

Background on the Nova Scotia Civil Service Mileage Rates

New mileage rates came into effect on April 1, 2013. They are 1.84% higher than the 2012 rates. We provide an explanation on the adjustments to the compensation rates and a snapshot on how the rates in Nova Scotia compare to those negotiated by other unions across Canada.

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 32 – Travel Regulations).

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

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.

Factors Influencing the Mileage Reimbursement Rate Increase from 2011 to 2012

The 2012 to 2013 PTI annual percentage 12-month rate change increased 1.84%. The change rate of 1.84 was obtained by averaging the monthly percentage change in PTI for each of the 12 months in 2012. As indicated below, for the year 2012, there was an increase in the costs associated with operating a vehicle for 9 months of the calendar year, ranging from 4.7% (February 2012) to 0.8% (May 2012), and decreases were only observed during the months of July (-0.3%), November (-1.0%), and December (-0.1%).

The previously established rates for 2012 were multiplied by 1.84% to calculate the 2013 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 2008. 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 2008.

	Jan.	Feb.	Mar.	Apr.	May	June	July
2008	4.0%	3.0%	0.1%	0.2%	2.4%	4.9%	5.3%
2009	-12.5%	-8.3%	-10.0%	-10.4%	-10.7%	-9.1%	-10.7%
2010	11.6%	7.3%	8.5%	7.7%	4.6%	-0.4%	2.7%
2011	4.9%	5.1%	7.0%	9.3%	9.6%	8.2%	6.8%
2012	4.0%	4.7%	3.9%	3.8%	0.8%	1.2%	-0.3%

	Aug.	Sept.	Oct.	Nov.	Dec.	% Change of Previous 12 Months
2008	5.2%	3.5%	0.1%	-5.9%	-10.3%	1.02%
2009	-7.5%	-8.7%	-4.8%	3.5%	7.2%	-6.83%
2010	2.4%	3.4%	6.2%	3.7%	6.0%	5.30%
2011	6.7%	8.5%	6.6%	6.0%	2.5%	6.78%
2012	1.3%	2.0%	1.7%	-1.0%	-0.1%	1.84%

The 2013 mileage rates were calculated by applying the 1.84% to the previously established

reimbursement rates. The mileage reimbursement rates for 2012 were as follows:

<u>Distance travelled on business</u>	<u>Cents/km (2012 Rates)</u>
0 – 16,000 kms	42.87
16,000.1 + kms	37.83

When we apply the 1.84% change the rates for 2013 become:

<u>Distance travelled on business</u>	<u>Cents/km</u>	<u>2013 rates cents/km</u>
0 – 16,000 kms	42.87 x 1.84%	43.66
16,000.1 +	37.83 x 1.84%	38.53

DNR Light Truck Supplementary Reimbursement Rates:

<i>Kilometres Driven</i>	<i>2012 Rate</i>	<i>New 2013 Rate</i>
0–16 000 km	46.78¢/km x 1.84%	47.64¢/km
Greater than 16 000km	41.74¢/km x 1.84%	42.51¢/km

Monthly Allowances :

Regular Monthly Allowance

<i>2012 Rate</i>	<i>New 2013 Rate</i>
\$333.25 + 24.59¢/km	\$339.38 + 25.04¢/km
\$333.25 (x 1.84%) + 24.59 ¢/km (x 1.84%)	

**DNR Light Truck
Supplementary**

<i>2012 Rate</i>	<i>New 2013 rate</i>
\$333.25 + 28.47¢/km	\$339.38 + 28.99¢/km
\$333.25 (x 1.84%) + 28.47 ¢/km (x 1.84%)	

TIR Engineering Survey Technicians/Project Engineers

<i>2012 Rate</i>	<i>New 2013 Rate</i>
\$896.48 (x 1.84%)	\$912.98

Scale House Operators and Road Transport Inspector Rates

<i>Kilometres Driven</i>	<i>2012 Rate</i>	<i>New 2013 Rate</i>
8–24 km	\$66.82 (x 1.84%)	\$68.05
24–48.3 km	\$101.83 (x 1.84%)	\$103.70
Over 48.3 km	\$171.85 (x 1.84%)	\$175.01

Transportation Allowances:

<i>Call Back (per shift)</i>	<i>2012 Rate</i>	<i>New 2013 Rate</i>
Article 20.05	\$9.66 (x 1.84%)	\$9.84

<i>Travel Between 12:00 midnight-6:00am</i>	<i>2012 Rate</i>	<i>New 2013 Rate</i>
Article 32.03	\$8.01 (x 1.84%)	\$8.16

There are several reasons why the PTI rates have risen 1.84% from the previous year. The following table from Statistics Canada indicates how the prices in Nova Scotia changed from 2011 to 2012. These rates apply specifically to the price of transportation related items in Nova Scotia and report the annual percentage change.

Private Transportation Index (PTI), Consumer Price Index, by province (Nova Scotia)

	2011	2012
	<u>% change from the previous year</u>	
Transportation	6.7	1.8
* Private transportation	6.8	1.8
- Purchase, leasing, & rental of passenger vehicles	1.4	0.6
- Operation of passenger vehicles	9.9	2.6
* Public Transportation	5.2	2.2
- Local & Commuter transportation	0.4	0.8
- Inner-city transportation	7.6	2.7

Accessed on March 20, 2013 from: <http://www5.statcan.gc.ca/cansim/a21>

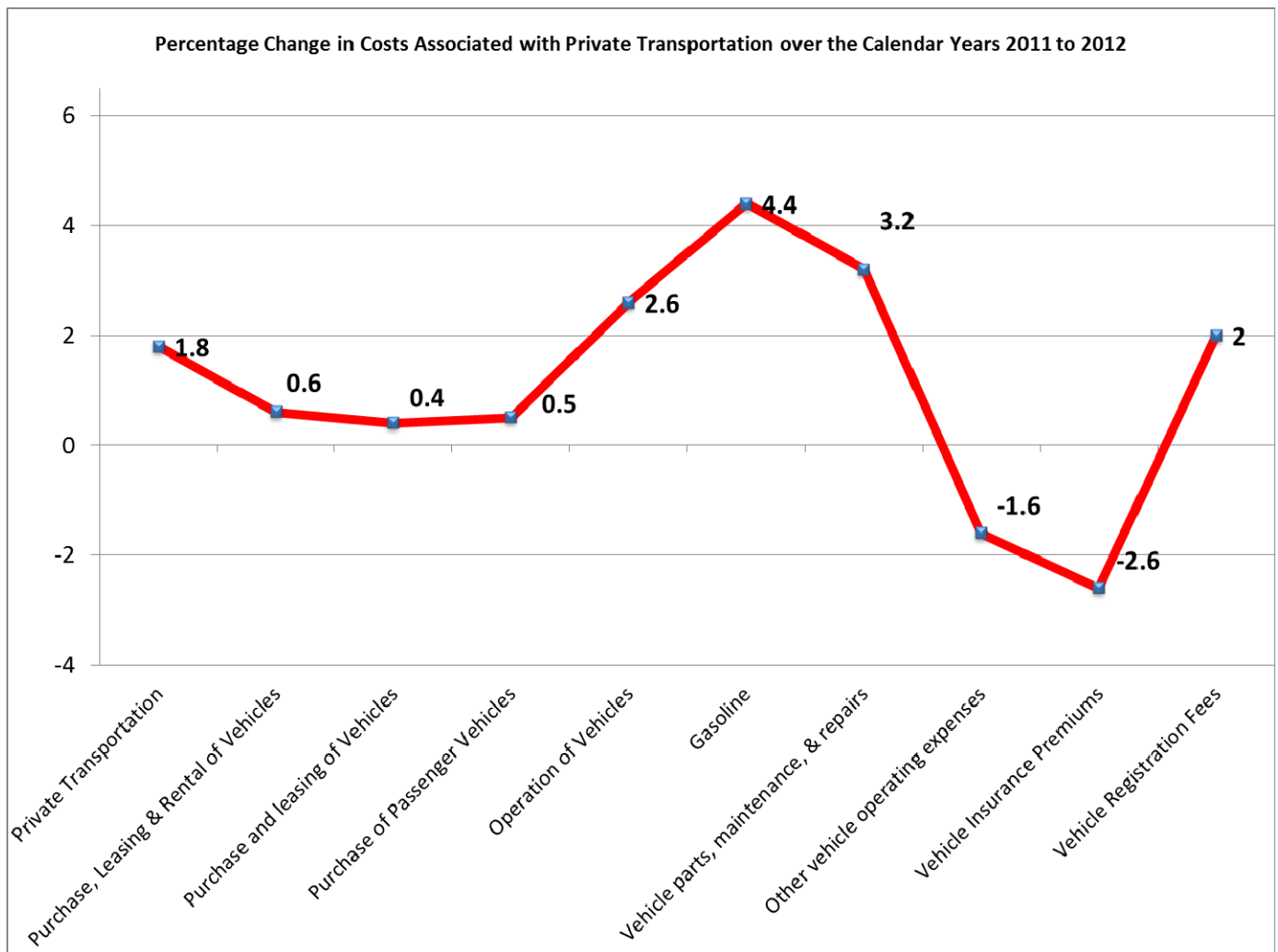
There are several factors involved in the above percentage changes in the costs associated with Private Transportation. Within the category of 'Private Transportation, there are two sub-categories. Namely, the 'Purchase, Leasing, & Rental of Passenger Vehicles' and the 'Operation

of Passenger Vehicles’. Each of these sub-categories has several elements that factor into the costs associated with that sub-category. For example, the costs of ‘Operation of Passenger Vehicles’ encompasses (1) ‘Gasoline’ (2) ‘Passenger Vehicle Parts’, ‘Maintenance, & Repairs’ (3) ‘Other Passenger Vehicle Operating Costs’ (4) ‘Passenger Vehicle Insurance Premiums’, and (5) ‘Passenger Vehicle Registration Fees’. Each of these factors contributed to the 1.84% overall increase in the costs associated with operating a vehicle in 2012.

To help you better understand the costs associated with each of the Private Transportation sub-components, included below is a line graph and chart that display the percentage increase in costs for each of the factors involved. The data illustrates the annual percentage change for each of the sub-components between 2011 and 2012.

Transportation Associated Components and Sub-Components	% Increase in Cost in 2012 (compared to 2011 costs)
Transportation	1.8
Private Transportation	1.8
Purchase, Leasing & Rental of Passenger Vehicles	0.6
Purchase and Leasing of Passenger Vehicles	0.4
Purchase of Passenger Vehicles	0.5
Operation of Passenger Vehicles	2.6
Gasoline	4.4
Passenger Vehicle Parts, Maintenance, & Repairs	3.2
Other Passenger Vehicle Operating Expenses	-1.6
Passenger Vehicle Insurance Premiums	-2.6
Passenger Vehicle Registration Fee	2.0

Please see below for a graphical illustration of this data reflecting the annual percentage increase associated with each PTI component.



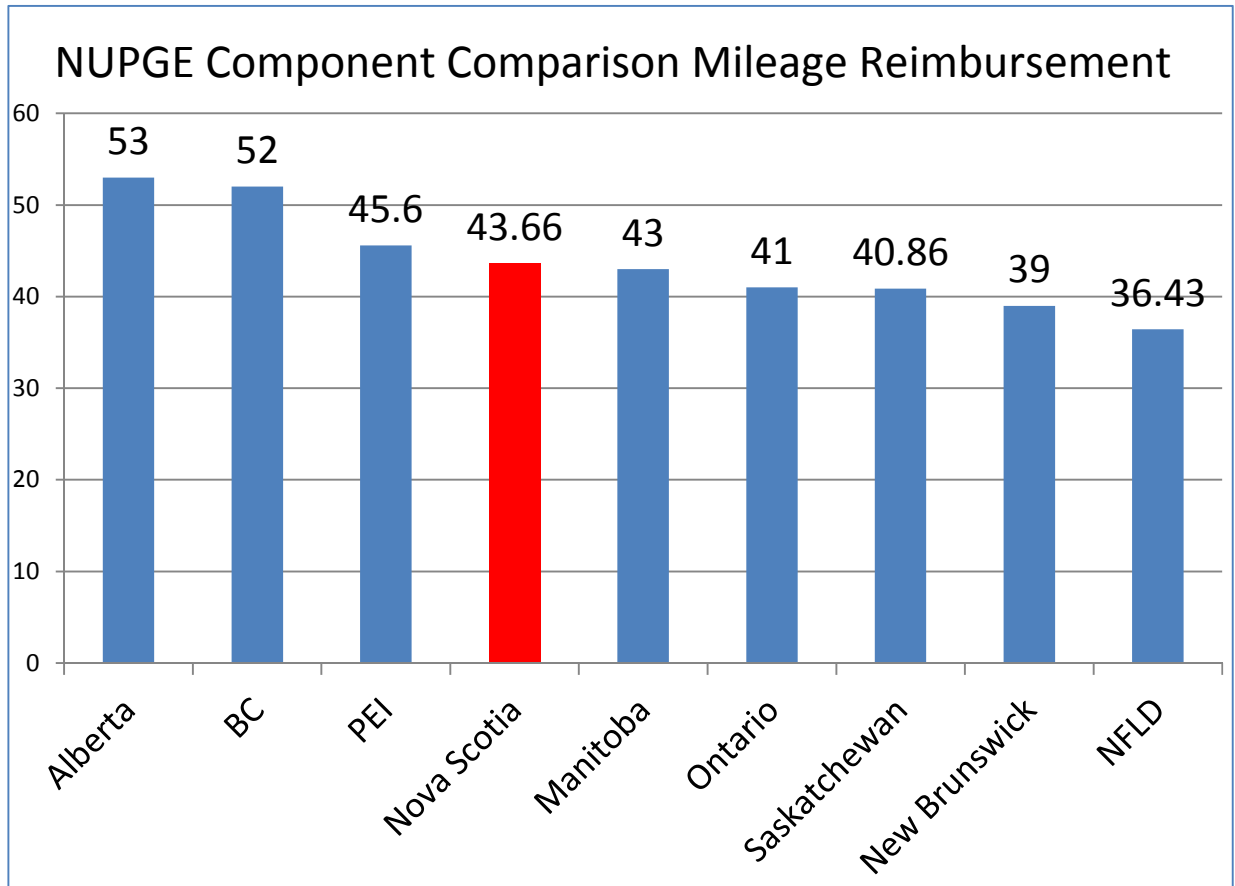
How do our rates compare?

The graph below reports the rates for the other provincial unions affiliated with the National Union of Public and Government Employees (NUPGE). All rates represent the highest available rates provided to members who travel on the Employer’s business in 2012 or 2013 (or in 2011 for those who do not have more recent rates available). NSGEU falls slightly above the centre in terms of reimbursement rates when compared nationally.

This pattern of placement of Nova Scotia rates is not a new one, and somewhat reflective of the gas prices and mileage reimbursement rates based on the PTI in the last several years. Regarding the price of gasoline, according to the historical pricing costs as collected by Kent Marketing

Ltd,

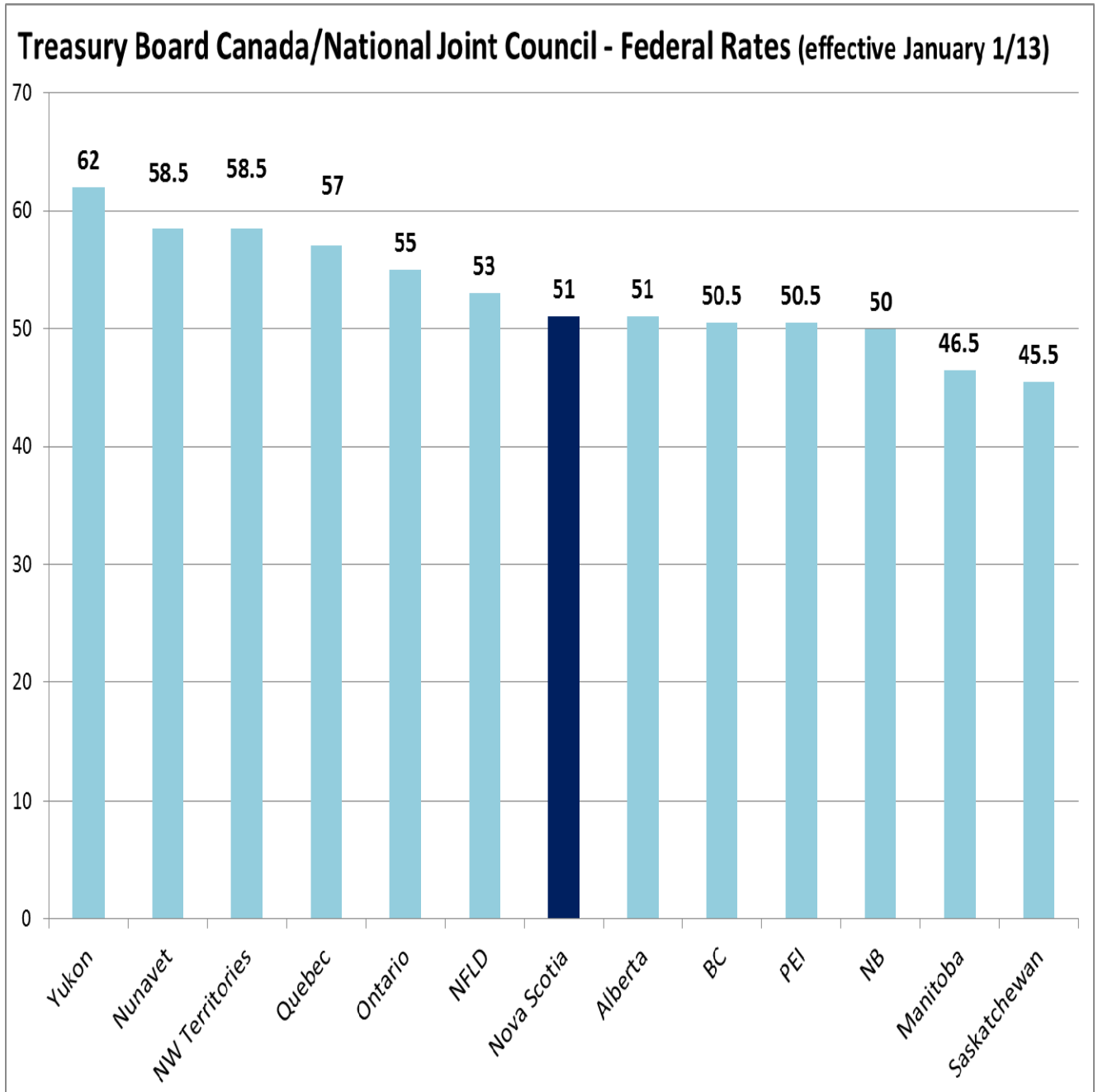
(see: <http://www.kentmarketingservices.com/dnn/LinkClick.aspx?fileticket=3lPmMOi976s%3d&tabid=134&mid=889>). For the calendar year of 2012, Halifax had the 4th highest average price in a survey of major Canadian cities.



- Rates are expressed as cents per kilometre

We are also reporting the reimbursement rates received by the federal Treasury Board employees. Once again, in comparison to the other provinces, nationally employees in Nova Scotia are at approximately the middle in terms of reimbursement rates. However, note that Federal reimbursement rates are generally substantially higher than the provincial reimbursement rates.

Federal Mileage Reimbursement Rates



* Rates are expressed as cents per kilometre

What Mileage Rate Options Exist?

Article 32 of the Collective Agreement provides for two main mileage options for most employees: straight kilometrage and monthly allowances plus kilometrage.

For the 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 for a monthly car allowance ..." (Article 32.01(a) Monthly Allowances). Employees in this group can also choose to have the straight kilometrage rates.

Sample Comparisons of Mileage Reimbursement Options

Kilometric Usage	Straight cents/ km Reimbursement	Monthly Allowance + Kilometrage Reimbursement
10,000	@43.66 = \$4,366.00	339.38 x 12 = \$4072.56 10,000 x 25.04 = \$2504.0 \$4072.56 + \$2504.0 = \$6,576.56
20,000	- 1 st 16,000 km @ 43.66 = \$6985.60 - Next 4000 km @ 38.53 = \$1541.2 = \$6985.6 + \$1541.2 = \$8,526.8	339.38 x 12 = \$4072.56 20,000 x 25.04 = \$5008.0 \$4072.56 + \$5008 = \$9080.56
30,000	- 1 st 16,000 km @ 43.66 = 6985.6 - Next 14,000 km @ 38.53 = \$5394.2 = \$6985.6 + \$5394.2 = \$12,379.80	339.38 x 12 = \$4072.56 30,000 x 25.04 = \$7512.0 \$4072.56 + 7512 = \$11,584.56
40,000	- 1 st 16,000 km @ 43.66 = 6985.6 - Next 24,000 km @ 38.53 = \$9247.2 = \$6985.6 + \$9247.2 = \$16,232.8	339.38 x 12 = \$4072.56 40,000 x 25.04 = \$10016.0 \$4072.56 + \$10016 = \$14,088.56

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>

Prepared by NSGEU
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