



Directive on Fleet Management: Light Duty Vehicles

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Directive on Fleet Management: Light Duty 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.

This directive applies only to the management of light-duty vehicles that are licensed in Canada and operated as part of the federal government's vehicle fleet.

3. Context

While the [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 light-duty vehicles.

The federal fleet of motor vehicles represents a significant capital and ongoing operation and maintenance expense to the government. Although this fleet is managed and operated at the departmental level, adherence to a common set of specific mandatory requirements is critical to its effective management and operation. Guidelines and best practices specific to fleet management and ground transportation have been developed to help departments comply with the requirements of this directive.

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 Appendix A.

5. Requirements

The following section details the mandatory requirements of this directive. These requirements have been organized to correspond with the four primary stages of life cycle management: planning; acquisition; operation, use and maintenance; and disposal. Within the operation, use and maintenance stage, there are additional subheadings for easy reference.

5.1 Fleet planning

Departments must ensure that a mechanism is in place to determine whether ongoing and new transportation requirements can be met within the existing fleet or through the use of alternative transportation options that are environmentally favourable.

Departments must incorporate manufacturers' production lead times into their planning cycle for vehicle acquisition.

Departments must select the vehicle class (specification as defined in the *Government Motor Vehicle Ordering Guide*) and type that are best suited to the operational requirement, while also considering opportunities to rationalize vehicle size and fleet size. Departments must consider the following factors in the selection: cost comparison of fuel types for the expected fuel consumption; maintenance and repair data; expected resale value; operational requirements; estimated emission level; and a smaller class vehicle that has benefited from current technology.

5.2 Fleet acquisition

5.2.1 Vehicle procurement

Public Works and Government Services Canada (PWGSC) has exclusive authority for the purchase of vehicles for the federal government's light-duty vehicle fleet. Departments must conclude all purchases of light-duty vehicles, including Leadership Vehicles, with PWGSC headquarters and must not discuss any terms of acquisition with dealers.

- Departments must contact PWGSC headquarters directly for urgent requirements.
- Vehicles purchased through dealer stock are generally more expensive than those procured through PWGSC's Departmental Individual Standing Offers. Dealer stock purchases must be avoided whenever possible and must only be made on an exceptional basis and only with the approval of PWGSC.
- Departments must not trade in their light-duty fleet vehicles, and must not purchase used vehicles for their light-duty vehicle fleets since these practices are not cost-effective for the federal government.

Departments must consider the environmental effects of the acquisition, use and maintenance of light-duty 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.

Departments must acquire vehicles that are consistent with the classes named in the [Government Motor Vehicle Ordering Guide](#) published by PWGSC unless Treasury Board Secretariat (TBS) provides separate approval.

- Departments must acquire vehicles that contain the minimum features contained in the [Government Motor Vehicle Ordering Guide](#) as established by the Government Motor Vehicle Technical Committee and negotiated by PWGSC Headquarters as part of the vehicle selection unless separate approval is provided by TBS. ^[1]

Departments must comply with the [Alternative Fuels Act](#) when making motor vehicle procurement decisions.

- Departments must assess the cost-effectiveness and operational feasibility of all new vehicle acquisitions to operate on alternative transportation fuels (ATF) and must ensure that 75 per cent of the cost-effective and operationally feasible candidates use ATFs where available.
- Written justification must be kept on file to support decisions about the types of vehicles purchased and fuel used. This information must be retained for five years after the vehicle's useful life in the fleet has ended.

When considering the purchase of designated Leadership Vehicles, departments must weigh equally cost-effectiveness, environmental benefits and visible leadership benefits.

5.2.2 Vehicle Leasing and Rental

Vehicle leases must not be used to meet ongoing program-related operational transportation requirements.

Vehicle classes, engines, options and minimum features must be consistent with those contained in the [Government Motor Vehicle Ordering Guide](#).

Vehicle leases and rentals are contracts and must be entered into in compliance with the Treasury Board *Policy on Managing Procurement*.

Fleet management information systems used by departments to track data on departmental vehicles must track the same data for vehicles leased or rented for more than 30 days, including the duration of the lease or rental period (start and end date) and the cost.

5.3 Fleet operation, use and maintenance

5.3.1 Fuel

Drivers of government vehicles that operate on gasoline must fill up with E-10 fuel whenever possible.

Premium fuel must not be purchased unless required by the vehicle manufacturer or unless E-10 fuel is only available in a premium blend.

E10 fuel must be used in bulk fuel storage tanks whenever possible.

Alternative fuels must be used in vehicles capable of operating on such fuels, when it is determined to be operationally feasible and cost-effective, in compliance with the requirements of the *Alternative Fuels Act*.

When considering the use of alternative fuels, departments must weigh equally cost-effectiveness, environmental benefits and visible leadership benefits.

5.3.2 Risk management

Departments and agencies must take appropriate action to identify, assess and minimize risks associated with the acquisition, operation, use and disposal of vehicles. Risk factors may include, but are not limited to financial, legal, corporate, occupational, health, safety, security and environment.

Individuals who are not government employees (e.g. contractors, volunteers, students) may operate government vehicles or be passengers in government vehicles, and guests or industry representatives may be passengers in government vehicles and be covered under the department's self underwriting policy provided such travel is authorized (government business only) and sound risk management practices are followed in determining the amount of risk the Crown will assume. At a minimum, these practices must include:

- Ensuring every driver possesses a valid licence to operate the motor vehicle to which he or she is assigned in compliance with the appropriate provincial or territorial law; and
- Determining the most appropriate manner of underwriting the risk to the Crown for damage to the vehicle, driver and passenger injury, or third-party claims.

5.3.3 Vehicle management and allocation

Vehicle utilization data (both distance and duration of use) must be collected and tracked for all vehicle travel.

- Departments must ensure that a log book (or other appropriate utilization tool) is assigned to every vehicle and that a vehicle log is available for pooled vehicles;
- Departments must monitor the use of log books and vehicle logs to ensure utilization data are regularly tracked; and
- Departments must analyze recorded data to assess vehicle utilization patterns and to effectively manage transportation.

5.3.4 Vehicle use and operation

Departments must have in place proper measures to ensure that Government vehicles are used for authorized official business only.

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 government vehicles.

Discounts offered by service stations or maintenance facilities must be applied directly to the purchase invoice.

5.3.5 Data collection, credit cards and fleet information systems

Departments must ensure that essential information about their fleet is tracked for management and reporting purposes by using a fleet management information system and a companion credit card, or an equivalent system, to monitor the cost of maintaining, repairing and operating vehicles as part of a life cycle management approach to fleet management. Departmental fleet management information systems must meet the following requirements:

- Systems must generate a single, coherent, department-wide view of all maintenance, operating and repair costs related to fleet management.
- Departments must ensure that their systems, whether supplied internally or by an external fleet management service provider, supply a database and system capable of meeting all internal and external reporting requirements. Mandatory data fields for Crown-owned vehicles and vehicles on long-term lease are listed in Appendix B of this directive.
- One headquarters manager must be authorized to be accountable for maintaining a complete and accurate vehicle fleet database that is responsive to reporting requirements.
- Vehicle odometer readings must be regularly reported to the appropriate authority for input into the fleet management database.
- Departments must ensure that fleet credit cards are used to pay for all operation and maintenance expenses on government vehicles. (The exclusive use of fleet credit cards to pay for the operation and maintenance of government vehicles ensures that all vehicle-related expenditures are captured in the fleet information system and available to support negotiations of provincial tax discounts or exemptions and other negotiated fleet-related discounts.) The *Guide to Fleet Management, Chapter 1: Light Duty Vehicles* contains important information on the appropriate use of fleet credit cards and what constitutes operation and maintenance expenses.
- When a vendor refuses to accept a fleet credit card for payment, other means of payment are acceptable. These and any other expenditure made on the operation and maintenance of government vehicles without the use of a fleet credit card must be reported to the appropriate authority for input into the fleet management database.

5.3.6 Fleet liability and insurance

Departments are not required to obtain insurance for government-owned or -leased vehicles because the government underwrites its own risks, with the following exceptions:

- Crown-owned or -leased vehicles driven in the U.S.A. (These vehicles must be commercially insured against third-party liability risks and personal injury, and proof of insurance documents must be carried in the vehicle while travelling in the U.S.A.); and
- Vehicles allocated to ministers, ministers of State, secretaries of State, deputy ministers and eligible senior officials. (The Treasury Board [Directive on Fleet Management: Executive Vehicles](#) provides further details on insurance requirements for executive vehicles.)

5.4 Disposal

Vehicles must be disposed of in compliance with the requirements of the Treasury Board [Policy on Management of Materiel](#) and the Treasury Board [Directive on Disposal of Surplus Materiel](#).

6. Monitoring and reporting requirements

Departments must provide the following data to TBS annually to enable preparation of the President of the Treasury Board's Annual Report to Parliament on the Application of the [Alternative Fuels Act](#):

- vehicle acquisitions and leases (12 months or more) by fuel type, including hybrid vehicles; and
- fuel purchases by fuel type.

Departments must also provide data and reports to TBS, upon request, to assess and to report on the state of the federal fleet.

TBS will monitor implementation of this directive and review its effectiveness as set out in the TB [Policy on Management of Materiel](#).

7. References

Legislation

[Alternative Fuels Act](#)

Related Treasury Board policy instruments

- [Policy on Management of Materiel](#)
- [Directive on Fleet Management: Executive 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. For interpretation of this policy instrument, the responsible organizational unit should contact: [TBS Public Enquiries](#).

Appendix A: Definitions

Alternative fuel (*Carburant de remplacement*)

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

Alternative transportation modes (*Moyens de transport de remplacement*)

Are alternatives to government owned vehicles including: rented/leased vehicles (short-term or seasonal); personal motor vehicles; taxis; trains and buses.

Authorized travel (*Déplacement autorisé*)

Is travel in a government vehicle or alternative transportation mode for the purposes of conducting government business. With management approval, authorized travel may include other uses that are unavoidably connected to the performance of government business or other uses that are in a department's primary interest.

Bi-fuel vehicle (*Véhicule bicarburant*)

Is a vehicle with two separate fuel systems that operates on either fuel (e.g. a bi-fuel gasoline/propane vehicle can operate on either gasoline or propane).

Biodiesel (*Biodiesel*)

Is a renewable fuel for diesel engines typically produced by a reaction of a vegetable oil or animal fat with an alcohol such as methanol or ethanol in the presence of a catalyst. This chemical reaction removes the glycerin from the oil or fat. Biodiesel can be used in any concentration with petroleum based diesel fuel in existing diesel engines with little or no modification. A biodiesel blend can vary between B5 (5% biodiesel / 95% diesel) and B100 (100 % biodiesel), although biodiesel blends in Canada are generally available in ranges between B5 and B20.

Capital lease (*location-acquisition*)

Meets one or more of the following criteria, and is classified as a purchase by the lessee (client): the lease term is greater than 75 per cent of the asset's (vehicle/equipment) estimated economic life; the lease contains an option to purchase the asset for less than fair market value; ownership of the asset is transferred to the lessee at the end of the lease term; or the present value of the lease payments exceeds 90 per cent of the fair market value of the asset. The FIS Accounting Manual defines a capital lease as a lease that, from the point of view of the lessee, transfers substantially all the benefits and risks incident to ownership of property to the lessee. Capital leases for federal government vehicles are prohibited. Any lease that is not a capital lease is an operating lease.

Cost-effective (*Rentable*)

In the context of analyzing options for alternative fuel use, cost-effectiveness is demonstrated when the additional cost of either converting the vehicle to use an alternative fuel or acquiring a factory-produced alternative fuel vehicle will be recovered in the form of fuel savings, environmental benefits, or visible leadership benefits over the life of the vehicle.

Dual-fuel vehicle (*Véhicule à deux carburants*)

Is a vehicle with two separate fuel systems that operates on one specific fuel or on both fuels simultaneously (e.g., a dual-fuel diesel/natural gas vehicle burns diesel for ignition and natural gas for the source of power and can also operate entirely on diesel).

E-10 fuel (*Carburant E10*)

Is 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*)

Is a high-level ethanol blended alternative fuel. In Canada, E-85 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 E-85 fuel) can operate on this fuel, although they can also operate on gasoline or any combination of these two fuels. An E-85 identifier is

usually located inside the fuel filler door.

Fleet credit card (*Carte de credit de parc automobile*)

Is a credit card provided by a fleet management service provider, normally assigned to a single government vehicle, to be used for the purchase of fuel and other operating and maintenance expenses related to that vehicle.

Fleet management service provider (*Fournisseur de services de gestion de parcs automobiles*)

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

Flex-fuel vehicle (*Véhicule polycarburant*)

Is 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 % ethanol). Future vehicles might operate on gasoline or ethanol alone, or any blend of the two.

Government vehicle (*Véhicule gouvernemental*)

Includes, for the purposes of this directive, Crown-owned vehicles and vehicles on long-term lease to the Crown used in support of departmental operations and activities.

Ground transportation (*Transport terrestre*)

Is all modes of ground transportation including government-owned motor vehicles and alternative transportation modes.

Hybrid vehicle (*Véhicule hybride*)

Is 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; or
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 vehicle (*Véhicule exemplaire*)

Is any vehicle that, through the application of advanced technologies and/or alternative fuels, significantly reduces fuel consumption, greenhouse gas emissions and/or regulated emissions. Criteria used to define a Leadership Vehicle are established by the interdepartmental Federal House in Order Transportation Task Group and are updated and approved annually by PWGSC and the interdepartmental Government Motor Vehicle Technical Committee chaired by PWGSC.

Light-duty vehicle (*Véhicule léger*)

Means passenger cars, vans and light trucks consistent with Parts II and III of the [Government Motor Vehicle Ordering Guide](#) published by PWGSC.

Mono-fuel vehicle (*Véhicule monocarburant*)

Is a vehicle with a single fuel system that operates on one fuel only (e.g. a mono-fuel natural gas vehicle operates on natural gas only).

Motor vehicle (*Véhicule automobile*)

Is a self-propelled, wheeled or tracked piece of equipment used primarily for transporting passengers or cargo.

Operating lease (*location-exploitation*)

Is a lease for which the lessee (client) acquires the asset (vehicle/equipment) for only a portion of its useful life. The FIS Accounting Manual defines an operating lease as a lease in which the lessor (supplier) does not transfer substantially all the benefits and risks incident to ownership of property. An operating lease is commonly used to acquire a vehicle or equipment on a short-term basis. The ownership of the asset in an operating lease clearly resides with the lessor, with the lessee bearing little or no risk if the asset becomes obsolete. At the end of the lease, the asset reverts back to the lessor, who will either sell it or lease it again to another party. From an accounting perspective, operating lease expenses are generally categorized as operating expenses while vehicle or equipment purchases are categorized as capital asset expenses. Any lease that is not a capital lease is an operating lease.

Operation and maintenance expenses (*Dépenses liées à l'utilisatoir et à l'entretien*)

Are all costs associated with the operation and maintenance of government vehicles and equipment. A fleet credit card must be used to pay for these expenses. The *Guide to Fleet Management, Chapter 1: Light Duty Vehicles* provides guidance on appropriate use the fleet credit card, including details on what constitutes operation and maintenance expenses.

Personal use (*Utilisation à fins personnelles*)

Is defined by Canada Revenue Agency (CRA) in Interpretation Bulletin, IT-63R5 [Benefits, Including Standby Charge for an Automobile, from the Personal Use of a Motor Vehicle Supplied by an Employer – After 1992](#).

Unauthorized use (*Utilisation non autorisée*)

Is travel in a government vehicle that is not authorized or is not in support of conducting government business. In some departments, personal use of government vehicles may be considered unauthorized, while in other departments personal use may be authorized but remains a taxable benefit for the driver.

Appendix B: Mandatory data collection fields for Crown-owned vehicles and vehicles on long-term leases

Data Category	Specific Data Fields
	<ul style="list-style-type: none">• Department name (or client code)

Administrative Information and Identification Information	<ul style="list-style-type: none"> • Program name • Ownership (leased or owned) • Status of vehicle • Unique fleet vehicle number • Serial number (Vehicle Identification Number [VIN]) • Associated fleet card number(s) • Type of card (vehicle-specific, non-specific, dedicated second card) • Fleet card on-system date • Status of card • Card limit • Cancellation date of card
Vehicle Tombstone Data	<ul style="list-style-type: none"> • Model year • Make • Model • Motor vehicle specification code used by PWGSC (if available) • Number of cylinders in engine (2 digits) • Size of engine by litres • Transmission – automatic (A) or manual (M) and the number of gears (3, 4, 5) or variable (V) • Fuel type capability of the vehicle and grade requirement (where applicable)—Consult the <i>Manager's Handbook on Life Cycle Management of Motor Vehicles</i> for terminology • Fuel system—Consult the <i>Manager's Handbook on Life Cycle Management of Motor Vehicles</i> for terminology • Transport Canada Fuel Efficiency Rating - City • Transport Canada Fuel Efficiency Rating - Highway • Licence plate
Vehicle Location and Billing Information	<ul style="list-style-type: none"> • Physical location - Street address • Physical location - City • Physical location - Province • Physical location - Postal code • System Supplier Billing Codes • Billing address – Street address • Billing address – City • Billing address – Province • Billing address – Postal code
Utilization Statistics	<ul style="list-style-type: none"> • On-road or taken-on-strength date • On-system date (if different) • Out-of-service or sale date of vehicle • Lease start date for leased vehicles • Lease end date for leased vehicles • Duration of lease • Current odometer reading in kilometres • Current odometer date
Vehicle Costing and Life cycle Information	<ul style="list-style-type: none"> • Capital cost of vehicle • Monthly lease payment and duration of lease • Vehicle maintenance and repair costs (for both internal and external maintenance and repair, including warranty work if notified) • Vehicle maintenance and repair service dates (for both internal and external maintenance and repair, including warranty work if notified)
Fuel	<ul style="list-style-type: none"> • Bulk or commercial fuel purchase • Location of purchase • Date of purchase • Total units of purchase, by specific fuel type and grade (includes per cent ethanol for low-level blend purchases) • Supplier (or owner of bulk facility, if applicable) • Unit cost of fuel purchased • Total purchase cost

Footnotes

Footnote fn1

To meet their operational requirements, departments may purchase additional aftermarket vehicle options or equipment that are not contained in the GMVOG, such as hitches, winches, safety screens, tie down bars, etc.

[Return to footnote 1 referrer](#)