

## OH TO BE INDEPENDENT !!!

Wouldn't it be great to be able to go where you want, when you want, and take your friends with you ?

Yes it would, but there is a serious issue with money when it comes to owning a car.

Circumstances vary and people have different needs so there isn't really a single rule that says in your situation you should buy a car.

In fact, the longer you can delay owning a car the better. These three things will rapidly cripple you financially because they simply chew money at an alarming rate:

1. Owning a car
2. Owning a boat (especially a sailing boat)
3. Owning an aeroplane.

Thankfully, of the three, a car is the least expensive to run, but it's still a major cost that impacts badly on your budget.

### The first rule

Put off buying a car for as long as you can. It's more economical to travel by bus, train or with friends and family and contribute to the cost of fuel than own a car with all the attendant costs.



## WHAT SORT OF CAR?

Ok, so you really DO NEED a car because you cannot get to work or study any other way. What sort of car do you need, as opposed to want? There is a big difference.

- Do you need a car, a ute or a van? Vans and some utes cost more to register.
- Petrol or diesel engine? Petrol costs more to run, but the maintenance on a diesel is astronomical when things wear out.
- How far are you going to travel each day?
- How much have you saved up? Remember, if you cannot save money, you cannot afford the hire purchase repayments.
- So let's face it, you probably need to consider a 1300cc older car, get it AA checked, and pay cash for it.

## DO YOU REALLY NEED A CAR?

Here are some questions to ask yourself.



- Can you use a bicycle instead and get up earlier to go to work, Polytech or University?
- Can you catch a train or a bus, or even two buses and get to where you need to be, even if it takes longer?
- Does a fellow student or a work mate live near you and would be prepared to pick you up and drop you off each day in return for you paying half the petrol costs?
- If you owned a car, is there anywhere affordable that you can park it during the day? Expect to pay up to \$60 a day for parking if you are working in the major cities .
- Can you afford to save enough money to buy a car? Can you afford to run a car, and make the repayments on any Hire Purchase or loan. See the costs on the next page.
- Do any of your fellow students or work mates live near you and would they cover your fuel costs in return for a ride to and from work or lectures if you buy a car?
- Is it cheaper to live closer to your work and walk or ride a bike?
- It is very frustrating to buy a car and then not be able to afford to use it because you cannot buy the fuel or maintain it in a safe condition.



2003 - 2.4 litre or 1993 - 1.3 litre engine?

## REGULAR SERVICING IS ESSENTIAL

Most older cars need these servicing regularly:

- New oil, oil filter and air filter every 10,000km.
- Replace the timing belt every 100,000km.
- Check the oil, water and brake fluid weekly.
- Check the tyres and pressures monthly.
- Replace the windscreen wipers before winter.
- Renew the Warrant of Fitness when due.

## WHAT'S IT GOING TO COST TO RUN A CAR?

You will need to calculate your own figures but at the time of writing (2012) these costs were fairly common for 20,000km per year. If you think you will be driving more Kms than that, adjust the figures.

### Estimated costs per 20,000km - 1.3 Litre

- \$2400 Fuel— 12 cents per km for 20,000kms
- \$ 70 Oil - 6 litres per 20,000 kms
- \$ 700 Tyres - one set per 30,000 kms plus a wheel alignment
- \$ 290 Registration for a car for 12 months
- \$ 100 Warrant of Fitness for 12 months
- \$ 340 Service and oil change per 20,000 kms plus washing and polishing materials
- \$ 150 Brake pads. One set per 12 months
- \$ 150 Sundry mechanical and electrical repairs during the year for an old car
- \$ 600 Insurance—3rd party only. Doesn't pay for damage done to your own car, only for the car you hit.

\$4800	Total cost per year
\$ 92	Running cost per week

You can save about \$8 a week if you learn to service the car and change the brake pads yourself.

### Insurance is important

*Always insure your car for at least 3 party insurance. If you are not insured and hit an expensive car you could be faced with finding upwards of \$30,000 to pay for the repairs to the other car and not be able to get your own car replaced.*

The annual 3rd party premium for a \$3000 car is \$600 in 2012.

Full insurance cover costs about \$1200 a year for a car bought for \$3000. But the excess is \$750, so the payout would be about \$2250 if the car was written off in an accident and in good condition prior to the accident.

## SOME TIPS AND HINTS FOR CAR OWNERS

### Fuel costs

If you own a car and are living in a flat, or are living at home but have friends you carry around in your car, you should consider the following:



- Explain that you are happy to carry passengers (if your licence permits), but the passengers are expected to contribute fuel money for each trip.
- In fact, drive into a fuel station and hold out your hand for contributions before putting fuel in the car.

### Parking fees mount up.

Don't park illegally or take risks. If you get towed from a parking spot you are facing a \$200 cost to get your car back plus a daily storage fee until you collect the car. It's much cheaper to park some distance away and walk, than pay fines. Note that many cities fine you if you park on the grass verge outside a house.



### Speeding fines

These are not justified. Make a conscious decision not to speed and stick to it. If your family decide to shout you a trip overseas with them, you won't get through the check-in counter at the airport if you have unpaid speeding fines. Such a pity to miss a cheap holiday.



### Secure your car

Putting an alarm in an old car is debatable cost wise so consider buying a steering wheel clamp that you can fit when you park the car.



### Keep the keys secure

Don't leave the car keys visible if you are living in a flat. The temptation for your flat mates to borrow the car to go and buy some drinks or groceries may become irresistible.



If they cannot afford to buy their own car, it's unlikely they can afford to repair yours if they damage it.