



1976

 PARLIAMENT OF TASMANIA

 PARLIAMENTARY STANDING COMMITTEE OF PUBLIC ACCOUNTS

PUBLIC SERVICE MOTOR TRAVEL

Laid upon the Tables of both Houses of Parliament on 31 March 1976

The Committee was appointed under the provisions of section 2 of the Public Accounts Committee Act 1970 (No. 54).

MEMBERS OF THE COMMITTEE

LEGISLATIVE COUNCIL

Mr Bisdee
Mr Gregory
Mr McKay

HOUSE OF ASSEMBLY

Mr Mather (Chairman)
Mr Batt (Wilmot)
Mr Green

WITNESSES EXAMINED

A. R. Mead, Director of Agriculture; J. G. Symons, Director of Mines; V. N. Fitze, Motor Transport Superintendent, Hydro-Electric Commission; L. J. Baillie, Chief Administrative Officer, Department of Health Services; G. E. C. McKercher, Director of Public Works; K. G. Rasmussen, Secretary, Public Works Department; F. N. Lakeham, Division Engineer of Plant, Public Works Department; G. C. Smith, Director of Social Welfare; G. Alexander, Senior Executive Officer, Department of Social Welfare; H. Payne, Assistant Commissioner for Forests; T. L. Lockhart, Director of Housing; F. W. Crane, Chief Administrative Officer, Housing Department; R. L. Mecklenburgh, General Secretary, Tasmanian Public Service Association; P. T. Williams, Public Accounts Officer, Treasury; M. J. Jillett, Chairman, Public Service Board.

REPORT

The Parliamentary Standing Committee of Public Accounts have the honour to report as follows:—

1. In a Report by the Committee in 1972 (Paper No. 5), the Committee dealt with the question of motor vehicle use by State employees and referred to a 1970 Report (Paper No. 15) by a House of Assembly Public Accounts Committee. Among the findings of the 1972 Committee were that responsibility for organising intrastate travel by State employees should be centralised, that cars used on long trips should be official vehicles shared by as many officers as possible, that most vehicles held by Public Service departments were too little used, while large sums in private car mileage allowances were being paid, that official vehicles should be pooled, and that mileage allowances for private vehicles be phased out as quickly as possible.

2. That enquiry began with the compilation of a return showing direct trips by State employees between Hobart, Launceston, Devonport and Burnie, in the week 21 to 25 June 1971. The present enquiry began similarly when a return for comparison purposes was called for, covering the week 22 to 26 July 1974. In order to avoid involving departments and authorities in unnecessary work this later return was to include details of direct trips between Hobart and Launceston only.

3. The results in summary form for the two returns are set out in Table I below:—

TABLE I

*Direct Trips by State Employees Between Hobart and Launceston—
21 to 25 June 1971 and 22 to 26 July 1974*

TRIPS	VEHICLES			PERSONS
	Official	Private	Total	
Hobart to Launceston, 1974	32	16	48	59
Launceston to Hobart, 1974	33	15	48	66
Totals, 1974	65	31	96	125
Hobart to Launceston, 1971	30	13	43	68
Launceston to Hobart, 1971	25	11	36	61
Totals, 1971	55	24	79	129

It will be noted from the table that in the later return, nearly ten vehicles travelled daily *each way*, bearing an average of 1.3 occupants per vehicle. A third of the vehicles were privately owned and all but one of these were driven by public servants, as opposed to employees of statutory authorities.

4. The results of this study suggested to the Committee that little could have been done to carry out the recommendations made in 1972. The statutory authorities use official vehicles almost exclusively and appear to manage their car fleets efficiently. However, Public Service departments vary considerable in their approach to the problem of movement of staff.

5. Exact comparisons, on a cost basis, cannot be drawn between any two organisations because of variations in numbers and functions. For example, the transport requirements of Housing Department rent collectors and Mines Department geologists are so different as to have little relationship with each other.

6. Nevertheless it can be said that while use of private vehicles by statutory authorities is negligible, this is the chief method of conveyance for public servants. In the financial year 1973-74 4 843 557 miles were run by staff of Public Service departments in private vehicles, at a cost in mileage allowances of \$613 609. The same departments ran 4 314 098 miles in official vehicles.

7. In view of the relatively high cost of car mileage allowances for private vehicles (the average cost per mile from the above figures in 1973-74 was nearly 13 cents), the Committee decided to examine the various mixtures of official and private transport used by departments. The purpose of the enquiry was to judge how far each mixture reflected deliberate policy, based on necessity, and to find directions whereby savings could be made through treating the Public Service as a whole.

8. The extent of the variety in practice is shown strikingly in Table II:—

TABLE II

Official and Private Vehicle Mileages by Larger Public Service Departments in 1973-74

DEPARTMENT	MILEAGES (Thousands)	
	Official Cars	Private Cars
Agriculture	420	1 782
Forestry	631	466
Health	305	321
Housing	587	2
Lands	173	238
Mines	383	115
Public Works	535	816
Social Welfare	112	254

The most striking of these figures are probably those for Agriculture and Housing, which yield official vehicle percentages of 19% and 99% respectively. A point of significance in the figures compared with those of 1970-71 is that Forestry's use of official cars has risen from 45% to 57% and Public Works' from 31% to 40%.

9. The Committee heard evidence from the Departments of Agriculture, Forestry, Health Services, Housing, Mines, Public Works and Social Welfare, who were asked to describe their own policy and practice. Finally the Committee examined witnesses from the Treasury and the Public Service Association and the Chairman of the Public Service Board on more general aspects.

10. In discussions with the witnesses from departments which make most use of motor transport, the Committee did not encounter any convincing resistance to the proposition that official cars are cheaper and therefore preferable to private cars.

11. The Director of Public Works, whose department has relied heavily upon private vehicles, rather surprised the Committee by announcing that a decision had been taken to phase out the use of its employees' vehicles on public business. This decision, he said, had been based on a departmental study which indicated that on 1973-74 costs per mile of 12·6 cents for private vehicles and 7·5 cents for official vehicles, elimination of the private vehicles would have saved about \$48 000 in that year. The estimated cost of enlarging the department's fleet of official vehicles was \$200 000. The Director referred to this as the 'capital' cost since Government purchasing advantages enable cars to be traded-in after two years or 25 000 miles without further cost. On these figures, he pointed out, the department would recoup its initial outlay in about four years. He had little need to point out the extent to which increases in car mileage allowance levels since 1973-74 have enhanced the savings which will be made.

12. The Director did not envisage that garaging would pose any problems for the department's pool. Since the cars would only be retained for two years, they would not need to be kept under cover, but would require only parking space. He said that the order of conversion would be to provide sixty additional vehicles for 240 private car users, which could be managed because most staff undertake only casual or incidental travel on business. This ratio of one to four interested the Committee when subsequent witnesses were heard.

13. When evidence from the various departments was called, they were asked to provide information on their policy and practice in regard to the proportion of official and private vehicle use in each case. As was remarked above, the Director of Public Works surprised the Committee by writing off his department's past practice and concentrating on future plans.

14. Though the Forestry Commission has also been a relatively heavy user of its employees' private cars, the Committee were prepared by the Commission's recent tendency to increase official vehicle mileages for the announcement, parallel to the Public Works Department's, that it is intended to phase out private car use over a four-year period. This decision had been taken, the Committee were told, because while 'the Commission, in March 1970, claimed that there was no significant difference between the cost of operating official and privately owned motor vehicles, it could no longer do this'. It had been found that for 1974-75, the travel by private vehicle which had cost \$68 400, could have been covered in official vehicles for \$31 160.

15. The Director of Social Welfare, again, did not try to justify his department's practice of covering more than two-thirds of travel on public business by private car. He said that the department's policy over a number of years had been to build up a pool of cars to replace private vehicles.

However, the Treasury, while agreeing that the idea is theoretically sound, has expressed doubt that the department has the capacity to operate and supervise a fleet of some fifty to sixty cars which would be required.

16. He told the Committee that the department now operates twelve vehicles, while fifty-six officers use their own cars. Of these latter, thirty-nine covered 9 000 miles or more each in a year.

17. The Department of Health Services is a heavy user of both private and official vehicles (roughly 300 000 miles per annum each). Its witness said that while head office staff were required to use departmental cars, it was found more convenient to allow personnel scattered around other areas to use their own cars. He agreed that some of these people could be catered for more cheaply by providing official cars, but what it boiled down to, he said, was that 'you have to get additional cars, but this year we could not get any funds for this from the Treasury'.

18. The answer which this witness gave to one question underlined for the Committee the need for the whole question of the economics of public service motor travel to be examined thoroughly and closely. Asked whether the department has any policy in relation to what annual mileage would make it cheaper to change over an officer from private to departmental car use, he replied—

When I gave evidence before to this Committee, which was purely my own opinion, I was in conflict with the then Public Service Commissioner and the officer from the Hydro-Electric Commission. I said 10 000 miles, I think the Public Service Commissioner said 6 800 . . . the Hydro-Electric Commission 2 000 miles. I think 2 000 would be too low and I now think that 10 000 is too high. Somewhere in the middle, say between 6 000 and 10 000 I would consider to be more practical.

19. While pointing out that this vagueness, in an area where, on the Public Works Departments, figures applied to the Public Service as a whole, many thousands of dollars annually may be wasted on needless car mileage allowances, is not nearly good enough, the Committee are not being critical of the witness from the Department of Health Services. His remarks are quoted because they express succinctly the state of knowledge general throughout the Service.

20. The Director of Mines said that his Department operates twenty-eight light vehicles and that twenty-seven employees are authorised to use their own private cars. He said that the mileages covered in the latter category are watched 'very carefully', so that a particular officer can be allocated an official car if his mileage becomes too high. Departmental vehicles are allocated on a long-term basis rather than pooled and the Director said that this results in them being idle at times, though 'it would be unusual for them to be parked at home for say as long as a week'.

21. The Department of Agriculture is by far the biggest user of its employees' private cars (1 782 000 miles in 1973-74). The Director of Agriculture noted—

. . . that your Committee is also enquiring into the relative economics of private and official vehicle use by State employees. I feel that it is not appropriate for me to comment as you are no doubt aware the Public Service Board as a matter of Government policy approves of certain officers utilising their private cars on official business.

22. The Director guessed that the average mileage covered by the 380 officers on car mileage allowance would be 10 000 miles, with individual figures having ranged from 1 000 to 40 000 miles.

23. When it was suggested to the Director that with mileages of this magnitude, it would be cheaper to convey his staff in official vehicles, he said that while he doubted this, he would have no objection personally if private vehicle use were phased out.

24. The Director of Agriculture felt that for full efficiency to be maintained a car would have to be allocated to each officer who at present claims mileage allowance. The possibility of 380 additional cars being thus required has affected the department's assessment of the economics of replacing private car use, but the experience of other departments and authorities has been that ready availability of cars can be achieved with much smaller numbers. Obviously officers who drive only 1 000 miles a year would not each require a car, while even prodigious travellers would not all have their peak work loads concurrently.

25. The Housing Department began phasing out private car use in 1968, so that now only casual use is permitted. The Director was examined on the economics and efficiency of the car pool in the light of his department's experience. He was very enthusiastic about the results so far. Apart from savings in cost, he emphasised that efficiency had been gained by elimination of the element of uncertainty inherent in use of private vehicles which when subject to accident or breakdown are not readily replaced.

26. The Director said that a pool consisting of between thirty and forty sedans is maintained in Hobart. The remainder of the total fleet of eighty-nine sedans is located in other centres under the control of Regional Housing Officers. He gave full details of the operation of the fleet which served more than anything to demonstrate to the Committee that the Department has the matter under complete control. The vehicles are used as a true pool, that is, they are allocated from day to day to staff as they need them. The Director was able to produce detailed figures showing separately analyses of costs of head office and regional vehicles over their whole life between July 1971 and December 1974. The average cost for head office sedans in this period was 7.38 cents per mile including running costs, interest, administration and car pool expenses. The figure for regional cars was 5.08 cents per mile, the difference being explained by the fact that car pool expenses are not applicable in this case. He also showed that the average cost per mile of all sedans in 1973-74 was 6.63 cents. The significance of this figure is shown by comparison with the level of car mileage allowances determined by the Public Service Board in May 1974 for use of private vehicles of 16 h.p. or more:—

Annual Mileage Travelled on Duty	Cents per Mile
First 5 000 miles	15
Any additional miles	8

Currently, rates of 19.4 and 10.3 cents per mile, respectively, apply.

27. Because the question of garaging had been raised as a difficulty by other witnesses, the Committee asked the Director of Housing about this point. He said that his department's cars are parked in the open, in Hobart in a fenced compound. The fact that the Department shows a 'profit' on trading in its vehicles after two years or 25 000 miles of \$350 renders comment on this practice superfluous.

28. The Hydro-Electric Commission's experience with a head office pool of fifty-five light motor vehicles is similar to that of the Housing Department. The Motor Transport Superintendent gave as the average per mile costs of sedans, light sedans and station sedans, 7.15 cents, 5.85 cents and 8.43 cents respectively. He listed what he considered to be the advantages of using pool vehicles rather than private cars as follows:—

- (a) There is always a vehicle available to an officer to enable him to carry out duties required of him *when needed*. Privately owned vehicles are sometimes not available because of servicing and repair and there can be a tendency for the availability of a vehicle to dictate the action of its owner.
- (b) The number of vehicles in a pool can be determined by the work load at the time and not by the number of officers requiring transport. The increase in annual mileages of pooled vehicles reduces the per mile cost of standing charges. When private vehicles are used

on low annual mileages the user department pays the standing charges of an increased number of vehicles through the medium of the high hire rate paid for the first 5 000 miles run each year.

- (c) Privately owned vehicles cannot normally be accommodated at or near the office and consequently time is lost by the owner having to walk to the place where it is parked.

29. Having examined these witnesses, and being aware from previous enquiries that authorities like the Transport Commission and the Police Department are also able to operate efficiently without paying employees car mileage allowances, the Committee felt it desirable to seek the views of the Treasury and Public Service Board and, for the employees' point of view, the Public Service Association.

30. The Public Service Board has a central responsibility for both efficient and economic performance of Public Service personnel. It is the authority which must approve individuals for payment of car mileage allowances.

31. The Chairman of the Board was asked to comment on the proposition that the evidence already heard, and described above, tended to lead to the conclusion that considerable savings could result from the virtual (and if necessary gradual) elimination of private car use for travelling on official business. The Chairman responded as follows:—

For some years I felt that the financial benefit or advantage of having Government owned cars as distinct from use of privately owned cars was marginal, but the costs to the State from using privately owned vehicles have risen so tremendously over the past few years and the costs in relation to Government owned vehicles have not risen so much as those associated with privately owned vehicles, that I now consider that there is a good case to be made out for the use of Government owned vehicles and less use of privately owned vehicles.

He said that the average cost per mile to the State for the use of private cars in 1973-74 was 12·7 cents.

32. The Chairman of the Public Service Board favoured investigation of the feasibility of a Public Service car pool by an inter-departmental committee including Public Works and Housing Department representatives as well as his own board, on the basis of their experience in this field. Similarly, administration of such a pool he saw as appropriately in the hands of the Public Works or Supply and Tender Departments. He felt that as long as provision remained for emergency use of private cars, efficiency could be maintained with a pool. As to the size of the pool needed, the Chairman made the reasonable point that this would be arrived at by trial and error during the changeover process. He concluded by saying that he considered a reasonable recommendation by the Committee in reporting on this enquiry would be that an inter-departmental working committee be set up to conduct a feasibility study, with the intention of finding a practical proposition.

33. The Treasury was asked about the financial ramifications of establishing a Public Service car pool. The first point made in evidence was that—

It is established practice that so far as departmental vehicles are concerned, capital cost shall be met from Consolidated Revenue rather than from Loan Fund. The basic reason is that a light motor vehicle has a relatively short life.

The Treasury later admitted awareness that recycling procedures result in there being 'little, if any replacement cost', and in view of this, the Committee wonder whether the insistence that purchase of cars be financed through Consolidated Revenue may not be unnecessarily conservative. It was pointed out, in the Treasury's evidence, that insufficient data exists for a detailed evaluation to be made of the possible economies of using official vehicles exclusively.

34. Mention is made above of the Public Service Board's 1974 determination of car mileage allowance rates. While establishing rates for larger vehicles of 15 cents per mile for up to 5 000 miles in a year and 8 cents per mile thereafter, a condition was imposed that the higher rate would be paid only to officers who were required to use their private vehicles regularly in the course of duty. Casual users would be con-

fined to the lower rate, which was to cover running costs, rather than fixed costs. The Treasury drew the Committee's attention to the fact that the Tasmanian Public Service Association successfully appealed against this condition, and the Public Service Arbitrator, when handing down his decision, commented as follows:—

If in fact the present mileage rates are uneconomic to the Government, then the answer might properly be for less officers to be authorised to use their vehicles and a greater use be made of Government vehicles or even perhaps hire cars if in fact such a scheme is viable. Over the last few years, Parliamentary Committees have investigated the cost of mileage in the Public Service and have indeed recommended a greater use being made of Government vehicles and less mileage being paid to authorised users of private vehicles. My decision in this may accelerate these Committees' recommendations.

35. On the question of the establishment of a Public Service car pool, the Treasury supported in principle the proposition, as a separate entity from the pools already conducted by statutory authorities. However, it warned that 'it would be dangerous to introduce such a system before all aspects are thoroughly examined'. It joined the Chairman of the Public Service Board in calling for a detailed study of the feasibility of the proposal, to research and investigate, in particular—

- (a) location and type of pool facilities;
- (b) optimum number of pool fleet;
- (c) funding capital costs of pool facilities and fleet;
- (d) arrangements for fleet servicing, garaging, maintenance and security/caretaking;
- (e) staffing structure for managing the pool;
- (f) basis for operating and administering the pool;
- (g) vehicle availability requirements, e.g., 24 hours a day/365 days a year;
- (h) recurrent costs of running the pool;
- (i) overall economic viability of the proposal.

36. For reasons of practicality as well as finance, the Treasury saw the likely period of transition as being about five years.

37. The General Secretary of the Tasmanian Public Service Association gave his association's views on the question of whether State employees should travel by official vehicles or in their own cars. He said that a number of public servants would prefer not to use their vehicles in their work but to have them available for family use. However, it would be necessary to provide enough pool vehicles to ensure that a car would always be available when needed, and that vehicles of the correct type (sedan, station wagon, four-wheel drive, etc.) be available in sufficient numbers. He said that it would be necessary also to have other than standard vehicles available for officers who for physical reasons, for example back complaints, require bucket seats or other modifications. Proper and regular servicing would be necessary. He stressed the importance of safety for officers, particularly those who undertook extensive travel. He also made the point that no preference should be given on account of seniority in allocation of vehicles. The General Secretary of the Association also said that it would be necessary to give notice to public servants who were currently buying their cars for work purposes.

CONCLUSIONS AND RECOMMENDATIONS

1. The Committee found evidence of wasteful absence of travel co-ordination between Hobart and Launceston when in one week ninety-six cars were used to convey 125 State employees between the two cities.

2. Whereas 4 843 557 miles were run by public servants in private vehicles on official duty at an average cost of 12·7 cents during 1973-74, 4 314 098 miles were covered by official cars, at an estimated cost of around 7·5 cents per mile. Up to a quarter of a million dollars was thus lost in that year through continuation of car mileage payments to public servants.

3. Although firm recommendations have previously been made by this Committee for the cessation of car mileage payments, and the practice nevertheless continues, no witness opposed the proposition in principle.

4. The Public Works Department and the Forestry Commission have decided to replace car mileage allowances with car pools, the Housing Department did this several years ago and the Departments of Social Welfare and Health Services have sought funds to build up their fleets. The efforts of these departments should be co-ordinated lest any advantages of scale be lost.

5. Both the Public Service Board and the Treasury support the establishment of a Public Service car pool to replace use of private vehicles on official duty and propose a detailed feasibility study. The Committee recommend that such a study be carried out with expedition.

6. If and when such a car pool is established, procedures should be built into the system to ensure that vehicles are at all times kept in safe condition.

7. There should be a phasing-in period in respect of officers who have bought their cars because they have been given to expect that they would be required to use them in the course of their official duties.

R. MATHER, Chairman

Ministerial Party Room,
Parliament House, Hobart,
18 February 1976