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Reimbursement for Business Use of Personal Vehicles Fuel Price Update – June 2010

A Study prepared exclusively for

The National Joint Council of the
Public Service of Canada

by PHH Business Analytics

June 2010

Fuel Price Update

The National Joint Council establishes reimbursement rates for business use of personal vehicles and periodically considers the impact of changing fuel prices on those rates. Rates were established for 2010 based on a comprehensive review of costs as presented in the “Reimbursement for Business Use of Personal Vehicles Model Year 2010 Update” dated December 2009. This update reflects the impact of recent fuel price changes on the recommendations made in the Annual Update. Current representative fuel prices by Province are given in dollars per litre in the following table. These represent pump prices for regular gasoline for March, April, and May 2010. For reference, fuel pricing from the 2010 Annual Update is also shown.

Fuel prices since the 2010 Annual Update last December have been relatively flat, and changes generally range from a decrease of \$0.005 to an increase of \$0.064 per litre. The relatively constant pump prices are a reflection of ongoing stability in world crude oil prices over the last three months, which were less than US\$79/bbl in mid May. The average retail price for regular gasoline during the last week of May 2010 was \$0.992 per litre.

Province/Territory	Current Fuel Price (per litre)	2010 Annual Update Price	Pump Price Change
Alberta	\$0.948	\$0.928	\$0.020
British Columbia *	\$1.087	\$1.054	\$0.033
Manitoba	\$0.987	\$0.985	\$0.002
New Brunswick	\$1.031	\$0.971	\$0.060
Newfoundland	\$1.143	\$1.089	\$0.054
Northwest/Nunavut	\$1.164	\$1.169	(\$0.005)
Nova Scotia *	\$1.076	\$1.023	\$0.053
Ontario *	\$0.995	\$0.949	\$0.046
Prince Edward Is.	\$1.040	\$0.988	\$0.052
Quebec	\$1.065	\$1.015	\$0.050
Saskatchewan	\$1.022	\$0.991	\$0.031
Yukon	\$1.138	\$1.074	\$0.064

In general, fuel prices must change by approximately \$0.047 per litre in order to affect a change of \$0.005 per kilometer in the reimbursement rate. Pump prices for this update are \$0.038 per litre higher on average than those for the 2010 Annual Update, which resulted in little change in the recommended reimbursement rates.

*New tax rates are going into effect on July 1 in British Columbia, Nova Scotia, and Ontario, which will impact pump prices for fuel, and the table above shows actual current fuel prices. However, the recommended reimbursement rates in this Update for those three provinces are based on current fuel prices adjusted to reflect the upcoming tax rates. The tax-rate-adjusted price per liter used for this update in British Columbia, Nova Scotia, and Ontario is \$1.159, \$1.095, and \$1.071, respectively.

Reimbursement Impacts

In developing operating costs, the current average pump price is combined with typical vehicle fuel economy to derive the contribution of gasoline to the per-kilometer operating cost. In order to account for the severe operating conditions prevalent in the Territories, we have adjusted the vehicle fuel efficiency in computing fuel expenses for these locations. Our computations continue to reflect an 80% increase in the rate of fuel consumption on a litres per 100 kilometers basis.

Based on these updated fuel prices, recommended reimbursement rates are essentially unchanged from the 2010 Annual Update, with adjustments indicated in all locations. The following table shows our recommended reimbursement schedule based on current fuel prices, along with those for the 2010 Annual Update.

Location	Commuting	Travel	2010 Annual Update Values Commuting / Travel
Alberta	\$0.145	\$0.515	\$0.140 / \$0.515
British Columbia *	\$0.170	\$0.520	\$0.160 / \$0.510
Manitoba	\$0.145	\$0.480	\$0.145 / \$0.480
New Brunswick	\$0.150	\$0.500	\$0.145 / \$0.495
Newfoundland	\$0.170	\$0.535	\$0.165 / \$0.530
Northwest	\$0.255	\$0.575	\$0.260 / \$0.575
Nova Scotia *	\$0.165	\$0.515	\$0.160 / \$0.505
Nunavut	\$0.255	\$0.575	\$0.260 / \$0.575
Ontario *	\$0.165	\$0.555	\$0.155 / \$0.545
Prince Edward Island	\$0.155	\$0.505	\$0.150 / \$0.500
Quebec	\$0.165	\$0.565	\$0.160 / \$0.560
Saskatchewan	\$0.150	\$0.465	\$0.150 / \$0.460
Yukon	\$0.255	\$0.605	\$0.245 / \$0.595

For both the Commuting and Travel reimbursement rates, in comparison with the 2010 Annual Update (reported in December 2009) there were either no changes or an increase of \$0.005 per kilometer in the provinces, except rates increased by \$0.010 in British Columbia, Nova Scotia, and Ontario where new tax rates are going into effect on July 1. The Commuting rate decreased by \$0.005 in Northwest/Nunavut and increased by \$0.010 in the Yukon Territory. The Travel rates for Northwest/Nunavut were unchanged and increased by \$0.010 in the Yukon Territory. Note that rate changes for the Commuting and Travel rates are not necessarily the same. When rounded to the nearest half-cent, the change in the contribution of gasoline costs to overall vehicle costs results in slightly different rounded total rates.