FACT SHEET – FLEET UTILISATION AUDITS

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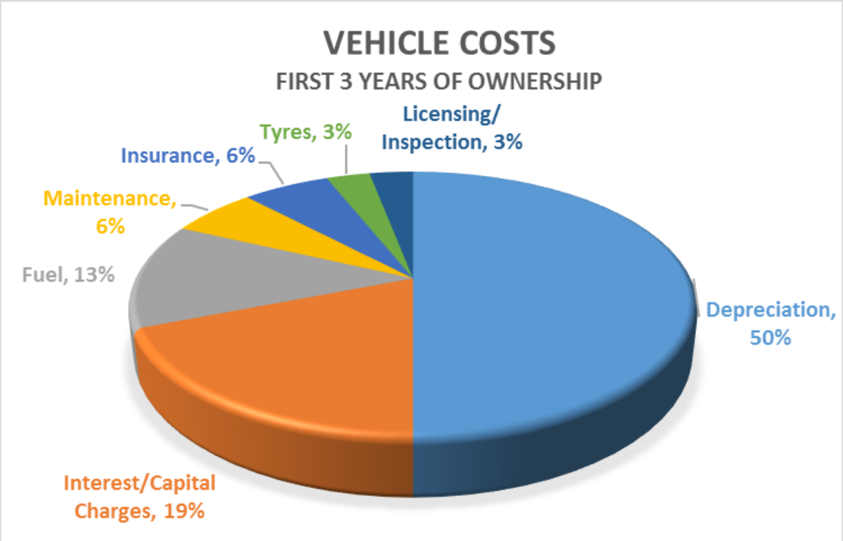
1. Depreciation makes up 50% of all light fleet vehicle costs in the first 3 years of ownership. See Figure 1.

FIGURE 1: VEHICLE COST COMPONENTS*



2. Vehicle depreciation mitigation strategies:
   a. Buy low, sell high.
   b. Cut surplus vehicles. Why?
      i. Approx. 84% of vehicle costs are fixed.
         [Depreciation, finance cost, maintenance, insurance, registration, and roadworthy].
      ii. Fixed costs are incurred whether the vehicle is driven or not.
      iii. Vehicles depreciate regardless of leased/owned status.

3. A one vehicle cut will impact costs as follows:
   a. Fleet utilisation increases to improve overall efficiency.
   b. **84% fixed cost** components are eliminated.
   c. **16% variable cost** *[fuel, tyres]* moves to other vehicles.
   d. Car park becomes available.
   e. Administration is reduced.
   f. Any inappropriate vehicle use is curbed due to peer requirements to access fewer vehicles to complete work.

* Percentages vary slightly by country.

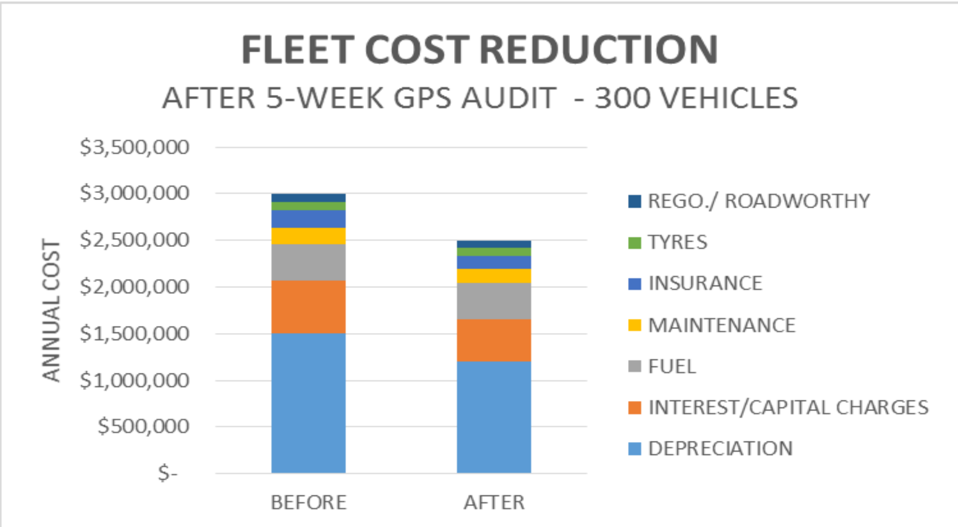
WORKED EXAMPLE:

Table 1 shows a 300-vehicle agency savings example. A $10,000 annual vehicle cost equates to $3M per year. A 5-week GPS fleet utilisation review can reduce the fleet size by 20% and lower costs by 17% with no loss of service delivery capability. Table 1 and Figure 2 show the before and after comparison.

TABLE 1: UTILISATION AUDIT – COST IMPACT

VEHICLE COST ITEM	BEFORE COST @ $10K p.a. [300 CARS]	COST AFTER 20% REDUCTION	ANNUAL COST SAVING
DEPRECIATION	$ 1,500,000	$ 1,200,000	$ 300,000
INTEREST/CAPITAL CHARGES	$ 570,000	$ 456,000	$ 114,000
FUEL	**$ 390,000**	**$ 390,000**	**$ -**
MAINTENANCE	$ 180,000	$ 144,000	$ 36,000
INSURANCE	$ 180,000	$ 144,000	$ 36,000
TYRES	**$ 90,000**	**$ 90,000**	**$ -**
REGO./ ROADWORTHY	$ 90,000	$ 72,000	$ 18,000
TOTAL	**$ 3,000,000**	**$ 2,496,000**	**$ 504,000**
PERCENTAGE	**100%**	**83%**	**17%**

FIGURE 2: ANNUAL COST REDUCTION – 5-WEEK GPS AUDIT



KEY POINTS:

- **Cutting surplus vehicles is the only way that fleet savings will cover outsourced company shareholder Return on Equity.**
- Variable costs [fuel, tyres] pass on to remaining vehicles so the asset utilisation increases. ‘Excess mileage’ [or improved utilisation as we call it] attracts contract penalties that punish fleet optimisation!
- AU government fleets average 21% vehicle surpluses.
- 5-week BFO GPS audits achieve a 20:1 ROI. The audits are the only way to accurately and affordably optimise fleet size. Mileage analysis does not work. Booking systems underperform every time. Permanent GPS is expensive due to daily, weekly, and month use patterns.