

Public Sector Management Amendment Standards 2010 (No 4)

Disallowable instrument DI2010–193

made under the

Public Sector Management Act 1994, s 251 (Management Standards)

EXPLANATORY STATEMENT

The *Public Sector Management Act 1994* (the Act) regulates the management of the public sector. Section 251 of the Act empowers the Commissioner for Public Administration, with the written approval of the Chief Minister, to make Public Sector Management Standards (Standards) for the purposes of the Act.

Definitions

Section 551A updates the definition of a statutory office holder using the most recent determinations of the Remuneration Tribunal as a reference.

The definition of an executive vehicle has also been amended in section 551A to allow an executive to choose a hatchback model. Since July 2006, the Standards have only permitted executives to choose a sedan, wagon or people mover as an executive vehicle. Hatchback vehicles were excluded.

Restricting hatchbacks is unnecessary as these vehicles are often cheaper and highly fuel efficient models. Removing the restriction balances the interest of ensuring an appropriate image of the ACT Public Service, with the interests of fiscal prudence and environmental sustainability.

The requirement that vehicles be four-cylinder will remain in place.

Executive vehicle entitlements – part-time executives

Minor changes were made to section 551C to ensure the vehicle entitlement for a part-time executive is equitable.

Replacement of base monthly lease rate with maximum vehicle value

Section 552 replaces the maximum base monthly lease rate for executive vehicles with a prescribed maximum vehicle value based on the manufacturer's recommended retail price. The replacement does not limit an executive's ability to enter into a vehicle leasing arrangement, as always intended.

Until July 2006, executive vehicle entitlements were prescribed by the Remuneration Tribunal in relevant determinations. When the ACT Government introduced a four-cylinder vehicle policy, the executive vehicle entitlement was prescribed in the Standards.

Since July 2006, the Standards have prescribed a maximum base monthly lease rate from which an executive could choose a vehicle. This methodology was initially effective, however, the base monthly lease rate is subject to fluctuations from month to month due to a broad range of factors including changes in interest rates. The appointment of a new Territory fleet provider also impacted on the effectiveness of the base monthly lease rate model when the fleet provider applied a different method for calculating the lease rate. This resulted in unintended consequences whereby some vehicles fitted with optional items of equipment had a lower base monthly lease rate calculated because of the likelihood of a higher resale value.

Section 552 prescribes a maximum vehicle value based on the manufacturer's recommended retail price which resolves these inequities while retaining the same broad entitlement for an executive to choose a vehicle to the same standard as previously available.

Given that the maximum vehicle value will be subject to less significant price fluctuations there is no need to maintain the provision which enabled an executive, with the approval of the administering chief executive, to exceed the prescribed base monthly lease rate by 5%. Accordingly, the provision has been removed from section 552.

Section 552 also contains a new requirement limiting an executive's ability to select a vehicle that is a high performance, luxury or prestige vehicle. The new requirement serves to ensure that an appropriate image of the ACT Public Service is promoted by executives. Considerations around this issue are outlined in the whole of government policy for executive vehicle management.

Payment in lieu of executive vehicle entitlement

Section 553A strengthens the accountability requirements when an executive switches between electing for use of an executive vehicle and electing for payment in lieu of the executive vehicle. Considerations around accountability under this section are outlined in the whole of government policy for executive vehicle management.

There is no change to the cash in lieu entitlement.