



CATHOLIC ARCHDIOCESE OF MELBOURNE

Work facility car policy

30 January 2012

## **Purpose**

To promulgate the Archdiocese's *Work facility car policy*.

## **Background**

Many diocesan cars are purchased or leased to enable certain employees to fulfil the demands of their job. They are referred to as work facility cars. Other cars are purchased or leased for employees primarily as a benefit and as a cost to their remuneration. Usage and expectations need to be set for each type of provision.

This paper sets out the arrangements for work facility cars.

## **Application**

Work facility cars are those driven primarily for business purposes and are provided to employees arising from the requirements of their role. Work facility cars are generally provided only when the cost of reimbursement exceeds the cost of provision. By and large employees are recruited on the basis that they have their own vehicle and are prepared to use it for occasional work purposes.

A work facility car is assigned to a single employee. It is not assigned to multiple employees. The car is to be made available to other employees during working hours. When others drive the car it must be recorded in the logbook. The onus is on the assigned employee with regard to traffic and parking infringements.

The Director, Finance and Operations determines when a vehicle is due for replacement and the method of financing the provision, ie lease or purchase. The Director, Finance and Operations also determines the make and style of vehicle available. At present, the employee assigned the work facility car can choose either a Toyota Camry, Toyota Aurion or Ford Mondeo in a sedan, hatch or wagon style, or any other car with an equal or lesser cost of leasing than the highest of these. Apart from air conditioning, blue tooth connectivity and floor mats, only those extras which provide greater protection for either the persons in the car or the vehicle will be provided.

Staff assigned a work vehicle cannot claim their own private vehicle work usage unless the assigned car is unavailable.

Unless the Director, Finance and Operations is notified in writing to the contrary, it is assumed that the employee assigned the work facility car has chosen to use the car for private purposes. Private purposes include travelling to and from work. When the assigned employee declines to use the car for private purposes, the car is garaged at work overnight and the keys secured in a manner determined by the agency/department head.

The conditions on private use of the work facility car are as follows:

- The permission of the agency head is required before the car can be taken on annual or any other leave in excess of a week.
- The employee must comply with all directions from the Director, Finance and Operation regarding the calculation of Fringe Benefits Tax (FBT).
- The employee may choose private usage or not. A mixture, ie using the car some days for private usage and declining it on others is not an option.

Employees choosing to use the car for private purposes need to be aware of the following:

- The car is not considered as part of the employee's remuneration for any purpose.
- The facility can be withdrawn from the employee should the requirements of the job change and without any recourse to compensation.
- While there is no discount to the employee's salary for private usage ie the employee does not have to meet private use cost and the associated FBT from their salary, the Archdiocese is required to pay FBT associated with private usage. This FBT is a Reportable Fringe Benefit and will appear annually on the employee's Payment Summary<sup>1</sup>.
- The Statutory Method for calculating FBT is the default method used.
- To enable the option of using the Operating Method for calculating FBT, where it is financially beneficial, employees must maintain a logbook and keep records of all motor vehicle expenses incurred.

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Employers are required to report the grossed up value of fringe benefits on the employee's Payment Summary, where the total taxable value of the reportable benefits received in an FBT year exceeds \$2,000.

The grossed up value is the sum of the value of the fringe benefit and the FBT that would be payable on the fringe benefit. For example, if the value of the benefit is \$2,000 then the grossed up value is calculated as follows (the 1.8692 factor is used on all occasions):

Value of Fringe Benefit	=	\$2,000
\$2,000 x 1.8692 (Gross up factor)	=	\$3,738

The fringe benefits salary packaged for the FBT year (ie. 1 April 2011 to 31 March 2012) are reported on the Payment Summary for the financial year ending 30 June 2012.

The grossed up value of fringe benefits will be included for most government surcharges and income tests.