Procedure 5.08.2  Work related vehicle management

Department  Organisational Development & Governance

Responsible Officer  Executive Manager

Purpose

The procedure is intended to establish Council procedure and guidelines for the provision of motor vehicles as a requirement of a job position within the organisation. It establishes how Council provided motor vehicles are managed in terms of their financial management, and advises the responsibilities for the use of Council vehicles by both Staff and Council.

Objectives

To ensure the use of motor vehicles supports the Council’s business in an efficient, flexible, cost-effective, sustainable and safe manner, and is compliant with legislative requirements for vehicles.

Through this procedure, Council aims to achieve the following outcomes:

- Manage the risks associated with the motor vehicle fleet (“the fleet”)
- Manage and maintain the fleet in an equitable and cost effective manner, providing best value for money while meeting the operational needs of the organisation
- Provide the most appropriate vehicles for the positions that require them
- Providing a process to ensure sustainability and emissions are considered in the supply of appropriate vehicles, and their uses

This procedure is aligned to the provisions of the NSW Local Government (State) Award 2014 in relation to the provision of vehicles (Clause 16).

To assist in providing an independent view on the calculation of charges for private use of vehicles, Council has opted to utilise the analysis and calculation regime of the Local Government NSW’s July 2012 Guidelines. These Guidelines should be viewed in conjunction with this procedure to assist in understanding the calculations for private use of a Council vehicle.

Scope

Bega Valley Shire Council (BVSC) provides three forms of Council vehicle – Work related vehicles (WRVs), Work Plant Vehicles (WPVs) and Benefit related vehicles (BRVs). This procedure covers WRVs and WPVs only. For BRVs, see procedure 5.04.22 Staff Attraction and Retention.


**Definitions**

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tr>
<td>Council Vehicles</td>
<td>All passenger/fleet vehicles used by the Council for business purposes assigned to a position within that area/group.</td>
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<tr>
<td>Work Related Vehicles (WRV’s)</td>
<td>Vehicles provided to Council employees for the purpose of carrying out the duties of their position at the Council.</td>
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<tr>
<td>Work Plant Vehicle (WPVs)</td>
<td>Vehicles provided to Council employees for the purpose of carrying out the duties of their position at Council that are purpose built as operational plant – includes utilities with crane, spraying equipment and other machinery.</td>
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<tr>
<td>Benefit Related Vehicles (BRVs)</td>
<td>Vehicles provided to Council employees as a part of their employment conditions (see procedure 5.04.22 Staff Attraction and Retention).</td>
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<tr>
<td>FBT (Fringe Benefits Tax)</td>
<td>All drivers pay the FBT arising from the use of their vehicle. This cost is ‘built’ into the salary sacrifice cost.</td>
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<tr>
<td>Vehicle Operating Cost</td>
<td>Vehicle operating costs are defined as costs that vary with vehicle usage and are based on vehicle-kilometres travelled. These costs include fuel, tyres, oil, maintenance, repairs, insurance, registration and mileage-dependent depreciation.</td>
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**Legal & Procedure Framework**

Vehicle procedure at BVSC complies with all applicable legislative requirements such as:

- *Motor Vehicle Standards Act 1989 (Cth)*
- *Public Finance and Audit Act 1983 (NSW)*
- *Road Transport (General) Act 2005 (NSW)*
- *Road Transport (Vehicle Registration) Act 1997 (NSW)*

**Policy Procedure – Work Related Vehicles (WRV’s) and Work Plant Vehicles (WPV’s)**

WRVs and WPVs are ‘fit-for-purpose’ vehicles assigned to a position within Council when that particular position requires a vehicle in order to meet the functions of that position.

Provided at nil cost to the employee assigned to utilise that vehicle, they are provided with the approval to use the vehicle to “commute” between home and work.

The employer (BVSC) retains the right to choose all factors in the provision of this vehicle (make, model, colour, extras, changeover, etc.). The employee has no choice in these factors. Council will assign a “base” vehicle which must meet the needs of that position, while maximising the return on investment for Council, as well as minimising the operational costs to run that vehicle. The total operational and capital costs of the vehicle will be charged back to the section the vehicle is assigned.

Any employee who holds that position on a permanent basis is entitled to use the assigned vehicle in the course of their work related duties.
Assigning of WRV’s and WPV’s

As per above, WRV/ WPV work related vehicles are assigned to a position to meet the functions of that position, by the Council.

An organisation chart will be maintained to ensure vehicles are assigned to the appropriate positions, and those positions are the determinant for which employee is assigned a vehicle. For information on amending the assigned vehicles against the organisational chart please see the Vehicle Committee section of this document.

Any amendments to the assignment of vehicles under this procedure is to be referred to Council’s Vehicle Committee, for consultation, by the relevant Group/Executive Manager, who will then make recommendation to LEG for adoption.

Conditions of usage of WRV’s and WPV’s

The employee assigned to utilise that vehicle has the permission of Council to “commute” between home and work. The Australian Taxation Office deems a commute to be the shortest possible route between an employee’s place of work and their place of employment. Any deviation whatsoever is deemed as private travel and is strictly forbidden under this procedure. A deviation can be as minor as stopping for groceries on the way home.

Each employee under a WRV/ WPV Commuter use agreement is expected to sign a statutory declaration annually that will state they have not and do not intend to use their WRV/ WPV Commuter use vehicle for any private travel.

If an employee is found to have undertaken private travel in their WRV/WPV (without first having taken up one of the options below) they will be solely liable for the equivalent FBT penalties and charges the Australian Taxation Office could impose on Council. This charge must be paid within the current FBT year.

If the employee is away for 6 weeks or more where an employee has private usage facility of the vehicle, the vehicle must be returned to Council so that it can be given to the backfill appointment, for use in that position. WRV/ WPV commuter use only vehicles are to be returned if the employee is away for more than 3 days, unless they have the permission of a Group/Executive Manager to retain it.

In addition, all WRV’s/ WPV’s must be at Council premises or used on Council related business during normal working hours. WRV’s are to be made available at any time for use by other staff requiring the use of a Council vehicle for work purposes. WPVs may only be made available to other employees if those employees intend to use the plant requirement – for the specific use of the equipment attached.

Private usage facility

There are two types of facilities where an employee can elect to “purchase” use of their WRV for private related travel:

1. Private use of a WRV

This option allows an employee the right to use their base vehicle for private use. The employee will be levied a charge equivalent to 20% of the purchase price (incl. GST) of that particular vehicle. This contribution will go towards the extra running costs of the vehicle as well as any taxes for private use (FBT). This contribution must be paid out of their salary as a post-tax deduction.

2. Private use of an UPGRADED WRV

This option allows the employee to upgrade their WRV to a different model (as dictated by Council’s approved vehicle list) and use this vehicle privately. Council’s plant section will be able to provide a list of approved makes/models. The employee will be levied a charge for this option equivalent to 20% of the purchase price (including GST) of their original WRV, plus, 100% of the difference in costs between their chosen vehicle and their original WRV. A minimum charge of 20% of the purchase price of the upgraded vehicles (including GST) must be
levied. This contribution must be paid from their salary as a post-tax deduction. The calculation used to levy the charge is explained later in this document.

In both of these options, Council will allow optional extra’s placed on their vehicles but they must be approved by Council’s plant section prior to installation and if purchased by Council will be added as an additional levy to the employee contribution over the course of the vehicle life. These extra’s will remain the property of Council and be included in the sale of the vehicle.

WPVs and private use

WPVs cannot be used privately, except for commuter use (as per above) due to their requirement for supporting integrated and attached equipment – no private usage facility can be purchased. The only occasion where WPVs can be used for non-commuter use is when the employee is “on call”, and needs to have the vehicle with them at all times they are on duty.

On Call usage of WRVs and WPV’s

When an employee with a vehicle assigned to their position is “on call” (on duty to respond to call outs), they may use the vehicle to travel privately as long as the vehicle is with the employee for the purposes of responding to a call out, and only when they are on duty. They may not use the vehicle privately for any other purpose, except where they have purchased “private use” of the vehicle as per above (WRV’s only).

Council’s Vehicle Committee

Any amendments to the structure and application of vehicles must be referred to the Vehicle Committee, for consultation, by the relevant Group/Executive Manager. The Committee will seek feedback from Finance, Plant, and Workforce and Administration, as to the merits of the requested amendments. A recommendation will then be provided to LEG for approval.

The Committee will meet quarterly (an out of session meeting can be called for emergencies). The Committee will consist of a Plant representative, the Chair of the Consultative Committee, a nominee from the vehicle user group, and input from the Finance and Workforce and Administration.

The Committee will have the authority to make recommendations only. They have no authority to approve or decline any requests. Their primary function is to objectively assess any requests in the interests of the organisation and present a balanced analysis to LEG so that LEG may make the necessary decision.

Examples of the types of amendments that would go to the Vehicle Committee are:

- New WRV’s
- Movements of WRV assigned vehicles to different positions
- Changes to the “base” vehicle under the WRV

Any changes to the Financial structure of this procedure (how much is charged, etc.) will continue to be referred to the Consultative Committee of Council for information.

FBT

All FBT incurred through the private use of a Council vehicle, will be met by the responsible employee in full, within the current FBT year.

WRV’s that generate any taxable value must receive a contribution as a salary post-tax deduction to at least the equivalent of that taxable value. If for any reason Council incurs an FBT liability on a vehicle, the responsible employee will be required to reimburse Council immediately.
Existing Arrangement

This procedure will only be mandated for new employees as at October 2014, and will be attached to the position they hold. Existing vehicle arrangements for current employees will not change unless the employee elects to move onto the new arrangements.

Ownership and availability

As a basic premise, vehicles are to facilitate delivery of Council services and must be available as a first priority at all times for this purpose. For those employees who are in charge of a WRV, regardless of private use rights, the WRV must be available for general staff use during normal office hours with the exception of the leave periods described below – under “Conditions”.

Care and maintenance is an important aspect of the provision of a vehicle to employees. The vehicle is used not simply for commuting, but is used in the course of Council business, and thus reflects the values of the Council in the community. In this respect, the following applies:

- The vehicle must be kept clean and presentable by the employee, this necessary work is to be carried out in the employee’s own time and at the employee’s cost.
- If the vehicle is presented at vehicle changeover time in an unsatisfactory condition, the employee will be required to pay any costs relating to a deficit in the changeover of their vehicle.
- When at the employee’s residence, the car must be parked off-street and preferably under cover, unless otherwise approved by the Group/Executive Manager.
- No modifications are to be made or equipment added to or removed from the vehicle without the prior approval of the Plant Manager.
- Council has a ‘No Smoking’ procedure which applies to all vehicles and plant.

Fuel

Vehicles are assigned a Fuel Card for the purchase of fuel. This card will be used to purchase fuel for Council’s vehicle whilst the vehicle is used for Council business and private purposes. The odometer reading is to be provided to the fuel supplier each time the card is used.

Vehicle type

The vehicle must be suited to facilitate service delivery. Unless an upgrade option is “purchased” from Council the vehicle is to meet work purposes only.

Each position has an approved vehicle type associated with it. A Group/Executive Manager may request a review of the vehicle type which will be addressed through the Vehicle Committee and referred to LEG for approval.

The actual vehicle purchased is to have regard to the lowest “whole of life” cost of ownership and be generally restricted to the most common base models. Personal preference is not a criteria for selection.

Vehicle extras

Group/Executive Managers must approve any extras fitted to the vehicle. Extras that limit flexibility in managing the fleet to ensure lowest ownership cost will not ordinarily be fitted. Any and all costs for extras will be met by the relevant section of Council that is responsible for the vehicle.

As a guide, plastic protectors, mud flaps, tow bar, cruise control and air conditioning (when not standard) will be fitted. It should be noted that vehicles fitted with extras as approved generally will reduce the whole of life cost to Council when traded or auctioned.
Changeover time
The Group/Executive Manager IWW will determine changeover time for a vehicle based on proper assessment of the following:

- Market conditions
- Model release dates
- Warranty conditions
- Capital and whole of life costs
- Government contract requirements
- Government tax arrangements.

Conditions

Supplied Motor Vehicle Agreement

Prior to any motor vehicle being supplied, both the staff member and his or her Manager or Group Manager must complete the details and sign the Supplied Motor Vehicle Agreement. A signed copy of this form must be returned to Council’s Payroll Office for processing.

The vehicle may only be driven by Council employees. The vehicle may ONLY travel for work purposes and to commute directly to and from the principle place of residence of the employee responsible for that vehicle.

If an employee has “purchased” the rights to private travel they may use the car for private travel. The vehicle may be driven by the employee’s spouse, however, the vehicle is still to be present at work on any day the employee is at work.

Should the employee authorise a driver under 25 years of age other than another Council employee, to drive the vehicle and the vehicle is involved in an accident, the employee shall pay to Council any excess not met by the Council’s insurance company due to the driver's age.

The maximum period for which a vehicle can be used by an employee on a private usage facility whilst on annual, maternity or long-service leave is 6 consecutive weeks. Family leave, sick leave or workers compensation absences of 6 consecutive weeks or more - are at the discretion of the relevant Group/Executive Manager who may approve an extended period provided the vehicle is not required for Council purposes during the absence of the employee concerned. Where a period of maternity leave (illness related to the pregnancy) is taken immediately prior to paid maternity leave, the maximum period of vehicle use entitlement shall be 6 weeks.

WRV drivers will be given one month’s notice of intention to replace their current vehicle. A list of available vehicles, contribution rates and anticipated delivery time will be supplied with this notice.

If a driver is convicted of driving under the influence of alcohol or other banned drug or substance resulting from an accident involving a Council vehicle, the responsible employee must pay the total cost of repairs and/or restitution arising out of the accident, in the event that Council’s insurers deny any insurance claim.

Drivers of Council vehicles are also responsible for the payment of any traffic violations, parking infringement notices and toll charges they incur.

The vehicle will not be used for:

- Commercial purposes
- Competitive events
- Rally car driving
• Any commercial purpose or activity where an employee derives an income which is not related to the employee’s employment with Council.

Council is to provide comprehensive insurance cover for the WRV while the vehicle is used for either Council business or private use.

• The insurance procedure does not provide cover for the loss of personal possessions or equipment damaged, lost or stolen from the Council vehicle. The cost of any loss or damage to personal property from the vehicle is to be borne by the employee.

• An employee involved in more than one at fault accident per year shall pay the insurance excess applicable.

Private use facility fee

The private use facility contribution will be deducted from the employee’s salary each fortnight.

The fee will be calculated as per the Procedure above. All calculations must comply with the Local Government (State) Award 2014 (the Award), Clause 16 Motor Vehicle Leaseback. Calculations will be modelled on the LG NSW Vehicle guidelines issued July 2012.

In the event the employee elects to salary sacrifice part of the private use contribution in accordance with the Award, any fringe benefit tax (FBT) owing at the end of the FBT year for a vehicle allocated to the employee must be paid by the employee within 3 months of falling due. Employees will only be allowed to salary sacrifice vehicle contributions where the contribution exceeds the taxable value of the vehicle as prescribed by the FBT Act.

Termination

• Non-compliance with the terms and conditions of this agreement may preclude the employee from further use of the vehicle.

• Abuse or misuse of the vehicle or Fuel Card will lead to disciplinary action being taken which may include the termination of this WRV agreement.

• The employee may terminate this agreement by giving six weeks written notice to the Group Manager | Transport and Utilities Group.

• Council may terminate this agreement by giving written notice of its intention to do so in accordance with the Award.

• Council reserve the right to withdraw the WRV agreement if an employee has had disciplinary action taken against them.

Log books

Employees will not be required to maintain log books on a permanent basis. The Group Manager - Transport and Utilities may require employees to keep log books for a maximum period of 13 weeks annually in order to monitor the proportions of business and private use.

Should log books be required for Fringe Benefits Tax or any other legislated purpose, they will be implemented in compliance with the relevant legislation.
Agreement for the use of a Supplied Motor Vehicle

Employee Signature

Payroll Number:

Section/Department

THIS AGREEMENT was created on _______________ 20___ between the Bega Valley Shire Council, known as “the Council” and the employee, known as “the Employee”.

WHEREAS the Council and the Employee (“the parties”) have mutually agreed upon the provision of a motor vehicle (“the Vehicle”) for, and conditions relating to, use outlined in this Agreement.

Now this agreement witnesses: A vehicle will be supplied

The Council shall supply the vehicle to the Employee in accordance with Council procedure 5.08.2 Work related vehicle management for the following purposes:

(Place ticks in appropriate boxes, print clearly in places required, and strike out non-relevant segment.)

Work Related Vehicle (WRV) ☐ Work Plant Vehicle (WPV) ☐

Class of Vehicle supplied __________________________

Private use required ☐

(NB Not available for WPV)

Your contribution is calculated at: $______________ (See calculator) Purchase

Sedan/Ute vehicle:

☐ Small Sedan
☐ Medium Sedan
☐ Large Sedan
☐ SUV
☐ 4WD – Single Cab Ute
☐ 2WD – Single Cab Ute
☐ Work Plant Vehicle
☐ 4WD – Twin Cab Ute
☐ 2WD – Twin Cab Ute

The vehicle is the property of the BVSC. In the event of termination of employment or cessation of employment in a position, it shall be surrendered to the Council in accordance with the appropriate policies and procedures of Council.
Council’s Motor Vehicle Procedure

The vehicle is provided under conditions relevant to BVSC Work Related Vehicle Management Procedure and associated policy (attached- commuter or leaseback). The Employee has read and understands the conditions and responsibilities of the policy.

Notice of Variation or cancellation

The conditions of this Policy may be varied by Council from time to time. The Council must give 12 months’ notice should it wish to cancel this agreement. The Employee must give 4 weeks’ notice should they wish to cancel this agreement. The Council and the employee may choose by mutual agreement to implement the earlier operation of any change in policy.

Any changes required to the vehicle supplied by the BVSC, in this agreement, can only be done at the scheduled changeover for the type of vehicle supplied, and will require the employee to fill out a new application form.

I __________________________ (The Employee) have read and understand the BVSC Work Related Vehicle Management Procedure and associated Policy, and agree to abide with these, and the above terms of conditions.

Summary of Lease: *(NB: Please attach supporting documents for the lease)*

__________________________________________________
_______________________________________________
________________________________________________

Sign off

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