



StateFleet
Government Services

Maximising Government Sales

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Overview

- Quantum of Government Sales
- Importance of Sales price in lease fees
- Maintaining the Government Brand
- Optimising Retail Channels
 - * Fixed price
 - * Drive Through
 - * Simulcast
- Benefits of knowing the market and reacting to events
- Actual Government performance
- Transport solution
- Conclusion
- *postscript the “Rogues gallery”*



Quantum of Government sales

- **Sales in 2010-2011 - 8841**
- **Sold at :**
**Sydney - 6700; Newcastle - 745; Tamworth - 120;
Dubbo - 196; Wagga - 924; Canberra 156;*
- **Sold by Manufacturer:**
** Toyota - 3847; Holden - 1474; Ford - 1092;
Hyundai - 271; Mitsubishi - 665; Nissan - 271; Other – 1221;*
- **Sold by category:**
** Passenger - 5585; Passenger SUV - 1326;
Light Commercial - 1866; Trucks - 64*
- **Sold by Fuel type:**
** Petrol - 6901; Diesel - 1514; Hybrid – 126; LPG – 300;*



Importance of Sales in lease fee

Components in determining a lease fee :

- *Purchase price of the vehicle*
- *Estimated Sale price in the future*
- *Interest rate*
- *Depreciation*
- *Costs associated with the sale*
- *GST payable on the sale*



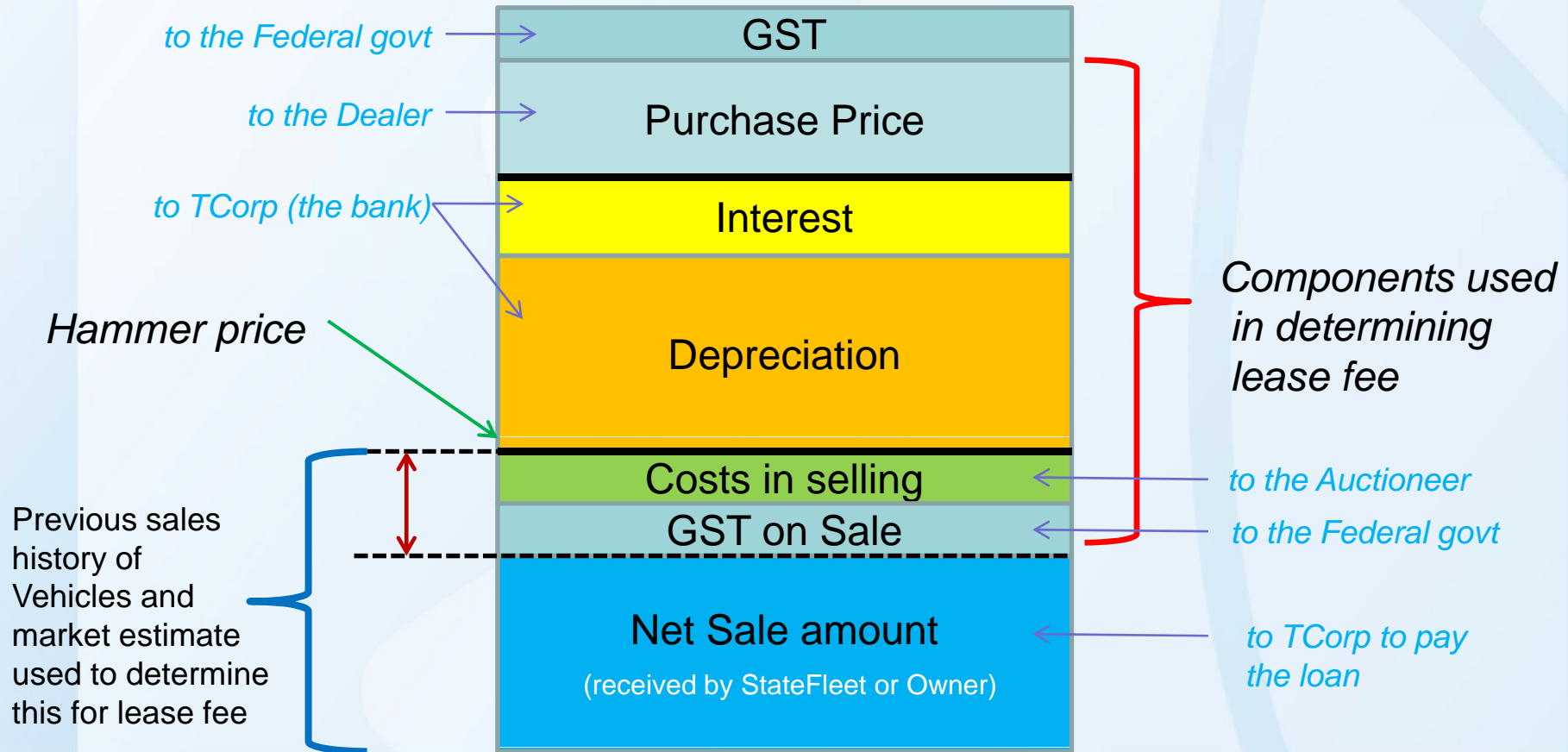
Importance of Sales in lease fee

Components in determining a lease fee:

- *Purchase price of the vehicle*
- ***Estimated Sale price in the future (Residual)*** ✓
- *Interest rate*
- *Depreciation*
- ***Costs associated with the sale***
- ***GST payable on the sale***



Importance of Sales in lease fee





Maintaining the Government Brand

- The resale market expects “a government car” to be usually 24 months with 40,000 kms.
- It is expected to have a regular maintenance and repair regime.
- This will be tested now the Govt has decided this will be a minimum of 36months or 60,000 kms.
- Buyers are heard to say *“buy a govt car – they look after them”*
- Keeping this market belief intact is fundamental to keeping sale prices high.
- A solid, reliable, and consistent “Vehicle Condition Assessment Guide” is fundamental in ensuring that the vehicles return as they should for their age and distance.
- Ensuring servicing is done when it should be is vitally important.
- Agency staff need to look after the vehicles as if they were their own.



Maintaining the Government Brand

Government Fleet must meet buyers expectations by having:

- *vehicles buyers want*
- *well maintained and serviced vehicles*
- *good quality stock*
- *certainty of the use of the vehicle*
- *a quality product to sell – looks good, goes well*
- *a separation from the Rental vehicles and Council vehicles*

and this means recommendations follow to friends and family.



Optimising Retail Channels

To maximise the sale price the government uses multiple sales channels to sell a vehicle :

- *Fixed price*
- *Drive though auctions*
- *Simulcast*
- *Multiple location simulcast*



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Optimising Retail Channels - Fixed price





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Optimising Retail Channels – Drive through





Optimising Retail Channels – simulcast & multiple location

MANHEIM FOWLES SIMULCAST
by MANHEIMFOWLES

4-1: 2005 Holden Commodore VZ Executive 33,422 km

HIGH BIDDER
\$15,100

Bidder #5000
John Doe

\$15,200
CLICK TO BID

BID HISTORY

- \$13,800 - Live Bidder
- \$13,900 - Live Bidder
- \$14,000 - Live Bidder
- \$14,100 - Live Bidder
- \$14,200 - Live Bidder
- \$14,300 - Live Bidder
- \$14,400 - Live Bidder
- \$14,500 - Live Bidder
- \$14,600 - Live Bidder
- \$14,700 - Live Bidder
- \$14,800 - Live Bidder
- \$14,900 - YOUR BID
- \$15,000 - Live Bidder
- \$15,100 - Live Bidder

YOUR BUYS

CHANGE DEALER

Melbourne

Vehicle Information **CONDITION REPORT**

4-1: 2005 Holden Commodore VZ Executive

LOT 1
DESCRIPTION 01/2005, Holden, Commodore VZ Executive, Sedan, 3.6L EI Petrol, 4spd Automatic, Heron, 33422KM, REGO: AC248X, Features BKS, C, D, F, G, H2, I, K, R, SVH, U, V, COMP DATE: 01/2005

NEXT 3

VEHICLE	LANE/LOT#	WATCHLIST
2004 Ford Falcon BA Xi	4-2	✓
2004 Toyota Camry Cv36 II Altise	4-3	
2005 Mitsubishi Magna TW Es	4-4	

CLOSE



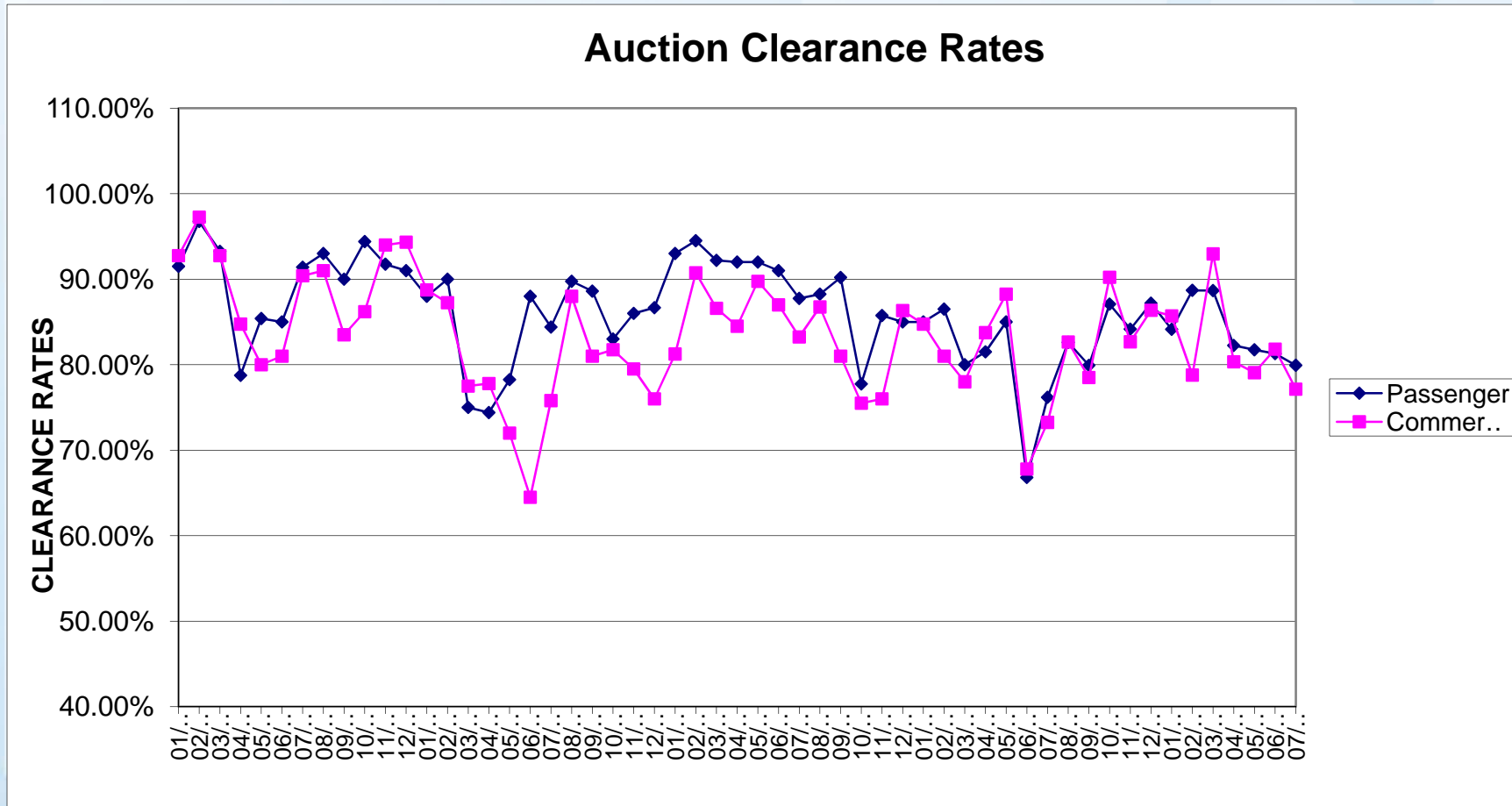
Benefits of knowing the market and reacting to events

To maximise the sale price the government must know and adapt to issues in the market:

- *Matching the government fleet mix to the new car market*
- *Having a range of vehicles available with different terms and kms*
- *Maintain the market position away from the rental companies*
- *Determine the impact of supply and demand and utilising this advantage*
- *Adapting to the time of the year eg Jan school holidays, Easter etc*
- *Adapting to events – floods, tsunamis, hail storms etc*



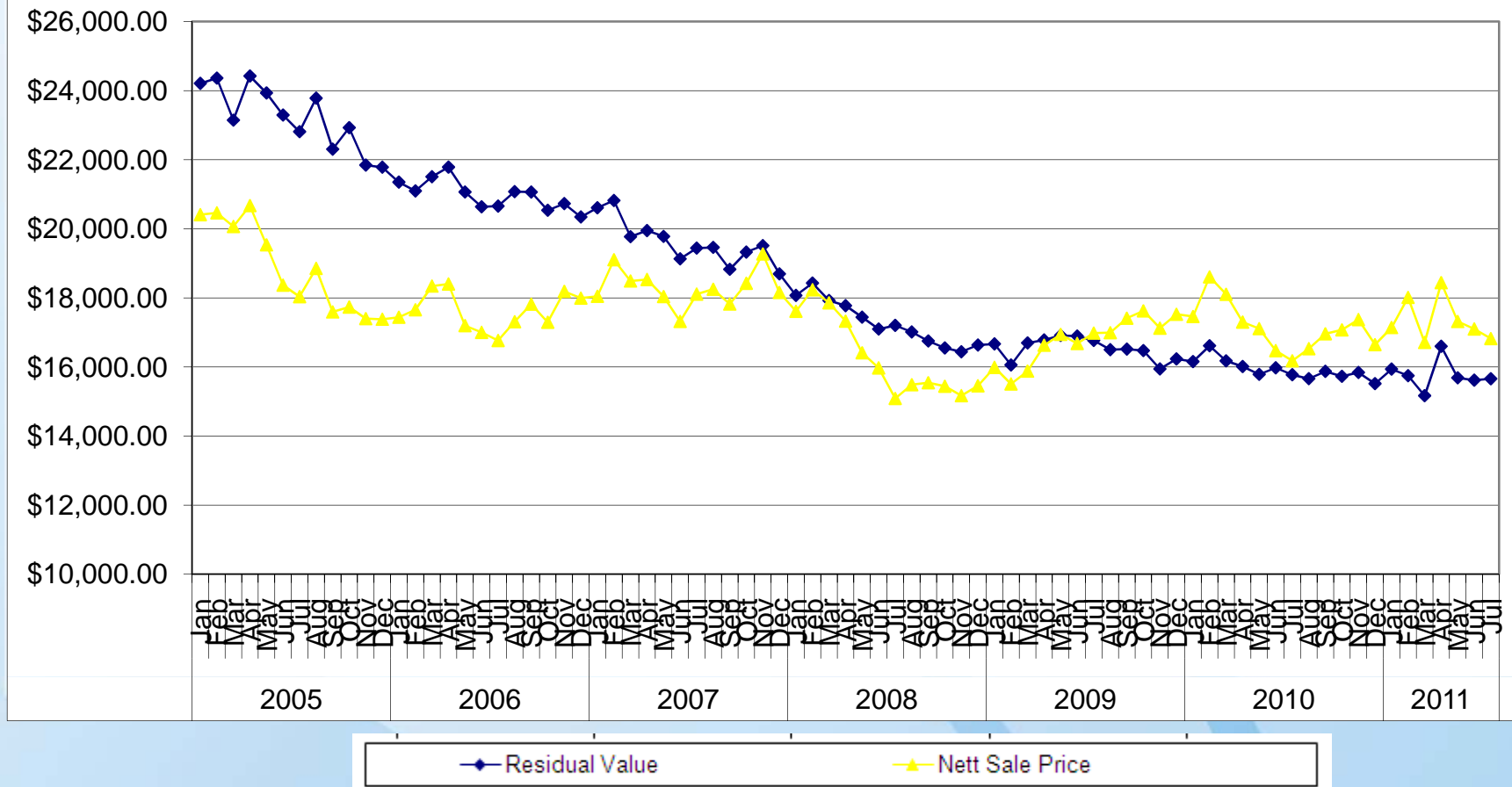
Actual Government Performance





Actual Government Performance

TBank - All Vehicles - By Sales Date





Transport Solution

The 2011-12 NSW budget has determined that StateFleet will implement a transport solution for the NSW Government fleet:

- Stage 1 – *the MV disposal contract 603 has provided that the Auction providers are now the sole transport providers for the NSW Govt.*
 - * *They are to be used for any transport of vehicles whether to auction or from any site to any site.*
 - * *Fixed prices for most locations have been negotiated.*
 - * *No other providers are to be used for transport .*
 - * *For FM clients, an order can be placed online from the StateFleet website or faxed.*
 - * *For non FM clients we have a solution or you can create an account directly with Manheim and Pickles.*



Transport Solution

- Stage 2 – *StateFleet will provide a facility in StateFleet Online which allows you to select the vehicle for transport .*
 - * *It will list all details on the vehicle including lease end date so you don't send it back early.*
 - * *the system will create an order electronically in the system and advise you via email (similar to the vehicle purchase process)*
 - * *StateFleet will create the order on either Manheim or Pickles*
- Stage 3 – *StateFleet's FMS will send the information directly to Manhiem or Pickles booking system inlcuding MMSBC etc, Rego, VIN and engine numbers i.e. every thing will be automated*



Conclusion

....

*it is not really about what price we buy the car for.
It is really about what price we sell it for because this determines
your future lease fee*

therefore

our efforts and your efforts should primarily be focussed
on the resale market
..... and everything goes forward from that.



Postscript- the rogues gallery

The way some
vehicles are
returned to
auction





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... and when
these vehicles
came back like
this



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.....every driver
said they were
OK when they
left the office !!



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Questions ?