Revised Motor Travel Rates – April 2017

A review of travel and subsistence rates has taken place recently in the Civil Service and in accordance with section 2.28 of the Haddington Road Agreement. An Adjudicator ruling was issued in late 2016.

By way of background, the requirement for a review of the motor travel and subsistence rates was signalled in the Haddington Road agreement which provided as follows at para 2.28:

'there will be full co-operation by the Parties with the review and the implementation of a standardised system of travel and subsistence across the Public Service'.

Following on from the agreement on subsistence rates in 2015, the civil service trade unions engaged in a review of the methodology used to calculate motor travel rates. Motor Travel rates are not, of course, intended to be a source of emolument or profit. They are intended to reflect the cost of both overhead and running costs of a member using his/her own vehicle for official purposes. The main factors taken into account in the revised methodology are as follows:

- The average cost of a new car based on the best-selling cars in each of the engine size categories calculated by reference to actual car sales;
- An assumption that the car is a new car and is replaced every 4 years with provision being made for financing and a residual value of the car after 4 years;
- Insurance costs based on a 35-year-old Civil Servant, with a two year no claims bonus;
- Car Tax - This is based on the new CO2 Emissions Bands and is an average of the best-selling cars;
- Servicing and repair costs based on the figures given in the Automobile Association cost of motoring report each year;
- Fuel costs based on data provided by the Automobile Association and apportioned between petrol\diesel to take account of the proportion of new cars (CSO figures) which run on diesel/petrol;
- Replacement of tyres based on Automobile Association estimates of replacement costs.

In apportioning the overhead costs the revised formula begins apportioning this cost after the initial 1,500 kms. This is on the basis that it was considered that this better target the overhead costs of purchasing and replacing a new vehicle every 4 years towards those public servants who are effectively required to fund the replacement of their vehicle due to the level of travel undertaken for their employer.

The recoupment in the first 1,500 kms in the new formula takes full account of all running costs including fuel, servicing and insurance.

The point at which the “cut off” should be applied was the subject of much discussion between the Union Side and the employer. Ultimately, it was decided that the matter would be determined by binding third party adjudication. The finding of the third-party adjudicator was as follows:

<u>Finding</u>

1. *It is clear from the discussion at the hearing that the parties have made significant strides towards agreement and have been significantly influenced in this regard by the need to take account of the Climate Change issue and the need to reduce CO2 emissions.*

2. *However, they have also had to cope with considerable practical problems.*

3. *Under the existing regime, there are two distance bands – one for the first 6,347 km and the other for amounts in excess of this. The first band involves a rate of compensation per kilometre almost twice the rate of the second band. Thus, staff who use their cars on official business to a limited extent have sizeable amount of a car’s overheads as well running costs covered by the motor travel compensation arrangement.*

4. *Under the revised formula, there are four bands. The first band is lower than the second band and, also, lower than the first band under the existing regime.*

5. *As a result, staff who travel a relatively low number of kilometres on official business would have their total compensation reduced under the new system by comparison with the existing regime.*

6. *While this could be held to be reasonable for occasional users of private cars for long trips on official business (two return trips from Dublin to Cork would amount to just over 1,000 km), it would also impact on officers whose annual travel required repeated short journeys every day or seasonally such as staff in Libraries, Community Health Care, etc.*

7. *It could be argued that an initial band of 1,000 km would be unnecessarily favourable to the former group while it could also be also argued that an initial band of 2,000 km would impact unduly and unfavourably on the latter category of staff.*

8. *This is the background to the issue for adjudication which is a narrow one. It is concerned primarily with the upper distance limit on the first range band of kilometres covered by an officer using his/her private car on official business.*

9. *This has some implications for the change points for the second and third range bands as well as the rate of compensation per kilometre in the case of the third range band.*

10. *The arguments put forward by the two sides each have considerable merit in their own respects.*

11. *Having considered all of the arguments by both sides, my finding is that the structure of the four rate bands in terms of the kilometre range in each band and the rate of compensation per kilometre should be as follows:*

Engine Size		***0 – 1200cc***	***1200 – 1500 cc***	***1500cc and over***
Band	***Km Range***	***Cents per Kilometre***		
1	*0 to 1,500*	*37.95*	*39.86*	*44.79*
2	*1,501 to 5,500*	*70.00*	*73.21*	*83.53*
3	*5,501 to 25,000*	*27.55*	*29.03*	*32.21*
4	*Over 25,000*	*21.36*	*22.23*	*25.85*

The revised rates, as published, reflect the finding of the Adjudicator. While the rates in the first 1,500 kms have been reduced to reflect the restructuring, subsequent rates have been increased and there are significant advantages for members who need to use their cars more often on the business of their employer.

So far as members who may not wish to make their private vehicles available to their employer is concerned there is no obligation on them to do so, particularly if they believe the actual running costs are not being covered. **However, please be advised that if your contract states that you must supply a car in order for you to fulfil your contracted role, then you have to comply with same in order for you to be within the terms and remit of your contract.**

The INMO and other health sector trade unions met with the HSE and the Department of Health on 28th of March 2017, seeking an update on implementation. Normally, the civil service rates are applied across the public service. The INMO do not have negotiating rights in the civil service and therefore were not party to these negotiations. The HSE advised that they are aware of the changes and are awaiting instructions from the Department of Public Expenditure and Reform. On the 05th of April 2017, the HSE published circular 005/2017 which relates to motor tax allowance. Please click here to view this circular. The new rates for travel will apply from 1st April 2017.