

Motor vehicle acquisition and management practices for NSW Department of Health

Summary The purpose of this Guideline is to supplement the principles set down in the Motor Vehicles Policy, PD2007_029 and in particular as it relates to the NSW Department of Health's motor vehicle acquisition and management.

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Applies to Ministry of Health

Distributed to Ministry of Health

Audience All Department of Health staff and particularly Purchasing & Business Support staff & SES/SO Officers

NSW Department of Health's motor vehicle acquisition and management practices

PURPOSE

Prior to this guideline there was some perceived ambiguity in relation to various practices for the motor vehicle acquisition, management and associated responsibilities for departmental staff. This guideline supplements the current NSW Health motor vehicles policy, elaborating on certain issues that arise during the purchasing, maintenance and operation of motor vehicles. It specifically relates to NSW Department of Health and, indirectly, the health service entities it services (Health Infrastructure & Health Professional Councils Authority.)

This guideline is in addition to and should be read in conjunction with the NSW Health policies Motor Vehicle – Use of within NSW Health (PD2007_029), the NSW Health Code of Conduct (PD2005_626) and the Conflicts of Interest and Gifts and Benefits (PD2010_010).

KEY PRINCIPLES

All NSW Department of Health staff who are involved in purchasing, maintaining or operating departmental motor vehicles are strongly encouraged to read and comply with the guidelines set down relating to the following concepts:

- Conflicts of interest
- Solicitation of gifts/ benefits
- Selection and use of environmentally friendly vehicles, fuels
- Vehicle tendering process
- Loan vehicles
- Temporary use of pool cars for business/ private use
- Selecting service and repair providers
- Maintaining running sheets
- Managing infringement notices and tolls/ E-Tags
- Operating costs of vehicles
- Parking costs and levy
- Disposal of vehicles

USE OF THE GUIDELINE

This guideline should be adopted by all departmental staff and in particular by those involved in the purchasing, management and use of departmental motor vehicles.

ATTACHMENT

1. Guidelines to support NSW Department of Health's motor vehicle acquisition and management practices

REVISION HISTORY

Version	Approved by	Amendment notes
July 2011 (GL2011_010)	Deputy Director-General Health System Support	New Guideline

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GUIDELINES TO SUPPORT NSW DEPARTMENT OF HEALTH'S MOTOR VEHICLE ACQUISITION AND MANAGEMENT PRACTICES

1. Background

NSW Department of Health purchases, maintains and operates motor vehicles for its fleet through the support of its vehicle management provider. Health Services have somewhat different arrangements including predominantly leasing of vehicles. Accordingly, these motor vehicle acquisition guidelines are applicable to NSW Department of Health only and indirectly to the Health entities that it services (currently Health Infrastructure and Health Professional Councils Authority (HPCA.)) Notwithstanding, Health Services may find these principles worthy of adoption in their own guidelines. Broader policy relating to use of motor vehicles can be found in PD2007_029.

2. Conflicts of Interest

Potential conflicts of interest

There are a range of instances that may give rise to real or perceived conflicts of interest involving self interest or threats to independence and integrity. For NSW Department of Health staff these include:

- Having (this includes a spouse/ partner) financial interests (e.g. shares or loans) in a particular motor vehicle service, sales, maintenance or repair organisation.
- Operating a secondary business in the motor vehicle industry, particularly where it relates to departmental functions of acquiring, maintaining, operating, servicing, cleaning, repairing and disposing of motor vehicles.
- Having common financial interests (e.g. joint investments, joint ventures) with entities, staff within entities or persons that the Department also conducts dealings with in relation to motor vehicles.
- Family or personal relationships with entities, staff within entities or persons that the Department also conducts dealings with in relation to motor vehicles.
- Serving as a Director, Board Member or other position holder with an entity that the Department also conducts dealings with in relation to motor vehicles.

Officers who find themselves the subject of a real or potentially perceived conflict of interest should raise the matter formally in writing with their supervisor for appropriate action. Corporate Governance Unit is the custodian of both the Conflicts of Interest Register and the Gifts and Benefits Register for the Department of Health. Additional information and declarations forms are available from the Work Support Centre at the following

link:http://internal.health.nsw.gov.au/cgrm/rmra/coi_intranet_page.html

Section 59 of the *Public Sector Employment and Management Act 2002* states that full time employees covered by the Act must seek the permission of the appropriate Department Head to undertake any other paid work. Section 5.7 of NSW Department of Health's Combined Administrative Financial Staff

Delegations Manual indicates that Levels 2 – 5 are appropriate to approve non SES officers engaging in private employment. The relevant delegated officer should consider the above mentioned possible conflicts of interest and consult with Workplace Relations and Management Branch and Legal and Corporate Governance Branch in forming a response to an application by a staff member to conduct secondary employment in the motor vehicle industry.

Soliciting gifts or benefits

Consistent with NSW Health's Code of Conduct (PD2005_626), Conflicts of Interest and Gifts and Benefits Policy (PD2010_010) and broader NSW public sector practice and guidelines, staff must not solicit gifts or benefits (e.g. money, jackets, caps or tickets to events) or otherwise use their public sector position to obtain personal benefits for themselves or others. Offers of personal benefits including discounts on servicing, new car acquisitions, tyres and repairs must be respectfully declined with advice that such offers are not acceptable for public sector position holders.

Out of hours and on weekends officers should also be mindful to avoid utilising their employment position for the personal benefit of themselves or others or make personal decisions that could compromise their integrity and objectivity in the workplace. An example of an unacceptable instance would be to seek a discounted service with an inference that the supplier may benefit from future departmental business.

3. Vehicle Profiles

Fleet and pool vehicle profiles

The NSW Government's Greening the Fleet initiative to improve environmental performance of agency vehicle fleets and the Department of Health's predominantly Greater Sydney Metropolitan area usage profile facilitated a decision to eliminate six cylinder vehicles from the preferred purchasing list from 2010-11. Eight cylinder vehicles have been removed from most public sector fleet vehicle options (including novated leases) since 2005 (M2006-05 refers). Vehicles offered in a package to SES/SO officers and vehicles acquired for pool cars are a mix of four cylinder vehicles with sound environmental performance and safety ratings. The Department's Purchasing and Business Support Unit update the preferred list from time to time subject to approval by the Financial Controller. An application by SES / SO officers for a vehicle outside of the preferred vehicle list requires the applicant to submit a written justification to the Chief Financial Officer for approval. Some leniency will be provided to applications for off listed vehicles that are 100% private use. Notwithstanding, all vehicles acquired by the Department must conform with the NSW Government Contract 653 - Supply of Motor Vehicles to NSW Government administered by Department of Finance and Services.

Purchasing and Business Support works in consultation with branches at Gladesville, Health Professional Councils Authority (HPCA) and Health Infrastructure to provide expert advice on green and safety ratings and on maintaining a balance of vehicle types to best suit user needs. The Department serves as an agent for HPCA and Health Infrastructure in the acquisition and operating cost of motor vehicles with the expenditure and assets passed on to these NSW Health entities. Notwithstanding, these vehicles form part of the Department's fleet for the purpose of reporting on

its NSW Government Greening the Fleet targets. As such the same environmental, safety and value for money approach applied by the Department to its own vehicle acquisitions is also applied to HPCA and Health Infrastructure acquisitions.

Fuel selection

Department of Premiers and Cabinet Ministerial circular 2006-05 specifies that all executive officers and public service staff who drive Government-owned vehicles as part of their remuneration package will be required to use E10 blends (containing 10% ethanol) (or other alternative fuels) where this is practicable, available and cost effective.

The ethanol element of E10 is considered to be a renewable resource that supports environmental sustainability. Pool vehicles are also expected to be filled with E10 fuel. Exemptions from using E10 fuel apply where vehicle manufacturers have stated that it will void vehicle warranties, or damage the vehicle in some way.

4. Motor Vehicle Acquisitions

Requests for tender on new motor vehicles

The Department uses WebFleet as its vehicle administration services provider and coordinates the development of vehicle tender specifications and viewing of tender results through WebFleet's web based IT system.

In the interests of obtaining the broadest and most competitive market responses, no restrictions are to be placed on WebFleet approved dealers from viewing departmental tenders. Where there are valid reasons for a dealer to be excluded from participating in departmental tenders, written approval is required from the Chief Financial Officer and the Chief Procurement Officer. To ensure procedural fairness, the Department should formally notify a dealer of an exclusion, reasons for the decision being taken and provide an opportunity to respond.

Misquotes from dealers

On occasion a dealer who submits the lowest priced bid to supply a new vehicle may submit a quote in error. In these cases the bid appears to be conforming to tender specifications but upon clarification does not comply (e.g. petrol rather than diesel engine, prior year model or incorrect colour). In these cases the dealer should be asked to re-quote in writing (e.g. email) with a further comparison then made with other conforming tenders. An explanation of the circumstances and outcome of the re-quoting should be included in the documentation seeking approval to proceed with the purchase.

Documentation of tender outcomes

The outcomes of all departmental motor vehicle tenders should be detailed and saved in the Department's official document storage and tracking and system (TRIM) with a unique document number. The document should include:

- Reason for tender
- Tender number
- Tender criteria
- Tender period
- Name of successful tender
- Price of successful bid and price differential to the second preferred bid
- If the lowest priced tender is not recommended, the reasons and criteria for coming to such a conclusion
- Details of all bids submitted as extracted from the WebFleet IT system

This document should be submitted to the Financial Controller (DoH) for approval to prepare a Purchase Requisition for the Chief Financial Officer. This practice ensures there is segregation of duties from purchaser and approver of goods at a sufficient delegation.¹

Loan vehicles

Accepting offers from motor vehicle dealers or engaging with motor vehicle dealers to trial or test drive a vehicle can create perceptions that the Department has a return obligation to the dealer or has favouritism towards a particular dealer. For these reasons, the Department should not as normal practice, accept loan vehicles for use. Where there is a demonstrated benefit from entering into such an arrangement, written approval must be sought from the Chief Financial Officer, loan of the vehicle should be no more than two weeks in duration and separate vehicle running sheets maintained.

5. Vehicle Use

Temporary use of pool cars for approved business/private and 100% private salary packaged officers

Officers with salary packaging who have approved business / private or 100% private use may request access to an available pool vehicle for business or private use in instances where the departmental packaged vehicle is inoperable, damaged, unsafe to drive or being serviced or repaired. Limited provisions are also made for officers who wish to alternate use of their existing vehicle for a pool vehicle for the purposes of testing its suitability for future packaging acquisition. In these cases a pool requisition form should be completed and signed by the salary packaged officer and submitted to the Transport Officer (recognising that prior general approval for business use has been provided as part of their business / private salary packing arrangement.)

¹ s.6.2 of the NSW Department of Health's Combined Administrative Financial Staff Delegations Manual covers acquisition of services and stores. The Public Sector Employment and Management (Goods and Services) Regulation 2010 definition of goods includes motor vehicles.

For approved business / private and 100% private users the Branch will incur 50% of the pool car charge which indicatively covers running costs of fuel, insurance and tyres.

Selection of service and repair providers

There is no State Contract that specifies preferred providers of motor vehicle servicing and repair. Purchasing and Business Support Unit staff are expected to consider quality, timelines and overall value for money in the selection of these service providers. The servicing and repair of 100% private salary packaged motor vehicles is not conducted by Purchasing and Business Support staff and is the responsibility of the driver to select a provider.

For approved business/ private and 100% private departmental vehicles the servicing and repair costs are paid for by the Department and are factored into salary packaging arrangements.

In the unlikely event that a single repair or service event exceeds \$30,000, standard NSW Health and NSW Government procurement practices require three written quotations which can then be authorised by an officer with appropriate financial delegation.

Running sheets

Departmental employees are required, as part of using fleet or pool vehicles, to complete vehicle running sheets that detail start and end times, kilometres travelled, destinations and fuel purchases. This is particularly important for pool cars that are expected to be 100% business use. Purchasing and Business Support staff review running sheets and are expected to follow up with officers who have inaccurately or incompletely filled in the running sheet.

SES/SO officers that do not complete vehicle running sheets for business and private use, despite follow up from Purchasing and Business Support Unit, will be deemed, in accordance with Australian Taxation Office (ATO) guidelines, to have undertaken private use which has Fringe Benefits Tax implications for the salary packaged officer and the Department.

Employment offers for private use of Health motor vehicles for Crown employees

There is no provision under the Crown Employees (Public Service Conditions of Employment) Award 2009 (excluding SES/SO salary packaged arrangements) to permit general public sector employees to use departmental motor vehicles for regular private use, including travel to and from work. Branch Directors are not delegated to offer private use of departmental motor vehicles to non SES/SO staff, verbally or written, including employment contracts. Particular risks occur for Branch Directors at the point of recruiting health service employees who look to maintain existing Health Service Award private use entitlements associated with:

- Use of a Health vehicle as a 'tool of trade' (e.g. Community Health Nurse or Ambulance Superintendent); or
- Continuation of contributions for private use under NSW Health's private use fleet vehicle facility.

There is no scope to agree to these arrangements if the non SES/SO officer is employed under the Crown Employees Award.

Where Branch Directors make employment offers that are binding on the Department, the Department is liable to pay Fringe Benefits Tax to the ATO. The source of funds for such ATO payments will be the Branch Director's budget. Employees that accrued fringe benefits from the private use of a Health motor vehicle may have a Reportable Fringe Benefits Tax Amount reported on their PAYG Payment Summary. This may or may not have taxation implications for the employee and will depend on their individual circumstances and the extent to which any personal contribution for private use was made.

Infringement notices

Staff using departmental vehicles are personally responsible for meeting the cost of parking, speeding, red light cameras or other types of motor vehicle infringements issued by law enforcement bodies. This cost is not to be paid for by the Department. Infringement notices for fleet and pool vehicles received by the Department's Purchasing and Business Support Branch need to be devolved from the name of the vehicle owner (Health Administration Corporation) to the driver through statutory declaration with advice provided to the Office of State Revenue accordingly within the strict timeframes.

E-Tags

Electronic toll booth readers (E-tags) that support the automatic payment of road, tunnel and bridge tolls are the responsibility of the SES/SO officer for salary packaged fleet vehicles and the responsibility of Purchasing and Business Support for pool vehicles. On occasions the Department will receive notices associated with fleet vehicles where the salary packaged officer's E-tag was not read correctly at the booth or there were insufficient funds associated with the E-tag. Purchasing and Business Support will refer these notices to the SES/SO salary packaged officer for direct and independent follow up with the toll entity.

Operating costs (including fuel, registration, repairs and servicing)

Vehicle operating costs including fuel, registration, servicing and repairs are paid for by WebFleet and then on-charged by Business and Purchasing Support to departmental branches. The Purchasing and Business Support Unit have responsibility to check the accuracy of these costs, and if appropriate agree to performance of service.

Vehicle parking

Car parking is available to SES/SO salary packaged staff with approved business / private use. All staff with permanent departmental car space arrangements must personally meet the NSW Government car parking space levy, where applicable. Zones subject to the levy are detailed in the *Parking Space Levy Act 2009* and include the Department's North Sydney office and Chatswood. This cost is not to be defrayed to the Department.

Disposal

At present the Department utilises the State Contract 603 motor vehicle auctioneer ManheimFowles for vehicle disposal. Upon receipt of ManheimFowles' proceeds from sale advice, a disposal form is submitted to the Financial Controller who has delegation under s. 8.8 of the NSW Department of Health's Combined Administrative Financial Staff Delegations Manual to dispose of surplus or unserviceable stores (including motor vehicles.) NSW Treasury requirements are that from 1 July 2011 NSW Government owned and leased vehicles should be retained for a minimum of 36 months or 60,000 kilometres whichever comes first.

6. Enquiries

Questions or clarification on this departmental guideline

Any questions in relation to this guideline document should be directed to the Team Leader, Purchasing and Business Support (telephone 9391 9115) in the first instance, or otherwise to the Financial Controller (DoH.)