

## **Background Information on Civil Service Mileage Rates**

The Public Service Commission recently released the new civil service mileage rates for 2010 that take effect on April 1. We are providing an explanation about why the rates have decreased this year, and want to encourage every member to consider the best mileage rate option based on his or her circumstances. As we will explain in greater detail below, the reimbursement rates for civil service members will decrease 6.83% in 2010.

### **How your Mileage Reimbursement Rates are Calculated**

The Nova Scotia Civil Service Master Collective Agreement contains reimbursement provisions for use of privately owned vehicles on the Employer's business (see Article 30 – Travel Regulations – in the agreement that expires March 31, 2010).

The rates used to reimburse members are adjusted annually on April 1, and the adjustment is based on the annual average year over year percentage change in the Nova Scotia Private Transportation Index (PTI) for the calendar year preceding the April 1 effective change date, as calculated by Statistics Canada. According to the article, "The calculation is based on the calendar year January to December percentage change over January to December".

Thus, to summarize, your Employer adjusts your mileage reimbursement rates once a year. The adjustments, which are sent to NSGEU for verification and confirmation prior to implementation, are based on the averaged annual percentage change from one calendar year to the next.

### **How does Statistics Canada calculate adjustments?**

Statistics Canada uses the PTI of the Consumer Price Index (CPI) to calculate annual percentage changes in the costs associated with operating a motor vehicle. The components used in calculating the PTI include the following costs:

- Purchase, leasing, and rental of passenger vehicles
- Gasoline
- Passenger vehicle parts, maintenance, and repairs
- Passenger vehicle insurance premiums
- Passenger vehicle registration fees
- Drivers licences
- Parking fees

The costs associated with each of these components is analyzed and adjusted accordingly by Statistics Canada on a month-by-month basis to compute trends and changes in prices. This information is compiled and analyzed separately for each province and the adjustments reflect the percentage change based on local prices. To calculate your mileage reimbursement rates we then average the

month-by-month change to calculate an annual adjustment rate. Please see below for a more detailed explanation.

**So why did the Mileage Reimbursement Rates Decrease from 2009 to 2010?**

The 2009 to 2010 PTI annual percentage 12-month rate change was decreased by 6.83%. The change rate of -6.83 was obtained by averaging the monthly percentage change in PTI for each of the 12 months in 2009. As indicated below, for the year 2009 there was a decrease in the costs associated with operating a vehicle for 10 of 12 months (January to October).

The previously established rates for 2009 were multiplied by -6.83% to calculate the 2010 rates. We encourage you to review the table below, which outlines the percentage change in PTI on a month-by-month and annual basis dating to 2005. This table reflects the month by month fluctuations in the PTI, and the resulting 12-month annual average percentage change, in the PTI costs dating back to 2005.

**Percentage Change Calculated over a 12 Month Period (2002 Base Numbers)**

|             | Jan.   | Feb.  | Mar.   | Apr.   | May    | June  | July   |
|-------------|--------|-------|--------|--------|--------|-------|--------|
| <b>2005</b> | 2.51%  | 3.66% | 3.52%  | 4.85%  | 0.18%  | 0.92% | 2.13%  |
| <b>2006</b> | 7.34%  | 3.72% | 3.77%  | 6.81%  | 6.87%  | 5.76% | 5.71%  |
| <b>2007</b> | -1.93% | 0.00% | 2.93%  | -0.25% | 1.72%  | 1.56% | 0.34%  |
| <b>2008</b> | 4.0%   | 3.0%  | 0.1%   | 0.2%   | 2.4%   | 4.9%  | 5.3%   |
| <b>2009</b> | -12.5% | -8.3% | -10.0% | -10.4% | -10.7% | -9.1% | -10.7% |
| <b>2010</b> | 11.6%  |       |        |        |        |       |        |

|             | Aug.   | Sept.  | Oct.   | Nov.   | Dec.   | % Change of Previous 12 Months Change of Previous 12 Months |
|-------------|--------|--------|--------|--------|--------|---|
| <b>2005</b> | 6.29%  | 10.09% | 6.58%  | 3.15%  | 5.63%  | <b>4.13%</b>  |
| <b>2006</b> | 3.00%  | -5.57% | -4.06% | -1.26% | -0.44% | <b>2.64%</b>  |
| <b>2007</b> | -2.74% | 4.54%  | 4.23%  | 5.10%  | 3.75%  | <b>1.60%</b>  |
| <b>2008</b> | 5.2%   | 3.5%   | 0.1%   | -5.9%  | -10.3% | <b>1.02%</b>  |
| <b>2009</b> | -7.5%  | -8.7%  | -4.8%  | 3.5%   | 7.2%   | <b>-6.83%</b>   |
| <b>2010</b> |        |        |        |        |        |   |

The 2010 mileage rates were calculated by applying the -6.83% to the previously established reimbursement rates. The mileage reimbursement rates for 2009 were as follows:

## Mileage Rates

### Regular kilometrage rates

| <u>Distance travelled on business</u> | <u>Cents/km (2009 rate)</u> |
|---------------------------------------|-----------------------------|
| 0 – 16,000 kms                        | 40.92                       |
| 16,000.1 – 27,000 kms                 | 36.11                       |
| 27,000 + kms                          | 27.68                       |

When we apply the -6.83% change, the rates for 2010 become:

| <u>Distance travelled on business</u> | <u>Cents/km</u> | <u>2010 Rate</u> |
|---------------------------------------|-----------------|------------------|
| 0 – 16,000 kms                        | 40.92 x -6.83%  | 38.13            |
| 16,000.1 – 27,000 kms                 | 36.11 x -6.83%  | 33.64            |
| 27,000 + kms                          | 27.68 x -6.83%  | 25.79            |

### DNR Light Trucks supplementary reimbursement

| <u>Distance travelled on business</u> | <u>Cents/km (2009 rate)</u> |
|---------------------------------------|-----------------------------|
| 0 – 16,000 kms                        | 44.65                       |
| 16,000.1 – 27,000 kms                 | 39.84                       |
| 27,000 + kms                          | 31.41                       |

When we apply the -6.83% change, the rates for 2010 become:

| <u>Distance travelled on business</u> | <u>Cents/km</u> | <u>2010 Rate</u> |
|---------------------------------------|-----------------|------------------|
| 0 – 16,000 kms                        | 44.65 x -6.83%  | 41.60            |
| 16,000.1 – 27,000 kms                 | 39.84 x -6.83%  | 37.12            |
| 27,000 + kms                          | 31.41 x -6.83%  | 29.27            |

## Monthly Allowances

### Regular Monthly Allowance

#### 2009 Rate

\$318.09 + 23.47 cents/km

When we apply the -6.83% change, the rates for 2010 become:

$$\$318.09 \times (-6.83) + 23.47 = 296.37 + 21.87 \text{ cents/km}$$

### Engineering Survey Tech or Project Engineer TIR

#### 2009 Rate

\$855.69

When we apply the -6.83% change, the rates for 2010 become:

2010 Rate

\$797.27 (\$855.69 x -6.83% = \$797.27)

Scale House Operators & transport inspectors

| <u>Km Usage</u>    | <u>Monthly Allowance (2009 Rates)</u> |
|--------------------|---------------------------------------|
| 8 km to 24 kms     | \$63.78                               |
| 24 kms to 48.3 kms | \$97.19                               |
| Over 48.3 kms      | \$164.03                              |

When we apply the -6.83% change, the rates for 2010 become:

| <u>Km Usage</u>    |                      | <u>Monthly Allowance (2010 Rates)</u> |
|--------------------|----------------------|---------------------------------------|
| 8 km to 24 kms     | \$63.78 x - 6.83% =  | \$59.43                               |
| 24 kms to 48.3 kms | \$97.19 x - 6.83% =  | \$90.56                               |
| Over 48.3 kms      | \$164.03 x - 6.83% = | \$152.83                              |

There are several reasons why the PTI rates decreased by more than 6% compared to the previous year. The following table from Statistics Canada indicates how the prices in Nova Scotia changed from 2008 to 2009. These rates apply specifically to the price of transportation related items in Nova Scotia and report the annual percentage change. All but two of these items were down in 2009.

**Consumer Price Index, transportation, by province  
(Nova Scotia)**

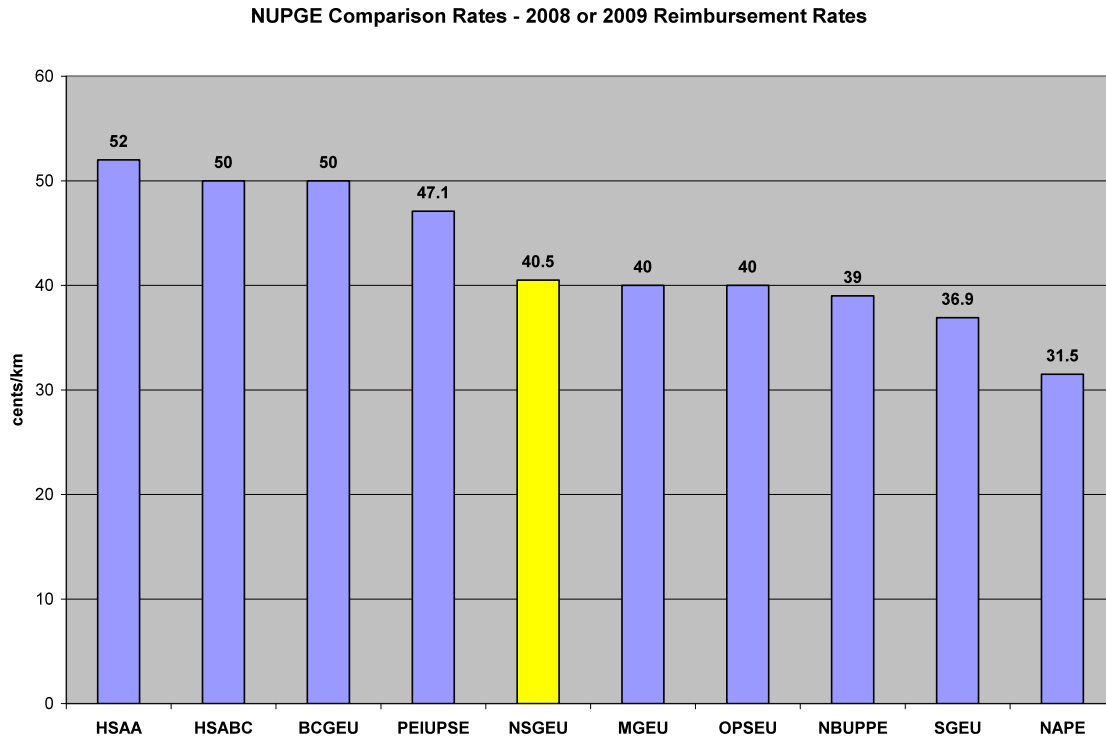
|  | 2008                                   | 2009 |
|--|--|------|
|  | <u>% change from the previous year</u> |      |
| All-Items  | 3.0                                    | -0.2 |
| Transportation   | 1.2                                    | -6.4 |
| * Private transportation                               | 1.0                                    | -7.1 |
| - Purchase, leasing, & rental<br>of passenger vehicles | -6.7                                   | -5.8 |
| - Operation of passenger vehicles                      | 6.5                                    | -7.7 |
| * Public Transportation                                | 4.5                                    | 1.3  |
| - Local & Commuter transportation                      | 0.0                                    | 4.9  |
| - Inner-city transportation                            | 6.8                                    | -0.4 |

\* Accessed on March 29, 2010 from:

<http://www40.statcan.gc.ca/l01/cst01/econ160d-eng.htm>

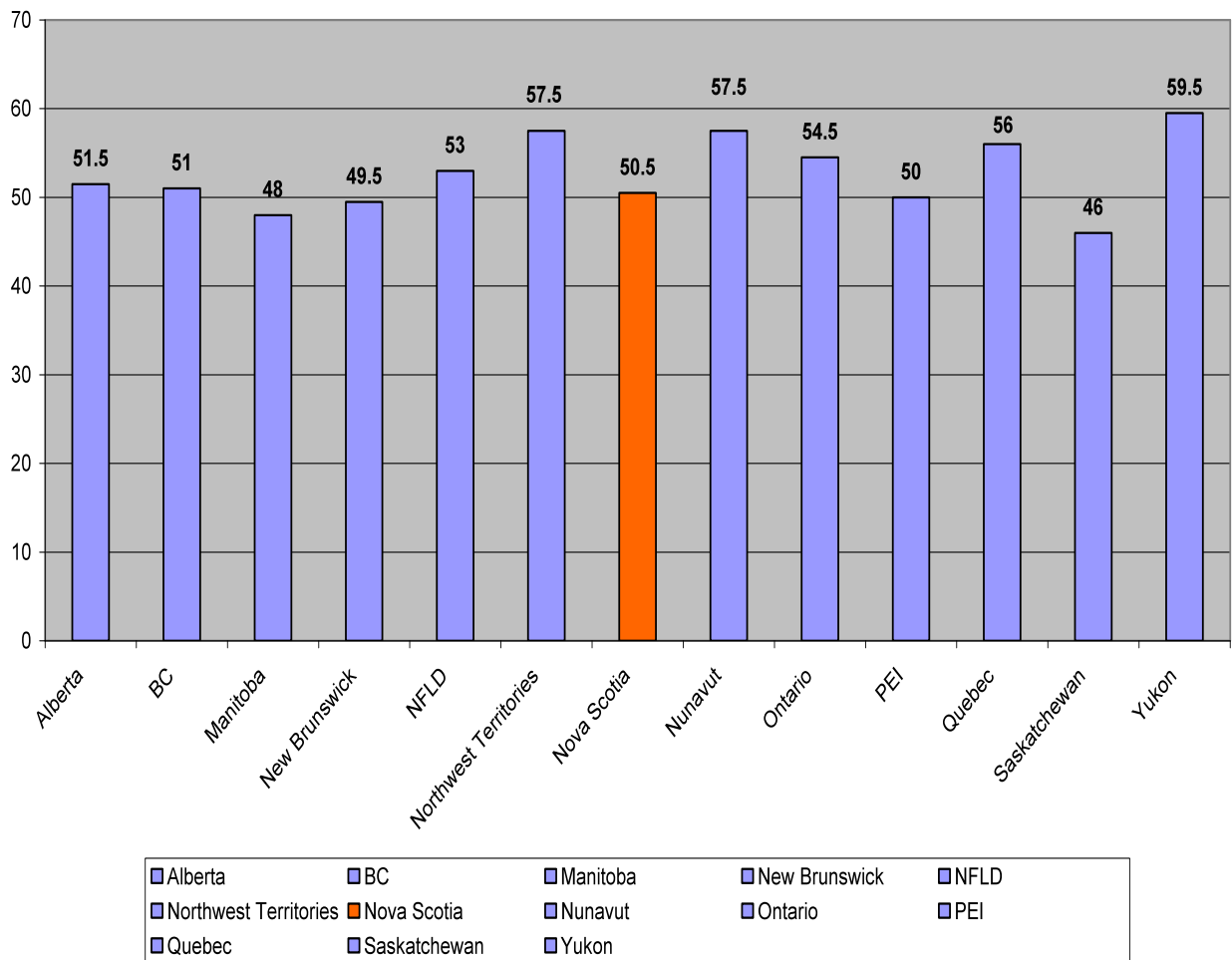
## How do our rates compare?

Below we report the rates for other provincial unions affiliated with the National Union of Public and General Employees (NUPGE). All rates represent the rates provided to members who travel on the Employer's business in effect in 2009 (or 2008 for those who do not have more recent rates). NSGEU falls close to the centre in terms of reimbursement rates when compared nationally.



We also explored the reimbursement rates provided to federal Treasury Board employees. Once again, when compared to the other provinces, nationally employees in Nova Scotia are at approximately the middle in terms of reimbursement rates. However, Federal reimbursement rates generally are substantially higher than most provincial rates.

Treasury Board of Canada/National Joint Council Kilometric Rates (effective January 1, 2010)



**What Mileage Rate Options Exist?**

Article 30 of the Collective Agreement provides for two main mileage options for most employees: straight kilometrage and monthly allowances plus kilometrage.

For use of the monthly allowance rates, an employee must be designated by the Employer as "...belonging to a class of employment where the availability of a motor vehicle is deemed to be a condition of employment may opt to receive a monthly car allowance..." (Article 30.01 Monthly Allowances (a)"). Employees in this second group can also choose to have the straight kilometrage rates. They have to choose by April 1 or within 30 days of moving into this designation.

### Sample Comparisons of Mileage Reimbursement Options

| Kilometric Usage | Straight km Reimbursement  | Monthly Allowance + Kilometrage Reimbursement   |
|------------------|--|---|
| 10,000           | @ 38.13 = <b>3813.00</b>   | 296.37 x 12 - \$3556.44<br>+ 10,000km x 21.87 =<br>\$2187.00<br>\$3556.44 + \$2187.00 =<br><b>\$5743.44</b> |
| 20,000           | - 1 <sup>st</sup> 16,000 km @<br>38.13 = \$6100.80<br>- Next 4000 km @<br>33.64 = 1345.60<br>- \$6100.80 + \$1345.60 =<br><b>\$7446.40</b>   | 296.37 x 12 = 3556.44<br>20,000km x 21.87 =<br>\$4374.00<br>\$3556.44 + \$4374.00 =<br><b>\$7930.44</b>     |
| 30,000           | - 1 <sup>st</sup> 16,000 km @ 38.13<br>= \$6100.80<br>- Next 11,000 (16,001<br>km to 27,000 km) @<br>33.64 = \$3700.40<br>- Last 3000 km @ 25.79<br>773.70<br>\$6100.80 + \$3700.40 +<br>\$773.70 = <b>\$10,574.90</b> | 296.37 x 12 = 3556.44<br>30,000km x 21.87 =<br>\$6561.00<br>\$3556.44 + \$6561.00 =<br><b>\$10,117.44</b>   |
| 40,000           | - 1 <sup>st</sup> 16,000 @ 38.13<br>= \$6100.80<br>- Next 11,000 (16,001<br>km to 27,000 km) @<br>33.64 = \$3700.40<br>- Last 13000km @ 25.79<br>3352.70<br>\$6100.80 + \$3700.40 +<br>3352.70 = <b>\$13,153.90</b>    | 296.37 x 12 = 3556.44<br>40,000km x 21.87 =<br>8748.00<br>3556.44 + 8748.00 =<br><b>\$12,304.44</b>         |

Supplementary rates also exist for certain groups of employees with the Department of Natural Resources and the Department of Transportation and Infrastructure Renewal as well as scale house operators due to the nature and location of work.

In respect to selecting which option is best for you, we strongly encourage members to consider the available options in respect to the amount of work versus personal driving, the cost of your vehicle and depreciation, maintenance and fuel costs, the income tax implications, and your personal preference.

It should be noted in respect to these options that the straight kilometrage reimbursement payments are not considered income for taxation purposes, while monthly allowances are. You should consider consulting with an accountant or tax expert which is the best option for you or contact revenue Canada for advice at: <http://www.cra-arc.gc.ca/tx/bsnss/tpcs/pyrll/bnfts/tmbl/fcts-eng.html>

.The NSGEU advocated for members to have an extension in the April 1 deadline to consider the possible reimbursement options, and if necessary, seek financial guidance. The Employer responded as follows:

“The Employer is agreeable, on a without prejudice and without precedent basis, to an extension of the April 1st date to May 1st for those employees who currently have an option of electing either monthly allowance or straight mileage. This is on the basis, however, that any change in an employee’s option would be effective on May 1st, such that no retroactive adjustments would be required. This, of course, would not impact the April 1st date for the new rates themselves; the May 1st date would only apply where an employee has changed his/her option from monthly allowance to straight mileage (or vice versa).”

Prepared by NSGEU  
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