

PHH Arval

The logo for PHH, consisting of the letters "PHH" in a bold, white, sans-serif font, centered within a solid blue rectangular background.

# **Reimbursement for Business Use of Personal Vehicles Fuel Price Update – March 2010**

A Study prepared exclusively for

The National Joint Council of the  
Public Service of Canada

by PHH Business Analytics

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## 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 December 2009 and January and February 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 \$0.022 to an increase of \$0.026 per litre. The relatively constant pump prices are a reflection of little volatility in world crude oil prices over the last three months, which were just under US\$80/bbl in February. The average retail price for regular gasoline during the last week of February 2010 was \$0.992 per litre.

Province/Territory	Current Fuel Price (per litre)	2010 Annual Update Price	Pump Price Change
Alberta	\$0.910	\$0.928	(\$0.018)
British Columbia	\$1.042	\$1.054	(\$0.012)
Manitoba	\$0.978	\$0.985	(\$0.007)
New Brunswick	\$0.997	\$0.971	\$0.026
Newfoundland	\$1.110	\$1.089	\$0.021
Northwest/Nunavut	\$1.157	\$1.169	(\$0.012)
Nova Scotia	\$1.038	\$1.023	\$0.015
Ontario	\$0.961	\$0.949	\$0.012
Prince Edward Is.	\$1.001	\$0.988	\$0.013
Quebec	\$1.030	\$1.015	\$0.015
Saskatchewan	\$0.969	\$0.991	(\$0.022)
Yukon	\$1.075	\$1.074	\$0.001

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 \$0.003 per litre higher on average than those for the 2010 Annual Update, which resulted in little change in the recommended reimbursement rates.

## 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	<b>\$0.140</b>	<b>\$0.510</b>	\$0.140 / \$0.515
British Columbia	<b>\$0.160</b>	<b>\$0.505</b>	\$0.160 / \$0.510
Manitoba	<b>\$0.145</b>	<b>\$0.475</b>	\$0.145 / \$0.480
New Brunswick	<b>\$0.150</b>	<b>\$0.495</b>	\$0.145 / \$0.495
Newfoundland	<b>\$0.170</b>	<b>\$0.530</b>	\$0.165 / \$0.530
Northwest	<b>\$0.255</b>	<b>\$0.575</b>	\$0.260 / \$0.575
Nova Scotia	<b>\$0.160</b>	<b>\$0.505</b>	\$0.160 / \$0.505
Nunavut	<b>\$0.255</b>	<b>\$0.575</b>	\$0.260 / \$0.575
Ontario	<b>\$0.155</b>	<b>\$0.545</b>	\$0.155 / \$0.545
Prince Edward Island	<b>\$0.150</b>	<b>\$0.500</b>	\$0.150 / \$0.500
Quebec	<b>\$0.165</b>	<b>\$0.565</b>	\$0.160 / \$0.560
Saskatchewan	<b>\$0.145</b>	<b>\$0.460</b>	\$0.150 / \$0.460
Yukon	<b>\$0.245</b>	<b>\$0.595</b>	\$0.245 / \$0.595

For both the Commuting and Travel reimbursement rates, the changes from the 2010 Annual Update (reported in December 2009) were all either no change, or an increase or decrease of \$0.005 per kilometer in the provinces. The commuting rate decreased by \$0.005 in Northwest/Nunavut and held steady in the Yukon Territory. The travel rates for the Territories were unchanged. 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.