipients of the new asserts are reminded of their duty of care towards the asset and that the reactive repairs are annually reported upon my Custom Fleet in the high risk report.	Senior Responsible Owner