

THE RISKS YOU CAN'T AFFORD TO TAKE WITH YOUR FLEET

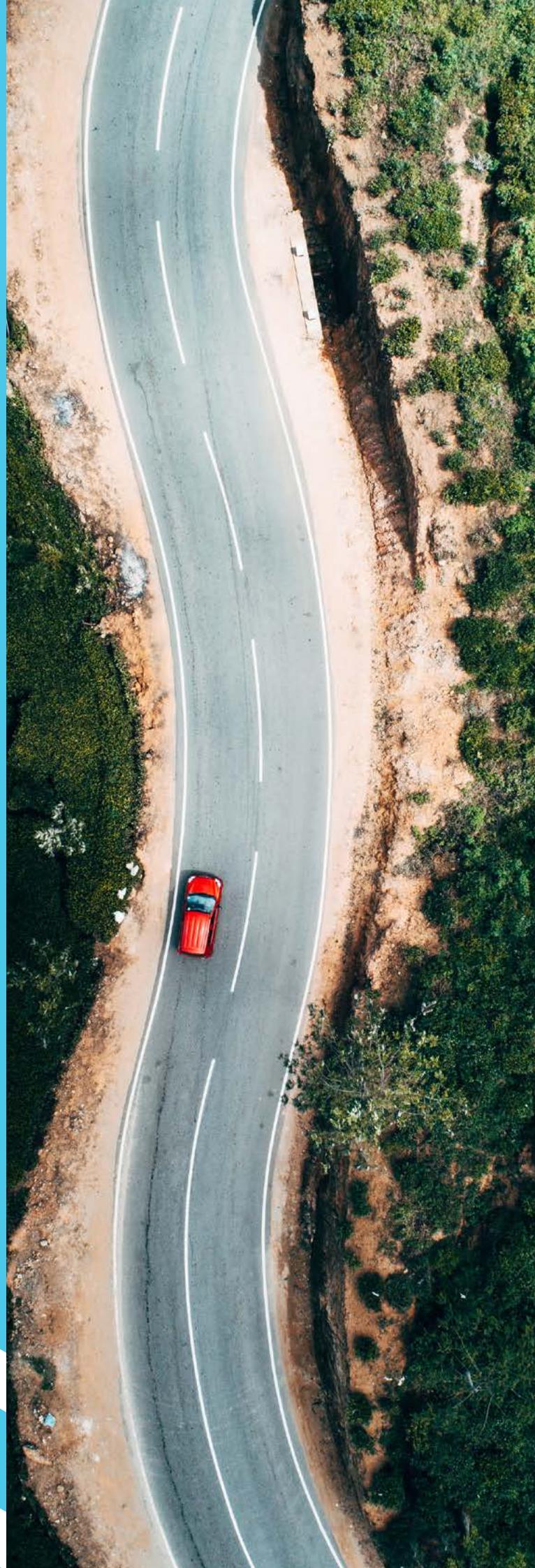
A guide to safe and cost effective
transport strategies for charities
and not-for-profit organisations



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BRINGING EXPERT INSIGHTS TO A MAJOR RESOURCE CHALLENGE

At a time when many people in Australia are in crisis, they need support from our charity and not-for profits (NFPs) more than ever. From individuals and households, right up to state and federal government level, our charity sector provides services essential to better personal and social outcomes. The 1.3 million people¹ working for charities also rely on their employers, not only for their income, but also for the rewards of supporting people and communities in need.

As charities and NFPs continue to face multiple challenges in delivering this vital support, we at Interleasing have an important role to play in helping manage fleet resources and risks more effectively. These organisations are relying more than ever on their fleet for safe and effective provision of services. At the same time, they may be struggling to ensure availability of vehicles for employees and clients due to budget pressures and new operating constraints introduced by the pandemic.

With this guide, we're proud to offer expert insights on best-practice in fleet policy and management. In sharing these insights and some practical suggestions, we hope to provide you with ideas for moving towards a safer and more sustainable transport strategy for your organisation.

Adam Morrison

Group Executive,
Asset Management,
Interleasing



1. Australian Charities and Not-for-profits Commission, Australian Charities Report 7th Edition, May 2021



TRANSITION TO SURVIVE: FUNDING AND RESOURCE CHALLENGES

DEMAND IS RISING AS FUNDING FALLS

With the COVID-19 pandemic, the budget balancing act for charities and NFPs has become far more challenging. Funding levels, particularly from donations and philanthropic sources, have fallen significantly, with 86% of charities reporting a reduction in revenue and more than three quarters experiencing a reduction in donations². At the same time, 44% of NFP directors say they're expecting client numbers to increase and 45% predict service volumes will also rise³. This funding gap is putting pressure on decision-makers to constantly be doing more with less and seek greater efficiencies in how they manage assets and resources.

RESOURCES NEEDED TO RESTRUCTURE

Budgets are just one of the constraints on how charities and NFPs are now operating. As the pandemic has changed life for all Australians it has made its impact on delivery of support services. According to the 2020 Not-for-Profit Governance and Performance Study from the Australian Institute of Company Directors, more than three quarters (77%) of not-for-profits have had to change the way they operate due to the pandemic.

Together with the ongoing uncertainty around funding, these changes are leading many charities and NFPs to explore ways to restructure their whole business model. From diversifying revenue to rebuilding resources and assets needed for service delivery, many organisations are responding positively to these pressures to reinvent their structure and approach.

Unlike businesses in other sectors, charities and NFPs have few ways to secure the capital it takes to adapt. In some cases, their asset base in the form of property and equipment may be substantial, but these are needed to deliver their services. With their fleet inventory, however, organisations do have scope to continue using vehicles, while at the same time realising the capital held in these assets.

To get more from these vehicles as a critical but costly resource, organisations are also exploring new ways to resolve fleet management issues including:

- Limiting costs without compromising on quality and availability of vehicles
- Ensuring corporate governance and workplace safety are addressed in policies and practices
- Taking advantage of technological advances without introducing unnecessary complexity

2. Social Ventures Australia, Vital support: building resilient charities to support Australia's wellbeing, May 2021

3. Australian Institute of Company Directors, 2020 Not-for-Profit Governance and Performance Study: The COVID-19 Edition, November 2020

VERSATILE SOLUTIONS TO A COMPLEX PROBLEM

In seeking ways to retain transport assets without a large commitment of capital, charity and NFP organisations are turning to fleet experts offering flexible solutions. Not only does this guide highlight the potential to unlock the cash flow in your current vehicles, it also reveals the many ways that a comprehensive fleet policy can drive better value going forward, and limit risks to your organisation, employees and clients.

By getting to know the essential elements of a best-practice fleet operation, you'll gain important insights on solving the conundrum of transport strategy in this new operating environment.

At Interleasing we can help you:

- Redirect capital tied up in your existing fleet towards service delivery and strategic priorities
- Source vehicles your organisation needs to run effectively and competitively
- Finance the lease of your vehicles with our range of funding options
- Take care of day-to-day operations with our fleet management services

WHAT ARE THE GAPS IN YOUR TRANSPORT STRATEGY?

Introducing a tailored and comprehensive fleet management strategy is key to streamlining and de-risking transport services. With expert support, organisations can arrange a cost-effective funding model to limit financial risks and ensure ongoing access to quality and fit-for-purpose vehicles. A thorough policy review can protect your organisation, employees and clients from unnecessary risk exposure through fleet operations.

In reviewing and upgrading your transport policy and solutions, there are four key areas to explore. Answering the following questions can help you to determine how effective your current fleet strategy is at offering safe, professional transport services at a cost your organisation can sustain.



- 1 **MANAGING COSTS AND FINANCIAL LIABILITY**
- 2 **QUALITY**
- 3 **SAFETY AND RISK MANAGEMENT**
- 4 **REPORTING**



Managing Costs and Financial Liability:

maximise value from your fleet, secure competitive rates and limit financial risks.

AREAS AND QUESTIONS TO CONSIDER:

FLEET EFFICIENCY



- Do you have the right number and type of vehicles for your organisation and clients' needs?
- Are you monitoring vehicle usage and scaling fleet size accordingly?
- Are you working to a benchmarked target for your overall fleet cost?
- Do you have an effective pool vehicle booking system?

DISCOUNTS



- Is your fleet taking advantage of volume and loyalty discounts for vehicle procurement, fuel and maintenance costs?

CAPITAL ALLOCATION



- Are your vehicle financing solutions putting unnecessary limits on capital expenditure?
- Could capital items in your fleet inventory be funded more efficiently?

COST CONTROLS



- Are you capturing whole of life costs for each vehicle?
- Do you have financial monitoring in place to prevent unexpected cost overruns and/or tax liability?



Quality: provide professional and reliable transport solutions to represent your brand and meet strategic goals and customer needs.

AREAS AND QUESTIONS TO CONSIDER:

FIT-FOR-PURPOSE VEHICLES



- Are existing vehicles fitted with all necessary safety and accessibility features and equipment?
- Do you have access to customised vehicles at a competitive price?

UPGRADES

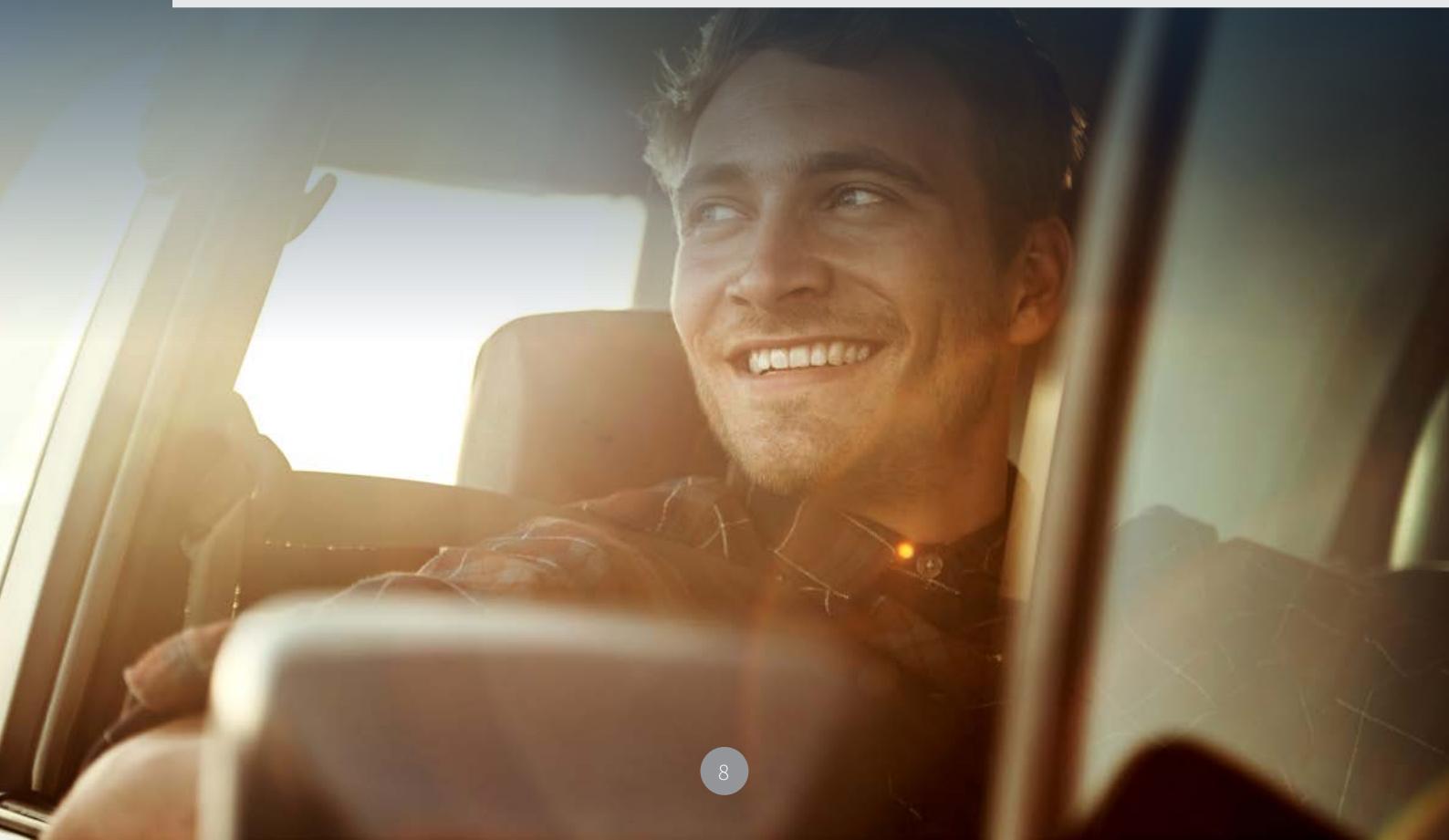


- Do you have a schedule for regular upgrades to ensure all vehicles meet agreed standards for quality, safety and emissions?
- Do you have a process for reviewing and renewing your fleet as organisational and client needs change?

MAINTENANCE



- Do you have resources allocated to managing vehicle service schedules and alerts?
- Do you have an arrangement for regular cleaning of vehicles by a contract supplier?



Safety and Risk Management: safeguard all stakeholders and follow best-practice in corporate governance and risk management.

AREAS AND QUESTIONS TO CONSIDER:

DRIVER SAFETY

- Are your drivers aware of your transport policy and how do you ensure compliance (e.g. valid drivers licence)?
- Are your drivers aware of their responsibilities around managing fatigue and mobile phone use?
- Does your fleet policy hold drivers accountable for safe driving conduct?
- Do you have criteria for driver eligibility based on accident and infringement records?
- Do you have a pool of employees licensed for all vehicle types?

VEHICLE SAFETY

- Are alerts in place for regular vehicle servicing to keep vehicles roadworthy and safe?
- Do you have safety guidelines and insurance policies in place for staff and volunteers using private vehicles for work?

Reporting: capture and analyse relevant data to support safe and efficient fleet operations and strategic decisions.

AREAS AND QUESTIONS TO CONSIDER:

SAFETY

- Do you have reports and a review system for data on driver conduct?

EFFICIENCY

- Are you capturing data on vehicle usage, journey times, fuel consumption etc?
- Are your usage analytics supporting data-driven decisions about your fleet?



“We wanted to outsource fleet management – mainly because it was more efficient than managing internally, plus we could get more data, reporting and access to better pricing. The deal was so good it made no sense to continue to own and manage our own fleet”.

**Jonathon Grant
CFO, Novita**

REALISING COST SAVINGS AND DRIVING VALUE

FREEING UP CAPITAL

Now more than ever, charities and NFPs are seeking innovative ways to reinvent and scale services to meet demand and fund this transition to a new business model. Their fleet inventory can often be an asset on their balance sheet with significant value. To relieve pressure on their capital base, organisations are turning to sale and lease-back arrangements as a new approach to providing transport services. By transforming capital assets into operating costs, this solution directs capital back to where your organisation needs it most.

Under this type of arrangement, Interleasing can purchase existing fleet vehicles and lease them back to your organisation. Not only does this solution deliver a capital boost, it can also provide certainty when it comes to leasing costs, giving your organisation predictable cashflow outcomes from fleet expenses.

DELIVERING VALUE ACROSS THE BOARD

While an injection of capital can certainly be a major financial incentive for transitioning to a lease arrangement, it's not the only one. With a suitable fleet provider, you can benefit from group purchasing power to secure volume discounts on replacement vehicles. These cost efficiencies can

also be achieved with competitive finance rates available through fleet management specialists.

When a lease-back contract is more comprehensive and includes maintenance, servicing and fuel costs, there's an even greater opportunity to enjoy savings from a fleet provider's discounts and industry partners.

SAVING ON TIME AND RESOURCES

By taking a step further and outsourcing the entire fleet management function, charities and NFPs are also directing other resources to where they're needed most. In our approach to delivering total value to our clients, Interleasing use an operating cost framework to determine just how much your organisation is currently putting into its fleet. It takes into consideration financial costs during the life of a vehicle that may be overlooked, and calculates the cost to the organisation of managing a fleet in-house.

Based on an audit of the entire fleet cost, Interleasing can offer tailored finance, procurement and outsourcing solutions to help you put money and people to best use.



DOING MORE WITH LESS AT NOVITA

DIRECTING CAPITAL AND CASH FLOW TO WHERE IT'S NEEDED MOST

Based in South Australia, Novita has an 80-year history of supporting people with disabilities. Following the introduction of the NDIS, they needed to stay competitive by providing staff with the resources they need in order to continue to provide high quality service in an efficient manner. With a significant amount of capital tied up in their fleet, Novita saw an opportunity to convert these assets into cash flow and improve the overall quality and efficiency of their transport solution.

Working to a tight time frame, Interleasing carried out an audit of 80% of Novita's inventory and arranged to buy and lease back more than 56 vehicles, providing a swift injection of cash flow. Outsourcing the whole fleet management function to Interleasing delivered further cost savings and allowed Novita's team members to spend more time on core activities. "We wanted to outsource fleet management, mainly because it was more efficient than managing internally," says Jonathon Grant Chief Financial Officer with Novita. "Plus we could get more data, reporting and access to better pricing.

The deal was so good it made no sense to continue to own and manage our own fleet".

In addition to overall cost savings, the Interleasing partnership has helped Novita introduce new policy measures to improve fleet safety and quality standards. Regular vehicle upgrades, maintenance and servicing are all taken care of by Interleasing, ensuring Novita benefits from an expert approach to pricing, fleet efficiency and risk-management.

"Interleasing understood what we were trying to achieve, our timeframes and effectively provided a solution that ticked every box – and gave us no other option than to select them."

Jonathon Grant
CFO, Novita



55+ VEHICLES PURCHASED

Immediate boost to capital expenditure



COMPETITIVE & TRANSPARENT PRICING

Easy, effective budgeting



VEHICLE REPLACEMENT CYCLE ESTABLISHED

Maintain fit-for-purchase fleet inventory



VEHICLE UPGRADES TO ENABLE GROUP TRANSPORT CAPABILITY

Strategic goal achieved



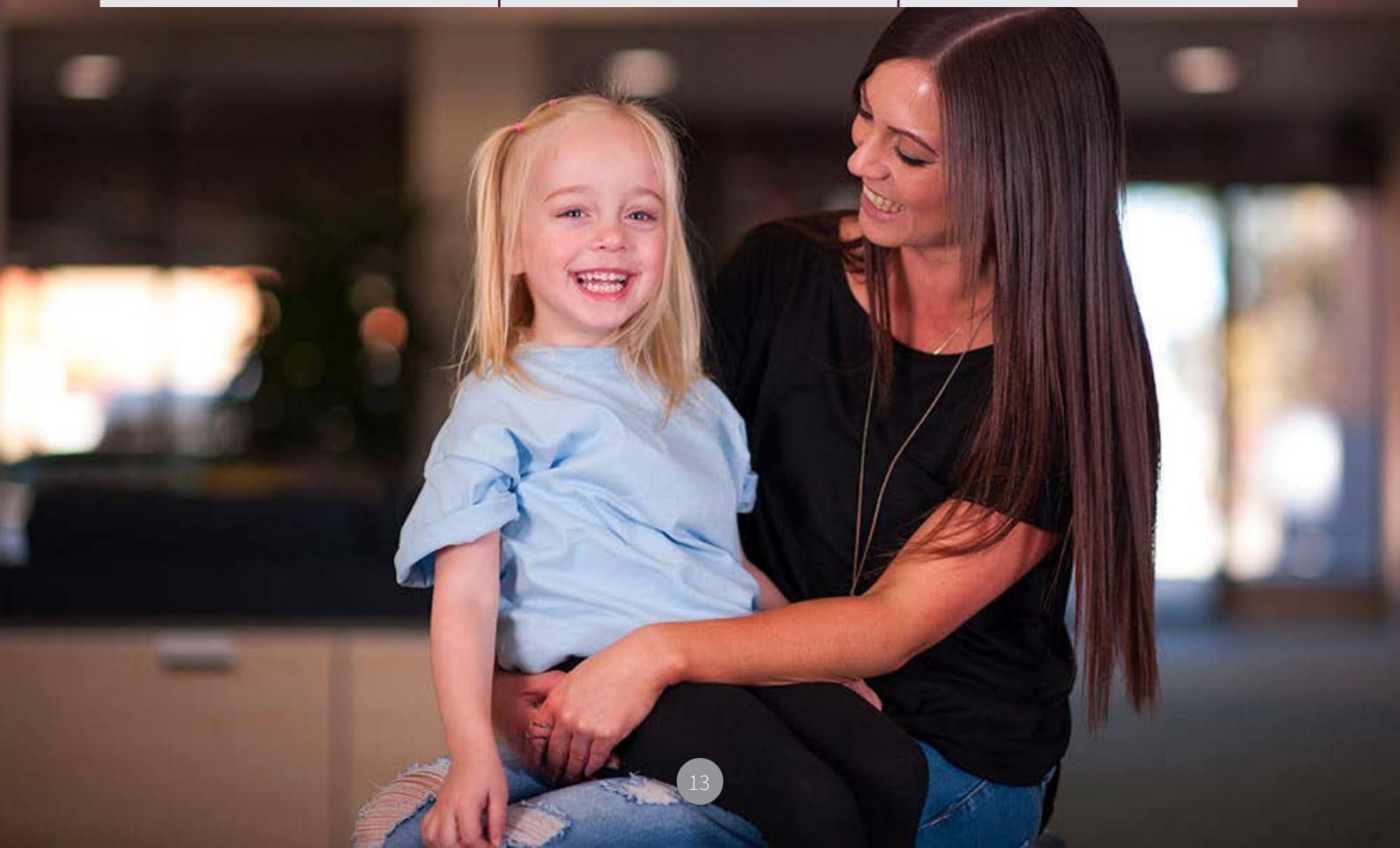
FLEET MANAGED TO BEST-PRACTICE STANDARDS

Maximise organisational benefits, minimise risk



COMPREHENSIVE USAGE REPORTING & ANALYSIS

Data-driven decision making for future fleet



PROTECTING YOUR ORGANISATION AND BRAND

VEHICLES AS AMBASSADORS

Vehicles – and drivers who operate them – are an important brand asset. They can let your clients know you run a professional organisation that prioritises their comfort and safety. Having clean, high-quality vehicles, suited to the needs of clients, is a major consideration for your fleet policy and practices. Even if your fleet is used exclusively by employees and volunteers, quality, well-maintained vehicles can help them feel valued and safe as they go about their work.

A FLEXIBLE FIT-FOR-PURPOSE FLEET

Any vehicle purchased for your fleet inventory immediately loses value. If that vehicle doesn't suit your organisation's needs – or as those needs change over time – selling it and realising that loss can be a tough choice to make.

With a flexible lease arrangement, your fleet can adapt as your organisation evolves to meet the demands of the competitive landscape. Regular reviews of fleet usage, supported by effective data reporting and analysis can ensure sure you have the right number and type of vehicles as you respond to market forces and set new strategic priorities.

TAKING CARE OF VEHICLES AND PEOPLE

When it comes to vehicle safety, no organisation can afford to compromise. A policy that makes servicing, insurance, registration and fault-reporting responsibilities crystal clear is essential to managing risk for your fleet. By outsourcing these functions, you have the assurance of knowing these routine tasks are taken care of by experts. With our commitment to the chain of responsibility at Interleasing, you can be confident that your vehicles are roadworthy and your people are safe.

DESIGNED FOR UNIQUE REQUIREMENTS

For charities and NFPs delivering aged care and disability services, the scope of vehicle safety and suitability can be much broader. Mobility and access features are fundamental to comfort and safety, making the specification and build process highly complex.

Interleasing clients have access to an experienced commercial team and a comprehensive procurement system to ensure custom vehicles meet the exact requirements. This rigorous process starts with consultation, concepts and pre-production meetings to ensure all functional needs are properly addressed. Together with inspections during the build, we're committed to getting it right first time on every vehicle.

SAFETY FIRST

A risk checklist for your fleet



As well as being an investment in your brand, a best-practice approach to fleet procurement, operations and maintenance can have a significant impact on risk management. A thorough review of your fleet policy can identify important risk areas for your organisation and activities.

At Interleasing, we take a consultative and proactive approach to monitoring, identifying and providing recommendations around potential risks for your fleet, clients and organisation.

CHECKLIST: UNDERSTANDING YOUR RISKS



DRIVER RISKS

Infringement/Accident record

- Establish automated alerts and reporting framework for infringement notices.
- Policy to include comprehensive driver eligibility criteria, including list of infringement/accident record exclusions.
- Policy to include guidance on safe parking that may assist to avoid third party damage.
- Mandatory training following at-fault accident or when driver exceeds infringement threshold stated in policy.

Fatigue

- Policy to include comprehensive driver fatigue management procedure.
- Establish tracking and automated alerts for drivers exceeding driving hours/distance.
- Analysis of driving hours and incident reporting to ensure driver fatigue management procedures are effective and being followed by employees and line managers.



CHECKLIST: UNDERSTANDING YOUR RISKS



VEHICLE RISKS

Ageing vehicles

- Policy to include suitable interval for vehicle upgrades.
- Flexible leasing arrangement with agreed vehicle upgrade schedule to suit vehicle type/usage.

Maintenance

- Establish servicing interval in policy and clear chain of responsibility for arranging service.
- Policy to include responsibility framework for fault reporting.
- Outsource servicing function to third-party for monitored scheduling that may limit organisational risk and benefit from group purchasing power.

Obsolete vehicles

- Comprehensive monitoring and analysis of usage to identify gaps and monitor which vehicles are in demand.
- Schedule fleet audit at suitable intervals and establish criteria for continuing use.
- Flexible leasing arrangement with option to rollover lease to replacement vehicles as needed.

CHECKLIST: UNDERSTANDING YOUR RISKS

FINANCIAL RISKS



FBT liability

- Seek advice from leasing and accounting experts to ensure all tax liabilities are included in lease cost/budget.

End of lease costs

- Secure an inclusive, well-managed lease arrangement to avoid cost overruns.

Accounting standards

- Ensure accounting and reporting complies with current international accounting standard IFRS16.

WHAT'S YOUR GREY FLEET POLICY?

If you have any employees or volunteers using their own vehicle as they go about their work, you are operating a grey fleet. It is important to understand that when a vehicle is used in this way, it is treated as a 'place' of work under Australian Workplace Health & Safety legislation.

For vehicles that are a place of work you are required to ensure you have fulfilled your duty of care to ensure these vehicles, and those who drive them, are safe and aligned to policy. Vehicle crashes are the most common form of work-related deaths and this is why it's so important to have suitable policies in place for vehicle and driver safety, and communicate these to employees. However, many fleet policies don't yet include grey fleet vehicles. This means drivers and their personal vehicles don't benefit from the same maintenance and safety management processes as employer-owned vehicles. This is a growing cause for concern among employers in the event of a grey fleet vehicle collision causing injury or death.





MAKING SENSE OF DATA WITH METRO TRAINS

SIMPLIFYING REPORTING AND PROCUREMENT WHILE SAVING MONEY

With hundreds of vehicles in their inventory, Metro Trains had a significant challenge on their hands with so many sources of data. “The Interleasing team pulled together the raw data and produced valuable insights from it,” says Lukas Stevens, Fleet Manager with Metro Trains. “This enabled us to see where our budget was going, come up with benchmark pricing for vehicles and a realistic target for reducing costs. It was also important to know which vehicles were in demand and which were underused. As we have a high number of vehicles due for replacement each month, it makes a big difference knowing what we do need and don’t need in our fleet.”

The negotiating advantages of Interleasing’s purchasing power also had an impact on the budget bottom line for Lukas. Plus, there were big savings in time and complexity for his team when Interleasing stepped in to support acquisition for big ticket commercial vehicles. “They bring a lot of expertise to the process,” says Lukas. “They know what information they need to gather for requirements and make sure that nothing gets overlooked. So the vehicle you get meets your needs. They’re genuine experts in fleet management, which has brought benefits for us in strategic reporting, fleet efficiency and overall cost savings.”

“Our inventory was very much a mixed bag. We needed a standard base vehicle we could customise to suit the needs of different business units. Interleasing played a central role in developing a specification, sourcing options and delivering a solution for a competitive price.”

**Lukas Stevens
Fleet Manager, Metro Trains**



CONSOLIDATED REPORTING & EXPERT ANALYSIS ON USAGE

Better strategic decisions and cost savings



EXPERT PROJECT MANAGEMENT FOR CUSTOM COMMERCIAL BUILD

Save on internal resources, secure fit-for-purpose vehicles



COMPETITIVE PRICING FOR VEHICLES ON REPLACEMENT CYCLE

Greater cost savings



LEASING CONTRACT WITH TOTAL VEHICLE COST LOCKED IN

Budget certainty



WHAT IS YOUR FLEET DATA REALLY TELLING YOU?

The power of data

More and more fleet vehicles are now being supplied with telematics devices as standard. The current estimate for the number of these vehicles globally is more than 100 million. Designed to capture a whole range of data, including location updates, fuel consumption and driver behaviour, this technology has the potential to provide organisations with the information they need to get the best use and value from their fleet, and flag potential risks.

WHAT DATA CAN DO FOR YOUR FLEET

COST AND SAFETY

- Vehicle speed metrics showing a drop in speeding incidents can reduce insurance premiums as well as risk of accidents.
- Fuel consumption data flags employees needing training in better driving techniques for fuel efficiency.



MAINTENANCE AND RELIABILITY

- Engine performance monitoring anticipates faults, reducing time and costs for repairs and servicing.



JOURNEY EFFICIENCY

- GPS data supports route planning and journey scheduling to save on fuel costs and improve service levels.



FLEET PLANNING

- Detailed information on fleet operations over time supports organisations to better match their fleet size to demand and improve vehicle usage.





DATA AND REPORTING SCALED TO YOUR NEEDS

The prospect of getting a grip on data to help your fleet run as a well-oiled machine is a very appealing one. However, it can take a significant commitment of resources, as well as the right expertise, to know which data is useful to your organisation and what to do with it. With so much potential for different data sets available at a high rate of frequency, too much data can soon become as unhelpful as having none at all.

At Interleasing, we believe in the benefits of data-driven decision making. Our team offer one-on-one support to your organisation in customising reports and analysing data from your fleet so you won't be overwhelmed by numbers. It's part of our whole approach to working with you in a strategic partnership to help you make the best choices for more certain outcomes for your fleet, now and in the future.

SUPPORT STRATEGIC DECISIONS WITH DATA INSIGHTS

Interleasing provide a comprehensive suite of digital capabilities and analytics tools via our Interleasing Connect portal, giving you the insights you need to optimise your fleet:

- **Fleetview:** effortlessly manage and optimise your fleet with our feature-packed fleet management platform.
- **Driver Training:** a comprehensive e-learning platform for continuous driver education.
- **Driver Manager:** a platform for collecting driver and vehicle details, sharing policies and procedures, tracking ongoing acceptance and managing risk.
- **Accident Tracker:** get complete visibility of fleet accident data to inform your decisions on training, safety policies and other controls to manage fleet risks.
- **Telematics powered by EZY2C:** a comprehensive tracking solution delivering the real-time data you need to improve driver safety and fleet efficiency.
- **Pool Book:** make shared vehicle booking easy and fast with a calendar-based booking system and access valuable data to help you to maximise fleet utilisation.

ABOUT INTERLEASING

EXPERTS YOU CAN RELY ON

Looking for an expert to lean on for your transport solutions? Interleasing can help you develop a leasing strategy that maximises the use of your capital and minimises the load on your internal resources. With our support you'll have confidence that your employees and customers are safe in vehicles that are fit-for-purpose, while risks that could impact financial performance are monitored.

DEDICATED TO SUPPORTING CHARITIES AND NOT-FOR-PROFIT ORGANISATIONS

Interleasing are part of the McMillan Shakespeare Group, a top 200 ASX-listed company and Australia's leading single source solution provider of salary packaging, novated leasing, consumer and fleet financing and management services.

Since 1988, McMillan Shakespeare Group have been supporting charities and not-for-profit organisations throughout Australia. At Interleasing we build on this deep understanding of how the sector operates to develop tailored strategies and customised vehicle procurement for your organisation.

With Interleasing, you benefit from the purchasing power of McMillan Shakespeare Group and the personalised approach of our team. Our Relationship Managers support a small number of clients so they have the time to get to know you and your organisation in order to deliver appropriate support, in-depth analysis and valuable recommendations.



GET MORE FROM FLEET LEASING

Novated leasing is a great way to help employees buy a new car with attractive cost savings. Here at Interleasing, we're able to offer you all the benefits of novated leasing in partnership with our sister company, Maxxia.

Maxxia is Australia's largest provider of employee benefit solutions and one of the largest novated lease administrators in Australia. When taking up novated leasing with Maxxia, you can be confident in receiving the same level of support and expertise as you can expect from Interleasing.

Like Interleasing, the people at Maxxia:

- Seek to maximise the financial value of your program with performance you can measure
- Draw on their experience to find efficiencies that will save your organisation time and money
- Are subject matter experts who work with you in partnership to get more from your program
- Are genuinely great people who care about their clients and the outcomes they deliver



Maxxia





Interleasing offers quality asset finance, fleet management and novated leasing solutions for businesses of all sizes.

We are the experts you can rely on.

📞 1800 262 122

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