



2013 Edition

Driving Costs

*Beyond the price tag:
Understanding your
vehicle's expenses*



CANADIAN AUTOMOBILE ASSOCIATION



The information in this booklet applies to household vehicles, and is not intended for business use. Organizations operating fleets of vehicles or paying employee allowances for personal vehicles should contact **CarDATA Consultants Inc.** for information regarding their services. www.cardataconsultants.com

THE NEW ONLINE DRIVING COSTS CALCULATOR

This year, CAA launched an online version of our popular *Driving Costs* brochure. The online tool is free and provides yearly figures, by vehicle make, class, and province, for everything from gas to licence fees and depreciation. Users can input their own information, if they know it, to get an extremely accurate picture, or use representative figures to get a very good estimate of their annual driving costs. The calculator also displays the annual greenhouse gas emissions for the vehicle selected and compares them to the best-in-class for that class of vehicle.

To access the online calculator go to <http://caa.ca/drivingcostscalculator>

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Driving Costs 2013

Beyond the price tag: Understanding your vehicle's expenses

Whether you buy new or used, there's more to the cost of your vehicle than the purchase price. Fuel, maintenance, depreciation—all kinds of factors add to your total cost of ownership.

Since transportation is an average household's second largest expense, it makes sense to get the full picture of what you're spending each year to keep your vehicle on the road. That's why the Canadian Automobile Association developed this booklet. By giving national averages and approximate figures as guidelines, *Driving Costs* helps you make the calculations you need to build an accurate transportation budget.

VEHICLE EXPENSES

All the average costs we've cited are for vehicles operating under mostly stop-and-go driving conditions. Costs are weighted by the population of each province to establish a nationwide composite average value.

There are two main kinds of costs associated with your vehicle:

Operating Costs: These are *variable*, meaning they do change depending on where you live, how you drive, how often you're on the road, and what you spend on service and repairs.

Ownership Costs: These are *fixed*, meaning they are normally stable from month to month. They include insurance, licence fees, registration fees, taxes, finance costs and depreciation. Fixed costs may differ from vehicle to vehicle and place to place.



NATIONAL AVERAGE COSTS

The following chart shows the average costs of operating a vehicle in Canada. To calculate these national figures, we've used a:

- 2013 Honda Civic LX (4 cylinder)
- 2013 Toyota Camry LE (4 cylinder)
- 2013 Chevrolet Equinox LT (4 cylinder)

We've selected these three vehicles to represent compact, mid-size and crossovers—all of which are leading vehicle classes. Please note that actual costs will vary for other types of vehicles. To calculate another vehicle's costs, please see our chart on page 10.

For our selected vehicles, all are equipped with standard accessories, including air conditioning, anti-lock brakes, cruise control, power door locks and windows, AM/FM stereo with a CD player, rear window defroster, tilt steering wheel, and an automatic transmission.

AVERAGE ANNUAL OPERATING COSTS

AVERAGE ANNUAL OPERATING COSTS PER KILOMETRE – VARIABLE (based on 18,000 km of driving per year and a 4 year retention period)			
	Civic LX	Camry LE	Equinox LT
Fuel	9.40 cents	10.79 cents	11.53 cents
Maintenance	3.27 cents	3.69 cents	2.58 cents
Tires	1.86 cents	1.98 cents	2.56 cents
TOTAL	14.53 cents	16.46 cents	16.67 cents

Gasoline costs are based on a national average gas price of 1.24 cents per litre. These costs reflect the purchase of regular, unleaded gasoline.



AVERAGE ANNUAL OWNERSHIP COSTS

AVERAGE ANNUAL OWNERSHIP COSTS – FIXED (based on 18,000 km of driving per year)			
	Civic LX	Camry LE	Equinox LT
Insurance*	\$2,430.00	\$2,619.00	\$2,725.68
Licence and Registration	\$146.16	\$146.16	\$146.16
Depreciation**	\$3,069.36	\$3,687.96	\$4,677.12
Finance Expense (Car Loan)***	\$836.64	\$1,040.88	\$1,305.84
ANNUAL TOTAL	\$6,482.16	\$7,494.00	\$8,854.80
Amount per day	\$17.76	\$20.53	\$24.26

*These insurance costs are based on typical insurance coverage for an average driver—an adult male, around the ages of 45, employed with a full licence. The coverage includes the following:

- \$500 comprehensive deductible
- \$500 collision deductible
- \$1,000,000 inclusive third party liability
- Business Use (approximately adds 10% cost to premium)

Please note that the cost of insurance, as well as any costs related to licence and registration can vary depending on your province.

**The depreciation factors given in the table above are average annual figures based on trade-in values for the three vehicle models after four years and 72,000 kilometres.

***Based on 7.25%; and a four-year loan.



ANNUAL DRIVING COSTS

The amount you drive has a direct relationship to your costs per kilometre. Using the CarDATA Consultants Inc. figures in the preceding table, you can expect the following approximate costs:

ANNUAL DRIVING COSTS – based on the Civic LX				
Km driven per year	Annual operating costs (variable)	Annual ownership costs (fixed)	Total cost	Cost per km
12,000 km	\$1,743.60	\$6,214.20	\$7,957.80	\$0.66
16,000 km	\$2,324.80	\$6,482.16	\$8,806.96	\$0.55
18,000 km	\$2,615.40	\$6,482.16	\$9,097.56	\$0.51
24,000 km	\$3,487.20	\$6,737.88	\$10,225.08	\$0.43
32,000 km	\$4,649.60	\$7,225.08	\$11,874.68	\$0.37

ANNUAL DRIVING COSTS – based on the Camry LE				
Km driven per year	Annual operating costs (variable)	Annual ownership costs (fixed)	Total cost	Cost per km
12,000 km	\$1,975.20	\$7,179.84	\$9,155.04	\$0.76
16,000 km	\$2,633.60	\$7,494.00	\$10,127.60	\$0.63
18,000 km	\$2,962.80	\$7,494.00	\$10,456.80	\$0.58
24,000 km	\$3,950.40	\$7,801.08	\$11,751.48	\$0.49
32,000 km	\$5,267.20	\$8,373.48	\$13,640.68	\$0.43



ANNUAL DRIVING COSTS

ANNUAL DRIVING COSTS – based on the Equinox LT				
Km driven per year	Annual operating costs (variable)	Annual ownership costs (fixed)	Total cost	Cost per km
12,000 km	\$2,000.40	\$8,550.24	\$10,550.64	\$0.88
16,000 km	\$2,667.20	\$8,854.90	\$11,522.10	\$0.72
18,000 km	\$3,000.60	\$8,854.80	\$11,855.40	\$0.66
24,000 km	\$4,000.80	\$9,134.88	\$13,135.68	\$0.55
32,000 km	\$5,334.40	\$9,658.68	\$14,993.08	\$0.47



HOW TO CALCULATE YOUR VEHICLE EXPENSES

So how do you calculate your annual vehicle-related costs? The following explains how to arrive at an accurate estimate for the various factors you need to consider. Plug these values into the table on page 10 and follow the line-by-line instructions to arrive at your total.

Operating Costs

Gasoline: To determine gas cost per kilometre, fill up your gas tank and take note of the kilometre reading on your odometer. On your next fill-up divide the cost of your fill-up by the distance you have driven. This is your gas cost per kilometre. For example, if it costs you \$50.00 to refuel and you drove 500 kilometres since your last fill-up, your gas cost per kilometre is 10 cents.

Maintenance: Proper maintenance affects the life of your vehicle, your fuel economy and your safety. Avoiding repairs and maintenance will cost you in the form of extra depreciation. The best way to determine your maintenance costs is to keep a record of expenses. If you haven't kept a record, estimate these costs at an average of 3.27 cents per kilometre driven—that's the average for a standard compact (e.g., the Civic LX) with only routine maintenance. (For a vehicle in the class of the Toyota Camry the average is 3.69 cents; and for the Chevrolet Equinox the average is 2.58 cents).

Tires: How and where you drive affects your tire costs significantly. High speeds, low tire inflation, hard cornering, rapid acceleration and quick stops all contribute to fast tire wear. The average tire wear and tire cost per kilometer is about 1.86 cents for the Civic LX, 1.98 cents for the Toyota Camry and 2.56 cents for the Chevrolet Equinox. A new set of tires can cost up to \$968.96 (this is an average cost using Civic, Camry and Equinox tires). Winter tires are mandatory in Quebec. You can inquire with a local retailer about the approximate price.



Ownership Costs

Insurance: To determine your insurance costs, simply add the premiums of all policies directly related to vehicle operation.

Licence, Registration and Taxes: Licence and registration fees are an annual expense. Federal and provincial taxes paid when purchasing a vehicle should also be considered annual fixed costs, pro-rated over the actual life of the vehicle. For example, if you plan on keeping your vehicle for four years, divide the total amount of tax by four to determine the yearly cost. Taxes paid on leases are paid monthly. To calculate annual leasing taxes, multiply the monthly tax by 12.

Depreciation: Depreciation is the difference between what you paid for your vehicle and its eventual selling price. To determine your annual depreciation expense, subtract the estimated trade-in value of your car from the purchase price and divide by the number of years you expect to own the car. A good way to estimate trade-in value is to study used car ads.



KEEPING TRACK OF YOUR OWN VEHICLE COSTS
(use explanations on previous pages to help you fill in the chart)

EXPENSE ITEM COST		COST
Yearly Depreciation		\$
Yearly insurance costs	+	\$
Yearly taxes	+	\$
Licence and registration fees	+	\$
Yearly finance charges	+	\$
Total fixed costs	=	\$
Gas per kilometre		\$
Number of kilometres driven per year	x	km
Gas cost per year	=	\$
Maintenance (Yearly Average)	+	\$
Tires (Yearly Average)	+	\$
Total variable costs	=	\$
Total fixed costs		\$
Total variable costs	+	\$
Miscellaneous costs (car washes, etc.)	+	\$
TOTAL DRIVING COSTS	=	\$
Number of kilometres driven	÷	km
Total cost per kilometre (Total driving costs divided by kilometres driven)	=	\$



YOUR VEHICLE AND YOUR BUSINESS

While many firms continue to provide cars for business travel, growing numbers have their employees use their own cars for company business. In the latter case, there are three main methods of reimbursement:

Flat Kilometre Reimbursement: Many companies give a flat allowance per kilometre, plus reimbursement for charges such as tolls and parking. The advantage of this system is its simplicity. It requires minimal bookkeeping and office control. The major disadvantage is that it is inaccurate and results in overpayment or underpayment compared to the costs actually incurred by drivers.

Fixed Periodic Reimbursement: Some companies reimburse drivers with a flat-dollar factor per day, per week or per month. This, too, is inaccurate and results in overpayment or underpayment compared to actual costs.

Automobile Standard Costs: Some companies, such as CarDATA Consultants Inc., provide services to accurately measure the costs associated with driving for business. Under the CarDATA Plan, employees receive fair and accurate reimbursement based on regionally sensitive vehicle data and location.

If you operate your own company and often use your personal vehicle for business, you may be able to write off some of your annual driving costs as business expenses. For complete details on tax deductibility and vehicle use for business purposes, we encourage you to seek the advice of a professional accountant or contact the Canada Revenue Agency.





CAA is a federation of nine automobile clubs serving more than 5.8 million Members through more than 140 offices across Canada. With affiliates in more than 100 countries, CAA provides a wide range of insurance, travel and other services, and maintains a rewards program that provides Members with savings at 160,000 partner locations around the world.

CAA built its reputation providing outstanding emergency roadside assistance. Over the years we have also worked to improve road safety and develop community-based child safety programs. By educating drivers and promoting positive change in auto-related fields, we're helping improve travel and motoring conditions at home and around the globe.

CAA Member Clubs

CAA British Columbia	CAA South Central Ontario
Alberta Motor Association	CAA Niagara
CAA Saskatchewan	CAA-Québec
CAA Manitoba	CAA Atlantic
CAA North & East Ontario	

For membership information, please contact your local CAA Club.

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CarDATA Consultants Inc.

CarDATA Consultants Inc. is a 'Management Consulting' firm specializing in vehicle reimbursement solutions. With offices located in Canada and the United States, CarDATA provides the tools and resources needed to operate a fair and accurate vehicle reimbursement program. CarDATA works closely with industry experts and leaders to ensure data accuracy, which accounts for regional cost differences pertaining to vehicle ownership and operation. CarDATA offers managed programs that are tailored to your company needs, and culture. The programs are designed to reduce cost, align with HR Policy and assist with CRA and IRS compliance.

www.cardataconsultants.com

Learn more about your vehicle and the environment

Visit the Office of Energy Efficiency website from Natural Resources Canada for more information on saving money, conserving energy and reducing the environmental impact of your vehicle.

www.oee.nrcan.gc.ca

You can also visit CAA's free online Driving Costs Calculator, caa.ca/drivingcostscalculator. The tool provides yearly figures, by vehicle make, class, and province, for everything from gas to licence fees and depreciation. Users can input their own information, if they know it, to get an extremely accurate picture, or use representative figures to get a very good estimate of their annual driving costs. The calculator also displays the annual greenhouse gas emissions for the vehicle selected and compares them to the best-in-class for that class of vehicle.

