Victorian Government

Standard Motor Vehicle Policy

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# Introduction

The Victorian Government Standard Motor Vehicle Policy (Policy) is a whole-of-Victorian-government policy to optimise the management and use of government motor vehicle assets for the benefit of departments, agencies and government overall.

The Policy recognises that government motor vehicles are significant assets owned by government and provides a framework for departments and agencies to optimise these assets, which in turn benefits the government as a whole.

The Policy requires departments and agencies to strategically plan and manage their fleet to gain best value from it and ensure the fleet meets their priorities and that of government.

The Victorian Government is guided by its emission reduction targets. These include the United Nations Climate Conference of the Parties (COP26) commitments to work towards converting the government fleet to zero emissions vehicles (ZEVs) by 2035 at the latest. This target requires the government motor vehicle fleet to transition from internal combustion engine vehicles to ZEVs within that timeframe.

# Policy framework and objectives

The Policy is a whole-of-Victorian government policy governing the management and use of government-owned motor vehicles.

The aim of the Policy is to implement effective asset management of the government motor vehicle fleet which aligns with the Government’s strategic direction and the needs of departments and agencies.

Government has set emissions reductions targets and commitments to transition the government motor vehicle fleet to ZEVs. Aligning the government motor vehicle fleet to those commitments requires coordinated policy measures across government. These measures include departments and agencies:

* being equipped to strategically manage their motor vehicle assets to meet the government’s priorities on achieving net zero emissions in the government motor vehicle fleet by 2035 at the latest,
* ordering a ZEV when sourcing a new passenger vehicle or replacing an existing passenger vehicle with a ZEV (where a suitable fit for purpose ZEV is available),
* considering the motor vehicle an extension of the workplace where the safest fit for purpose vehicles are purchased, and
* implement strategies to consider alternative transport modes in lieu of purchasing fleet vehicles, including walking, public transport, ride share and non-travel options (online meetings).

A key focus of the Policy is strategic motor vehicle asset management, which must be implemented by departments and agencies. Some key features of strategic asset management are:

* Defining operational fleet requirements for a department or agency to drive decisions about their fleet size and mix.
* Managing vehicles, reducing vehicle costs and making decisions based on data analytics.
* Preserving vehicle asset value and ensuring vehicle availability through timely maintenance, including implementation of preventative maintenance.
* Planning for the disposal of motor vehicles to ensure that vehicles are disposed of according to schedule.

## Finance Lease Facility

To support the efficient management of the government vehicles, Government established a vehicle Finance Lease Facility managed by the Department of Government Services (VicFleet).

All departments and agencies within the General Government Sector, subject to their legal powers, must finance all motor vehicles (including owned vehicles) through the Finance Lease Facility. All other government agencies, subject to their legal powers, may also access the Finance Lease Facility.

General Government Sector agencies without the legal power to enter the Finance Lease Facility must seek to gain the necessary borrowing powers. This process must be facilitated by VicFleet.

## Scope

All departments and agencies within the General Government Sector must apply this policy. Any other agency which finances vehicles through the Finance Lease Facility must also apply this policy in relation to those vehicles.

Agencies within the General Government Sector are listed in the Financial Report (inc. Quarterly Financial Report No. 4) published annually by the Department of Treasury and Finance.

Agencies which are not required to apply the Policy are recommended to adopt the policy where applicable.

## Objectives

The Policy has been developed to meet the following Objectives:

* **Strategic asset management and planning** – the Victorian government fleet has significant asset value which must be maintained through active, strategic and comprehensive management. Government motor vehicles are provided where it is appropriate that the government operates its own transport or where in the interest of financial and operational efficiency, it is appropriate to use motor vehicle transport.
* **Vehicle efficiency, utilisation and mix -** fleet vehicles are managed efficiently to optimise availability and maximise utilisation. Decisions about the fleet size and mix are made through data analytics.
* **Net zero emissions** – the environmental impact of the vehicles is managed in line with emissions reduction policies and targets.
* **Vehicle selection** - vehicles are chosen to balance the operational requirements, value for money, safety, and environmental factors, transitioning the fleet to predominantly ZEV vehicles and meeting the Government’s target to achieve 100% transition of the fleet from internal combustion engine vehicles to zero emission vehicles by 2035 at the latest.
* **Vehicle safety** - vehicles are considered an extension of the workplace and Agencies must comply with applicable legislation and health and safety of employees using their vehicles.
* **Preventative maintenance** - vehicles must receive a level of routine and preventative maintenance to reduce the likelihood of failure, unscheduled breakdowns to improve optimisation and reduce emissions.
* **Value for money** – through application of the Victorian Government Purchasing Board procurement policies, best value for money outcomes will be pursued for all vehicle purchases through use of the vehicle-related State Purchase Contracts and the vehicles determined available for purchase by VicFleet.
* **Timely disposal** – maintain the asset value through efficient disposal at the correct disposal interval.
* **Alternate modes of transport** – prior to the procurement of a vehicle, existing transport practices are to be revised to ensure the use of fleet vehicles are maximised and alternative modes of transport are considered in lieu of a vehicle purchase, including walking, public transport, ride-share and non-travel options such as video conferencing (e.g. Teams).

Agencies must implement the Policy and manage their fleet consistently with these objectives.

## Requirements

The Policy is supported by requirements specified in the Victorian Government Standard Motor Vehicle Requirements (Requirements).

Agencies must apply the Requirements and adopt updated requirements in a timely manner, or sooner if directed by VicFleet.

The Requirements include requirements related to many aspects of motor vehicle fleet management, including:

* strategic asset planning,
* vehicle efficiency and utilisation,
* net zero emissions,
* vehicle selection,
* vehicle safety,
* fleet management,
* preventative maintenance,
* driver responsibilities,
* value for money,
* vehicle disposal, and
* alternative modes of transport.

The Requirements are located: <https://www.buyingfor.vic.gov.au/standard-motor-vehicle-policy>.

## Vehicles

Agencies must apply the requirements of the Policy to their motor vehicle fleet, which includes:

* any vehicle financed through the Finance Lease Facility,
* any vehicle assigned to an Agency’s fleet allocation by VicFleet, and
* any current or planned passenger, van or light commercial motor vehicle, including owned vehicles that have not yet transitioned to the Finance Lease Facility, of a General Government Sector department or agency.

Agencies are not required to apply the requirements of the Policy to their plant or equipment, such as forklifts, trailers, boats and golf carts.

Agencies are recommended to adopt the policy in relation to motor vehicles that are not within scope, where applicable.

## Interpretation

The Policy and Requirements must be read in conjunction with each other. To the extent that there is any inconsistency, the Policy should be applied first, and the Requirements should be applied as fully as possible while maintaining consistency.

The Policy and Requirements must be applied consistently with the requirements of all relevant legislation, whole-of-Victorian-government policies and contractual arrangements.

Contact VicFleet for clarification on the interpretation if required.

## Roles and responsibilities

### Minister for Government Services

The Minister for Government Services is responsible for policy relating to government’s passenger, van and light commercial motor vehicle fleet. This includes responsibility for the Finance Lease Facility and the Standard Motor Vehicle Policy. The Minister for Government Services is responsible for approving future amendments to the Policy.

### VicFleet

VicFleet is responsible for:

* The provision of advice to the Minister for Government Services on motor vehicle policy and emerging issues,
* identifying and delivering fleet management strategies to improve utilisation of the Government’s motor vehicle fleet,
* management and application of the Policy and Requirements,
* determining the selection of available vehicles for purchase,
* management of the Finance Lease Facility,
* assign each Agency with an agreed number of vehicle management numbers (VMB) for operational or executive use
* operational management of the vehicle related State Purchase Contracts (vehicles, fuel and disposals),
* purchase of all vehicles,
* disposal of all vehicles, and
* providing reports and supporting tools and templates to reduce duplication across Agencies.

DGS, through the head of VicFleet:

* will publish periodic updates to the Requirements,
* may exempt an Agency from a requirement of the Policy or Requirements, including setting conditions on any exemption granted, and
* may direct an Agency to investigate any apparent or alleged misuse (note that Agencies are responsible for any punitive or recovery actions relating to misuse).

### Agencies

Departmental secretaries and agency heads, and authorised delegates are responsible and accountable for managing their motor vehicles and implementing the Policy.

Agencies must have a staff member with the designated responsibilities for operationally managing vehicles (Fleet Manager). Agencies must notify VicFleet of any changes to the designated Fleet Manager.

Agency staff, particularly Fleet Managers, must become familiar with the Policy, Requirements and their implications.

## Concurrent requirements

The Policy must be applied consistently with the requirements of all relevant legislation, policies and contractual arrangements as detailed in the Requirements.

The Policy is supported by the centralised arrangements for fleet purchasing, financing and disposal of vehicles managed by VicFleet.

# Strategic fleet management

## Fleet Asset Management Framework

Effective vehicle asset management requires a framework within which to operate. Agencies must establish a Fleet Asset Management Framework, which incorporates:

* the requirements of this Policy,
* the Requirements,
* a Fleet Asset Management Plan and
* any other agency-specific fleet requirements, processes and procedures.

Agencies must implement each element of the Fleet Asset Management Framework consistently with the Objectives.

Figure 1: The Fleet Asset Management Framework

**Standard Motor Vehicle Objectives**

**Standard Motor Vehicle Requirements**

**Standard Motor Vehicle Policy**

**Fleet Asset Management Plan**

**Agency-specific policies, processes and procedures**

**Fleet operational procedures**

## Strategic fleet management and reporting

The Objectives emphasise the significance of the vehicle fleet as a substantial operational resource and asset, leading to the necessity for a proactive and strategic approach to vehicle asset management.

Strategic fleet management aims to maximise the fleet's value to government. This is achieved by planning, at an organisational level, for the future fleet composition, utilisation, risk prevention and replacement that align and support meeting the operational needs of the Agency and government.

### Strategic Fleet Asset Management Plan

Agencies must develop and implement a Fleet Asset Management Plan.

In developing a Strategic Fleet Asset Management Plan, Agencies are expected to scale the depth and detail of the plan in line with the complexity of the Agency’s fleet requirements. Agencies with many vehicles that have a variety of use conditions are expected to have more detailed Strategic Fleet Management Plans than those Agencies with few vehicles that have ordinary use conditions.

Details of the Strategic Fleet Asset Management Plan are documented in the Requirements.

Agencies must provide details about their Strategic Fleet Asset Management Plan to DGS when requested.

### Fleet operational procedures

Agencies must implement agency-specific fleet requirements, processes and procedures that are necessary to meet the Objectives, requirements of the Policy and Requirements, and any other fleet-related legislative, policy or contractual requirement.

Details of the fleet operational procedures are documented in the Requirements.

Agencies must provide details about their Fleet operational procedures to DGS when requested.

### Reporting and data-based decision making

Agencies must ensure their fleet is managed efficiently to optimise availability and maximise utilisation, and decisions about their fleet size and mix through the use of reporting and data analytics.

The Requirements specifies further details of reporting and data analytics.

## Fleet recordkeeping

Agencies must maintain auditable records of operating cost relating to all vehicles.

Agencies must maintain accurate records of vehicle use to measure the extent of operational and private use, to calculate fringe benefits tax liability for all vehicles and to identify the driver responsible for a vehicle when an infringement, damage or loss occurs.

# Vehicle asset management lifecycle

## Selection of Vehicles

In order to work towards achieving the COP26 2035 target, Agencies must select a zero-emission vehicle from the vehicles available for purchase as determined by VicFleet.

An agency head or delegate may submit an exemption request to VicFleet where a fit for purpose zero-emission vehicle is not available.

Fit for purpose means a suitable vehicle based on operational needs and readiness, taking into consideration vehicle safety, environmental performance, value for money and any government programs or initiatives impacting vehicle selection.

Alternative vehicles must be selected from the vehicles available for purchase as determined by VicFleet and have minimal tail pipe emissions.

Details of vehicle selection and exemptions are documented in the Requirements.

## Vehicle-related State Purchase Contracts

DGS has established Vehicle-related State Purchase Contracts to access efficient and favourable terms for vehicle-related goods and services.

Agencies must use Vehicle-related State Purchase Contracts.

Vehicle-related State Purchase Contracts include any State Purchase Contracts for the purchase of goods or services associated with vehicles.

DGS investigates relevant potential State Purchase Contracts to support the fleet, and the available Vehicle-related State Purchase Contracts is subject to change from time-to-time.

Details of Vehicle-related State Purchase Contracts are documented in the Requirements.

## Fleet size and composition

Agencies must strategically manage their fleet. This includes maintaining the fleet at the number and composition of vehicles that are justified under an Agency’s Strategic Fleet Management Plan.

Agencies must agree the number and composition of vehicles to be funded through the finance lease facility with DGS.

DGS will then assign each Agency with the agreed number of vehicle management branch (VMB) numbers for operational or executive use.

Agencies must not exceed the designated number of vehicles within their fleet.

Agencies may apply to increase their designated number of vehicles. Agencies must first seek approval from their Executive Director (SES2) responsible for fleet and then seek approval by writing to the head of VicFleet. Any request to increase the designated number of vehicles must be:

* justified by the Strategic Fleet Management Plan,
* due to appropriation funding for specific programs, or
* required because of unforeseen or emergency operational requirements.

Any request to increase the designated number of vehicles must also be consistent with the Objectives, including demonstrating alignment with emissions reduction policies and targets.

Details of fleet size and composition are documented in the Requirements.

## Vehicle operation and maintenance

Agencies must ensure that vehicles are operated and maintained consistently with the Objectives. This includes ensuring that vehicles are:

* registered at all times,
* comprehensively insured at all times,
* actively maintained to the highest standard, and
* only operated by approved and adequately licenced drivers.

Further details of vehicle operation and maintenance are documented in the Requirements.

## Vehicle disposal

The asset value of vehicles is maximised, and emissions are reduced through efficient disposal at the correct disposal interval.

Agencies must ensure that they book their vehicle for disposal as soon as the vehicle has reached either the distance or time interval specified in the conditions of any vehicle finance arrangement or in the Requirements.

Agencies must plan to meet the disposal intervals as soon as they are reached through active monitoring and planning around vehicle utilisation and age.

Details of vehicle disposals are documented in the Requirements.

# Further information

## Exemptions

Agencies may be exempted from a requirement of the Policy or Requirements by the head of VicFleet unless a different approver is specified.

Specific exemption categories are detailed in the Requirements.

## Annual Reporting

DGS will prepare reports to the Victorian Secretaries Board, including each Agency’s progress on meeting the net zero targets. Each Agency will be required to support DGS in the preparation of such reports.

Details of all reporting requirements for Agencies are detailed in the Requirements.

## Policy support

For support in relation to interpreting this policy, please contact VicFleet.

# Glossary

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| Term | Definition |
| Agency | Refers to both departments and agencies. |
| Finance Lease Facility | DGS, through VicFleet manages a whole of Government finance lease facility. Funding for the finance lease is provided by Treasury Corporation of Victoria. Under the finance lease arrangement, VicFleet is the lessor and government departments and agencies are lessees. |
| Policy | Victorian Government Standard Motor Vehicle Policy (this document) |
| Requirements | Victorian Government Standard Motor Vehicle Requirements (separate document)  Detailed operational requirements on the implementation of this Policy, management of vehicles for government, departments and agencies. |
| VMB | A Vehicle Management Branch number is an approval number assigned to each vehicle funded through the Finance Lease Facility and assigned to each agency. The VMB authorises the purchase of a new or replacement vehicle. Each time a vehicle is replaced, the VMB transfers to the new vehicle. Agencies authorise the VMBs at the commencement of their Memorandum of Understanding with VicFleet or as agreed from time to time. |
| Vehicle-related State Purchase Contracts | Refers to a mandatory standing offer agreement for Agencies for the purchase of goods and services, which is subject to VGPB procurement policies. The purpose of SPCs is to pursue WoVG contracts to achieve the best value for money outcomes and make best use of the state’s aggregated purchase power. |
| VicFleet | Business Unit responsible for providing policy and advice on fleet issues, management of the finance lease facility, purchasing and disposal of vehicles for government, departments and agencies.  VicFleet also implements whole of Victorian government projects to provide support to departments and agencies. |
| ZEV | Zero-emission vehicle  A zero-emission vehicle is defined as a battery electric vehicle (BEV) or a hydrogen fuel cell vehicle (FCEV). |