SERVICES OF PASSENGER MOTOR VEHICLES IN GOVERNMENT

7.1 Introduction

As of 30 June 2007, Government had a fleet of more than 2,300 vehicles. The direct costs incurred in the operation of this fleet are shown below.

Operating Costs

Direct Costs

The direct costs include drivers’ emoluments, fuel and lubricants, and repairs and maintenance. For financial year 2006-07 the total direct costs incurred were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Rs (m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drivers emoluments</td>
<td>150</td>
</tr>
<tr>
<td>Maintenance and running costs</td>
<td>250</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>400</strong></td>
</tr>
</tbody>
</table>

Indirect Costs

Indirect costs comprise

- emoluments of transport officers and administrative and other supporting staff
- cost of operation of the workshops of the Ministry of Public Infrastructure, Land Transport and Shipping, the Ministry of Health and the Ministry of Agro Industry and Fisheries

These indirect costs could not be quantified because of the way these costs are classified in the budget.

Other elements of cost attached with a vehicle include depreciation, interest on the investment, idleness of drivers, underutilisation of the vehicle and the maintenance of a control system to ensure the prevention against misuse.
**Passenger Motor Vehicles**

The above fleet of vehicles include some 300 passenger motor vehicles, excluding those attached to the Police Department. Ministries and Departments use passenger motor vehicles for the physical movements of officials attending to administrative responsibilities and in the delivery of services. A number of Ministries and Departments have had passenger motor vehicles attached to them on a permanent basis since their onset. Others were provided with this facility at a later stage. With the passage of time, today, practically all Ministries and Departments have passenger motor vehicles attached to them. The number of Government vehicles has therefore increased over the years with the consequential increase in expenditure on operation and maintenance besides the increasing capital cost invested. In addition, although having Government vehicles provides a convenience for employees, attitudinally Government officials have increasingly considered this transportation facility as a perquisite, thus leading to some extent of misuse.

**Main services**

The main services for which these vehicles were used include the following:

- Conveyance of overseas delegates
- Conveyance of officers attending committees/seminars/workshops
- Conveyance of officers, going on overseas mission, to and from airport
- Conveyance of officers to residence after working overtime
- Despatch of documents
- Collection of stores

**Sample Assessment**

A sample assessment for the year 2006-07 was carried out on the passenger vehicles of eight Ministries/Departments. The details are shown in Table 7-1.
<table>
<thead>
<tr>
<th>Ministry/Department</th>
<th>Total Investments in non-luxury Cars</th>
<th>Annualised Costs</th>
<th>Annual Costs of Drivers</th>
<th>Maintenance &amp; Running Costs of other Vehicles</th>
<th>Total Running Costs</th>
<th>Total Mileage Run of other vehicles Km</th>
<th>Average Running costs per Km</th>
<th>No of vehicles</th>
<th>Average yearly mileage per vehicle Km</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attorney General’s Office</td>
<td>1,400,000</td>
<td>200,000</td>
<td>268,473</td>
<td>127,981</td>
<td>596,454</td>
<td>19,183</td>
<td>31</td>
<td>2</td>
<td>9,592</td>
</tr>
<tr>
<td>Ministry of Youth &amp; Sports</td>
<td>852,040</td>
<td>121,720</td>
<td>225,133</td>
<td>277,291</td>
<td>624,144</td>
<td>28,960</td>
<td>22</td>
<td>1</td>
<td>28,960</td>
</tr>
<tr>
<td>Ministry of Information Technology</td>
<td>1,075,000</td>
<td>178,316</td>
<td>243,101</td>
<td>207,779</td>
<td>629,196</td>
<td>36,539</td>
<td>17</td>
<td>1</td>
<td>36,539</td>
</tr>
<tr>
<td>Central Information Systems Division</td>
<td>721,000</td>
<td>153,571</td>
<td>172,481</td>
<td>108,065</td>
<td>434,117</td>
<td>32,872</td>
<td>13</td>
<td>1</td>
<td>32,872</td>
</tr>
<tr>
<td>Public Service Commission</td>
<td>1,248,210</td>
<td>103,000</td>
<td>216,037</td>
<td>264,168</td>
<td>583,205</td>
<td>25,716</td>
<td>23</td>
<td>2</td>
<td>12,858</td>
</tr>
<tr>
<td>Ministry of Arts &amp; Culture</td>
<td>3,738,990</td>
<td>534,141</td>
<td>992,903</td>
<td>478,134</td>
<td>2,005,179</td>
<td>152,083</td>
<td>13</td>
<td>6</td>
<td>25,347</td>
</tr>
<tr>
<td>Ministry of Industry</td>
<td>1,235,100</td>
<td>176,443</td>
<td>533,728</td>
<td>301,362</td>
<td>1,011,533</td>
<td>45,599</td>
<td>23</td>
<td>3</td>
<td>15,200</td>
</tr>
<tr>
<td>Ministry of Cooperatives</td>
<td>833,750</td>
<td>119,107</td>
<td>511,897</td>
<td>89,644</td>
<td>720,648</td>
<td>21,386</td>
<td>33</td>
<td>3</td>
<td>7,129</td>
</tr>
</tbody>
</table>
Observations:

- The average running costs varied from Rs 13 to Rs 33 per kilometre. As mentioned earlier, the figures exclude the indirect costs attached to a vehicle. The commercial rate charged by taxis is presently around Rs 15 per kilometre, while the higher rate of mileage allowance for eligible public officers is Rs 7.60 per kilometre.

- The nature of journeys effected does not really call for cars to be attached on a permanent basis. Other alternate modes might have been more economical.

- Some vehicles were under-utilised with the average mileage run per vehicle in a year ranging from 9,500 to 15,000 kilometres.

- There is in general a growing notion of government vehicles being misused.

The above findings are in the same line as those conclusions reached from similar assessments carried out in other countries, both developed and developing, in particular that the cost of transportation of a government vehicle is two to four times the cost of hire of a taxi/private car.

Proposed Option

Based on experience of other countries it is proposed to create a centralised motor vehicle pool by transferring the motor vehicles attached to the Ministries/Departments and the drivers to the pool. Motor pools enable the utilisation of the available resources most efficiently as well as reducing the extent of misuse. According to studies carried out, motor pools are an effective way to reduce the running costs and the size of a fleet without sacrificing customer service and asset availability. Moreover, it is claimed that a well-designed and effectively managed motor pool can be financially self-sustaining or even profitable.

For an effective management of a motor pool, it is vital to avail a best mix of private sector management practices and public sector control. In line with this thinking, it is proposed that an autonomous government company be set up to manage the pool of vehicles and the mechanical workshop. To ensure an effective and efficient management of the company it would be preferable to entrust its management to a management company specialising in transport management, on a contract basis with specific targets with a view to make it self-sustaining.

The company shall be responsible to provide quality, convenient, safe services and reliable vehicles at a reasonable cost to all Ministries/Departments. As such it will also be responsible to maintain, repair and dispose of the vehicles in the pool and in the future to acquire/lease vehicles. The rate to be charged shall be determined by government after negotiation with the company, based on commercial operating principles, at the beginning of each financial year.
**Expected Benefits**

The benefits that may be expected from this proposed structure are:

- Improve efficiency and increase cost-effectiveness by centralising fleet management operations.
- Opportunity to maximise the use of resources
- Relieving the Government from locking capital on the purchase of cars
- Savings on maintenance and operation of vehicles
- Relieving the “Transport Officer” of each Ministry/Department from the hassle of managing the fleet and hence having more time to focus on their core duties