



AUSTRALIAN FLEET LESSORS ASSOCIATION

ABN 78 059 998 533

FAIR WEAR & TEAR GUIDE

The **AUSTRALIAN FLEET LESSORS ASSOCIATION (AFLA)**

is the association of the fleet leasing industry in Australia.

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Important Notice:

“This Guide is published for the information of Association Members and Fleet lessees in Australia, as a statement of the interpretation of “Fair, Wear & Tear” in motor vehicle leasing arrangements. The parties may agree to be bound by this Guide, unless other arrangements are made. Nothing in this Guide is intended to limit the right of any party to leasing arrangements to adapt, modify or vary their responsibilities or rights in respect of Fair, Wear & Tear by agreement”.

Fair Wear and Tear - What is it?

Taking into account a vehicle's age and mileage and covering overall condition, from the mechanics and the electrics through to the bodywork and the upholstery, fair wear and tear summarises the degree of deterioration judged to be reasonable when a fleet vehicle is returned at the end of a contract period, or is to be sold on.

Lack of attention to preventative measures, misuse or neglect are the main reasons fleet vehicles suffer from excessive wear and tear.

Fleet operators can expect to incur refurbishment charges from leasing companies if a vehicle is returned with an unreasonable level of wear and tear at the end of a contract period.

The main causes of unreasonable wear and tear in a fleet vehicles are:

- lack of regular checks by the vehicle user and/or fleet operator, leading to faults and damage going undetected and unrepaired;
- not adhering to the vehicle manufacturer's recommended maintenance and servicing schedule;
- drivers not taking responsibility for the day to day care and maintenance of the vehicle;
- poor quality of body repairs, leading to general neglect;
- drivers provided with insufficient information to enable them to responsibly fulfill their obligation to maintain the vehicle.

This Guide will hopefully assist in addressing these causes.

Where the buck starts - and stops

Some amount of wear and tear damage may occur through

normal, everyday business use, especially for high mileage fleet vehicles.

After a typical fleet lifespan of three years or 100,000 kilometres, for example stone chips and minor abrasion to a vehicle's paint work would be deemed fair wear and tear for its age and would not adversely affect the disposal price.

If the stone chip damage had exposed the base metal, however, and failure to touch it up had caused penetrating rust to set in, the deterioration would not be acceptable as fair wear and tear.

The main questions then becomes one of responsibility - where the buck starts and stops.

Taking Responsibility

Responsibility for the monitoring, maintenance and repair of company vehicles will vary from fleet to fleet.

The following procedures are recommended to help ensure all the bases are covered:

Fleet Operator's Responsibility

- fleet operators should ensure maintenance and servicing of the vehicle follows the manufacturers recommended schedule, using only lessor approved servicing agents and approved quality service parts.

- regular spot checks, possibly related to mileage and use, should be carried out by the fleet operator to ensure any current problems with care or driver are identified at an early stage.
- ensure that a thoroughly completed service book is maintained for the vehicle.

User's Responsibility

- note any damage, mechanical problems or areas of worsening wear and tear in the vehicle log book.

- a minimum weekly check on oil, water and tyre pressure by the vehicle user, with the result of each check noted in the vehicle log book. This will also help keep tabs on vehicles which may be losing oil or water or have a slow puncture.
- maintain the vehicle custodian log with maintenance schedules.
- the vehicle should not be used to tow beyond its capacity.

General Fair Wear and Tear

Servicing and documentation

Regular maintenance and servicing should be carried out by a franchised dealer or lessor approved servicing agent according to the manufacturer's guidelines, using approved service parts only. Any defects or damage that occur during normal vehicle use should be rectified as soon as authority for the repair has been granted.

The vehicle instruction book, full service record and any other documents relating to vehicle equipment are the responsibility of the vehicle user and must be intact and available. All documents must be in the vehicle on its return to the leasing company - including any details of radio codes.

Appearance

Regular cleaning of both the interior and exterior of the vehicle is required.

The vehicle should be returned at lease end in a suitably clean condition to allow proper inspection of the paint, body and interior.

Additional Equipment

Accessories such as car telephones that have been installed are to be removed, and any holes or damage should be made good to a professional standard. One set of phone holes may be acceptable. All standard equipment, together with non-standard or 'customised' fittings originally supplied, must be returned at the end of the contract period.

Badges and Labels.

Non-standard badges, labels or advertising fitted to the bodywork or glass of the vehicle should be removed, with any damage caused by their attachment or removal made good. Any paint work colour fade due to the attachment of advertising would be chargeable to the user. Advertising should never be painted directly onto the vehicle.

Keys and Security

A full set of keys should be available along with a note of their numbers. If the locking system is remote, the appropriate key fobs should be available and functioning. Return of the master key which controls the vehicle's engine management system is mandatory.

If the vehicle was originally supplied with a security system, this should be intact and fully operational, including any key or key fob necessary for operation. Any additional, non-standard security system should be fitted according to a recognised standard.

Vehicle Exterior

Body Damage

Any damage must be repaired as and when it occurs. All work should be completed to a professional standard, with any applicable anti-corrosion guarantees taken into consideration. Obvious evidence of repair such as colour mismatch or mis-alignment between panels is unacceptable.

Dents

Minor dents (20mm in diameter) are acceptable as long as the paint surface has not been penetrated so that bare metal is visible or corrosion has set in. If multiple dents occur on a single panel, no matter how small, generally the panel should be repaired or replaced.

Paintwork

Small areas of stone chipping, door edge chipping and light scratches (up to 25mm in length) are acceptable, relative to the vehicle's age and mileage, as long as they have not penetrated through to the base metal and caused corrosion. If stone chippings have penetrated through the metal, suitable touching up should be carried out immediately to

prevent further paint deterioration. Exterior paintwork should be free from major abrasions (more than 25mm in length) such as paint damage caused by continual use of automatic car-washing, and have good gloss and colour. Colour mismatch between panels, or poorly fitting panels, are unacceptable. All repairs to the body work must be suitably re-rust proofed up to the manufacturer's recommended standards. Bird excrement should be immediately removed.

Bumper Sections and Rubbing Strips

Provided these are not broken, cracked or deformed a limited amount of scuffing and score marks is acceptable.

Window Glass

Cracks or damage within the driver's sight line are not acceptable and would require windscreen replacement. If relatively minor, repair using resin impregnation to motor

registry standards is acceptable. Light scratches and minor chipping around the periphery of the windscreen is accepted as fair wear and tear. The windscreen must be able to pass a roadworthy inspection.

Lamp Glasses/Lens

All lamps must be operational. Minor scuff marks or scratches are acceptable, but holes or cracks in the glass or plastic covers or lamp units are not.

Vehicle Interior

Interior Trim

The interior should be clean and tidy with no visible burns, tears or permanent staining to the seats, headlining or carpets. Wear and soiling through normal use is acceptable, as are any repairs that are not readily visible. Stitching that has come apart needs to be repaired.

Luggage Area

Surface scoring and light blemishes that reflect normal use are acceptable, but floor coverings and surrounding trim panels should not be torn or split.

Light Commercial Vehicles

For light commercial vehicles it is recommended that a lining be fitted in the load area to prevent serious damage to the vehicle's interior.

Door Aperture Tread Area

A reasonable amount of scuffing to the door and luggage area treads and sills is acceptable providing paintwork has not been damaged down to bare metal and aperture seals are not torn.

Controls

All original controls must be intact and operate correctly. If replacement has been necessary, e.g. due to theft, then equipment of a similar value and specification, preferably of the same manufacture as the original, should be fitted. All odometer alterations must be reported and unauthorised odometer changes are unacceptable. Missing parts and items will be recharged.

Rubber Seals

Normal wear will cause a certain amount of damage and splits to rubber door and other seals, but any evidence of neglect or misuse is unacceptable. If a seal becomes displaced it should be refitted immediately to avoid it becoming trapped or torn.

Vehicle Underside

Underside

Minor dents and deformation, such as stone damage, is acceptable as long as it has not caused major corrosion. Any suspected impact damage should be investigated and dealt with professionally, as significant damage or distortion to chassis components is not acceptable.

Exhaust System

The system should be properly suspended and in efficient working order, with no gas leaks or evidence of blowing from the exhaust system joints and in undamaged condition.

The exhaust system should be in a condition to meet motor registry requirements in all aspects, particularly if fitted with a catalytic converter. CAT failure is unacceptable and preventable through:

- using the correct fuel
- regular servicing and maintenance
- immediately investigating any poor running symptoms
- not tow or bump starting the vehicle

Oil Leaks

Any serious oil leakage should be rectified at the earliest opportunity. Some minor oil misting or dampness around seals or gaskets is acceptable, providing oil drips are not present.

Wheels and Wheel Trims

Dents or damage to the rim or main body of the wheels are not acceptable. All four wheel trims must be intact, with no more than minor scuffing due to everyday use. If mudflaps are standard equipment they must be intact and properly attached. The spare wheel, jack and appropriate wheel tools must be stowed properly and in good working order.

Tyre Wear and Damage

All tyres, including the spare, must meet motor registry requirements and comply with the vehicle manufacturer's recommendations of tyre type, size and speed rating. There should be no obvious damage to sidewalls or tread caused by 'kerbing' or other heavy misuse.

Mechanical Condition

Regular servicing and maintenance through a lessor approved repairer and in accordance with the vehicle manufacturer's servicing programmes should keep the vehicle in sound mechanical condition.

The following examples are conditions usually caused by vehicle neglect or misuse and therefore are not regarded as fair wear and tear.

Brakes

Grooved brake discs caused by metal to metal contact.

Engine

Seized due to running vehicle with insufficient coolant, lubricating oil and with broken internal components.

Transmission

Slipping, erratic gear changing, clutch slipping, noisy transmission or ineffective synchromesh.

The Road Forward

All fleet vehicle users should be aware of the principle of fair wear and tear, along with fleet operators and supervisors. On the vehicle's return, it is to be inspected and formal agreement documents signed. In instances of disputes an independent assessment should be made.

In brief:

- fair wear and tear summarises the degree of deterioration judged to be reasonable when a fleet vehicle is returned at end of a contract period.
- lack of attention to detail, misuse or neglect are the main reasons fleet vehicles suffer from unreasonable levels of fair wear and tear. Some amount of wear and tear damage may occur

through normal everyday business use which could be deemed acceptable if reflective of the vehicle's age, mileage, and overall condition.

- all parties should be aware of their responsibilities where monitoring, maintenance and repair of company vehicles is concerned - this will differ from fleet to fleet.
- when repairs are carried out long term guarantees should be sought to avoid future problems.
- maintenance and servicing should follow the manufacturer's recommended schedule and be carried out by approved servicing agents. Regular spot checks by fleet operators or local

supervisors will help ensure any problems with the vehicle (or driver) are identified at an early stage.

- a vehicle log book system will help both drivers and fleet operators keep track of any vehicle damage, problems or areas of worsening wear and tear.
 - the vehicle user should be responsible for a minimum weekly check on oil, water and tyre pressure.
 - a schedule of regular cleaning and valeting should be worked out between the vehicle user and fleet operator/supervisor.
 - all documents must be intact and in the vehicle on its return to the leasing company.
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AFLA FAIR WEAR AND TEAR GUIDE SUMMARY

		FWT
GENERAL	Missing Service manual, Owner's manual Missing keys or security system remote (if applicable)	no no
EQUIPMENT	e.g. Missing/damaged cigarette lighter, knobs, trims, aerials e.g. Missing/damaged tools, jack	no no
GLASS (Mirrors, windows, headlights and lenses)	Cracks 1 or 2 minor chips, bullseyes and stars (not in field of vision) Major chips, bullseyes and stars (and minor chips in field of vision) Non-operational or cracked/broken headlights or lenses	no yes no no
TYRES	Unroadworthy Missing spare tyre	no no
WHEEL TRIMS (including HUBCAPS)	Missing, split, badly disfigured Minor scuffing	no yes
INTERIOR TRIM/ UPHOLSTERY/ CARPETS & CONTROLS	Screw holes from car phone removal Seats/trim - burnt, cut, holed, ripped, visible repairs Soiling to seats and carpets - caused by normal use Permanent soiling to seats and carpets - caused by abuse, spills, grease, etc Rips, cuts, marks, splits to trim and controls Odours, tobacco smells Missing or inferior quality replacement controls Torn or split luggage area trim panels and floor coverings	no no yes no no yes no no
PAINT/BODY	Minor scratching - less than 25mm in length and shallow Major scratching - more than 25mm in length and deep Minor touch ups or minor flaking Prominent touchups, spoils from bird/tree droppings, major flaking Evidence of poor repairs, colour mismatch, mis-alignment between panels Major abrasions - more than 25mm, signs of constant use of automatic car wash	yes no yes no no no
	Dents (<20mm diameter, no paint surface penetration, 2 per panel) Dents (>20 mm diameter or paint surface penetration or >2 per panel) Hail damage, buckling, distortion, missing badges Minor stone chipping on bonnet, lower doors, wheel guards Prominent areas of major stone chipping Un-repaired or poorly repaired aerial holes (or aerial must be left in place) Damage caused to the vehicle due to the attachment or removal of decals/stickers	yes no no yes no no no
MOULDINGS, GRILLE, BUMPERS, MUDFLAPS	Minor parking damage - scuffing, light scratches Medium damage - divots, gouging, minor dents, cracks Major damage - rips, major dents, distortions, holes Missing moulds, grilles, bumpers or mudflaps originally fitted to the vehicles	yes no no no
UNDERBODY	Minor dents and deformations Major impact damage Exhaust leaks which are the result of visible damage to the exhaust system	yes no no
MECHANICAL CONDITION	Failure to service and maintain the vehicle as per the manufacturer's recommendations, resulting in premature component or assembly failure (e.g. engine seizure, metal to metal brakes, transmission failure)	no