



The Daily Gleaner

June 19, 2010

The True Cost of Vehicle Ownership

Saint John mayor Ivan Court recently announced that he opposes the expansion of the MacKay highway. This got me thinking – just what is the true cost of owning and operating a vehicle in Canada?

The CAA releases a document every year reviewing the average cost of driving in Canada based on multiple scenarios. The CAA document is straightforward, and even includes a guide for calculating the cost of driving for your specific situation. The problem is that it only goes half way in its analysis. I'll explain why later.

The CAA breaks down the cost of owning a vehicle into fixed and variable costs. These fixed costs include insurance, registration, finance charges, and depreciation and are unrelated to the amount you drive. The variable costs includes gas, maintenance, and tires – all of which vary based on how far you drive each year.

Looking at a Chevrolet Cobalt LT four-door sedan, the annual fixed costs are \$1,780 for insurance, \$111 for license and registration, \$3,857 for depreciation, and \$768 in finance charges.

The variable costs are 6.8¢ per km for gas, 2.4¢ per km for maintenance and 1.6¢ per km for tires. Statistics Canada data reveals that the average Canadian vehicle is driven approximately 15,000km year – adding another \$1,620 for variable costs, thus bringing our annual total to just over \$8,100.

The problem with this analysis is that it fails to account for the many public costs associated with car ownership. The cost of building and maintaining roads is unaccounted for, as is the opportunity cost of land used for new roads. Add to this the costs associated with accidents, and the environmental costs associated with greenhouse gas emissions and air pollution, and it gets a lot more expensive.

A report commissioned by Transport Canada in 2004 (released in 2008) examines these costs and they are staggering. Looking at light vehicle traffic alone (i.e. passenger cars), we have an infrastructure cost of \$39.1 billion a year. That is the cost of building, maintaining, and losing land to road development.

Another \$31.7 billion in costs can be added due to the economic impact of greenhouse gases (adaptation costs), air pollution (health costs), and accidents and delays. Remember, these are the costs associated with passenger cars only and do not include buses or freight.

This gives us a total of \$71 billion a year in public costs associated with 19.6 million passenger cars in Canada – or more than \$3,600 per passenger vehicle per year. And it's growing rapidly – between 2005 and 2009, Canada's total government expenditure on transportation has increased by roughly 50%.

By expanding the MacKay highway, the province is acting as an enabler to people who want to move out of the city. This equates to fewer people living within city limits and paying for city services, while others commute and take advantage of facilities (such as roads) without paying for them. Adding to the issue are the costs associated with burning more fossil fuels during commutes, increased air pollution and greenhouse gas emission, additional capital and maintenance costs associated with building the roads, and the fact that a person living in the suburbs leaves an environmental footprint that is roughly 25% larger than a city-dweller. What does all of this mean? We need new solutions.

We need better cooperation between all levels of government to encourage people to live closer together – not farther apart. Is individual vehicle ownership, urban sprawl and road development really worth \$11,700 a year? The era of building ever expanding road networks should have ended with the 20th Century.

Brian McCain is a consulting engineer in the power generation sector, and Executive Director of The Gaia Project, a New Brunswick based non-profit energy education group. You can visit his website at www.thegaiaproject.ca