



# Directive on Fleet Management: Executive Vehicles

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# Directive on Fleet Management: Executive Vehicles

## 1. Effective date

This directive takes effect on November 1, 2006.

## 2. Application

This directive applies to all departments as defined in section 2 of the [Financial Administration Act](#), unless specific acts or regulations override it.

## 3. Context

While the Treasury Board [Policy on Management of Materiel](#) provides direction for the management of departmental materiel assets throughout their life cycle, this directive contains *additional* direction related specifically to the management of executive vehicles.

The objective of this directive is to ensure that the executive vehicle fleet, while meeting the needs of authorized users, is managed with economy, equity and probity, and in consideration of the impact of this fleet on the environment.

All requirements related to data collection, credit cards and fleet information systems set out in the Treasury Board [Fleet Management Directive: Light Duty Vehicles](#) apply also to the federal executive vehicle fleet.

This directive is issued pursuant to the [Financial Administration Act](#), subsections 7(1)(a) and 9(2).

## 4. Definitions

Definitions to be used in the interpretation of this directive can be found in the Appendix.

## 5. Requirements

### 5.1 Authorized users

**5.1.1** Authorized users of the federal executive vehicle fleet include Cabinet ministers, ministers of state, secretaries of state, deputy ministers of the Crown and certain eligible senior officials.

**5.1.2** Eligible senior officials are those who hold a full-time position with a personal classification equivalent to the DM 2 level (GC 9-10 or GCQ 9-10) or above, who are deputy heads and who occupy the most senior position in the organization.

### 5.2 Authorized maximum price

**5.2.1** The formula established by the Treasury Board for the calculation of the authorized maximum price limit for executive vehicles for deputy ministers of the Crown and eligible senior officials is based on the Consumer Price Index produced by Statistics Canada. The authorized maximum price limit for executive vehicles for ministers, ministers of state and secretaries of state is determined by using the formula for deputy ministers and eligible senior officials and adding 20 per cent.

**5.2.2** These limits will be adjusted annually in July using the Purchase of Automotive Vehicle Index in the Consumer Price Index for the month of May. The annual adjustment is determined by Treasury Board Secretariat (TBS) and communicated to the vehicle contracting authority at Public Works and Government Services Canada (PWGSC) and to the Privy Council Office.

**5.2.3** The actual total price paid for an executive vehicle, including the cost of all factory-installed equipment and accessories, all preparation and delivery charges, and all applicable taxes and levies, must fall within the applicable limit. (Note that aftermarket equipment and accessories installed in an executive vehicle for reasons of security and efficient government business such as telephones, alarm or security systems, and reading lamps are excluded from the calculation of the actual total price of a vehicle. The cost differential paid for alternative fuel equipment (including electricity on hybrids) for new vehicles is also excluded.)

**5.2.4** Vehicle leases must be avoided unless specific operational requirements dictate. When vehicle leases are required, the purchase price of the leased vehicle must fall within the applicable authorized maximum price limit.

**5.2.5** Subject to the exceptions set out in 5.2.7, authorized maximum price limits will be reduced by 15 per cent for any vehicle purchased to replace a vehicle that was accepted from the delivering dealer less than three years previously, or that has not travelled more than 150,000 km.

**5.2.6** This 15 per cent reduction will not apply if the selected replacement vehicle is replacing a conventional fuel-powered vehicle with a 6- or 8-cylinder engine (even if the vehicle being replaced is not at least three years old or has not yet traveled more than 150,000 km).

5.2.7 The Treasury Board must approve exceptions to the authorized maximum price for executive vehicles.

## 5.3 Standards for executive vehicles

5.3.1 The type, size and quality of executive vehicles purchased must be comparable, in general, to those of vehicles purchased in the private sector for similar use. Individuals purchasing such vehicles must act with probity and exercise prudence in the acquisition and use of government property.

5.3.2 Executive vehicles must provide adequate and cost-effective transportation for official purposes, while meeting some of the user's personal preferences and needs. These vehicles must be, above all, highly reliable, safe and secure for the users.

5.3.3 Executive vehicles must be:

- a. hybrid-electric, if available from the manufacturers;
- b. factory-equipped for natural gas, propane, or E-85 ethanol fuel, if available from the manufacturers, where fuelling infrastructure exists or is planned; or
- c. factory-equipped with a 4-cylinder conventional fuel engine (gasoline or diesel) that emits below 4300 kg of CO<sub>2</sub> emissions per year as outlined in the *Fuel Consumption Guide* published by Natural Resources Canada.

Vehicle classes must be consistent with those contained in the *Government Motor Vehicle Ordering Guide* published by Public Works and Government Services Canada (PWGSC).

5.3.4 An executive vehicle must meet executive business requirements and it must fall within one of the following categories: intermediate or smaller four-door sedan, station wagon or mini-van. Other categories of vehicles will be considered if they meet the requirements of 5.2 and 5.3.3 (a) or (b).

5.3.5 The Treasury Board must approve exceptions to the executive vehicle standards.

## 5.4 Acquisition and use

5.4.1 PWGSC has exclusive authority for acquiring executive vehicles. Departments must conclude all transactions for executive vehicles with PWGSC headquarters and must not discuss any terms of acquisition with dealers.

5.4.2 PWGSC will ascertain the eligibility of the official for whom an executive vehicle or insurance coverage is requisitioned, and verify the vehicle's conformity with the executive vehicle standards as defined in 5.3.

5.4.3 In order to support the government's objective to green its operations, departments must take action to initiate the replacement of conventional fuel-powered vehicles when they reach the three-year period. Departments may opt to use life cycle costing principles to determine when to replace hybrid and alternative fuel vehicles.

5.4.4 Executive vehicles must be purchased through PWGSC headquarters at the best available price and in compliance with the procurement practices stipulated in the Treasury Board [Directive on Fleet Management Directive: Light Duty Vehicles](#) and the [Alternative Fuels Act](#). Trading in executive vehicles and purchasing used vehicles are prohibited practices because they are not cost-effective for the federal government.

5.4.5 Executive vehicles acquired through dealer stock are generally more expensive than those acquired through PWGSC's departmental individual standing offers. They must be avoided whenever possible. Requests for dealer stock purchases must be processed in compliance with the requirements of the Treasury Board [Directive on Fleet Management: Light Duty Vehicles](#).

5.4.6 Departments must inform the PWGSC contracting authority of the acceptance date of each vehicle acquired.

5.4.7 When emergencies occur or delays are expected regarding the delivery of a new vehicle, consideration must be given first to extending the use of the vehicle being replaced, then to using another departmental vehicle, or, as a last resort, using a rental vehicle until the ordered vehicle is delivered by the manufacturer.

5.4.8 Departments must consider the environmental effects of the acquisition, use and maintenance of executive vehicles. The *Guide to Fleet Management, Chapter 1: Light Duty Vehicles* contains a Green Fleet Management Checklist to assist departments in ensuring that they manage their fleet in an environmentally responsible manner.

5.4.9 E-10 fuel must be used whenever available in all executive vehicles equipped with engines that operate on regular gasoline.

5.4.10 Vehicles equipped to operate on E-85 ethanol must use this fuel whenever available. If E-85 ethanol is not available, these same vehicles can operate on E-10 ethanol and must use it whenever it is available.

5.4.11 Departments must take measures (e.g., anti-idling campaign; optimal use of anti-idling technologies such as auxiliary power units and cab heaters) to eliminate unnecessary idling in executive vehicles.

## 5.5 Insurance

**5.5.1** Notwithstanding the normal government practice to "self-underwrite" government vehicles, all motor vehicles provided to ministers, ministers of state, secretaries of state, deputy ministers of the Crown and eligible senior officials must be fully insured commercially with coverage for official and personal use. Proper insurance coverage will be arranged through PWGSC.

**5.5.2** As a minimum, the insurance policy must include public liability, property damage, collision and comprehensive coverage, as determined to be appropriate by PWGSC. Guidelines contained in Chapter 2 of the *Guide to Fleet Management, Chapter 1: Light Duty Vehicles* include proposed minimum coverage.

**5.5.3** PWGSC will pay for the insurance coverage at the beginning of the coverage period and will be reimbursed by the appropriate departments and agencies at the end of the coverage period. Departments and agencies are responsible for the cost of deductibles on the insurance policy.

## 5.6 Fleet credit cards

**5.6.1** Departments must assign a vehicle-specific fleet credit card to each vehicle and must use this card for all fuel purchases, repairs and maintenance of the vehicle.

## 5.7 Disposal

**5.7.1** Executive vehicles must be disposed of in accordance with the requirements of the Treasury Board *Policy on Management of Materiel* and the Treasury Board *Directive on Disposal of Surplus Materiel*.

## 5.8 Personal use

**5.8.1** Ministers, ministers of state, secretaries of state, deputy ministers of the Crown and eligible senior officials may make personal use of executive vehicles provided by their departments or agencies when these vehicles are not required for official use.

**5.8.2** An executive vehicle may also be made available for personal use to persons related to the authorized user, provided that the vehicle is not required for official use and that it is commercially insured for official and personal use.

**5.8.3** Under the [Income Tax Act](#), use of an executive vehicle for anything other than official use generally constitutes a taxable benefit and must be reported as income to the Canada Revenue Agency. For more information on their obligations under this legal requirement, including a definition of "personal use", departments should refer to the CRA Interpretation Bulletin IT63R5 [Benefits, Including Standby Charge for an Automobile, from the Personal Use of a Motor Vehicle Supplied by an Employer – After 1992](#).

## 5.9 Federal Identity Program markings

**5.9.1** Executive vehicles must not bear external identification markings such as those identified in Section 3.1 of the *Federal Identity Program Manual*.

# 6. Responsibilities of other government organizations

**Note:** This section is meant to inform departments of other significant players in the management of executive vehicles. In and of itself, it does not confer an authority.

**6.1** The Privy Council Office is responsible for maintaining the list of Government in Council appointees eligible to use an executive vehicle and for providing this eligibility list to the Secretariat and to PWGSC on a quarterly basis.

# 7. References

## Relevant legislation

- [Alternative Fuels Act](#)
- [Income Tax Act](#)

## Related Treasury Board policy instruments

- [Policy on Management of Materiel](#)
- [Directive on Fleet Management: Light Duty Vehicles](#)
- [Directive on Disposal of Surplus Materiel](#)
- [Guide to Fleet Management, Chapter 1: Light Duty Vehicles](#)

# 8. Enquiries

Please direct enquiries about this policy instrument to the organizational unit in your department responsible for this subject matter.

## Appendix: Definitions

### **alternative fuel** (*carburant de remplacement*)

For use in motor vehicles to deliver direct propulsion; less damaging to the environment than conventional fuels; prescribed by regulation including: ethanol, methanol, propane gas, natural gas, hydrogen, or electricity when used as a sole source of direct propulsion energy, blended fuels (containing gasoline or diesel) when the alternative fuel portion makes up at least 50 per cent of the blend (includes flex fuel and bi-fuel vehicles).

### **authorized travel** (*déplacement autorisé*)

Travel in a government vehicle or alternative transportation mode for the purposes of conducting government business.

### **E-10 fuel** (*carburant E10*)

A low-level ethanol blended fuel consisting of a blend of no more than 10% ethanol and no less than 90% gasoline; low-level ethanol blended fuel is gasoline blended with ethanol in low concentrations; in Canada, low-level ethanol blended fuel is manufactured and available in a range of concentrations from 5% to 10% ethanol content.

### **E-85 fuel** (*carburant E85*)

A high-level ethanol blended alternative fuel; in Canada, E85 ethanol blended fuel (a mixture of ethanol with gasoline) is manufactured and available in a range of concentrations from 65% for colder climates (winter) up to 85% ethanol content for warmer climates (summer); only flex-fuel vehicles (equipped with an engine and fuel system that are compatible with E85 fuel) can operate on this fuel, although they can also operate on gasoline or any combination of these two fuels; an E85 identifier is usually located inside the fuel filler door.

### **fleet credit card** (*carte de crédit de parc automobile*)

A credit card provided by a fleet management support services provider, to be used for the purchase of fuel and other operating and maintenance expenses related to government vehicles; normally a credit card should be assigned to one executive vehicle.

### **fleet management support services provider** (*fournisseur de services de gestion de parcs automobiles*)

a private-sector supplier of fleet management information services and a companion credit card system

### **flex-fuel vehicle** (*véhicule polycarburant*)

A vehicle with a single fuel system that operates on either of two different fuels or a blend of the two (e.g., an E85 vehicle can operate on gasoline alone or on any blend of gasoline and ethanol to a maximum of 85 per cent ethanol); future vehicles might operate on gasoline or ethanol alone, or any blend of the two.

### **hybrid vehicle** (*véhicule hybride*)

A vehicle drawing propulsion energy from an internal combustion or heat engine used in parallel or series with a motor; the motor must be powered by a rechargeable energy storage system (for example, electrical or hydraulic); at least three of the following four attributes must be present for a vehicle to be categorized as a hybrid vehicle:

1. The ability to propel the vehicle solely from the motor;
2. The ability to accelerate the vehicle with power solely from the motor or from both the engine and the motor;
3. The ability to recover energy from braking and store it for future use; and
4. The ability to shut off the internal combustion or heat engine while idling, coasting or braking.

If the hybrid motor uses electricity, the traction drive system must also possess a minimum voltage of 60 volts.

### **leadership vehicles** (*véhicule exemplaire*)

Vehicles that, through the application of advanced technologies or alternative fuels (or both), significantly reduce fuel consumption, greenhouse gas emissions or regulated emissions (or both); criteria used to define a leadership vehicle are established by the interdepartmental Federal House in Order Transportation Task Group but are updated and approved annually by PWGSC and the interdepartmental Government Motor Vehicle Technical Committee chaired by PWGSC.