

## ROAD SAFETY COMMITTEE

### **Inquiry into vehicle safety**

Melbourne — 13 August 2007

#### Members

Mr J. Eren	Mr T. Mulder
Mr D. Koch	Mr I. Trezise
Mr C. Langdon	Mr P. Weller
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#### Witness

Mr O. Gwynne, director, service delivery, government services group, Department of Treasury and Finance.

**The CHAIR** — Welcome to the public hearing of the Road Safety Committee inquiry into vehicle safety. All evidence taken by this hearing is protected by parliamentary privilege as provided by the Constitution Act 1975. Any comments you make outside the hearing may not be afforded such privilege. Could you state your name and the organisation you belong to?

**Mr GWYNNE** — My name is Owen Gwynne. I am director of service delivery, government services group within the Department of Treasury and Finance, and I am representing the Minister for Finance in relation to VicFleet.

**Slides shown.**

**Mr GWYNNE** — I just want to run through a short presentation to set the frame of reference for VicFleet and why we think we are here to address this committee today. The objectives of the presentation, and certainly putting it into the context of the committee's terms of reference, relate to the role of VicFleet and the way it responds to item (f) of your terms of reference, which is the extent to which VicFleet is able to provide a context for encouraging vehicle manufacturers to fit leading-edge technologies to vehicles sold in Australia and for increasing demand for these safety technologies in the community.

It is also to describe VicFleet's approach to the adoption of safety standards in the government fleet and to illustrate the degree of leadership that VicFleet exercises in consulting with departments, agencies and manufacturers and the engagement with the fleet industry.

We will also go into a bit of an explanation so you can understand the environment we operate in. I will discuss relevant aspects of the role of VicFleet, address our operational activities, and describe the complex government policy context in which we operate. I will then speak specifically to the subject of safety in the context of the role of VicFleet, and identify our scope in supporting the fleet, and the operational needs and obligations of the departments and agencies that we support in the application of the policy. In doing that I will address some occupational health and safety considerations and how safety features can assist in vehicle selection, and contrast those against departmental requirements for vehicles that are fit for that purpose.

What is VicFleet? VicFleet is part of the government services group within the Department of Treasury and Finance. It is responsible for the maintenance of the whole-of-government motor vehicle policy. It is the provider of motor vehicle leasing, management and rental services to government departments and some agencies. The standard motor vehicle policy applies to all inter-budget departments, so that is all 10 departments, some agencies — Arts Victoria, the State Revenue Office and Victoria Police — and then non-budget agencies that choose to utilise the fleet leasing facility, and they are therefore obliged to observe the policy. Some of those are Sustainability Victoria, the Transport Accident Commission, the State Emergency Services Authority, the Auditor-General's office and VicUrban.

There are four parts to our operations. Our finance-lease facility is really a facility for departments and agencies which is provided on a cost-recovery basis for a total of 8500 vehicles that are on lease. About 8000 of those are leased by the inter-budget departments and agencies, and about 500 are leased by the outer-budget agencies.

Fleet management: we run a procurement-to-disposal cycle for all leased vehicles which includes maintenance, insurance and registration as well as the provision of the motor cars. Typically, cars are replaced at around 60 000 kilometres or three year's service, so there is a clear replacement cycle. VicFleet also provides a range of fleet management services for about 1000 of the leased vehicles. This is around fuel management, car washing and vehicle management for those vehicles. For the remaining 7500 vehicles those services are arranged directly by the departments or agencies who are using these vehicles.

We also operate a whole-of-government vehicle pool, and we offer short to medium-term vehicle rental for state government departments and agencies. I suppose the nearest equivalent to that is the sort of service that a commercial rental firm would provide.

Lastly, we provide a range of contract management processes for vehicle supply with manufacturers and motor vehicle distributors; disposal with the auction house, which is Mannheim-Fowles; and for the repair and insurance of motor vehicles.

In terms of the policy context you will see there are four different parts to the context; local manufacturing which is supporting industry; efficient government which is around achieving efficient government targets; environmental sustainability; and safety. In that context VicFleet really strives to deliver a triple bottom line, through financial, environmental and social responsibility. In the financial and social context is our support of local manufacturing, and we set and lead by example for other fleet providers which, of course, at times introduces some challenges as we are reliant on the capacity of the local industry to meet demands for emerging technologies.

Australia is a small market and manufacturers need to be able to support volume sales of models. Currently, there are no small or hybrid cars produced in Australia, but we strive to assist government departments with things like greenhouse gas targets by recommending four-cylinder and LPG vehicles for high mileage motor cars.

We work to encourage local manufacturers by seeking the inclusion of additional safety features within the base price of models. VicFleet also leads through supporting the specification of requirements by individual departments and agencies for much higher specification of safety technologies or early adoption of safety equipment in these vehicles. An example is Victoria Police. Its vehicles are more highly specified and as a result of operational use, are turned over much more quickly. Vehicles from that pool end up in the national car park in a much quicker rotation than might otherwise occur. That is one mechanism by which safety features can end up in the hands of everyday motorists.

Government efficiency targets, as identified in the efficient government policy, emphasise the need to encourage manufacturers to include high levels of safety equipment or features without affecting the whole-of-life cost of delivering fleet services to departments and agencies.

On to the relevant parts of our policy. The whole-of-government standard motor vehicle policy was established by the Minister for Finance within the frame of reference of the larger government policy context I have just talked about. This policy is maintained by the government services group which is VicFleet. The most recent update to the occupational health and safety section was in April of this year. That update was in response to the recommendations of the Road Safety Committee on country road tolls. As a result we have made recommendations for the inclusion of ANCAP 4-star crash rating, electronic stability control and side and curtain airbags where available for departments when they are selecting motor vehicles.

The state motor vehicle policy sets out the framework to be followed by individual departments and agencies. The policy says that it is obligatory for all government departments and inner-budget agencies and should be used as a guideline for all other government agencies as authorised by the Minister for Finance. All organisations are responsible for the day-to-day management of their motor vehicle fleets and other transport services in accordance with the policy.

The policy is an umbrella also for the executive and judicial vehicle schemes, and those two schemes address vehicles that are subject to the terms and conditions of employment of those individuals. The MP motor vehicle plan is also subject to the policy, and the Department of Parliamentary Services and the Department of Premier and Cabinet have a role in the upkeep of that plan. The policy addresses the definition of a government motor vehicle, the responsibilities of VicFleet, departments and agencies. It addresses appropriate vehicle use, processes and procedures, motor vehicle acquisitions, specification of vehicles, the executive car scheme, environment and emissions and occupational health and safety.

There are several dimensions to occupational health and safety. We deal with driver behaviour, appropriate systems of work, training, and vehicle choice and specification. Starting with driver behaviour it is critical to road safety that the motor vehicle policy addresses driver responsibilities which is to obey road rules, wear a seatbelt and around appropriate use of mobile phones and so forth. In terms of training, this relates to the type of work that an employee is doing and the expectations they have of the vehicle in use. At its most basic driver training is simply familiarisation with the vehicle, or alternatively where particular vehicles require specific skills, advance training around the use of those vehicles is also provided. Victoria Police has an advanced licensing system that relates both to the vehicles, to the type of use of those vehicles and to the drivers.

In terms of systems of work, they include how work is to be done in a department or agency, such as maintaining logbooks, duty of care, preventive maintenance, incident reporting, avoidance of driver fatigue, items around who can drive which vehicles and under what circumstances — and an organisation will have systems in place to avoid an employee operating one of its vehicles, say late at night after a long day's work. The sorts of examples where

systems of work like that are in use, are really, I suppose, taken out of the trucking industry, where there are quite clear requirements around how long a driver is to be in control of the vehicle within a given period.

The choice of vehicle and its specification relate to safety, environment — both the environment of the operation of the vehicle, and obviously the environment more generally — economic and local manufacture. In terms of vehicle choice and specification, there are standard and recommended specifications. The policy states that the employer shall exceed the requirements of the Australian design rules by fitting vehicles with manufacturer-approved options, so far as these are practicable (there are some exceptions around special purpose vehicles) to provide vehicles that are safe and without risk to health, and wherever practicable only vehicles with an ANCAP 4-star rating or better should be considered for procurement.

It is also highly recommended that all new government vehicles be procured with the following safety equipment: daytime running lights; driver and front airbags; side and curtain airbags where available; cargo barriers as required; electronic stability program or similar technology; an over-speed warning device; and a centre-rear, lap-sash seat belt, as well as reverse sensors.

**The CHAIR** — In terms of trying to get a package like that, and in requesting the dealer to get a safety package which includes some of those things that you mentioned, how easy or difficult is it?

**Mr GWYNNE** — We provide the framework for departments to make those selections, so some of those items are available on certain models within the motor vehicle range. Some of those items are available on standard models such as Ford and Holden.

**Mr TREZISE** — Wherever practical, though, you require yourself to purchase 4-star cars?

**Mr GWYNNE** — Yes.

**Mr TREZISE** — What percentage of VicFleet cars do reach the 4-star level, or above?

**Mr GWYNNE** — The 4-star rating is really able to be applied to passenger vehicles. If we look at the current uptake in the fleet, we have done some calculations that on the basis of the current purchase cycles of motor vehicles, that we expect over a three-year period starting from the beginning of this year, we would be at about 60 per cent of the fleet within a three-year period, so by the end of 2010.

**Mr KOCH** — Is that seen as acceptable?

**Mr GWYNNE** — I cannot comment over whether that is seen as acceptable. It really has to do with the rate at which motor vehicle manufacturers include those items within those vehicles.

**Mr KOCH** — Would you, as a purchasing arm of motor vehicles, delete any of those vehicles that do not have some of these specifications, from your range? I note that earlier you said that currently side airbags and ESCs are purchased where applicable, so it is not hard and fast, from that point of view, offering that further safety to any current purchases from yesterday on. You are still happy to be putting vehicles into your motor fleet with just the bare essentials. Under your 4-star rating and in some cases obviously that is not going to be an issue.

**Mr GWYNNE** — I might try to answer that question in a couple of parts. VicFleet policy covers both commercial vehicles — light commercial vehicles up to a 3½ tonne capacity and in some cases those vehicles do not come equipped with airbags or the other safety equipment, and some of those vehicles are modified by the departments or agencies who operate them and therefore any safety equipment needs to be approved for the purpose for which that vehicle is going to be employed.

**Mr KOCH** — As a percentage of your fleet, what amount would they make up?

**Mr GWYNNE** — At the moment, there are about 1800 commercial vehicles out of the 8500 in the fleet. (See correspondence dated 7 September 2007 – Note A Clarification.)

**Mr KOCH** — About 15 per cent.

**Mr GWYNNE** — It is a little bit higher than 15 per cent.

**Mr KOCH** — Okay, so out of your 60 per cent you are suggesting you have got on board, there is still a fair gap between the commercial range and your passenger vehicle range which are not fully, probably, the safest vehicles available from the purchase point of view, for your client base?

**Mr GWYNNE** — I understand your statement. I think we also need, and part of what I have tried to describe here is that there is a broader context that we need, to make sure that our drivers of VicFleet vehicles also take into account driver training, the operating environment, as well as the safety of vehicles.

**Mr KOCH** — But the driver training is particularly tied to emergency services, it is no broader than that, is it?

**Mr GWYNNE** — There is driver training made available through some of our departments and agencies when motor vehicles are purchased. It is made available by some of the manufacturers as part of the package when we are purchasing a motor vehicles.

**Mr KOCH** — Away from emergency services?

**Mr GWYNNE** — Away from the emergency services.

**Mr KOCH** — The other thing you raised was your concern with the duration of time people are using vehicles within VicFleet and I stand to be corrected, but I think you said something similar to the transport industry, on hours of usage, on a daily basis.

**Mr GWYNNE** — Yes, I think, certainly from VicFleet's perspective, we in our policy make clear statements to departments and agencies about the need to ensure that they have got safe systems of work, to ensure that people are better in control of VicFleet vehicles, and are appropriately looked after from an occupational, health and safety perspective.

I suppose my example there was just trying to illustrate the point that if someone is in control of one of our motor vehicles, we would want to make sure that they are working to adequate OHS systems to ensure that when they are in control of the vehicle, that they would be able to apply their full attention.

**Mr KOCH** — How is that actually instigated into that particular section in purchasing your vehicles?

**Mr GWYNNE** — The motor vehicle policy applies to the 8500 vehicles that we look after, and it is a departmental or agency responsibility to ensure that there is a safe working environment provided for their staff members.

**Mr KOCH** — I will give you an example: would Parliamentary Services be aware in the fleet that is used by the likes of ourselves, of how much time a member might spend in a motor vehicle? From my own personal point of view, I have never ever had anyone from parliamentary services indicate to me from an OHS point of view, the use of vehicles, and what is the appropriate time in a vehicle?

I could quite easily start at 7.00 a.m., find myself in Ballarat at 11.00 p.m., and still have to get back to Hamilton. That may not be seen as appropriate within the policy, but that has never been demonstrated from parliamentary services' point of view to the usage of their fleet.

**Mr GWYNNE** — That is a good question and it is not something on which VicFleet sets out to be an authority. We recommend safe systems of work, to departments and agencies, but it is up to the individual department or agency to set out its rules as to how those systems of work should be applied. It will depend on the nature of the work of the individuals and how the department interprets occupational health and safety legislation.

**Mr KOCH** — I agree, I do not have a problem with it, but it has got to be more than just a lip service and a book collecting dust, in my opinion.

**Mr GWYNNE** — I think one of the things we need to do in this is to make sure that the motor vehicle policy is applied in sympathy with other occupational health and safety and other statutory requirements. What the policy does not seek to do is to step outside of what would be the overarching requirements of usage.

**Mr MULDER** — The policy that relates to purchasing of locally manufactured vehicles, where possible, does that in any way, shape or form interfere with your ability to provide the safest vehicles for the fleet at all?

**Mr GWYNNE** — It is a good question. We meet and consult with the local manufacturing industry on a quarterly basis, and in that both they inform us and we inform them about relevant developments in motor vehicle technology that we are aware of, so in answer to your question, I think from a departmental perspective we believe we have an active relationship with motor vehicle manufacturers.

If I can give you some examples, what we have been able to do with manufacturers in order to influence how they might address motor vehicle specifications, in talking with manufacturers who fit LPG systems to motor vehicles where they have dual fuelled, we requested that they set the LPG as a default when the vehicle is turned on, so that is an example of how we are able to liaise with the industry. Maybe it does not specifically address safety, but that is an example of how we are able to achieve some outcomes.

**Mr KOCH** — Taking Terry's question a step further, would you see it of importance or would it assist in lobbying the motor industry through your membership of the Australasian Fleet Managers' Association, with them assisting in that lobbying role across its membership? We understand that their members have some 800 000 vehicles. Would you see that your membership, as part of that organisation, could be furthered, from a vehicle safety point of view, by giving them the opportunity of lobbying the industry right across that total sector of fleet managers to hasten some of the outcomes that you seek that have not yet arrived?

**Mr GWYNNE** — I think it is appropriate for us to use our capacity to lobby industry associations as is appropriate. It is fair to say that we probably have more influence than our fighting strength in the market implies because we are only less than 0.5 per cent of the motor vehicle market in the country.

**Mr KOCH** — I was just thinking collectively.

**Mr GWYNNE** — Collectively I think there is a role for us to play in making sure that there is an awareness at that industry body level.

**Mr KOCH** — That's fine, but you would not see that their influence over 800 000 cars, not 8000 cars, would be of benefit to the end road user through vehicle road safety and assist you in your purchasing?

**Mr GWYNNE** — I think I understand where you are coming from with the question. Our role is not as lobbyists, but certainly we are able to influence the industry where that is appropriate and will certainly take on board your suggestion there that we should perhaps look at how we can improve in that space.

**Mr WELLER** — If we go back to one of David's earlier questions where you said that the light vehicles did not have an ANCAP four-star rating and they are part of your fleet, could you not set a date, given that your fleet turns over at least every three years? Could you not set a date three years out and say that all the sedan vehicles are going to have an ANCAP four-star rating by a certain date?

**Mr GWYNNE** — We certainly recommend in the policy that all vehicles, where applicable — and by that we really mean sedan-type cars — should comply with that rating. It is an entirely legitimate expectation that, over a period of time, subject to departmental fitness for purpose requirements, we would strive to achieve that as an outcome.

**Mr WELLER** — You have not gone too well yet. You said it was only about 50 per cent of your vehicles, and then 1800 out of 8500 is only about 25 per cent. So you have still got 75.

**Mr GWYNNE** — Yes, I take your point on that. I am informed that the majority of our passenger vehicles that we purchase now are compliant with the ANCAP 4 minimum rating. Not every motor vehicle that we purchase is subjected by the manufacturers to an ANCAP rating, and that is why we have been cautious in putting forward our estimates for where we expect to be with our fleet over the three-year period.

**Mr WELLER** — So why don't all sedans have an ANCAP rating?

**Mr GWYNNE** — That is not something that I am qualified to respond to.

**Mr WELLER** — Even the cars that you have purchased have the rating.

**Mr GWYNNE** — Certainly we have identified it as a key area, and it is something that we will continue to work towards.

**The CHAIR** — In relation to the increased safety specifications on a vehicle and the resale value of those vehicles of the fleet — the vehicles that are then sold off — does the value increase in any way, and in terms of using some of the buying power that you have, I do not know whether you do this at the moment, but is there a possibility of speaking to insurance companies that currently insure the fleet, to say, ‘We have this safety pack in the vehicles and as a result obviously collisions are prevented’, and so forth, is there a discount on vehicles that have these safety packs and in terms of the value of the vehicle once you have finished with it, is there a value to it or — —

**Mr GWYNNE** — I think there are two parts to the answer to that. I will give you an example where VicFleet has been able to bundle together the procurement of a certain group of motor vehicles that were not of a model that would normally have an additional safety pack added to them, and we were able to negotiate with that supplier to have the inclusion of a full safety pack for that model and the deletion of some other non-safety related items. So it is possible under the right circumstances.

In terms of resale value, I do not have any evidence on that, but I am certainly happy to take that as a question on notice to see if there is any impact of additional safety features on the resale value of vehicles in the marketplace.

On the insurance issue, it is a bit of a conundrum because, on the one hand, certain safety items, whilst they might prevent accidents, other items actually increase the cost of the insurance policy because if they were deployed in an accident, the cost of repair of that vehicle would be quite significant. This is, for example, if a car had six air bags — you can do the arithmetic on that one.

**Mr LEANE** — As you stated before, there is no Australian made hybrid car. The imported ones — and some of them are coming into the fleet, I noticed — are they four-star rated as far as ANCAP is concerned? Is that a question you can get back to me on?

**Mr GWYNNE** — That is a question I can come back to you on.

**Mr WELLER** — Has VicFleet been involved in trials of safety technologies that you could tell us about?

**Mr GWYNNE** — I am not aware of any off the top of my head, but I could certainly come back to you with an answer on that.

**Mr MULDER** — How does the process for inclusion of new vehicles on the fleet register take place?

**Mr GWYNNE** — The available vehicles on the fleet lists — and it is important to look at the normal operational vehicles — are put onto the list on the basis of meeting a number of criteria. One is that they are Australian-manufactured so that we give first preference to those vehicles, and another is cost criteria. We look at how we can achieve a number of our objectives. We balance out safety cost, Australian manufacture and so forth.

**Mr MULDER** — Does the manufacturer approach VicFleet and make application to be included, or is it just a matter that you pick up as a new model comes out?

**Mr GWYNNE** — We pick up as new models come out, and we consider it on that basis.

**Mr KOCH** — Owen, how does VicFleet compare internationally in relation to the ratings and safety technology in its vehicles with like organisations?

**Mr GWYNNE** — I would have to come back to you with an answer on that. We do meet with our interstate colleagues and look at our policy in the light of what they do. In terms of international operators, we would need to do some investigation of that in order to be able to respond to that in a meaningful way.

**Mr MULDER** — I just have one more question. It relates to the 60 000-kilometres or three-year, or whichever comes earlier, turnover. It used to be 40 000 kilometres. What drove the change in that? Do you have any idea?

**Mr GWYNNE** — My understanding of what drove the change is that it was just around the resale value of motor vehicles and how that might influence the total cost of ownership of those vehicles.

**Mr KOCH** — Quite obviously — I am continuing Terry's question — it slowed down, dropping the age of the vehicle fleet. As soon as those cars went from 40 to 60, they were not getting back into the marketplace in the second-hand market, so as a consequence that has probably also added to the age of our vehicles to a degree across the whole sector of fleet ownership?

**Mr GWYNNE** — Certainly it resulted in vehicles being retained for longer periods, by definition.

**The CHAIR** — In relation to speeding and driving while impaired, obviously there are occupational health and safety issues, and they are the causes of most accidents. In terms of the priority we have on safety features, do you think that speed limiters and alcohol interlocks may be a priority more than technology?

**Mr GWYNNE** — There are two ways, I suppose, of handling driver behaviour. One is through driver education and clear guidelines about their expected behaviour as an employee. The other is through applying some sort of mechanical or electromechanical intervention in order to ensure their compliance. Each of those approaches has its merits. From VicFleet's perspective, we rely on our policy at this point. We would certainly consider any recommendation made by this committee that would suggest that those things ought to be considered by VicFleet.

**Mr KOCH** — I would just like to reiterate what I raised earlier in relation to the Australasian Fleet Managers Association and its affiliates, of which VicFleet is one. I believe very strongly there is a great opportunity to have a formidable lobbying group amongst all of those who use those services, and with that number of motor vehicles involved, which would accelerate a lot of what individual fleet owners are trying to do off their own bats.

I think it is something that certainly should be looked at and given consideration to assist the further introduction of road safety technology across all users in Australia, and not only Victoria. It is something that I think would be worthy of consideration not only by the VicFleet arm but by all like bodies that make up that association membership.

**Mr GWYNNE** — We will certainly take that on board. Thank you.

**Mr MULDER** — Can I just raise one final issue: on the issue of the retention of vehicles to 60 000 kilometres, how long ago was that decision made? Was it two years ago?

**Mr GWYNNE** — It has certainly been in place for more than three years.

**Mr KOCH** — More than three; it was in about 2003.

**Mr MULDER** — Any idea what impact that had on the budget in that particular financial year in terms of retention of vehicles for a further 20 000 kilometres?

**Mr GWYNNE** — No, I did not, but we can certainly investigate that for you and respond.

**Mr KOCH** — It is worth looking at.

**The CHAIR** — Thank you very much for your submission. You will get a copy of the proof version of the Hansard transcript for any changes you would like to make to it. That concludes today's proceedings. Thank you for your attendance.

**Committee adjourned.**