



# Taxpayer Supply and Government Demand

Gas Tax Honesty Campaign 2010

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## About the Canadian Taxpayers Federation

The Canadian Taxpayers Federation (CTF) is a federally incorporated, non-profit and non-partisan, advocacy organization dedicated to lower taxes, less waste and accountable government. The CTF was founded in Saskatchewan in 1990 when the *Association of Saskatchewan Taxpayers* and the *Resolution One Association of Alberta* joined forces to create a national taxpayers organization. Today, the CTF has over 74,000 supporters nationwide.

The CTF maintains a federal office in Ottawa and offices in the five provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario. Provincial offices conduct research and advocacy activities specific to their provinces in addition to acting as regional organizers of Canada-wide initiatives.

CTF offices field hundreds of media interviews each month, hold press conferences and issue regular news releases, commentaries and publications to advocate the common interest of taxpayers. The CTF's flagship publication, *The Taxpayer* magazine, is published four times a year. An issues and action update called *TaxAction* is produced regularly. CTF offices also send out weekly *Let's Talk Taxes* commentaries to more than 800 media outlets and personalities nationally.

CTF representatives speak at functions, make presentations to government, meet with politicians, and organize petition drives, events and campaigns to mobilize citizens to effect public policy change.

All CTF staff and board directors are prohibited from holding a membership in any political party. The CTF is independent of any institutional affiliations. Contributions to the CTF are not tax deductible.

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**Table of Contents**

About the CTF

**Section I: Introduction 1**

Fact Summary 1  
CTF Gas Tax Principles and Recommendations 2  
Overview 4

**Section II: Gas Taxes 5**

Moving Market Prices 5  
Fixed Gas Taxes 6  
“Temporary” Deficit Elimination Tax 9  
Federal Tax-on-Tax 10  
Quebec Tax-on-Tax-on-Tax 10  
Ontario’s Blended Gasoline Sales Tax 11  
BC’s De-harmonized Carbon Sales Tax (Part I) 12  
Savings Summary 13

**Section III: Roadway Infrastructure 14**

Stimulus and Road Construction 14  
The Road to Sufficiency 15  
Real Results on Roadways 16  
Problems with Ottawa’s Gas Tax Sharing Schemes 18  
CTF Policies Implemented 18

**Section IV: Carbon Taxes 20**

Purpose & Effect in Theory & Reality 20  
Climategate Fallout 20  
Copenhagen Fall-Through 21  
From Thin Air: Quebec’s Hot Air Carbon Tax 22  
BC’s De-harmonized Carbon Sales Tax (Part II) 22  
Reduced CO2 Emissions of Tax Grab? 24

**Section V: The Politics of Petroleum & Pavement 26**

Liberals on Gas Taxes 26  
Conservatives on Gas Taxes 26

**Section VI: Conclusion 28**

Taxpayers Supply and Government Demand 28

**Appendix 29**

A-Gas Tax Accountability Act 29  
B-Gas Tax Honesty Mile Markers and Roadblocks 33  
C-Provincial Fact Sheets 36  
D-Annual Breakdown Summary Sheets 48

## **Section I: Introduction**

### **Fact Summary**

- **The estimated pump price for gasoline in 2010 is \$1.04 /litre, of which a minimum 32% is paid in taxes.**<sup>1</sup> In 2009, the average annual pump price was \$0.95/litre, of which 33% was taxes
- **Drops in the price of oil world-wide relative to 2008 have seen savings passed on to consumers at the pump, while small increases have partially eroded those gains in early 2010.** Gasoline and diesel fuel prices move up and down with the global market for oil as well as the percentage-based sales taxes attached to them.
- **Fixed rate taxes in the form of excise and carbon taxes keep the price of gasoline artificially high regardless of the real market cost.** Taxes are a massive distortion of the real market price of gasoline and diesel and not surprisingly, provinces with higher taxes on gasoline and diesel have higher prices at the pump. Those with lower taxes see savings passed on to drivers.
- **Drivers are double-taxed.** The GST is charged on the full pump price, federal and provincial gasoline and diesel taxes included. This is a tax-on-tax. In 2010, the federal government is estimated to collect \$2.7 billion in GST on gasoline and diesel sales, of which \$650 million is “double-tax.” Quebecers are further “triple-taxed” as the QST is applied to the GST.
- **The gap between what governments collect from gas taxes and what they spend on roadway infrastructure has been closed.** Due to a combination of long-term funding commitments proposed by the CTF and “temporary stimulus” funded by deficits, more is now spent on roads than is collected in gas taxes. When the CTF launched the Gas Tax Honesty Campaign in 1998, the federal government spent less than 2% of what it collected from gasoline and diesel taxes on roads, while all levels of government combined totalled only 42%. In 2007, all levels of government combined reached effective parity at 98%, rising to an estimated high of 144% in 2010.
- **Economic activity generated from roadways flow from the ability to move goods to market and not from macro-economic fiscal policy.** “Stimulus” spending on roads provides no net benefit to the economy save the function of roads themselves and *short term* employment.

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<sup>1</sup> Note: Estimate uses March 2010 price margins applied to July 1<sup>st</sup> fuel, carbon and sales tax regimes

## CTF Gas Tax Principles

- Governments should treat federal, provincial and local gasoline taxes as a user fee; and
- Governments should dedicate gasoline and diesel tax revenues to roads and road-related infrastructure and maintenance or else reduce taxes.

## CTF Federal Recommendations

- That the federal government transfer and dedicate \$0.05/litre of federal gasoline tax revenues and \$0.02/litre of diesel tax revenues (equivalent to 50% of fuel tax revenues) to municipalities for roadway development and maintenance;
- That said revenues be directly transferred to municipalities and not through local government lobby groups;
- That the federal government provide relief to consumers by cutting *net* taxes on gasoline by \$0.05/litre, beginning with ending GST double-taxation (approximately \$0.013/litre) and cutting excise taxes by \$0.037/litre
- That the federal Conservative government follow through on its election promise to cut diesel taxes by \$0.02/litre; and
- That the federal government introduce the CTF's "Gas Tax Accountability Act" ensuring that:
  - The \$0.015/litre tax increase in 1995 for use in "deficit elimination" becomes a truly temporary measure, to be eliminated when the government eventually returns to a surplus;
  - Consumers are not double-taxed by continuing to apply the GST on federal and provincial gas taxes; and
  - The federal government be required to spend all revenue collected through gasoline and diesel taxes on roadway-related infrastructure and maintenance, or otherwise reduce taxes.

## CTF Provincial & Local Government Recommendations

### British Columbia

- That the Government of British Columbia bring its combined gasoline and diesel fuel prices closer to the national average by:
  - Eliminating the \$0.045/litre (2010) carbon tax ; and
  - Eliminating the \$0.15/litre Translink tax.

### Ontario

- That the Government of Ontario fully offset the effect of the HST on gasoline (\$0.08/litre), diesel fuel (\$0.15/litre) and all newly tax products by either:
  - Lowering the overall HST rate on all taxable items by 2%; or
  - Making broad-based income tax cuts to all income levels.

### Quebec

- That the Government of Quebec end the grossly unfair practice of “triple-taxation” and other hidden taxes by:
  - Ending the QST’s applicability to built-in taxes such as excise and carbon taxes and to percentage based taxes like the GST, saving consumers approximately \$0.022/litre; and
  - Eliminating the \$0.008/litre carbon tax.

## Overview

The Canadian Taxpayers Federation (CTF) has led public opinion on gas taxes since it launched its first Gas Tax Honesty Campaign in May, 1998. Honesty in gas taxes means that taxes collected from the purchase of gasoline and diesel is used *exclusively* for the building and maintaining of roadway infrastructure.

In the campaign's first year, governments across Canada were overtaxing drivers for their consumption and under-spending on their roads. Both federal and provincial revenue collected through excise taxes far surpassed the amount spent building and repairing roads, as the government of the day funnelled gas tax dollars into pet projects as it saw fit. Since then, enormous progress has been made as governments – beginning with the Martin Liberals and accelerating under the Harper Conservatives – have moved to close the gap.

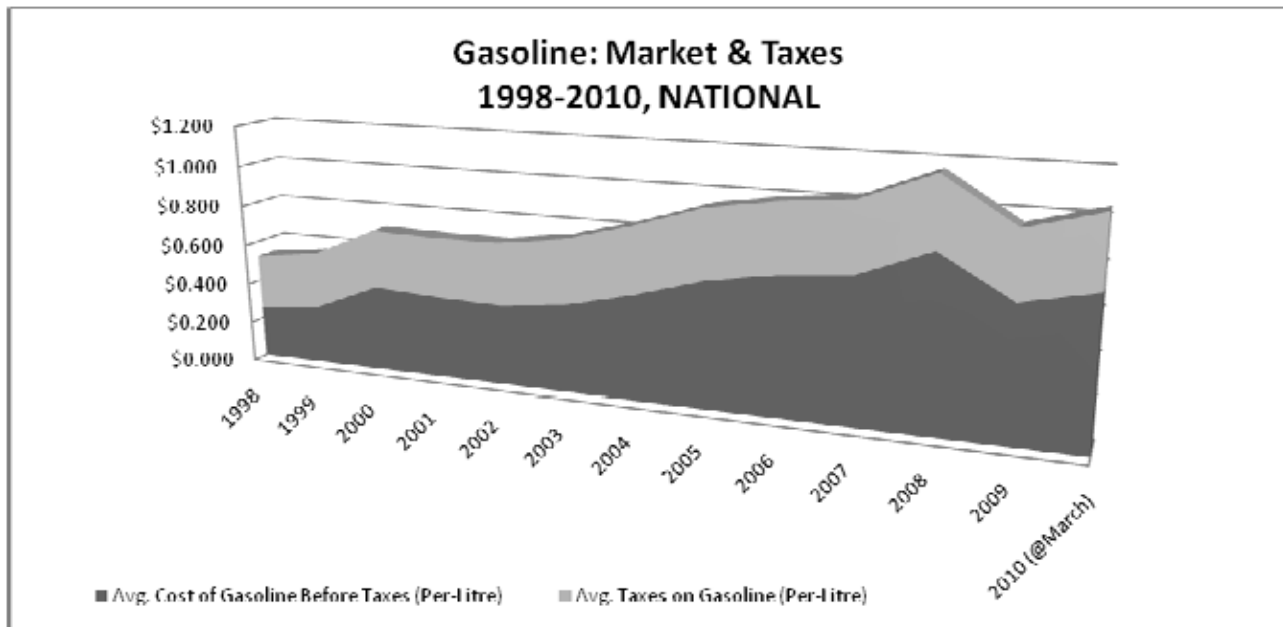
Despite enormous progress made in the dedicated funding of roadways, drivers are still hugely over-taxed. While taxes have declined as a *share* of the pump price from a high of 51% in 1998, the *actual* tax bill has increased in nominal terms to \$0.36/litre in 2010 compared to the \$0.27/litre that was collected in 1998.

It is for this reason among others that the CTF is continuing to advocate for a “Gas Tax Accountability Act” in this year's Gas Tax Honesty Report. The intent of the *Act* is three pronged: 1) make the “deficit elimination” gas tax a truly temporary measure that will be repealed once the government again balances it's books, 2) end double-taxation with the GST's application to other taxes, and 3) require that government spend all revenues collected through gas taxes on roadway infrastructure or otherwise reduce taxes. The federal government has come a long way, but we are not there yet. Passing the *Gas Tax Accountability Act* would ease the demand governments place on the short supply of taxpaying-drivers.

## Section II: Gas Taxes

### Moving Market Prices

In 2010, drivers will pay significantly more at the pump for two reasons: an increase in the market price of gasoline and diesel (using March as a base point) and multiple tax increases. While the market price of crude oil is determined by global supply and demand, the price of taxes is determined only by the demands of government.



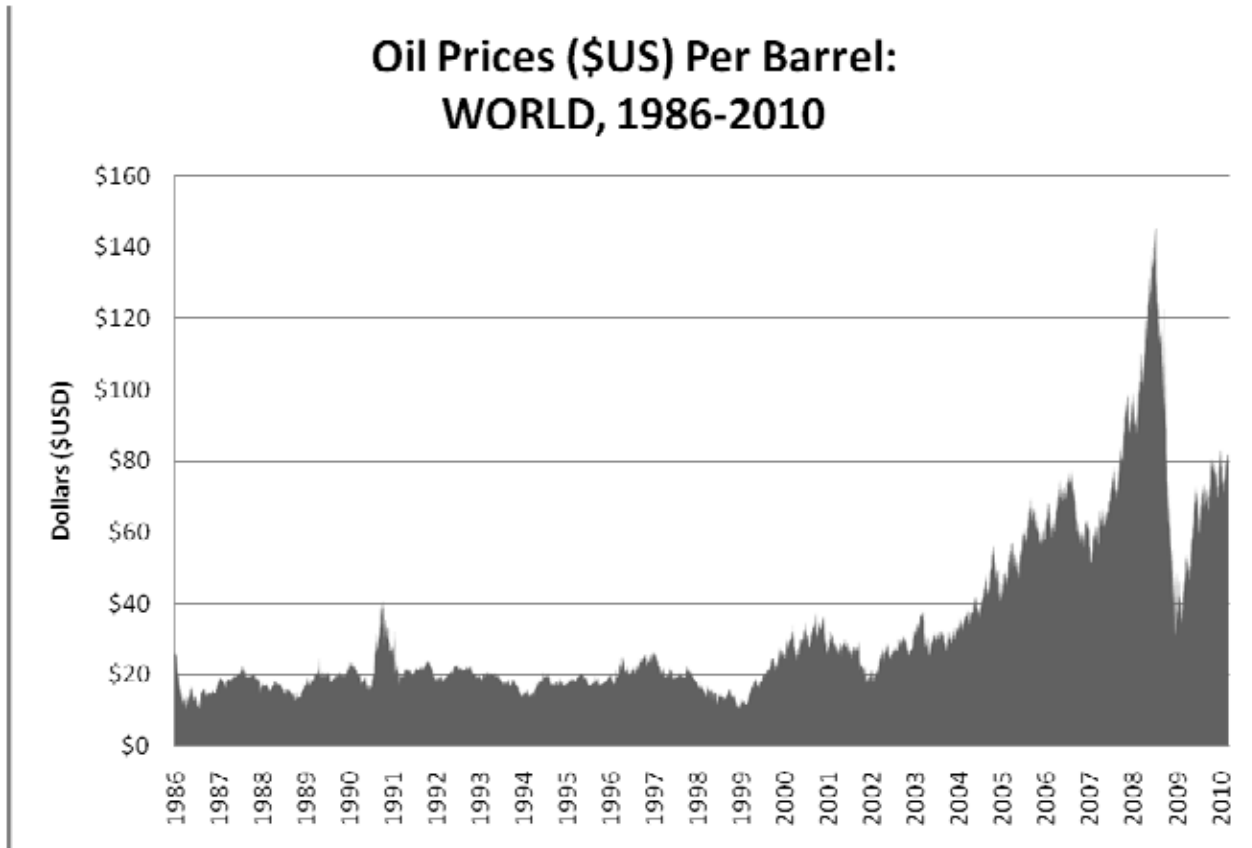
The total estimated *pre-tax* pump price for 2010 - using March price margins as a baseline - is less than \$0.71/litre, \$0.07 higher than the 2009 average but \$0.12 lower than in 2008. When compared with 1998, the pre-tax price of gasoline is a full \$0.45 higher in 2010, nominally. These changes can be attributed to fluctuations in the margins that make up the market price of fuel: crude oil, refining and marketing. These three margins include the cost of their respective roles in the supply claim (such as transportation and labour) and profits derived at each stage.

Using March 2010 price margin breakdowns from MJ Ervin, crude oil makes up 72% of the market price at \$0.512/litre, refining makes up 17% at \$0.118/litre and marketing 11% at \$0.079/litre.<sup>2</sup> This means that per-litre in 2010, crude prices are just under \$0.10 higher, while collective savings of \$0.023 are made from the refining and marketing portions.

<sup>2</sup> MJ Ervin & Associates, Kent Marketing Services Limited. April, 2010. Pump Price Margins. [http://www.mjervin.com/subscriptions/margin\\_rul\\_2010.htm](http://www.mjervin.com/subscriptions/margin_rul_2010.htm) (accessed March, 2010)



2009 saw the price of gasoline plummet almost 22% over 2008 from \$1.17/litre to \$0.95/litre. The largest single reason for these savings was the drop in world crude prices from a high of \$145/barrel (US) in July of 2008 to a low of \$30/barrel (US) in late December of that year. Prices between and after these two points have continued to fluctuate, but the price has been relatively stabilized at \$82/barrel (US) as of March 2010.<sup>3</sup>



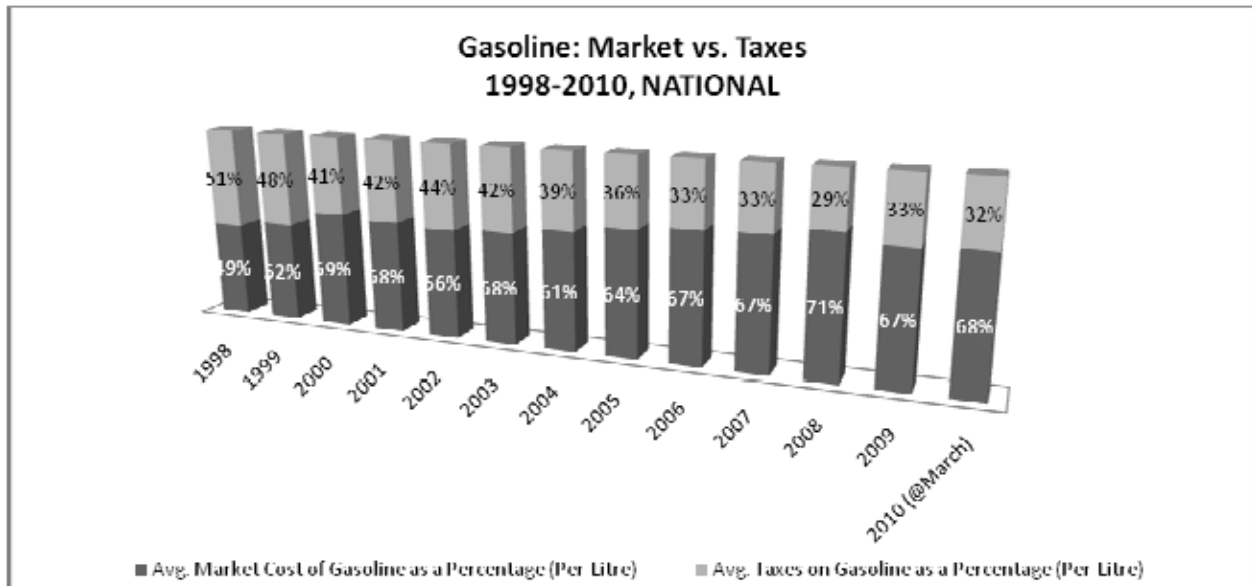
When prices rise, politicians contradictorily defect blame towards straw-man oil companies and retailers, yet evidence has yet to emerge that there are any legal means by which the pre-tax price could be controlled by anything but the supply of gasoline and the demand from consumers. Politicians do however have the power to change the price of gasoline and diesel fuel through taxes.

### Fixed Gas Taxes

If the proverb that “nothing in life is free” were ever in search of an example, it would need look no further than gasoline and diesel fuel in Canada. That is because even if gasoline were free, governments would still make you pay for it.

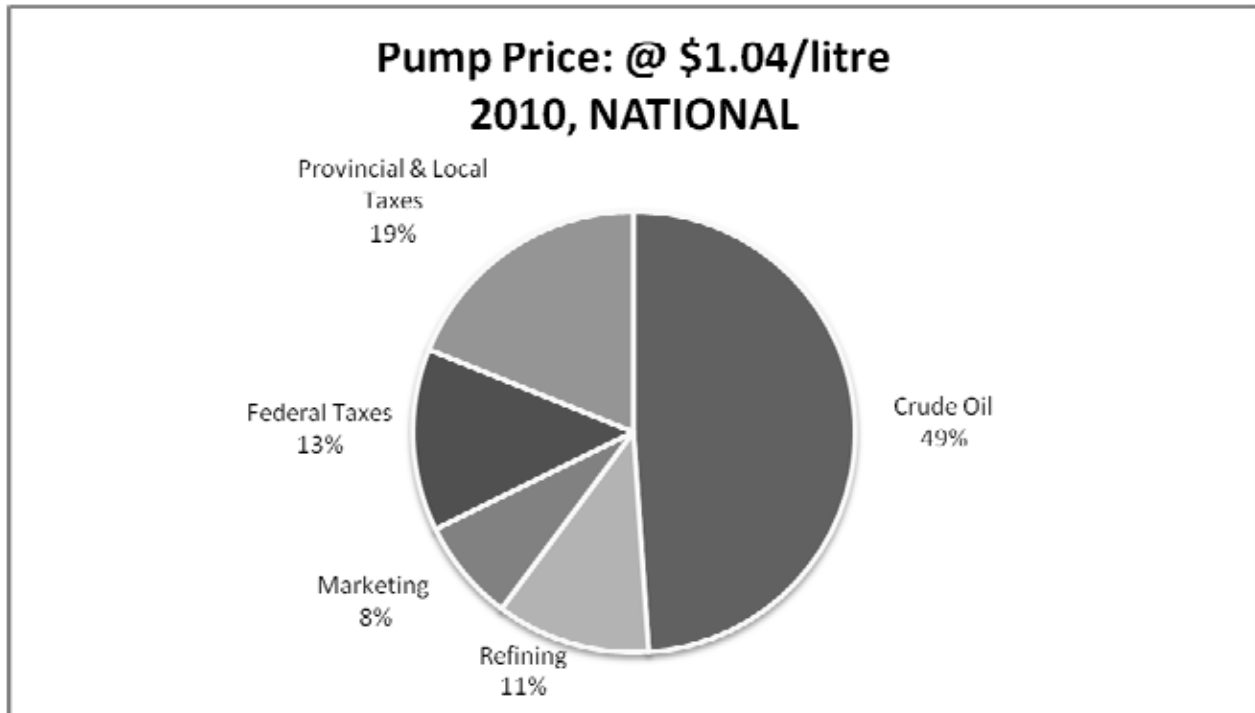
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<sup>3</sup> US Energy Information Administration. March 16, 2010. Cushing, OK WTI Spot Price FOB (Dollars per Barrel). <http://tonto.eia.doe.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=RWTC&f=D> (accessed April, 2010)



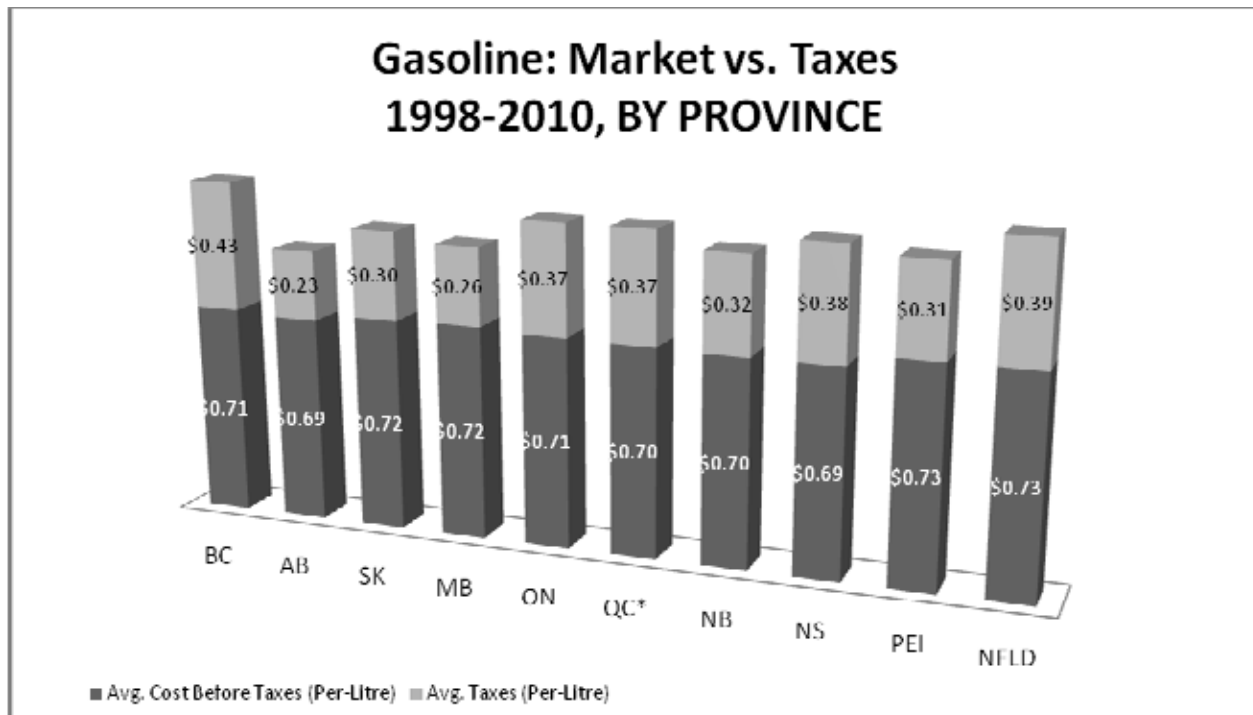
When world crude prices plummeted in 2009 relative to 2008 as noted above, Canada’s federal and provincial governments did not see a significant drop in revenue. The drop in revenue that governments did experience however could be attributed to the GST (and where applicable, HST & QST) being a tax as a percentage, as opposed to the federal and provincial excise and carbon taxes, which collect a fixed sum per litre regardless of price. Therefore, gasoline would still cost consumers about \$0.25/litre between both levels of government, even if oil and gas companies gave it away for “free.”

The only good news for reduced taxes at the pump is the reduction in the GST from 7% to 6% in 2006 and from 6% to 5% in 2008. The net savings of this lower GST rate is almost \$0.02/litre, modest savings, but permanent savings nonetheless.



Provincial and local gas taxes make up the largest government share of the pump price at an average of 19% today. British Columbia (B.C.) and Newfoundland and Labrador soar above the competition at \$0.28 and \$0.17/litre respectively, far above the national average of \$0.15/litre. Quebec may be in a position to rival either province; however the indirect nature of its hidden carbon taxes will be discussed below.

At the opposite end of the spectrum are Alberta, New Brunswick and Manitoba with \$0.09, \$0.11 and \$0.12/litre respectively. Regardless of each province's respective gas tax regimes, the federal government collects an additional \$0.10/litre in addition to the GST producing a total federal tax bill of \$0.13/litre using March 2010 price margins.



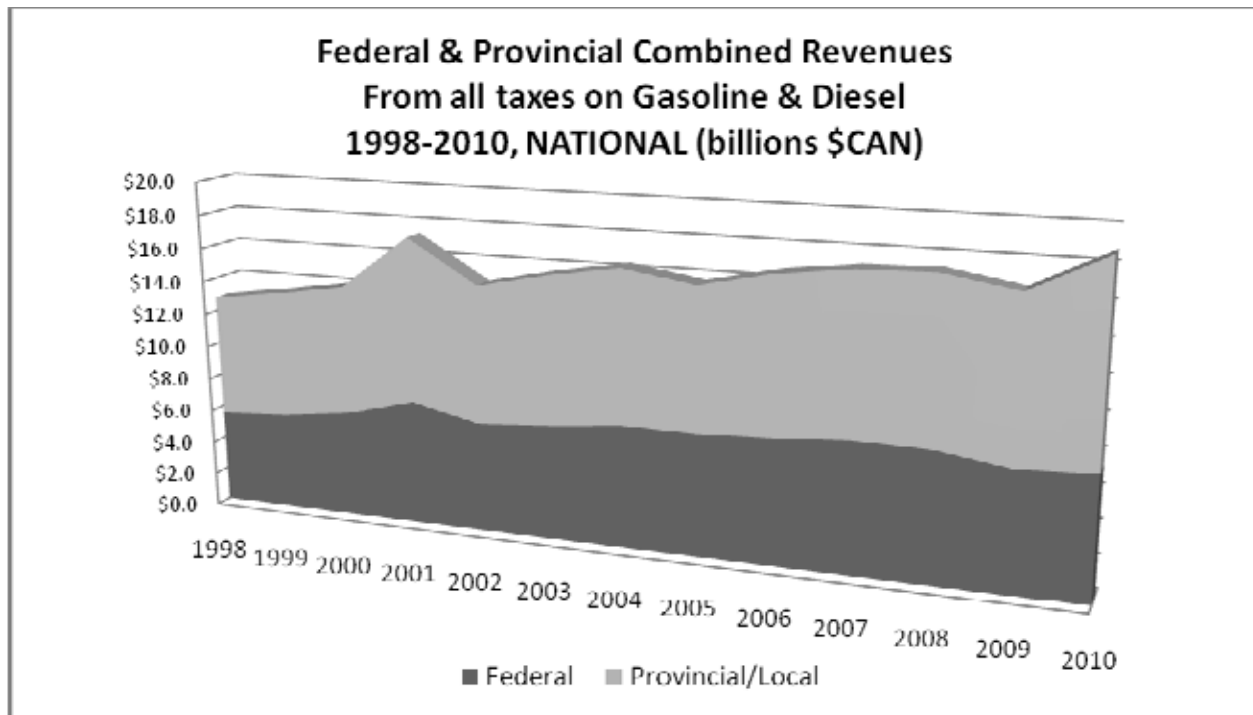
While many factors affect the total price of gasoline (such as the ease with which it can be brought to market), it should come as no surprise that BC and Newfound have *the* highest pump prices at \$1.14 and \$1.13/litre respectively, while Alberta and Manitoba have *the* lowest at \$0.93 and \$0.98/litre respectively.

### “Temporary” Deficit Elimination Gas Tax

In 1995, then Finance Minister Paul Martin tabled a budget that included a \$0.015/litre increase in the gas excise tax, citing it as a “deficit elimination measure.” As this “measure” was tied to the federal deficit, taxpayers had every right to expect its abolition when the budget was balanced.

Unfortunately, the track record on rolling back taxes as quickly as they rose is not good. When the income tax was introduced during the First World War, it was to be temporary. When the GST was introduced in 1991 to help reduce the deficit, few thought that it would take 15 years to lower it to 6%, and 17 years to bring it to 5%. This is what Milton Friedman meant when he once said, “there is nothing so permanent as a temporary government program.”

Regardless, Canadians have a right to see the “deficit elimination measure” of the gas tax repealed when the government once again balances its budget. The CTF is calling on the federal government to adopt the *Gas Tax Accountability Act* -- which among other things -- will ensure that this is truly a temporary measure that will be eliminated when the federal budget will be brought back into balance.



### Federal Tax-on-Tax

Canadians are also being “double-taxed” at the pump through the Goods and Services Tax (GST). To do this, the federal government applies the GST to the full pump price, not just the actual market price of gasoline. This means that in addition to the actual market value of gasoline, government taxes-the-tax added onto its price (excise and other taxes, federally and provincially).

In 2010, the CTF estimates that the federal government will collect \$2.7 billion in GST on gasoline and diesel sales less the rebate for low-income earners. Of the total collected, approximately \$650 million will be “tax-on-tax.” If adopted, the CTF’s *Gas Tax Accountability Act* would eliminate this creative form of raising revenue by applying the GST to only the pre-tax price of gasoline and diesel fuel.

### Quebec Tax-on-Tax-on-Tax

If all driving Canadians are being cheated by the federal government by double-taxing what they pay for gasoline (and other items with built-in taxes), then Quebecers are all the more mistreated by their provincial government.

The 7.5% Quebec Sales Tax (QST) is not a harmonized sales tax (HST) as some of that province’s politicians may claim, but rather a separate tax that is applied to not just the market price *and* whatever built-in taxes are included, but to the GST as well. For example, if a litre of gasoline cost a consumer \$1.00 (after excise and carbon taxes) in addition to the 5% GST for a total of \$1.05, the 7.5% QST would tax the larger sum of \$1.05 for a total bill of \$1.13. In effect, this makes the QST 8.025%, deceptively

higher than the 7.5% that Quebec's government makes it appear to its citizens. Further, Quebecers can expect hikes to the QST to 8.5% come January 1, 2011 and 9.5% January 2012.

In 2010, the CTF estimates that Quebecers will pay approximately \$188 million in QST "triple-tax" to their provincial government in addition to their share of the GST "double-tax." What many Quebecers fail to realize however is that they are in fact paying an additional hidden tax built into the market price: a carbon tax. This will be discussed further in Section IV of this report.

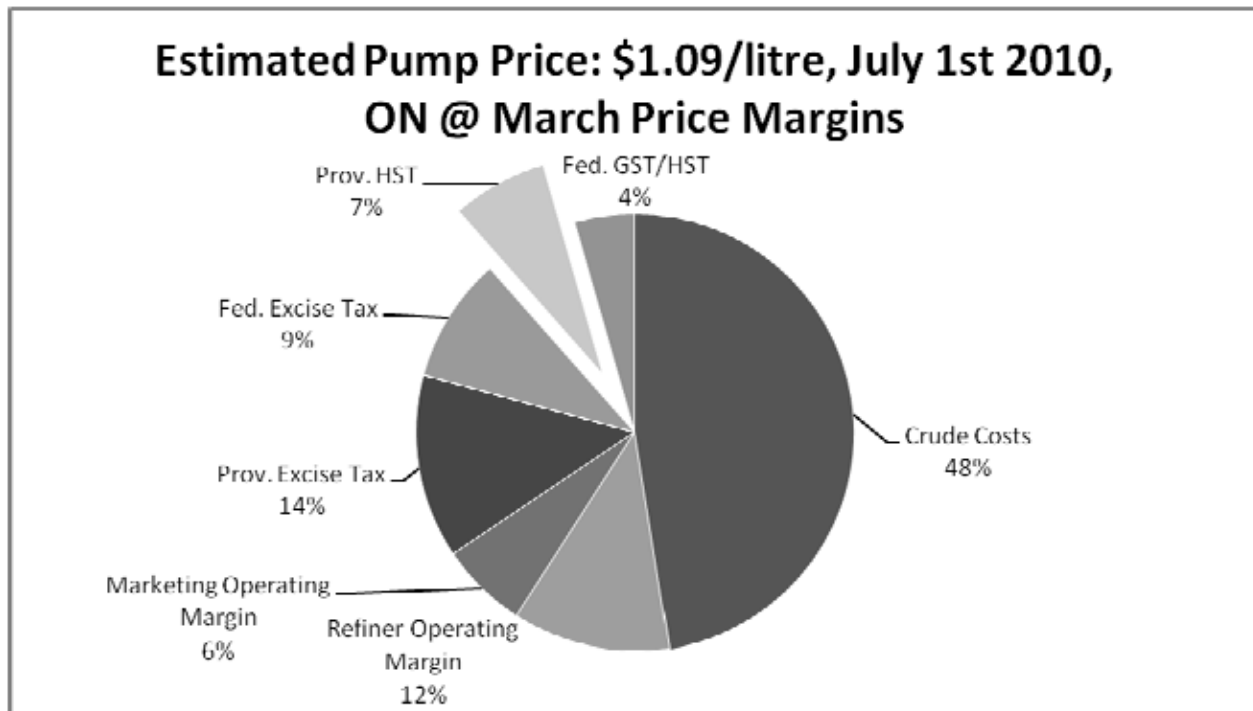
## **Ontario's Blended Gasoline Sales Tax**

The only thing that should surprise Ontarians about Dalton McGuinty is if he doesn't surprise them with new taxes after every election. While making absolutely no mention of replacing the Provincial Sales Tax (PST) with an HST during his re-election campaign in 2006, the premier wasted little time in doing so once safely back at Queen's Park.

An HST is a sales tax harmonized with the federal GST that has several benefits that will be realized by both small and large businesses. Despite the factors that make an HST potentially worth adopting, the fact remains that it will tax more goods and services than does the PST. As compensation, the premier has promised to buy Ontarians off with their own money at an arbitrary, fixed rate regardless of how much consumers actually spend. The premier also announced what were largely faux-tax cuts on income. These so-called cuts are negated by hikes to the two archaic surtaxes that Ontarians pay as a part of its complicated tax regime.<sup>4</sup> Unless overall income or sales tax rates are reduced across the board, Ontarians will be paying more in tax come July 1<sup>st</sup>, 2010.

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<sup>4</sup> Fildebrandt, Derek. December 29, 2010. New Year Tax Changes. *Total Personal & Payroll Tax Burden for Select Income Scenarios, Adjusted for Inflation, December 31, 2009-January 1, 2010*. Ottawa. Canadian Taxpayers Federation



One of the most costly elements of the HST will come in the form of Ontarians' gas bill. Applying the 8% HST to March 2010 pricing margins, Ontarians will pay nearly \$0.08/litre more at the pump than they otherwise would. In practical terms, this works out to nearly \$5 more at the pump every time an Ontarian fills up a mid size car or \$123 every year. For the government, it works out to a minimum of \$1.6 billion in extra revenue with which to continue Ontario's unsustainable spending habits.<sup>5</sup>

### BC's De-harmonized Carbon Sales Tax (Part I)

While British Columbians often attempt to shield themselves from the federal government beyond the Rocky Mountains, they are often less successful protecting themselves from their provincial government at home in Victoria. Similar to Ontario, B.C.'s Liberal government announced soon after its re-election that it would be introducing an HST of its own; however it more appropriately provided a modest degree of compensation with income tax cuts.<sup>6</sup>

Because British Columbians already pay a steadily rising carbon tax (which will be discussed in more detail in Section IV) drivers will receive a point-of-sale rebate on the provincial portion of the HST. In

<sup>5</sup> Note: Estimate based on fuel tank with 64 litre capacity and fuel efficiency of 9 L/100 km with an average annual distance of 18,000 km

<sup>6</sup> Fildebrandt, Derek. December 29, 2010. New Year Tax Changes. *Total Personal & Payroll Tax Burden for Select Income Scenarios, Adjusted for Inflation, December 31, 2009-January 1, 2010*. Ottawa. Canadian Taxpayers Federation

effect, all motor fuels will be exempt from the HST because they already pay a fixed amount in carbon taxes, which will artificially increase as scheduled in legislation.

## Savings Summary<sup>7</sup>

Jurisdiction	Elimination/Cut	Government Revenue (\$CAN) <sup>8</sup>	Savings		
			Per Litre	Per Fill-Up	Per Year
Federal	GST Double-Tax	\$650 million	1.3 cents	\$0.08	\$20.40
	Deficit Elimination Tax	\$1.3 billion	1.5 cents	\$0.96	\$24.30
	Gas & Diesel Excise Tax <sup>9</sup>	815 million	2.2 cents	\$1.41	\$36.54
BC	Carbon Tax (2010)	\$295 million <sup>10</sup>	4.5 cents	\$2.85	\$72.09
	Translink Tax	\$953 million	15 cents	\$9.60	\$243.00
Ontario	HST*	\$1.6 billion	8 cents	\$5.00	\$123.00
Quebec	QST Triple-Tax	\$188 million	2.2 cents	\$1.41	\$35.64
	Carbon Tax	\$105 million <sup>11</sup>	0.8 cents	\$0.51	\$12.96

\*Ontario HST figures not 'savings', but 'new' taxes that will be avoided if sufficiently offset with either HST or income tax cuts

<sup>7</sup> Note: Estimates based on fuel tank with 64 litre capacity and fuel efficiency of 9 L/100 km with an average annual distance of 18,000 km

<sup>8</sup> Note: Revenue includes diesel fuel in addition to gasoline

<sup>9</sup> Note: Diesel portion of excise tax cut is \$0.02/litre

<sup>10</sup> Note: Estimate based on sale of gasoline and diesel fuel only and no other products.

<sup>11</sup> Note: Estimate based on sale of gasoline and diesel fuel only and no other products.



## **Section III: Roadway Infrastructure**

### **Stimulus and Road Construction**

Canadians use roads every day. They are a critical part of modern life and essential for a strong and vibrant economy. Defining their contribution to economic activity however varies depending on if one is in the political realm, or reality. In the political realm, building roads instantly creates jobs with the money that otherwise wouldn't be creating jobs in the private sector, or in other words, by taxpayers. In reality, the overwhelming contribution that roads make to economic activity is the ability to move goods and services to market, facilitating private transactions between individuals and firms.

Politicians feel the need to appear to be “doing something” as invariably there is always another politician willing to yell louder than the next about the need to “act,” or more accurately, *to be seen to act*. This need to be seen acting is typically justified by Keynesian theory, premised on the ability of governments to effectively “prime” or “stimulate” an economy during a downturn by borrowing money from the private sector and foreign bond-holders to spend on public works. The theory goes that this spending on public works will increase aggregate demand and therefore lead to a recovery in the growth of gross domestic product (GDP). The problem with this theory is that a dollar spent in the public sector is a dollar either taxed or borrowed from the private sector. At the very foundation of government's ability to stimulate the economy is a belief that that a dollar can be spent more effectively by government than by private individuals, families and businesses.

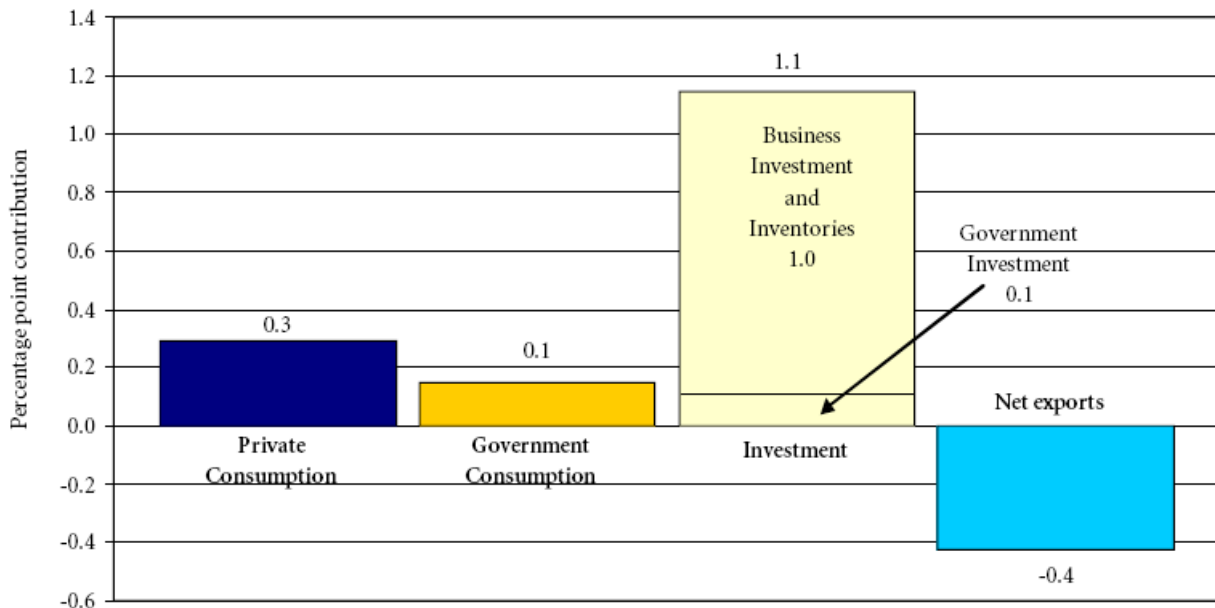
The federal Conservative government has claimed credit for weathering the recession by force of its deficit-financed fiscal-stimulus policy. While positive measures – such as avoiding direct tax hikes – certainly played a positive role in Canada's recovery, there is little evidence to support claims that spending did. According to the Fraser Institute - using the federal governments own data from Statistics Canada:

The contributions from government spending and government investment to the improvement in GDP growth are negligible. Increases in private consumption and business investment were the main drivers of economic growth from the second to third quarter. To the federal government's credit, the Economic Action Plan did include some tax relief that likely added to the contributions to GDP from private consumption and business investment, though these additions are likely small given the scale of the tax relief.<sup>12</sup>

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<sup>12</sup> Velhuis, Niels, Karabegovic, Amela, Lammam, Charles. March 23, 2010. *Did Government Stimulus Fuel Economic Growth in Canada? An Analysis of Statistics Canada Data*, Fraser Institute

**Contribution to the 1.1 percentage point increase in GDP growth from 2nd to 3rd quarter, 2009**



Source: Fraser Institute<sup>13</sup>

While the ability of governments to stimulate the economy by funding public works may be negligible or even negative, roads *do* play a critical role in the ability of the private sector to operate effectively and efficiently. It is for this reason that governments must invest in roadway infrastructure with an eye towards facilitating individuals, businesses and trade, not attempting to replace them as vehicles of economic growth.

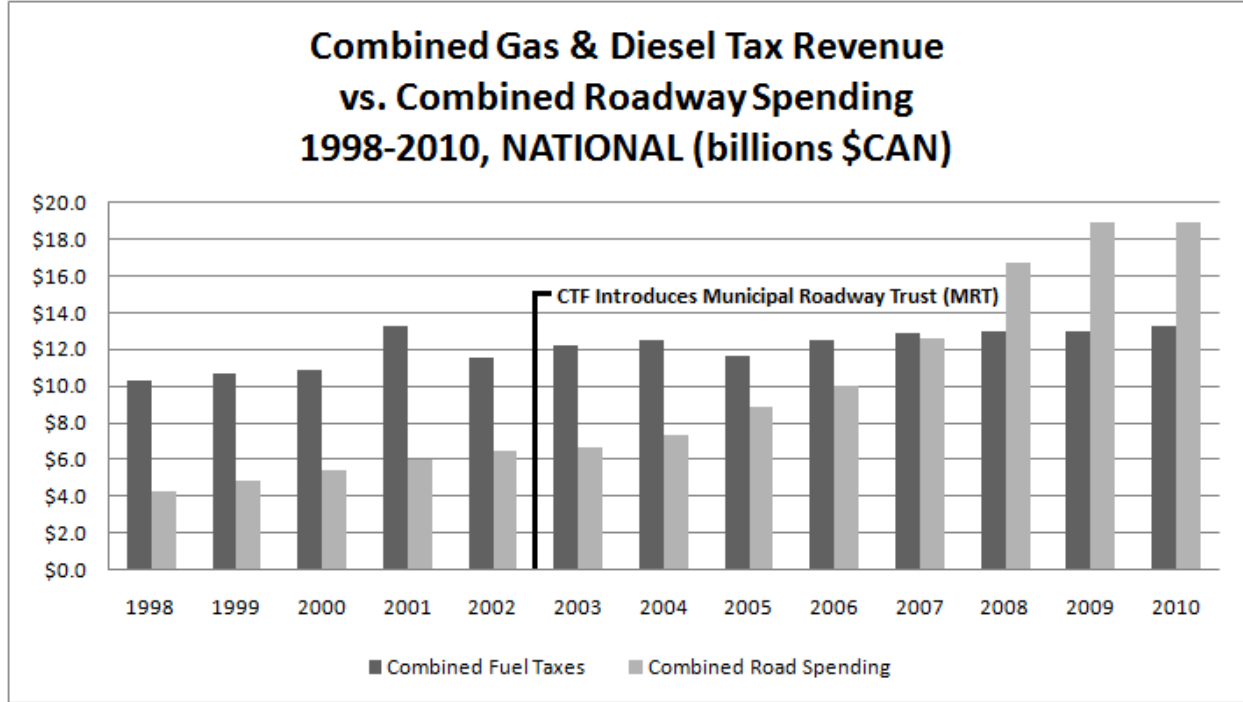
**The Road to Sufficiency**

When the Gas Tax Honesty Campaign was launched in 1998, the federal government spent just 2% of what it collected in gasoline and diesel taxes on roads at \$81 million out of \$4 billion, with the difference flowing into general revenue.<sup>14</sup> That number quadrupled to 8% in both 2009 and 2010; however this figure obscures the big picture. In the period between 1998 and 2010, the federal government not only increased its *direct* share of roadway spending, but it increased its transfers to provinces and local

<sup>13</sup> Velhuis, Niels, Karabegovic, Amela, Lammam, Charles. March 23, 2010. *Did Government Stimulus Fuel Economic Growth in Canada? An Analysis of Statistics Canada Data*, Fraser Institute.

<sup>14</sup> Note: Figures used in this report are more accurate and extensive than those used in any previous reports. The data used in this report from Statistics Canada provides accurate spending figures broken down geographically. It should be noted that roadway “investments” are recorded as belonging solely to the level of government that spent the funds. As a myriad of transfers are involved in roadway spending in Canada, this is problematic, but is largely solved by combining figures from all three levels of government.

governments at unprecedented levels. While only 2% of gas taxes (excluding sales taxes) may have been directly spent on roads federally in 1998, all levels of government combined spent a comparatively better 42% of all gas taxes collected. This was still well below half of what governments took from drivers in gas taxes, not to mention additional sales taxes.



### Real Results on Roadways

As municipalities are responsible for more than 73% of the roads in Canada, the CTF has long been an advocate of transferring a portion of federal gas tax revenues directly to municipalities for use in roadway spending. In 2002, the CTF was joined by municipalities from coast-to-coast in pushing the federal and provincial governments for more, stable money to fund upgrades to crumbling roadway infrastructure in the form of a Municipal Roadway Trust (MRT).

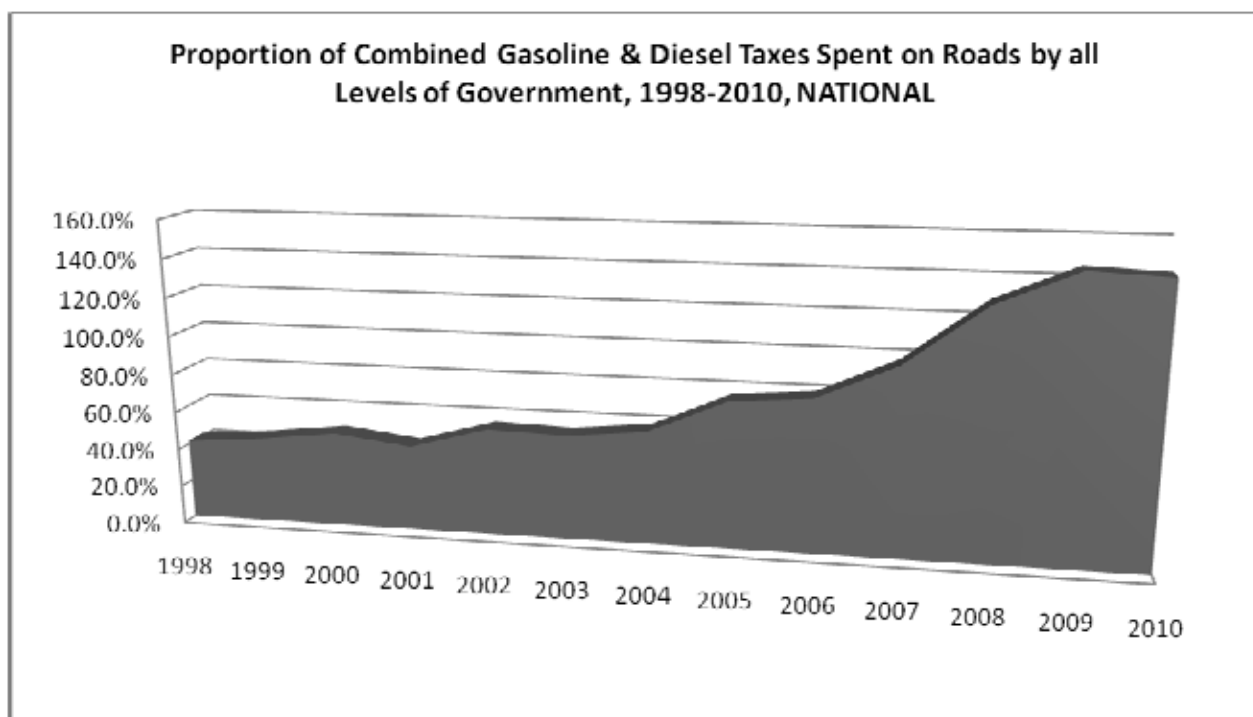
Total Network	All Roads	940,844
Federal ownership	Minor roads in parks, on other government property	15,000 KM
Provincial ownership	Trans Canada Highway designated, upgraded by federal government in 1949	7,500 KM
	Higher capacity primary and secondary highways running through urban areas	231,000 KM
Municipal ownership	Streets and arterials in towns and cities sub-network of rural access roads	655,000 KM
	Limited access highways including rural freeways and urban expressways	32,000 KM
Other ownership	Toll roads	344 KM

Source: Canada Transportation Act Review Panel<sup>15</sup>

<sup>15</sup> Vision and Balance. June, 2001. *Report of the Canada Transportation Act Review Panel*. Canada Transportation Act Review Panel.

In response to growing demands from municipalities to cover roadway construction and maintenance costs, Toronto's then Deputy-Mayor Case Ootes joined the CTF at a press conference to lend support to the MRT model. Under the proposed MRT, federal gas tax revenues would be transferred directly to municipalities. Constitutionally, municipalities are under provincial jurisdiction; however there is an established precedent for the federal government to directly transfer funds to municipalities in lieu of property taxes owed. The MRT is predicated on the principle that gasoline taxes be treated as a user fee levied on motorists and it ensures transparency and fairness in allocating funds for roadway spending. As towns and cities are responsible for maintaining over 73% of all Canadian roads, it is logical that federal funding flow directly to municipalities.

After being addressed by then CTF federal director, John Williamson on May 30, 2003, the *Federation of Canadian Municipalities* adopted a resolution asking the federal government for options to share gasoline tax revenues.



The 2005 federal budget pledged to begin returning a portion of federal gas taxes to municipalities based on an equitable per capita funding model. This was a positive first step and one the CTF had been urging for years.

Since that time, federal transfers have increased by more than 900% from \$441.8 million in 2005 to a projected \$4.1 billion in 2009, continuing to increase in 2010. These transfers include the:

- Gas Tax Fund;
- Increased GST rebate; and

- Equal per-jurisdiction funding.

The 2009 federal budget included several unique “temporary” measures in addition including:

- Accelerated equal-per jurisdiction funding for 2011, 2012 and 2013; and
- A cost-share program

As referenced above, all levels of government combined spent a mere 42% of what they collected in gasoline and diesel taxes on roads when the CTF launched its Gas Tax Honesty Campaign in 1998. Due to an increase in long-term, sustainable funding based on the Municipal Roadway Trust model advanced by the CTF, all levels of government reached effective parity in gas revenue and road-spending in 2007 at 98%. Due to temporary “stimulus” measures, all levels of government are estimated to bring this ratio to approximately 144% for 2010. While the current spending in excess of 100% may be unsustainable, drivers might call it back-pay for the tens of billions more that was collected from them than was spent on their roads between 1998 and 2007.

### **Problems with Ottawa’s Gas Tax Sharing Schemes**

Ottawa’s history of transfers and infrastructure spending has been riddled with potholes. They have often been ineffective and at times highly political. Program definition of infrastructure was far too broad, but has largely been corrected over time. Resulting from this, it was reported by the auditor-general in 1996 that a mere 60% of the funding allocated to infrastructure found its way to the construction of roads, bridges, and water and sewer networks. Conversely, the remaining 40% went towards bocce ball courts, fountains, canoe museums and other questionable projects. The auditor-general also reported in February 2004 that federal infrastructure programs lack accountability and proper guidelines.

The Liberal government of the day learned little from its mistakes, sinking the Gas Tax Fund of more than \$5 billion not into roads, but into “environmentally sustainable” infrastructure projects such as public transit, water and wastewater treatment, community energy systems and the handling of solid waste.” New roads, repaired bridges and filled potholes were scant to be found.

To the Conservative government’s credit, evidence would suggest that the Kyoto-obsessed fantasy of the previous government has less traction now, at least in terms of consuming scarce resources that should be allocated to roads.

### **CTF Policies Implemented**

As referenced prior, accountability in what proportion of infrastructure spending is actually geared towards roadways has been lacking in successive governments; however we know the current government has made significant moves in the right direction. Municipalities are now allowed to spend

their share of the Gas Tax Fund on actual roadway infrastructure, something that was bizarrely considered second tier or not eligible at all under the previous Liberal government. For this, the Conservative government should be commended; however there is still work to do.

In addition, Budget 2009 made the Gas Tax Fund a permanent measure, ensuring that municipalities have a steady source of funding for roadway infrastructure. This is an important step towards ensuring the sustainability of infrastructure spending in Canada and stability in municipal finances. Further, the Conservative government has moved to phase out other, less serious infrastructure spending for items like bocce ball courts, water fountains and canoe museums.

Overall, the gap between what is collected in gas taxes and what is spent on roadways has closed remarkably since 2006, reaching effective parity in 2007. For these reasons, the CTF considers its efforts a huge victory, and so should taxpayers. It remains to be seen if roadway spending will be sustainable at 100% of what is collected in gasoline and diesel taxes as the federal and provincial governments must inevitably reign in their unsustainable deficits. Taxpaying-drivers should be on guard to ensure that not only do their gas taxes continue to go towards roads, but that future governments do not raise them.

## **Section IV: Carbon Taxes**

### **Purpose and Effect in Theory and Reality**

Many believe that high gas prices and taxes will curb consumption. Such a position assumes that at some price point, people will make changes to their lives to reduce the amount of the household budget eaten up by fuel costs. Perhaps some will use public transit. Others will cycle. Or maybe the minivan will sit in the driveway and the kids will miss a few soccer practices. However, the facts suggest something quite different. When times are good, kids still go to soccer practices, but family budgets increasingly run on empty as government coffers swell.

When the economy grows, people move, work, save and invest. Families drive children to soccer practices, trucks move goods to market, and gasoline consumption tends to rise. When times are bad, people drive less for all sorts of reasons, reducing demand and reducing gasoline consumption.

According to *Statistics Canada*, gasoline consumption in Canada increased an average 1.7% per year between 2000 and 2008. It also reported that between March 2007 and March 2008, gasoline prices rose 7.9%, while Canadians consumed 11.3% more gasoline. In other words, higher prices and taxes did not reduce consumption.

Families who have less money in their pockets and bank accounts do not drastically change their energy consumption habits when prices change. If, however, families are concerned about their economic well being, they will change their spending habits.

Of course, some believe that Canadians should pay double or more for a litre of gasoline than they do now, no matter what the state of family budgets. Dale Marshall of the David Suzuki Foundation argues, "It takes quite considerable increases in price to have any effect on consumption." And how much of an increase are we talking about? "It's not a 5% or a 10% increase in prices that will have any effect, but a 40% or 50% increase in gas prices that will," Marshall says.

By that logic, Canadians should pay \$2.00/litre – or \$7.50/gallon – which would see government windfalls soar and household budgets devastated. Atmospheric prices of such a magnitude would in fact affect consumption. Canadians should weigh the facts behind such a tax's justification.

### **Climategate Fallout**

"The fact is that we can't account for the lack of warming at the moment and it is a travesty that we can't...there should be even more warming: but the data are surely wrong. Our observing system is inadequate." - *Kevin Trenberth, head of Climate Analysis Section at the National Centre for Atmospheric Research and author of the 2007 UN climate report*

Those words and many more from a flood of emails released without the permission of their frank authors are at the foundation of a political earthquake dubbed “Climategate.” The emails were released in November of 2009 from the Climate Research Unit server at the University of East Anglia in the UK. While the purpose and scope of this report does not include the scientific debate surrounding global warming, it is impossible to overlook the massive social and political effect that the leaked emails have had. With the debate now in full swing and the politically imposed “consensus” now nowhere to be seen - outside of Parliament - Canadians are more sceptical than ever about the prudence of imposing massive job-killing taxes and carbon trading regimes.

## Copenhagen Fall-Through

Following the UN sponsored Copenhagen conference the the TD Bank Financial Group financed a report by the David Suzuki Foundation and Pembina Institute spelling out with welcome frankness the massive transfer of wealth and costs associated with meeting Canada’s current greenhouse gas (GHG) reduction targets, as well as a more ambitious target put forward by the authors.

The report’s primary finding is a relative reduction in Canada’s GDP (size of the economy) of between 1.5% and 3.2% by 2020.<sup>16</sup> In addition to billions of dollars for buying carbon credits, imposing new regulations and financing new corporate welfare programs, the report prominently calls for a carbon tax.

In what has gone down as a historic example of disconnect from mainstream public opinion, Canadian voters overwhelmingly rejected the proposed carbon tax put forward by the Liberal Party of Canada in the 2008 General Election. The proposal was rightfully seen for what it was, a non-revenue-neutral tax grab designed to transfer money from consumers of products like gasoline to new social-engineering programs.

While an early supporter of the carbon tax scheme himself, Michael Ignatieff has dropped the proposal from his party’s platform for reasons of electability after assuming the leadership of the Liberal Party. This development has left all “mainstream” parties save the Green Party rejecting this proposal. Despite this, speakers at the Liberal Party’s Canada 2020 “thinkers-conference” extolled the virtues of a carbon tax, pleading with Mr. Ignatieff to readopt the orphaned plan. To date, the Liberal leader has continued to be cool to the idea; however taxpayers will require reassurance before the next federal election that this policy will not change once in power should his party form government.

While there are still other damaging, anti-consumer proposals being put forward by all parties currently represented in the House of Commons – such as cap-and-trade – this is a hopeful sign that carbon taxes have gone the way of dinosaur and are now a fossil of public policy on the federal political scene.

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<sup>16</sup> Bramley, Matthew, Sadik, Pierre. October 2009. *Climate Leadership, Economic Prosperity: Final Report on an Economic Study of Greenhouse Gas Targets and Policies for Canada*. Pembina Institute and David Suzuki Foundation



Despite this, taxpayers should heed the advice of former CTF federal director, John Williamson when he said that, “no public policy victory is forever, nor any defeat everlasting.” Once the memory of the carbon tax failure is swept from our collective memory, it may well return. Taxpayers must stay vigilant to ensure that its return is given similar treatment.

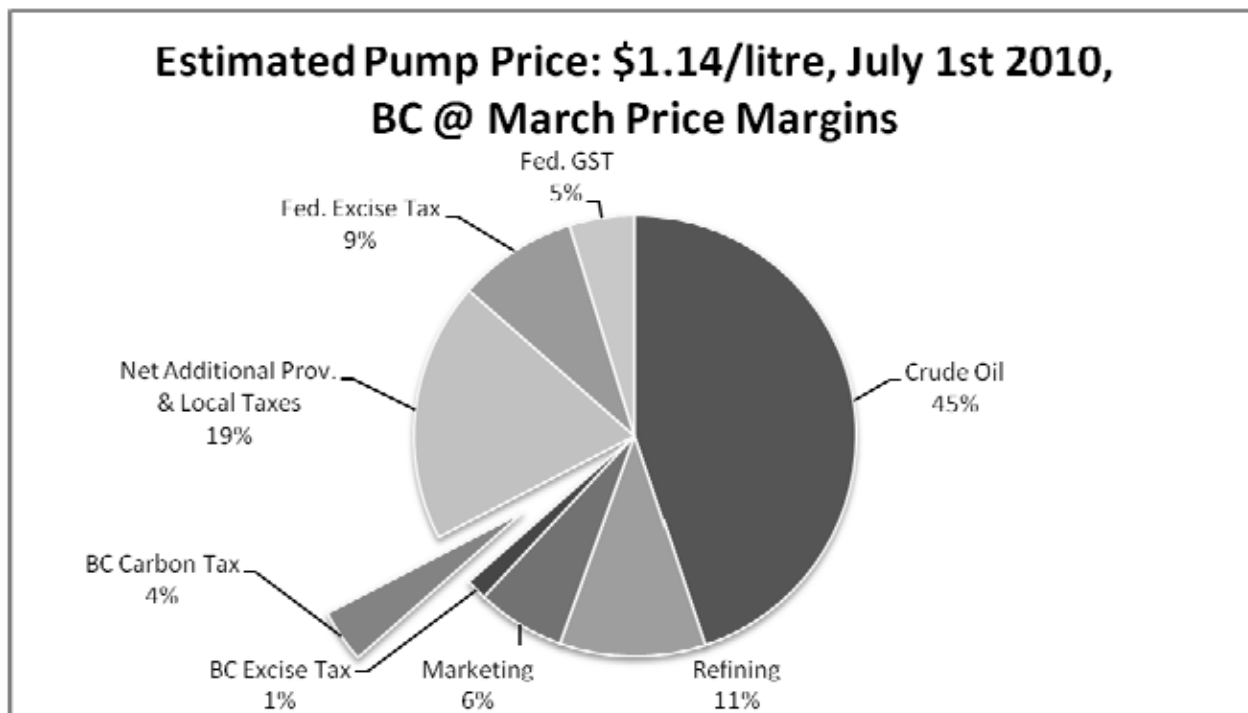
### **From Thin Air: Quebec’s Hot Air Carbon Tax**

Carbon taxes attach a price to fossil fuels such as gasoline for the carbon dioxide (CO<sub>2</sub>) they release into the atmosphere. Quebec imposed the first carbon tax in Canada on October 7, 2007. This tax uses targets based on Canada’s burden under the Kyoto Protocol to reduce greenhouse gas (GHG) emissions by 6% below 1990 levels by 2012. Oil companies are required to pay \$0.008/litre for gasoline distributed in Quebec and \$0.0094/litre for diesel fuel. The tax is expected to generate \$69 million a year from gasoline sales, \$36 million from diesel fuel and \$43 million from heating oil.

The Quebec carbon tax directly taxes energy producers and importers. The Quebec government originally told the public that carbon tax would be paid by the oil and gas industry. Industry, unsurprisingly, passed the new tax along to its customers. The government then told angry consumers that, of course, the new tax means they will pay more for gasoline and natural gas because how can the state possibly control the market decisions of oil and gas companies?

### **BC’s De-harmonized Carbon Sales Tax (Part II)**

If a child on the playground was informed that a bully would not take his lunch money that day because he had already taken his ball in the morning, the relieved child might be forgiven for being less than grateful towards the newly compassionate bully.

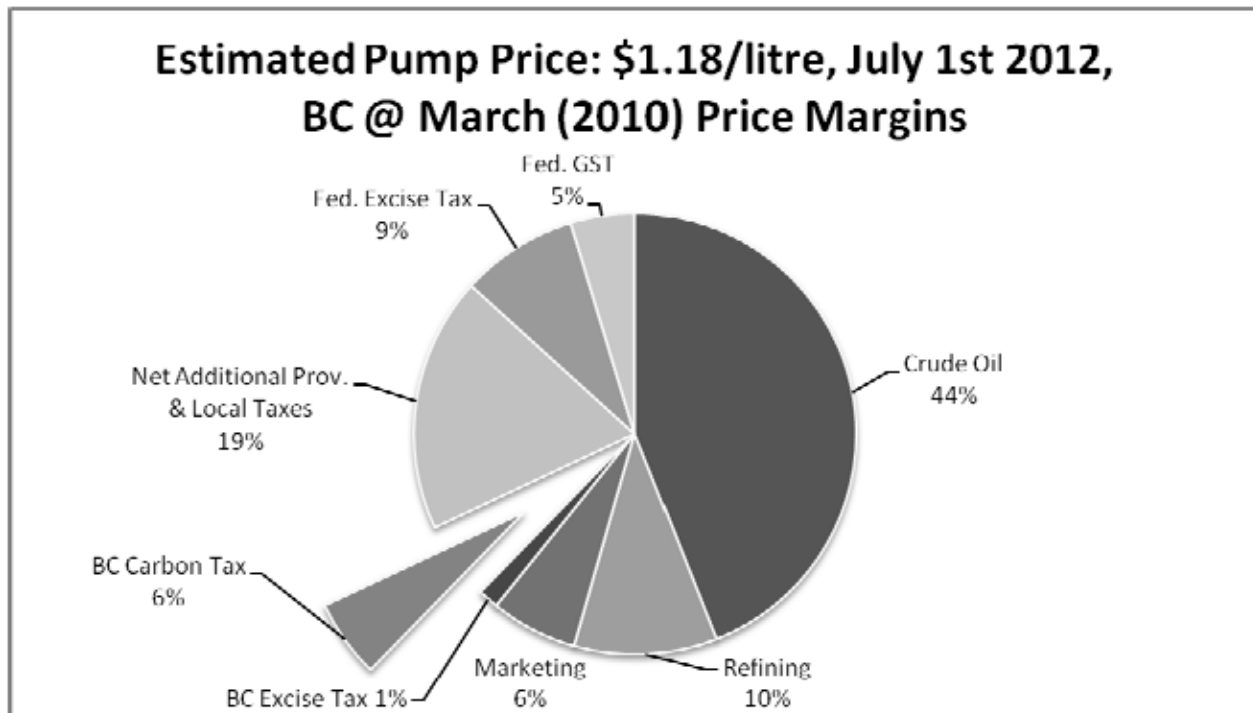


British Columbians were similarly unimpressed with their government’s decision not to impose the new HST on gasoline and diesel fuel, as they are already paying an increasingly higher, fixed tax - the carbon tax. As noted above, British Columbians will effectively pay no HST on gasoline and diesel because drivers receive a point-of-sale rebate. They are nonetheless paying more in taxes in 2010, and more than any other province’s tax or final price total. This is what the B.C. government means by “revenue neutral”.

B.C.’s carbon pricing regime began as a tax of \$10.00/tonne of CO<sub>2</sub> equivalent on July 1, 2008. This will rise by \$5.00 every year until it reaches \$30.00/tonne in 2012. The tax is charged to end users of fossil fuels. The carbon tax resulted in a gasoline tax increase of \$0.0234/litre at the pump on July 1, 2008, rising to \$0.511/litre on July 2010 and will continue rising at multiple stages to \$0.0767/litre 2012. In addition to this, the GST double-tax will increase as the BC government further drives up the pump price.

To place this in perspective, the Carbon Tax Centre boasts that BC’s carbon tax “qualifies as far and away the most significant carbon tax in the Western Hemisphere.”<sup>17</sup>

<sup>17</sup> November 28, 2009. *Where Carbon is Taxed*. Carbon Tax Centre. (accessed May 2010)



### Reduced CO2 Emissions or Tax Grab?

When Prime Minister Stephen Harper said a carbon tax was “a tax grab, a tax on everything, and would screw everybody,” he was right. Carbon taxes are unlikely to have any effect on CO2 emissions in B.C. or Quebec, but they will raise the cost of energy for individuals directly through higher gasoline taxes, and indirectly as businesses pass their higher costs along to customers.

Quebec's carbon tax is supposed to help Quebec reach Kyoto Protocol targets to reduce greenhouse gas (GHG) emissions by 2012. The estimated \$200 million to be collected by industry from end-users with this tax will be deposited into the province's so-called green fund.<sup>18</sup>

This appears to be a classic tax grab, as the carbon tax is marketed as a way to generate revenue to subsidize so-called green projects, yet no estimates of its actual contribution to Quebec's GHG reduction goals are available other than vague references to the overall target and the benefits of subsidies to transit.

B.C.'s carbon tax (on all fossil fuels, not just gasoline), is expected to reduce B.C.'s CO2 emissions in 2020 by up to 3 million tonnes annually. Three million tonnes is a mere 7.5% of B.C.'s greenhouse gas reduction goal of 33% from 2007 levels by 2020, or about 40 million tonnes. If the price of a 7.5% CO2 reduction is more than \$15 billion (the low-end estimate of the carbon tax revenue), taxpayers can only

<sup>18</sup> November 28, 2009. *Where Carbon is Taxed*. Carbon Tax Centre. (accessed May 2010)

imagine what it will cost to cut the other 92.5%. This appears to be nothing but a cynical tax-grab.

When the B.C. government introduced the carbon tax, it forecasted gasoline and diesel consumption to *increase* by 2% a year between 2008 and 2010. Not even the government expected the carbon tax to reduce gasoline consumption in B.C. Gasoline and diesel consumption did drop in 2008, but not as a result of 12% increase in the price of gasoline, rather because of the economic slowdown. Even though the volume of diesel sales fell by almost 6% in 2008-09, the B.C. government expected that volume to grow by 2% in each of the next three fiscal years.

In the most recent Budget and Fiscal Plan, the B.C. government expects gasoline consumption to drop by 1% each year over the next three years. As a result, the personal and business income tax cuts that accompanied the carbon tax hit will likely exceed the carbon tax revenue. There is no provision for the continuation of the carbon tax after 2012. As the tax has not achieved its purported goal of reducing GHG's, this is a good opportunity to let the tax expire. This would increase the tax break to families and businesses, leaving more money in the pockets of families to spend on the items they value, and make business more competitive.

Canadian taxpayers may recall that the previous federal Liberal government spent \$6 billion to reduce GHG emissions, and the country's GHGs grew by 33%. While climate change enthusiasts would have you believe that higher taxes will cause people to drive less resulting in reduced GHG emissions, the evidence suggests otherwise. In truth, carbon taxes simply mean another gasoline tax and more of the family budget consumed by government, leaving less for other things that may also become more expensive.

## **Section V: The Politics of Petroleum and Pavement**

### **Liberals on Gas Taxes**

Liberals have been consistent in their position on lowering gas taxes: “no.” Their position on raising gas taxes has been less consistent, but when it has differed from “no,” it did so in a big way. When reminded that the \$0.015/litre “deficit elimination measure” could be removed since the federal books were in surplus, Liberals quickly changed the subject. When soaring gas prices began to hit Canadians like never before, the matter was referred to the federal Competition Bureau. The one thing the government does control – the ability to lower taxes – was *almost* always sidestepped. When prices declined, then Liberal leader Stephane Dion proposed an expensive new carbon tax. While credit is due for initiating the transfer of gas tax revenues to municipalities, this too was bungled by making roads a secondary priority behind various Kyoto-flavoured initiatives.

### **Conservatives on Gas Taxes**

While Conservatives have been less consistent in their actions concerning gas taxes, their rhetoric has been decidedly more positive. After the January 2006 federal election brought to power the first Conservative government in 13 years, many believed statements and commitments made by the Tories in opposition would finally become part of the government’s agenda.

During the 2004 federal election, then-Opposition Leader Stephen Harper promised to eliminate the GST on gasoline once it reached \$0.85/litre. The Conservative opposition also pledged to stop GST double-taxing.

In August 2005, Stephen Harper blasted the Liberal government for refusing to reduce gas taxes as prices soared. “There’s no reason for the federal government to profiteer when consumers are hurting,” he said, urging the former government to give motorists a break. “This is causing considerable dislocation. There are a lot of people on fixed incomes. There are a lot of businesses on thin margins that are going to be affected by this.”

Prime Minister Harper went further, saying there were numerous ways the government could ease the pain at the pumps: “They could knock the GST off of the excise tax. They could knock the GST off of gas above a certain price level.”

In the summer of 2005, the prime minister was quoted saying that gas taxes could be reduced by as much as \$0.05/litre. He also toured south-western Ontario in a minivan to highlight his commitment to reduce gas taxes and give motorists a break. The topic of gas prices was so high on his party’s agenda in September 2005 that Conservative MPs asked five questions in Question Period on the issue on the first day of Parliament’s fall session. “Rather than continue to rake in record high revenue from record-high

oil prices, will the government simply cut gas taxes for consumers?” Mr. Harper thundered in the House of Commons.

On October 5, 2005, he accepted a petition with 35,000 signatures from the Canadian Taxpayers Federation calling on Ottawa to cut gas taxes. To date, the CTF has delivered 150,000 petitions to Parliament Hill calling for a reduction in gas taxes. Conservative MPs even used CTF gas tax data to show how the Liberal government was gouging motorists through gas taxes as prices skyrocketed.

In the 2008 federal election - which was based largely on the issue of raising gasoline and diesel prices via a carbon tax - the prime minister promised voters that he would cut diesel and aviation fuel taxes by half. To date, this commitment has gone unfulfilled.

In government, the GST reduction has been the only measure brought forward by the Conservatives to address the pains being experienced by motorists at the pumps. Prime Minister Harper now says that high gas prices are here to stay and that paying them is something motorists will just have to “get used to.” The one thing Canadians are getting used to is governments that say one thing in opposition and do another in government.

Despite failure to follow through on promises to lower gasoline and diesel taxes for consumers, the Conservatives are to be credited with not only continuing the gas tax transfer model put forward by the CTF and adopted by the former Liberal government, but significantly strengthening it by making it permanent and more focused on actual roads.

## **Section VI: Conclusion**

### **Taxpayer Supply and Government Demand**

In 12 years of campaigning for honesty in gas taxes, the Canadian Taxpayers Federation can claim a major victory: spending by all levels of government now meets and temporarily exceeds the revenue collected from gasoline and diesel taxes. This means that Canadian drivers can look forward to better, well maintained roads that they have long since paid for.

The CTF's victory in dedicating gas taxes to roadways is still incomplete without relief from the taxes themselves. While excise taxes may be dedicated to roads, sales taxes are not, and nor should they necessarily be. They should *not* however be taxing the taxes federal and provincial governments already impose. This unfair and dishonest practice remains the single largest gas tax challenge for the 60,000 supporters of the Canadian Taxpayers Federation and is a battle that will be waged by its directors and supporters in provincial capitals and in Ottawa.

## **Appendix**

### **Appendix A – *Gas Tax Accountability Act***

**GASOLINE and DIESEL FUEL TAX ACCOUNTABILITY ACT:  
An Act to Make Government Accountable for Revenue from Gasoline and Diesel Taxes**



#### SUMMMARY

This enactment requires: the government to spend all revenue from gasoline and diesel fuel taxes on roadways and road-related infrastructure, while requiring that in the year following a surplus or shortfall in revenue, the government must present a plan for bringing expenditures and revenue into balance; that government will be required to end the application of the GST/HST to other federal and provincial taxes, and; that the government repeal the gasoline tax deficit elimination measure of 1995 with the introduction of the next budgetary surplus.

An Act to Make Government Accountable for Revenue from Gasoline and Diesel Taxes

Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

**SHORT TITLE**

1. This Act may be cited as the *Gas Tax Accountability Act*.

**DEFINITIONS**

2. The following definitions apply in this Act:
  - a. 'federal transportation expenditures' means the total moneys appropriated by Parliament for a fiscal year for the department over which the minister responsible for Infrastructure Canada presides, and expended for the fiscal year by that department, less:
    - i. moneys expended by that department on constructing, operating, preserving or maintaining airports, seaports, rail, public transportation, recreational facilities, water and power facilities and any other non-road use infrastructure for the fiscal year; and
    - ii. moneys expended by that department on executive management for the fiscal year.
  - b. 'road-use fuel tax revenues' means the total revenue collected for a fiscal year through gasoline and diesel excise taxes.
  - c. 'deficit elimination gasoline tax measure' means the 1.5 cent per litre excise tax levied on gasoline in the 1995 Budget.
  - d. 'base gasoline excise tax level' means the excise tax on gasoline less the deficit elimination gasoline tax measure.
  - e. 'market price' means the cost of gasoline and diesel before federal, provincial and municipal excise and other taxes are applied.
  - f. 'pre-sale final price' means the cost of gasoline and diesel after federal, provincial and municipal excise and other taxes are applied, less sales taxes.
  - g. 'general sales tax and harmonized sales tax balance'; hereafter referred to as GST and HST balance, refers to the balance between what the federal government collects in GST and HST on the market price of gasoline and diesel, and what the federal government collects on the pre-sale final price of gasoline and diesel.

**DEFICIT ELIMINATION GASOLINE TAX MEASURE**

3. In the first year where the minister responsible for finance tables a budget projecting a surplus, the deficit elimination gasoline tax measure shall be eliminated and brought to the base gasoline excise tax level.
4. Clause (3) shall be repealed upon its successful application with the understanding that the elimination of the deficit elimination gasoline tax measure be made permanent.

**GST and HST BALANCE**

5. Commencing with the 2009-10 fiscal year, the minister responsible for finance shall prepare a report that indicates:
  - a. the GST and HST balance; and
  - b. measures that shall be taken to eliminate the GST and HST balance in the next fiscal year.

**SPENDING ACCOUNTABILITY**

6. Commencing with the 2009-10 fiscal year, the minister responsible for infrastructure shall prepare a report for each fiscal year that indicates:
  - a. the road-use fuel tax revenues for the previous fiscal year;
  - b. the amount spent on roadway expenditures for the previous fiscal year broken down by:
    - i. transfers to provinces;
    - ii. transfers to municipalities;
    - iii. cost-sharing projects; and
    - iv. direct expenditures;
7. If there is an excess or shortfall in the difference between the cumulative amounts mentioned in clause (6)(a) and (6)(b), the minister responsible for infrastructure shall submit a plan to manage federal transportation expenditures with the objective of bringing road-use fuel tax revenues and federal transportation expenditures into balance.
8. Any plan prepared pursuant to subsection (7) must be laid before Parliament at the same time as the estimates for the next fiscal year are laid before Parliament.

## Appendix B: Gas Tax Honesty Mile Markers and Roadblocks

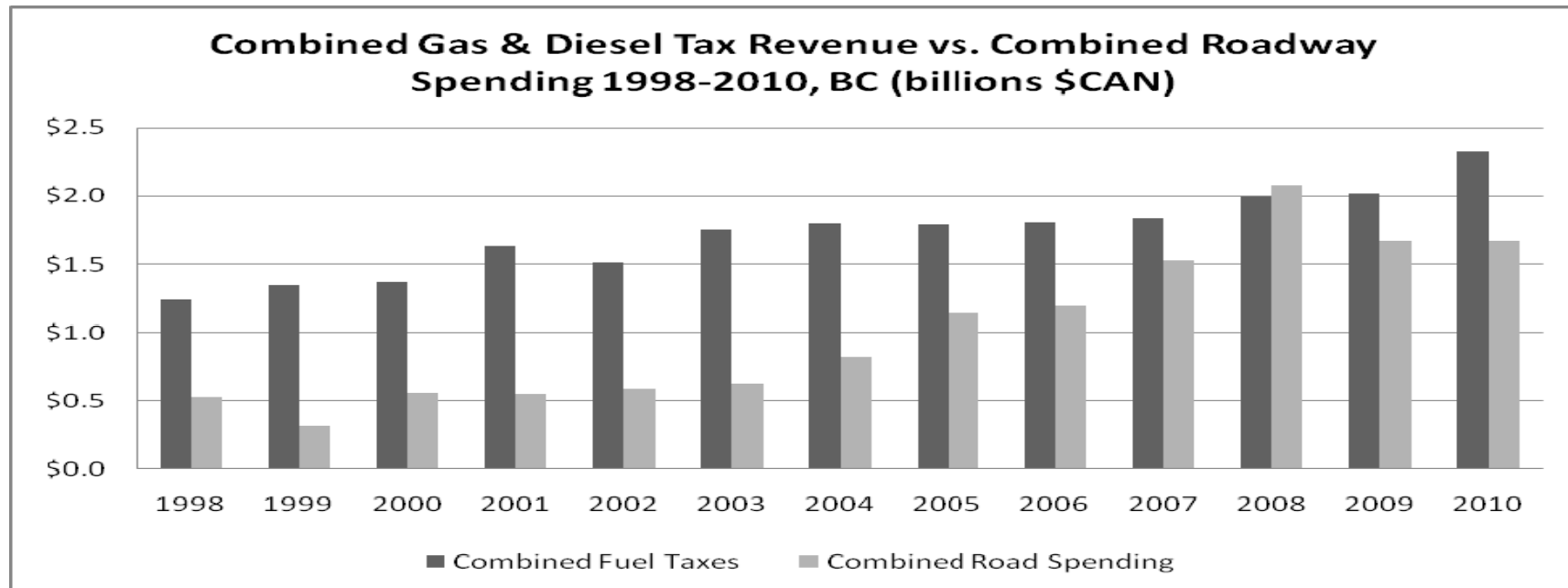
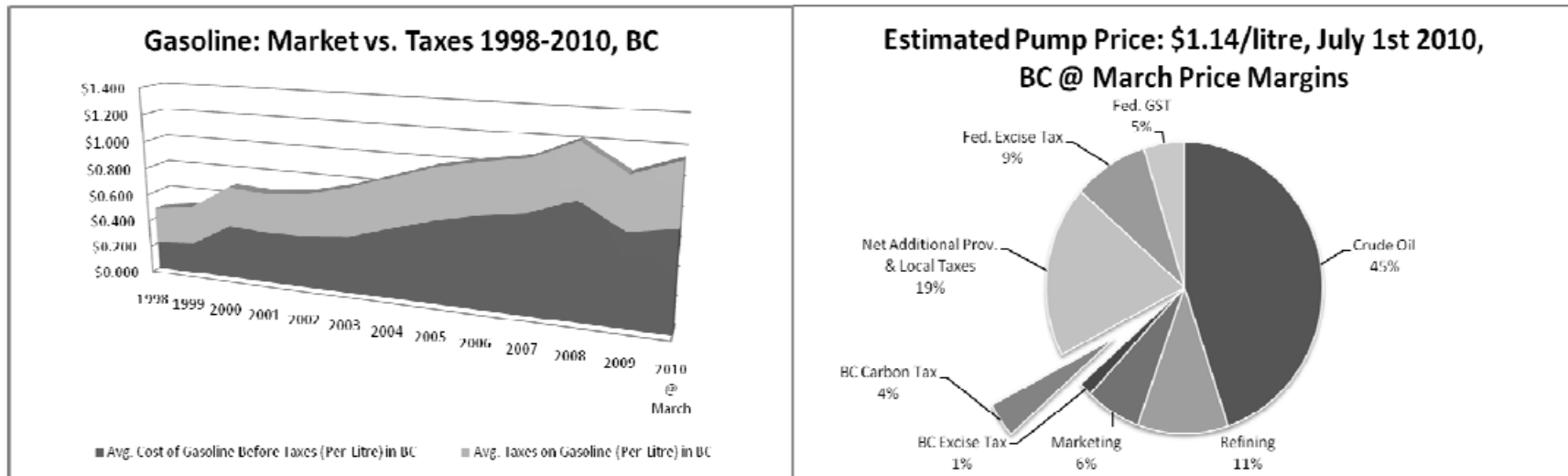
- In 1998, a report by the auditor-general states that the federal government spent \$3.5 billion over the past decade on roads and bridges, a total of just under 10% of the \$36 billion collected in gas taxes over the same period.
- On May 20<sup>th</sup>, 1999, the CTF holds its first Gas Tax Honesty Day calling for service stations to list both the pre-tax and post-tax price of gasoline. On the day of our news conference in Burlington, Ontario, one gas station billboard posts the pre-tax price of \$0.26/litre, which causes a small traffic jam at the pumps.
- Responding to CTF pressure for more information on the cost of gasoline, the Canadian *Petroleum Products Institute* begins publishing, in February 2000, a bi-weekly report of fuel prices including four components: government taxes, refining margin, marketing margin, and crude costs.
- In 2000, the CTF delivers 50,000 gas tax petitions to Paul Martin, then-Minister of Finance, that call for lower and dedicated gas taxes.
- In 2001, large gasoline chain retailers begin posting pump price breakdowns at the pumps. The CTF applauds the industry for helping consumers better understand the tax component of gasoline prices.
- In January 2002, municipalities join the CTF by asking federal and provincial governments for more money to fund upgrades to crumbling infrastructure.
- On May 16<sup>th</sup>, 2002, the CTF proposes a *Municipal Roadway Trust* (MRT) in response to growing demands from municipalities for funds to cover roadway construction and maintenance costs. Toronto's then-Deputy Mayor Case Ootes joins the CTF in Toronto to lend support to the CTF's MRT model.
- On May 30<sup>th</sup>, 2003, the CTF's federal director addresses the *Federation of Canadian Municipalities* (FCM), urging their members to join the CTF and push for a MRT. The FCM adopts a resolution asking the federal government for options to share gasoline tax revenues.
- In September 2003, the CTF announces the winner of its *Highway from Hell* contest. Initiated earlier in the year, the contest invited motorists to find the country's worst stretch of road to highlight the connection between poor roads and government tax gouging at the pumps. Bruce Hildebrand who identified Saskatchewan's Highway 47 received a free wheel alignment courtesy of the CTF.

- In 2003, then-Opposition Liberal leader Dalton McGuinty pledges to allocate \$0.02/litre of the provincial gasoline tax to municipal transit, but fails to make a commitment for a portion dedicated to roads. On May 18<sup>th</sup>, 2004, the Ontario budget allocates \$0.01/litre of the provincial gasoline tax to municipalities for public transit.
- On March 1<sup>st</sup>, 2004, the province of Manitoba tables Bill-14, the *Gas Tax Accountability Act* which tracks all provincial roadway spending transfers to Manitoba's municipalities relative to provincial gasoline tax collection. This bill represents the boldest move toward the CTF's MRT in the country.
- On March 23<sup>rd</sup>, 2004, then-Prime Minister Paul Martin promises Canadian municipalities a share of federal gasoline tax revenues, but the 2004 budget fails to deliver the goods. Mr. Martin made a similar promise as the front-runner in the Liberal leadership race as far back as October 2003.
- For its 6<sup>th</sup> annual Gas Tax Honesty Campaign, the CTF embarks on a 30-day cross-country tour in a decorated van – in conjunction with the 2004 federal election – beginning at Mile Zero of the Trans Canada Highway on Vancouver Island making its way to Parliament Hill in Ottawa. The “Running on Empty, Fuming to Ottawa” tour stops in forty communities to build support for lower and dedicated gasoline taxes. Some 1,500 municipal leaders representing 450 communities across Canada sign a petition in support of the MRT model.
- The 2004 federal election saw all political parties and leaders commit to dedicating a share of gasoline tax revenues to municipalities for roads and infrastructure. Conservative Party leader Stephen Harper also promises a reduction in gas taxes – including ending the practice of taxing taxes.
- On October 26<sup>th</sup>, 2004, the CTF's federal director meets with John Godfrey, then-Minister of State (Infrastructure and Communities) to discuss the MRT and deliver 65,000 more gasoline tax petitions.
- The 2005 federal budget pledges \$5 billion in gas taxes to be returned to municipalities on a per capita basis. Incredibly, however, the money is not being earmarked for roads, but rather tossed into the abyss of “green infrastructure projects.”
- In September 2005, in the aftermath of Hurricane Katrina, the weekly average price of gasoline in Canada hits an all-time high of \$1.26/litre.
- In October 2005, then-Opposition leader Stephen Harper accepts 35,000 more petitions from the CTF calling for lower and dedicated fuel taxes, bringing the total number of petitions delivered to Parliament Hill by the CTF to 150,000.

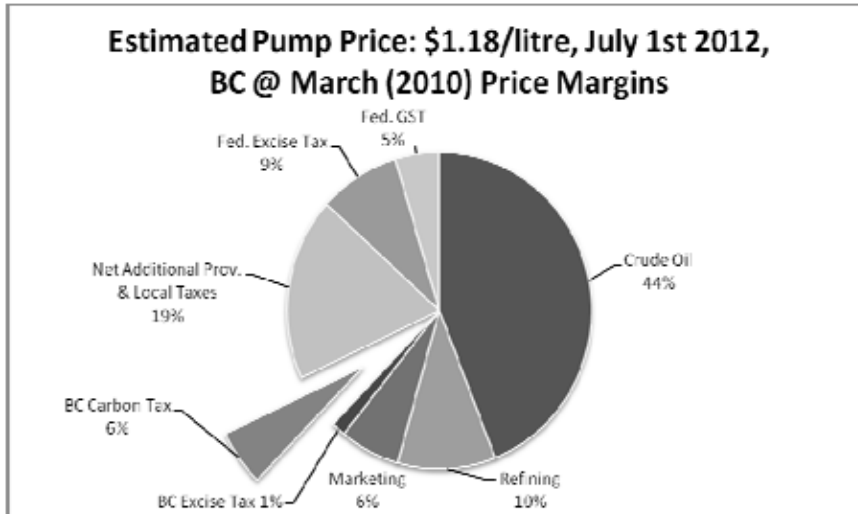
- During the 2006 federal election, the Conservative Party pledges to allow cities and communities, including those with more than 500,000 people, to use gas tax transfer money to build and repair roads and bridges.
- In April, 2006, Prime Minister Stephen Harper retreats from past pledges to lower gas taxes and states that consumers must “get used to” high prices.
- During New Brunswick’s 2006 provincial election both the Liberal and Progressive Conservative parties unveiled plans to cut gas taxes. The Liberals won that election and the new government’s first act was to lower gas taxes by \$0.038/litre. This reduction means the province’s gas tax rate is the lowest in the Maritimes and second lowest in Canada after Alberta.
- In November 2006, Saskatchewan joins Manitoba by introducing the *Fuel Tax Accountability Act* that ensures every dollar of fuel gas collected by the province goes toward maintaining and building roads.
- The 2006, 2007 and 2008 Conservative budgets fail to lower gas taxes although roadway spending is substantially increased with 98% of revenues budgeted to be spent on roads in 2007, 129% in 2008, and 146% cent in 2009 and 2010, which exceeds the CTF’s MRT policy proposal formulated in 2002.
- In January 2008, the price for a barrel of oil hits \$100 for the first time.
- The 2008 budget makes the gas tax transfer to municipalities permanent, meaning \$2 billion will be transferred annually to cities and towns across Canada for infrastructure.
- In April 2008, the weekly average price of gasoline in Canada hits \$1.25/litre, one penny off record national average.
- In the 2008 federal election, Canadians overwhelmingly reject then-Opposition Leader Stephane Dion’s carbon tax proposal, re-electing Prime Minister Stephen Harper with a promise to cut diesel and aviation fuel taxes by in half.
- In February 2009, the federal government tables a budget projecting massive deficits. Included in the budgetary measures are so-call “stimulus” spending items, some of which temporarily close the gap between what is collected in gas taxes and what is spent on roads.

## Appendix C: Provincial Fact Sheets

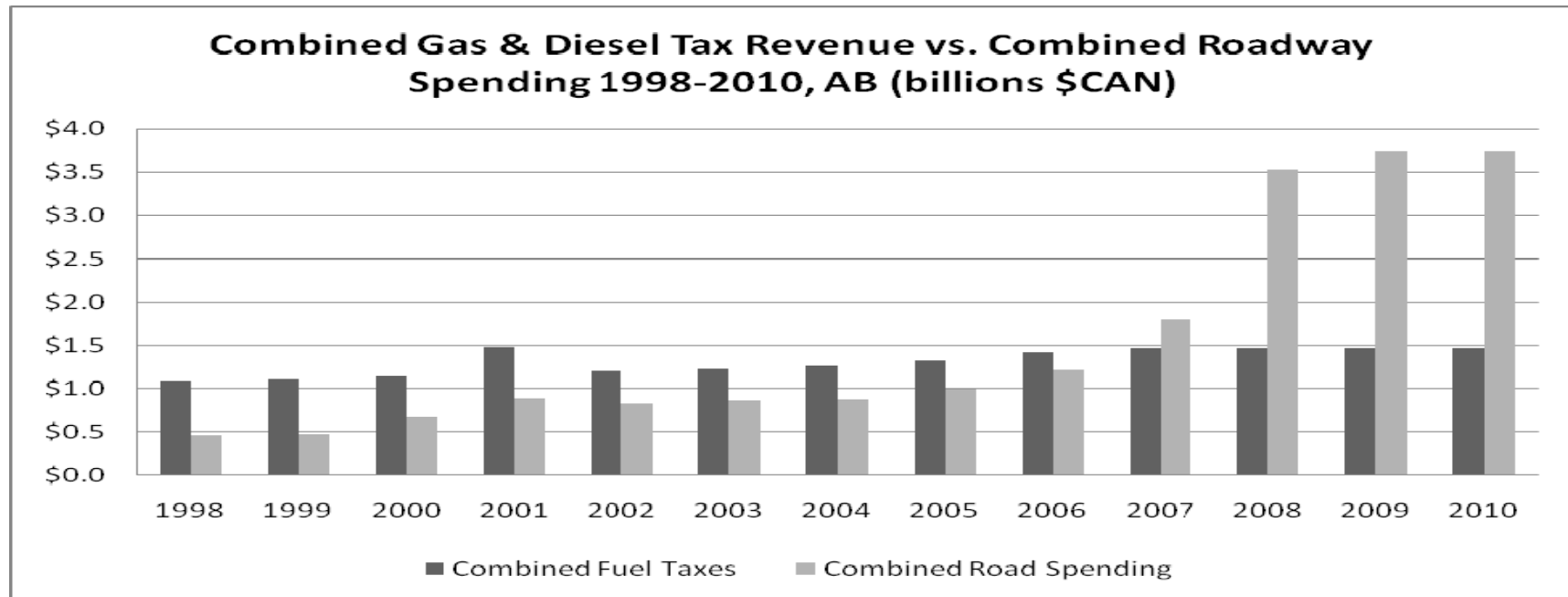
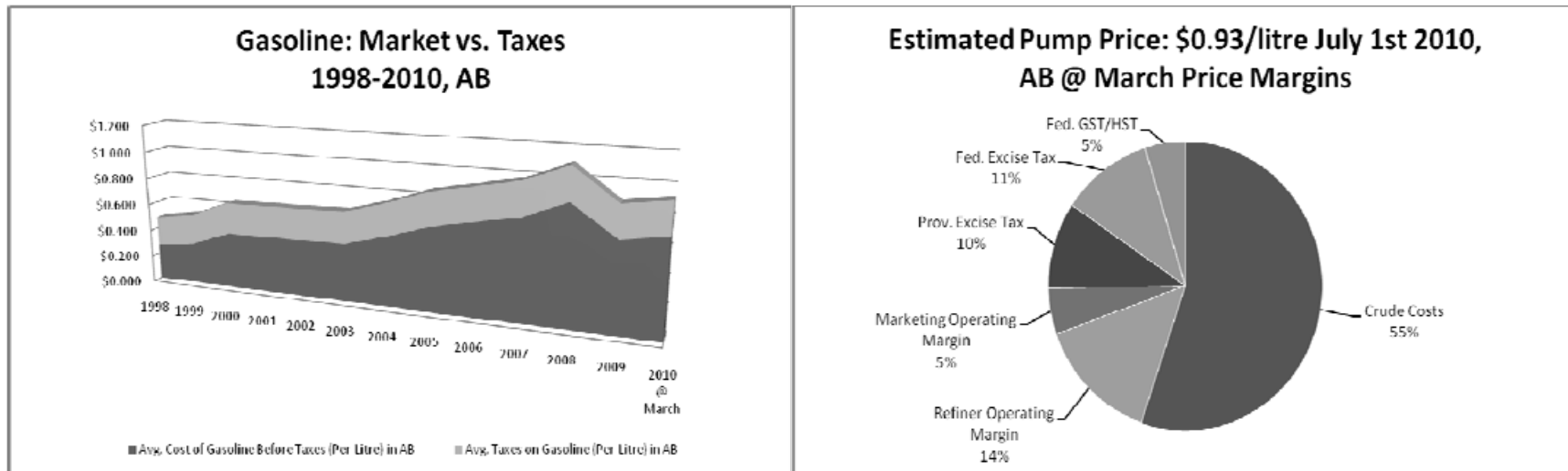
**BRITISH COLUMBIA: Gas Tax Facts**



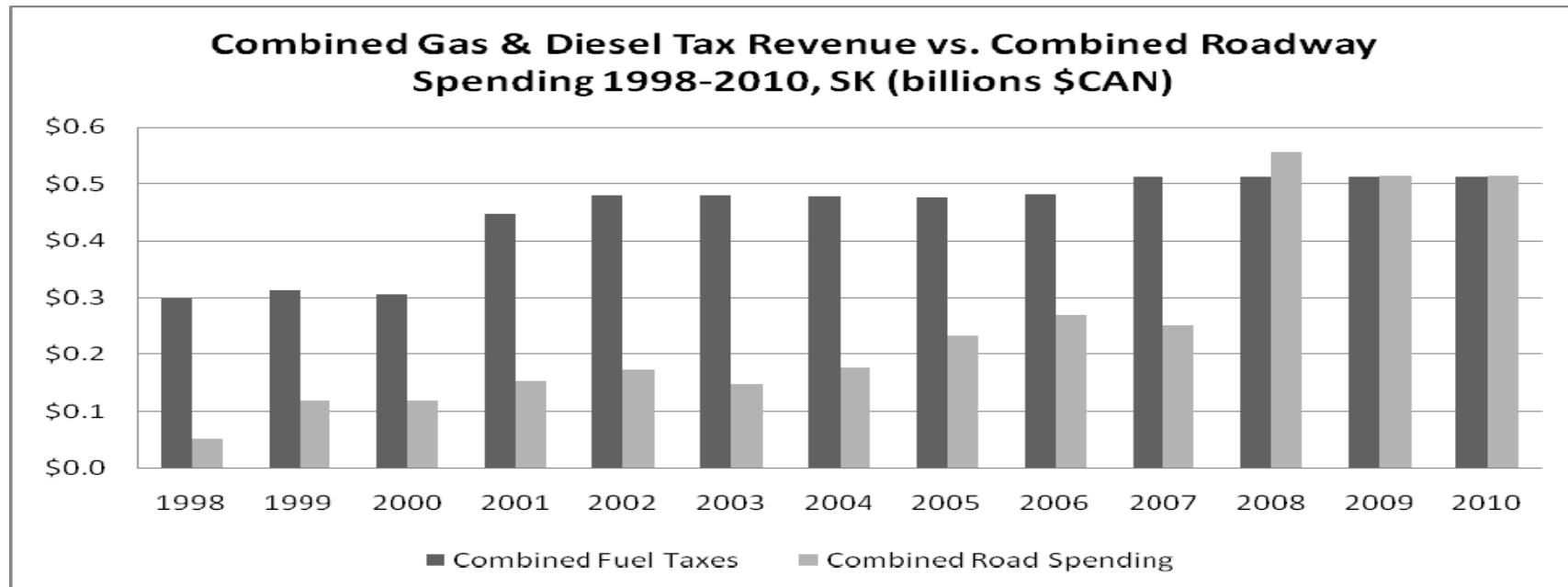
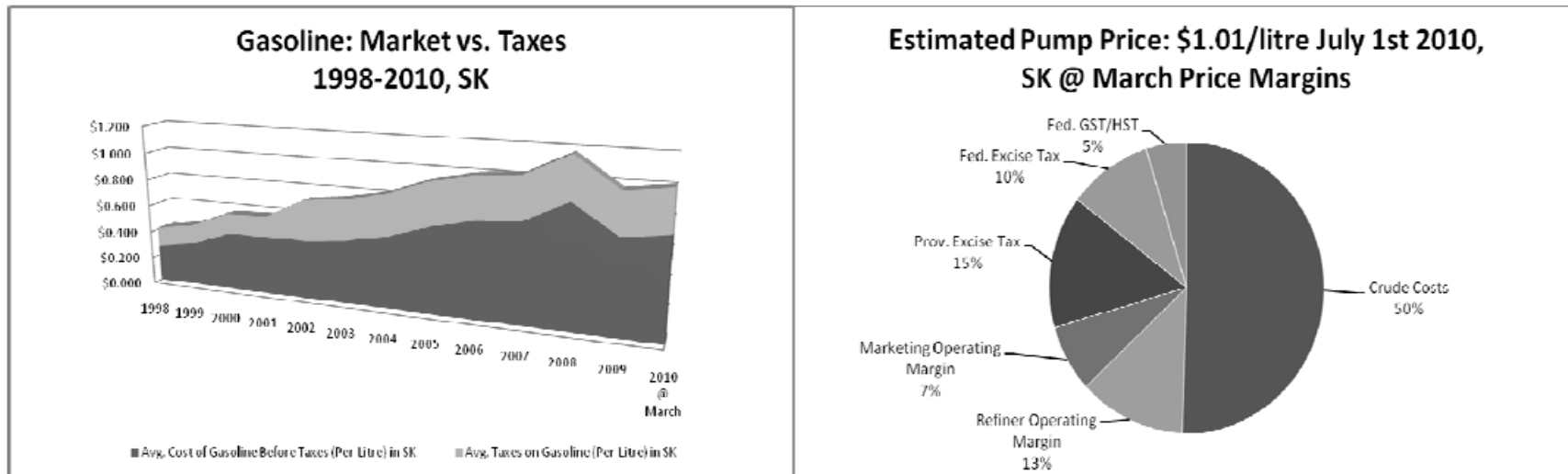




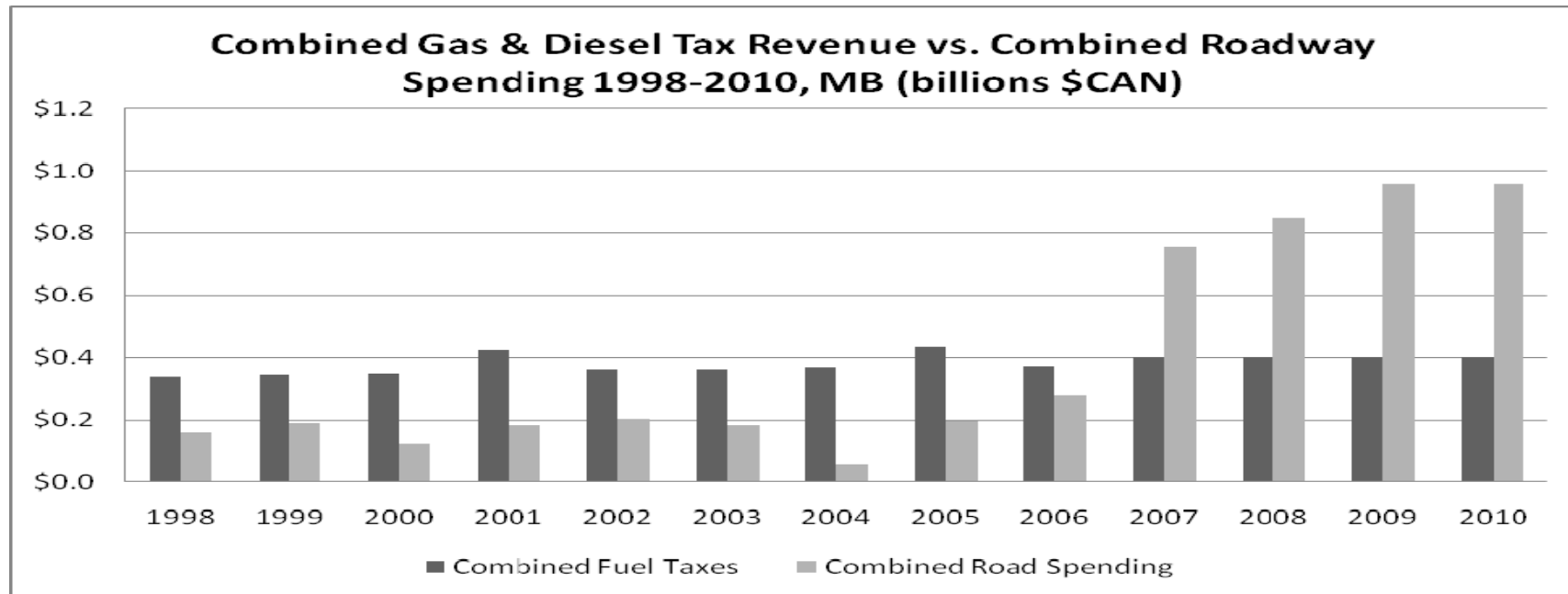
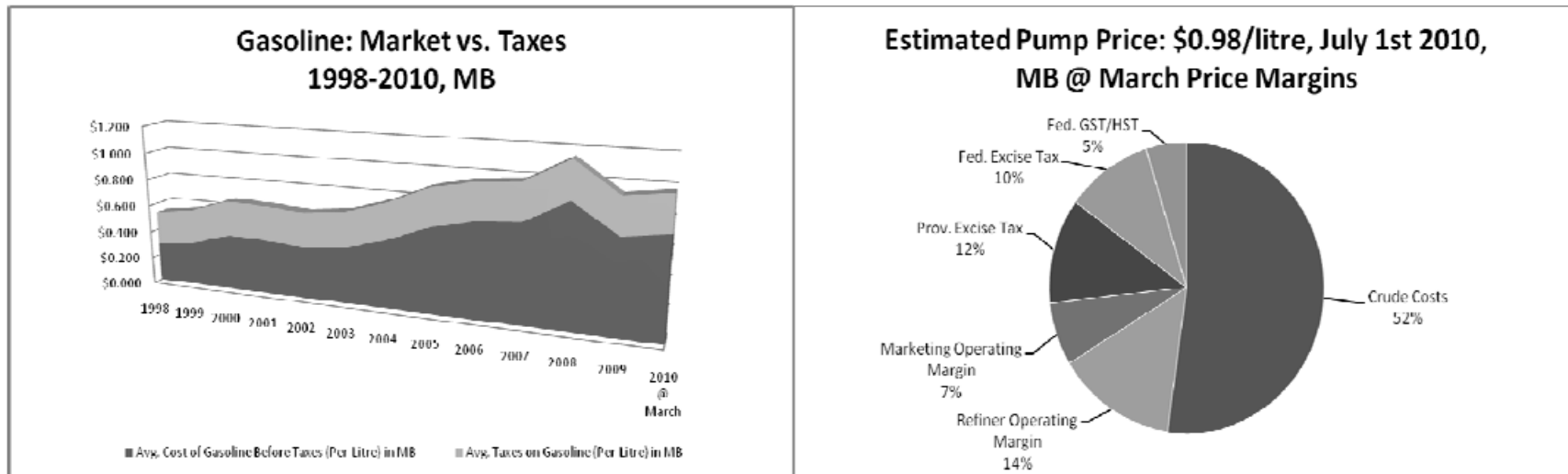
**ALBERTA: Gas Tax Facts**



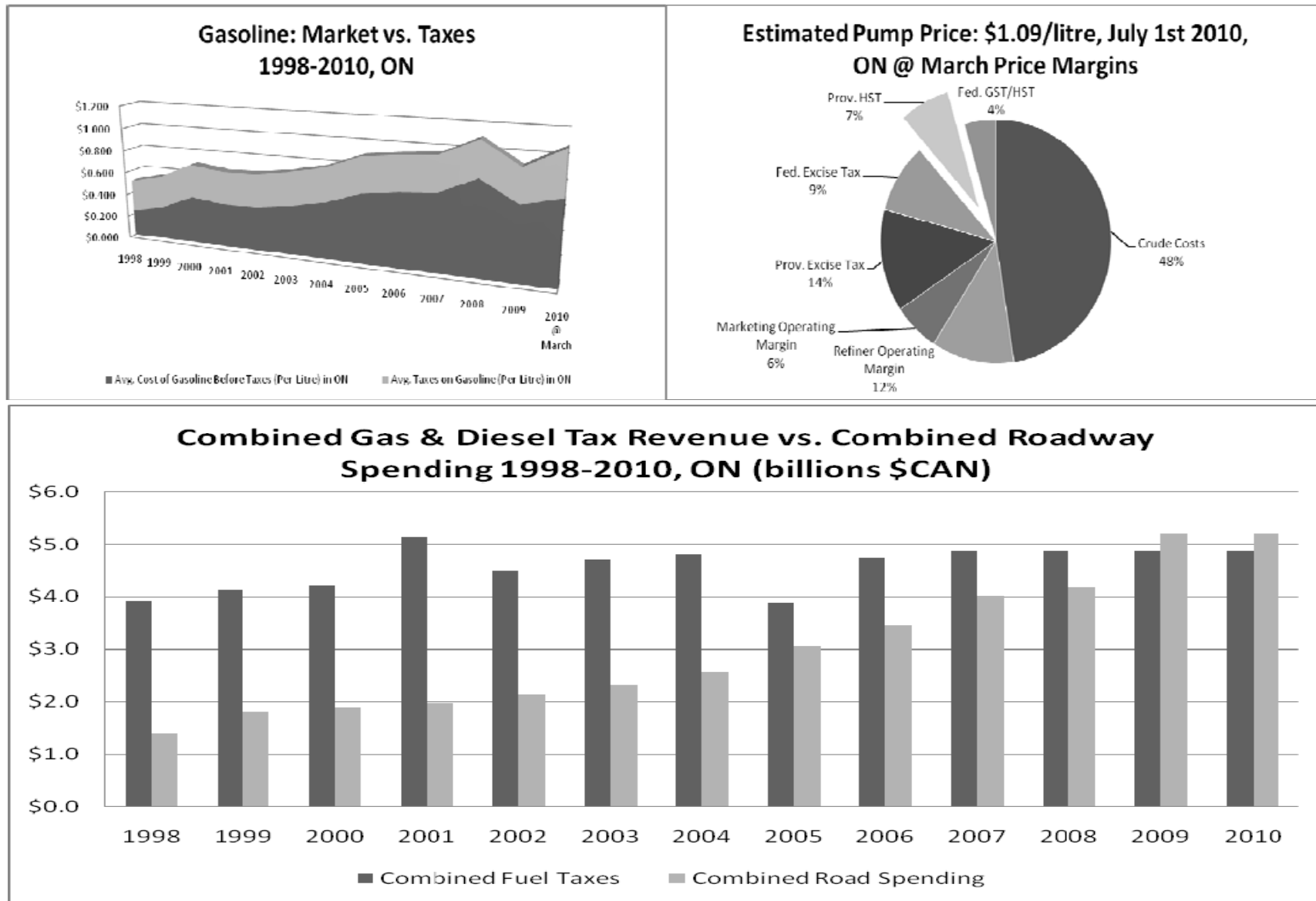
**SASKATCHEWAN: Gas Tax Facts**



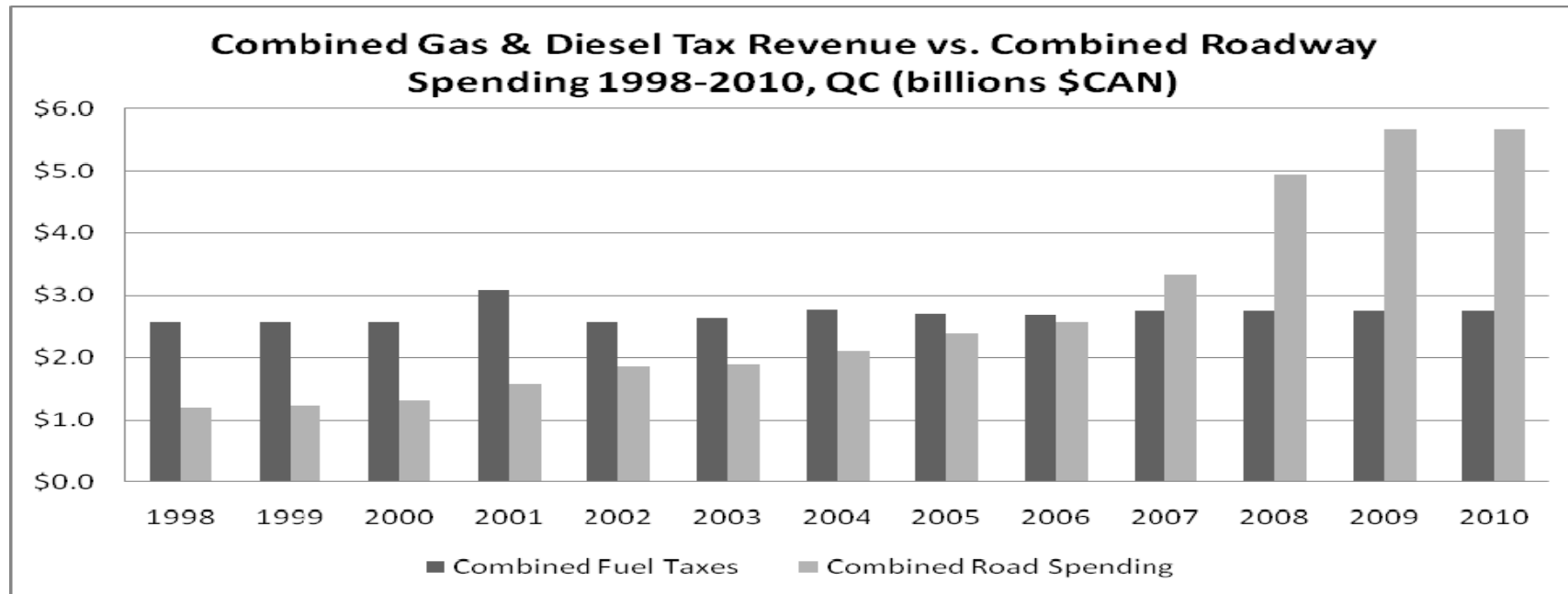
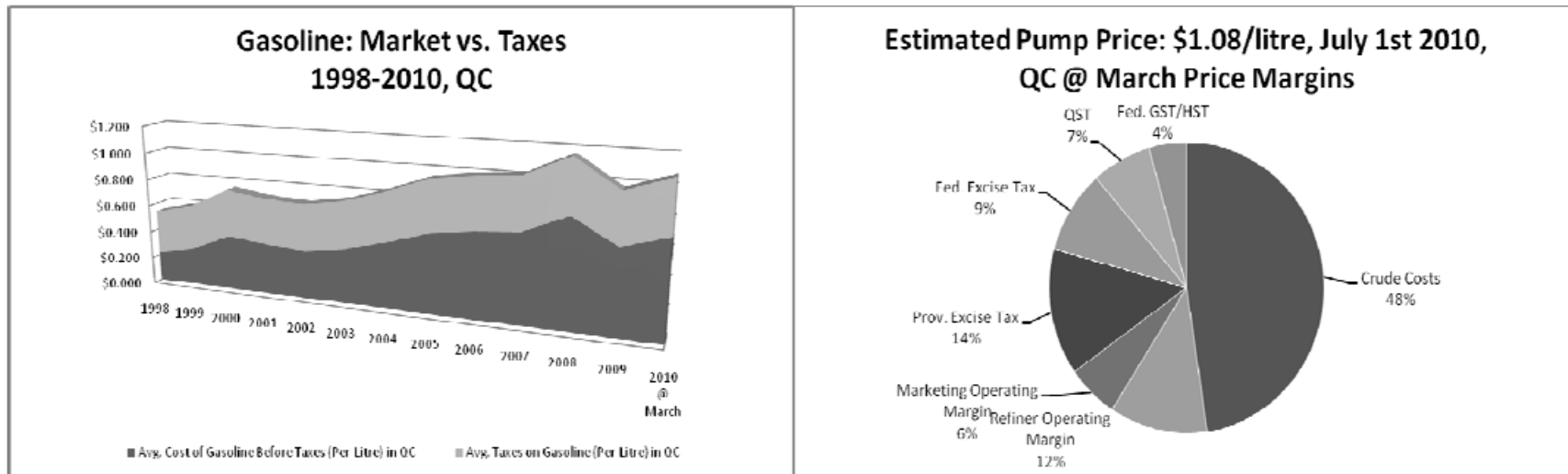
**MANITOBA: Gas Tax Facts**



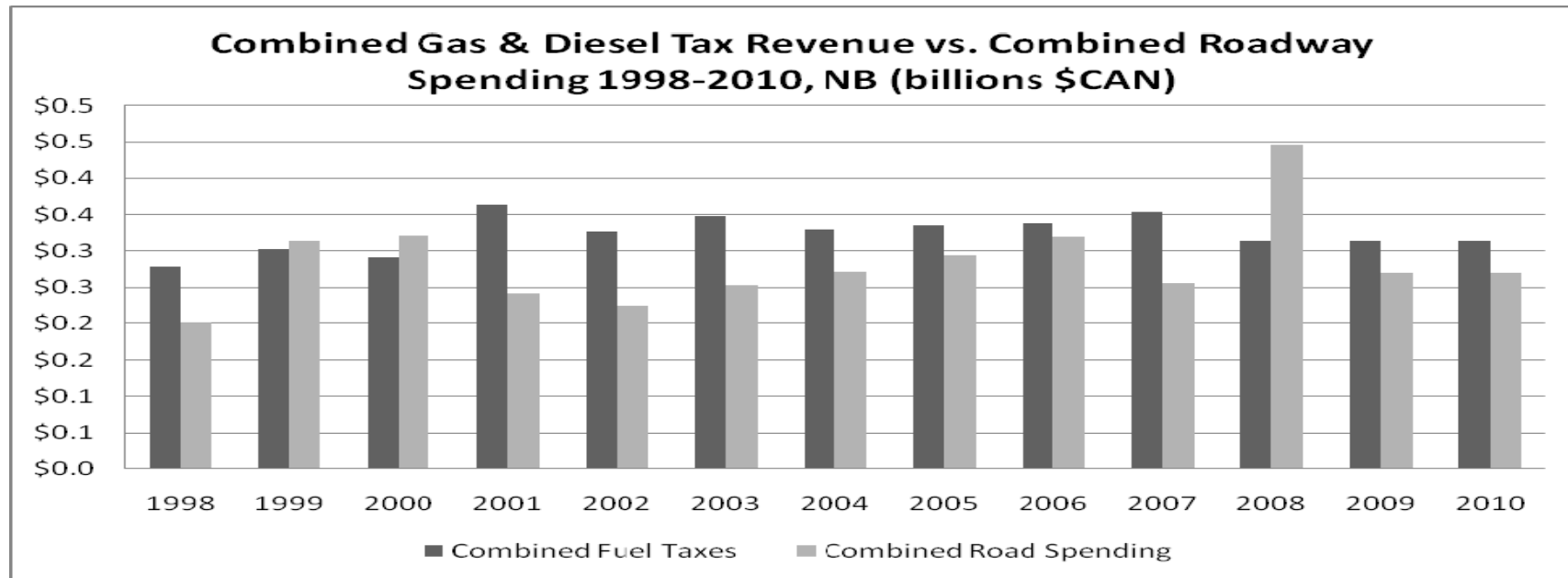
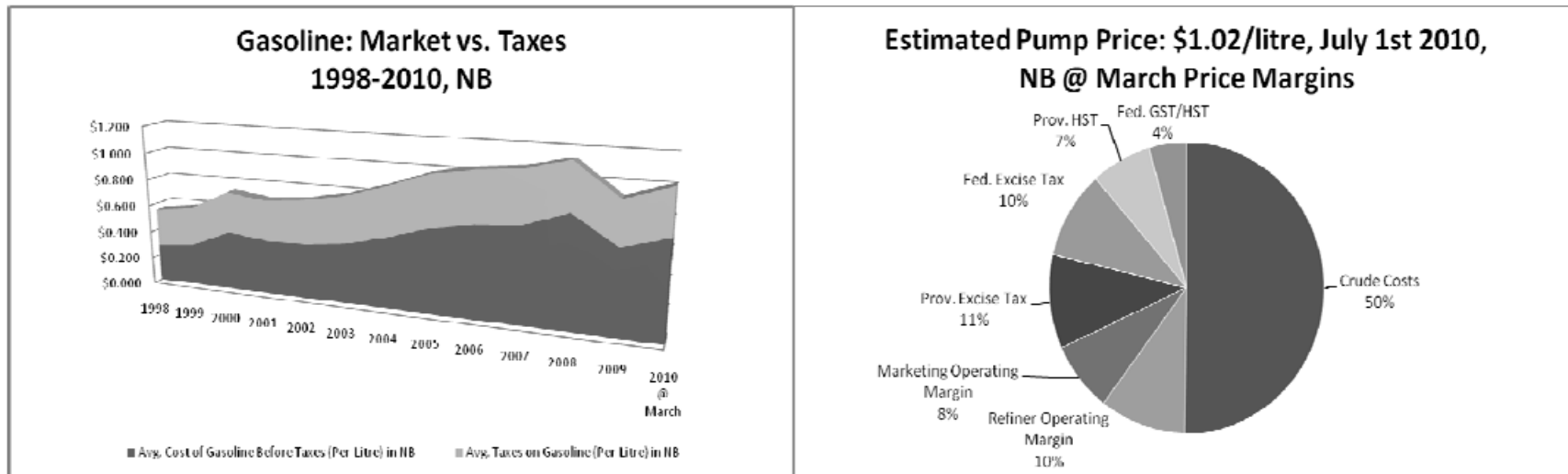
**ONTARIO: Gas Tax Facts**



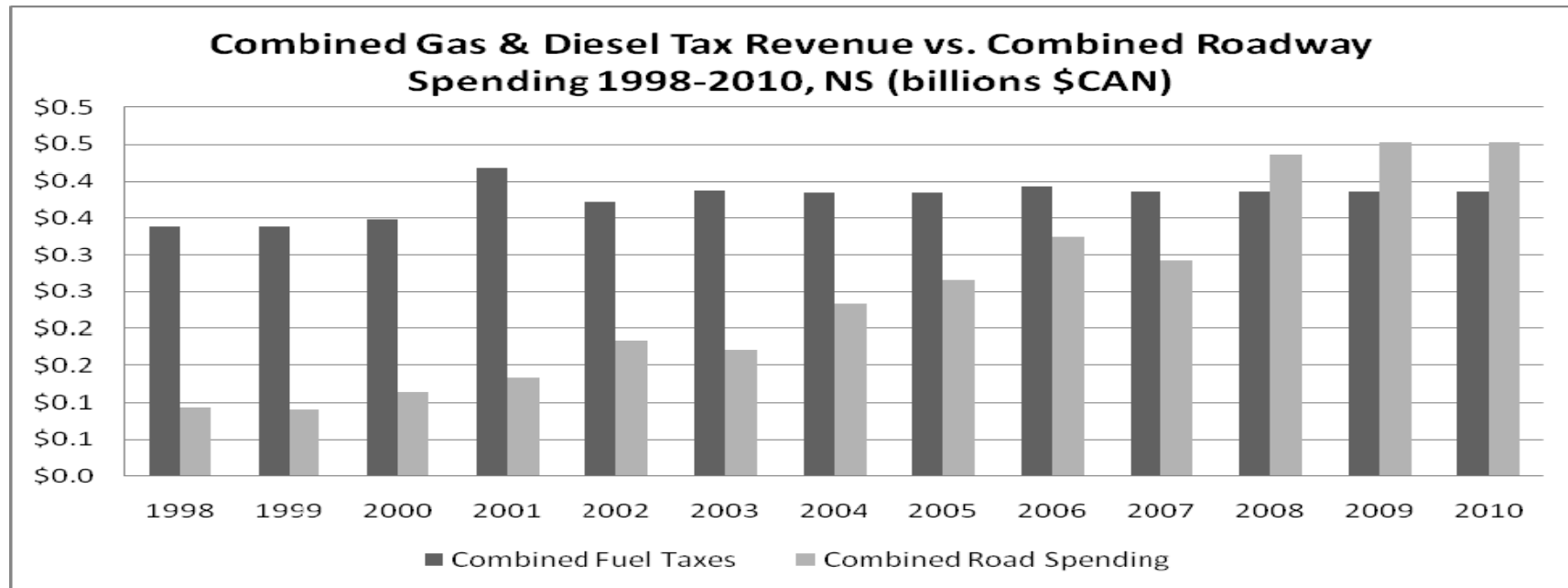
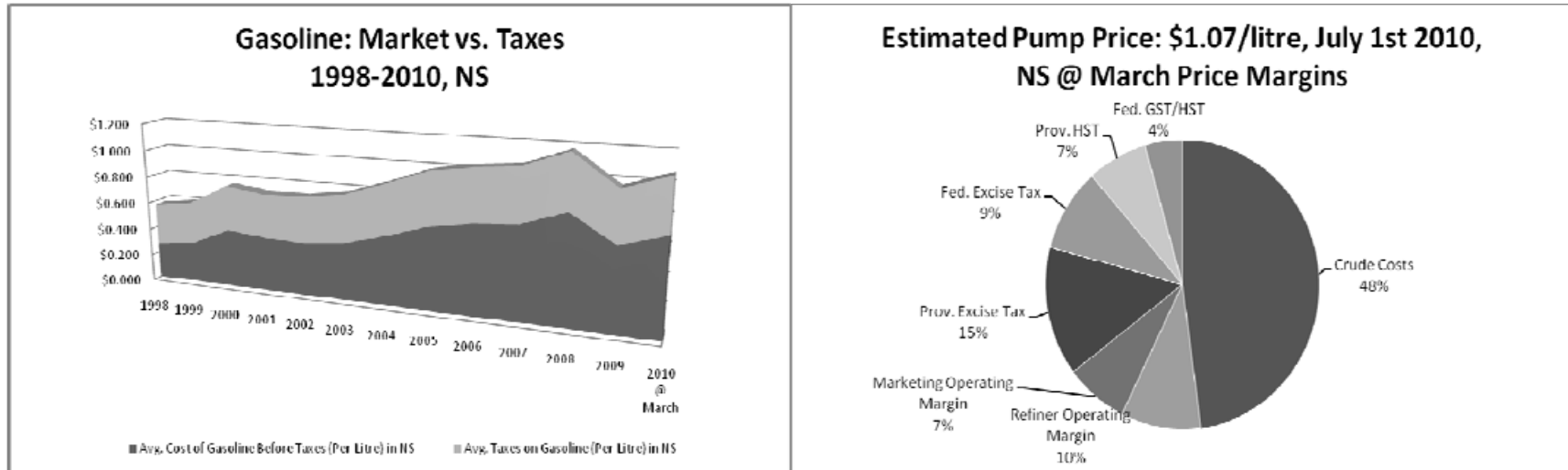
**QUEBEC: Gas Tax Facts**



**NEW BRUNSWICK: Gas Tax Facts**

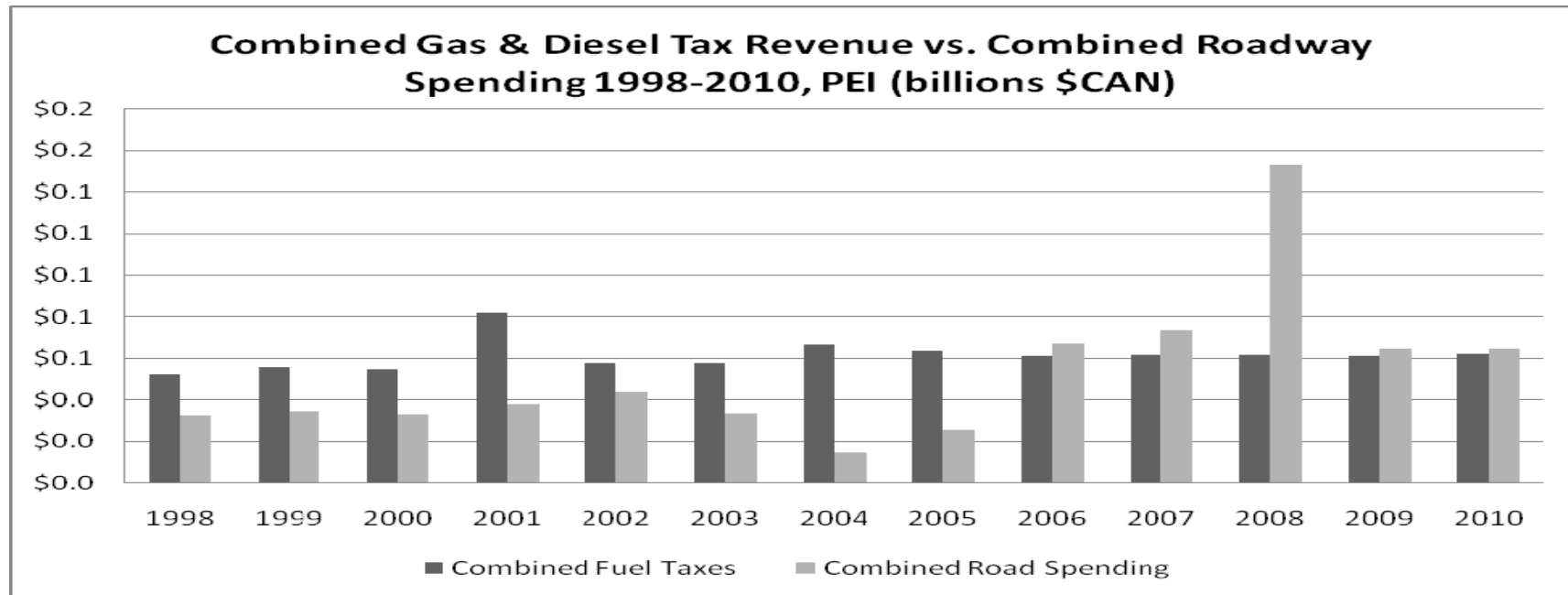
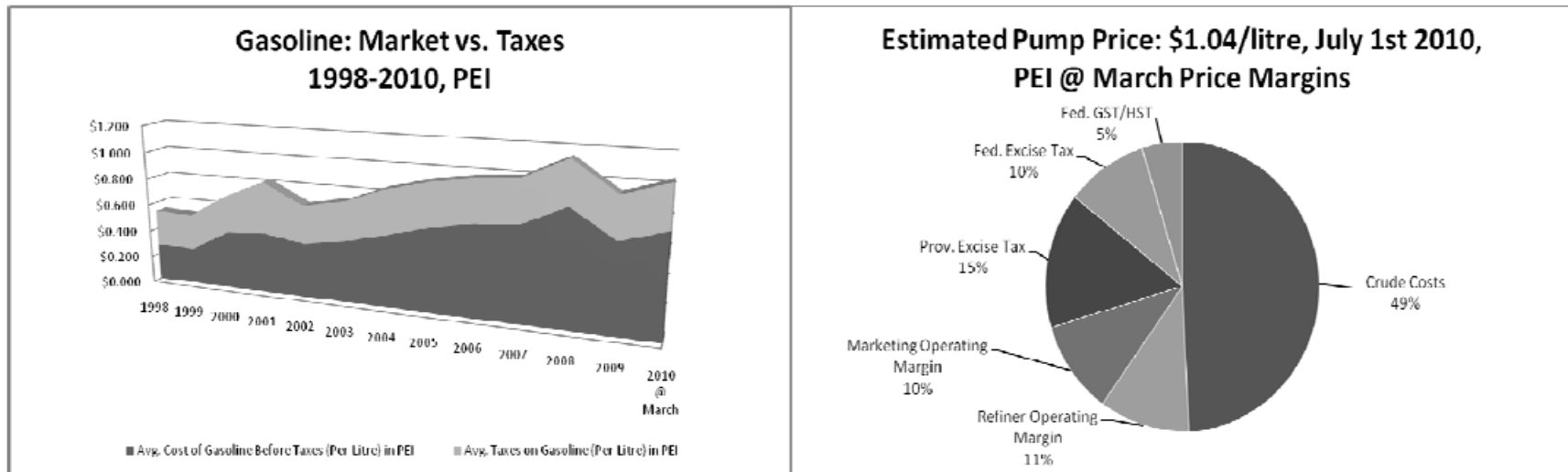


**NOVA SCOTIA: Gas Tax Facts**

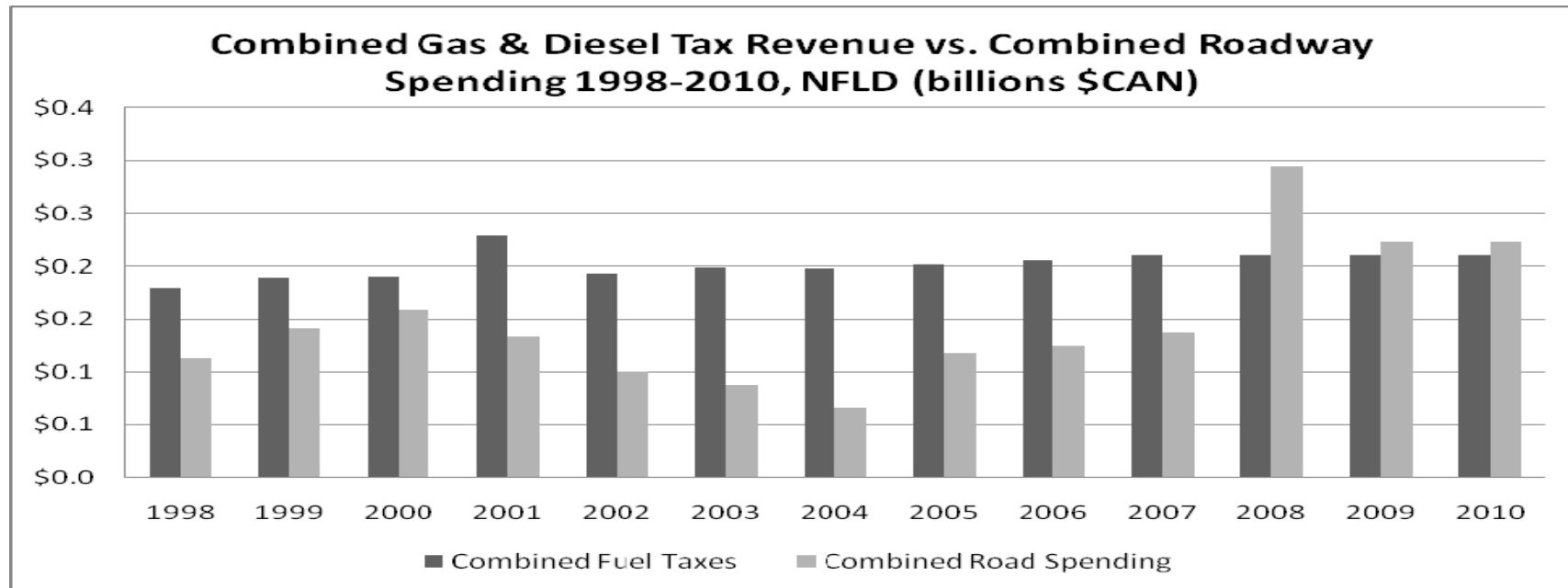
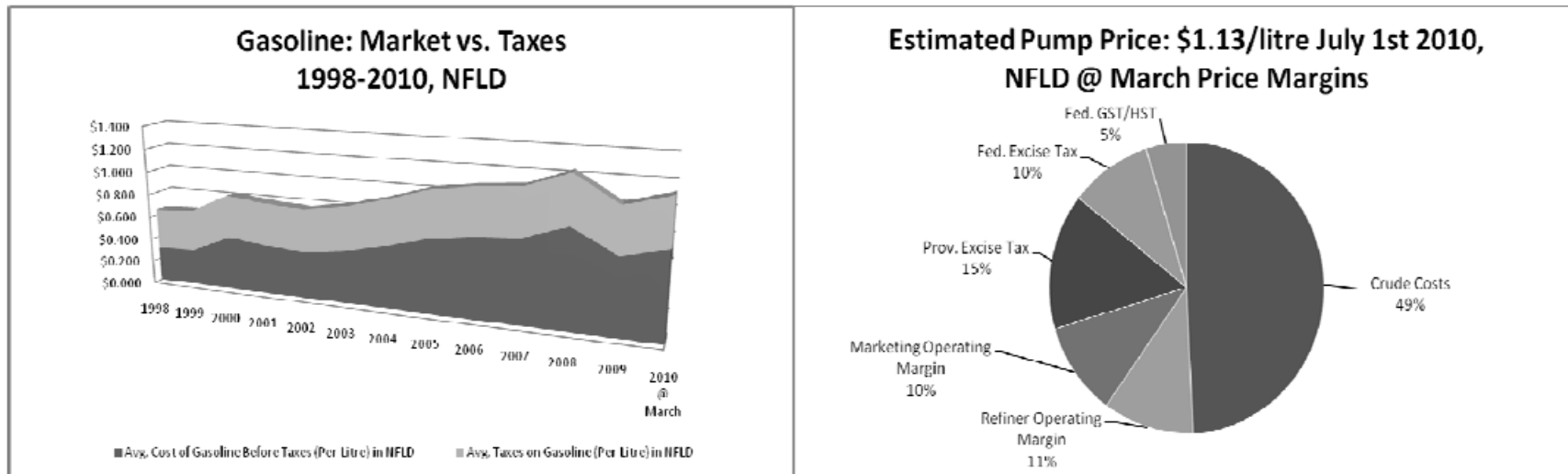




**PRINCE EDWARD ISLAND: Gas Tax Facts**



**NEWFOUNDLAND & LABRADOR: Gas Tax Facts**



## Appendix D: Annual Breakdown Summary Sheets

2010-Gasoline (July 1st, 2010 @ March Price Margins)	Market Price @ March	Provincial Taxes @ July 1,2010				Federal Taxes		Per/Litre Tax Summary			All Levels of Government (billions)		Gas Tax Spending on Roads (3)
		Excise (1)	Carbon	Net Additional	HST/QST (2)	Excise	GST	Gas Taxes	Total Tax Bill	Tax Portion	Gas Taxes Collected	Spending on Roads	
British Columbia	\$0.707	\$0.018	\$0.045	\$0.218	0.0%	\$0.100	5.0%	\$0.380	\$0.434	38.0%	\$2.323	\$1.678	72.2%
Alberta	\$0.693	\$0.090	\$0.000	\$0.000	0.0%	\$0.100	5.0%	\$0.190	\$0.234	25.3%	\$1.472	\$3.738	253.9%
Saskatchewan	\$0.715	\$0.150	\$0.000	\$0.000	0.0%	\$0.100	5.0%	\$0.250	\$0.298	29.4%	\$0.512	\$0.515	100.7%
Manitoba	\$0.719	\$0.115	\$0.000	\$0.000	0.0%	\$0.100	5.0%	\$0.215	\$0.262	26.7%	\$0.401	\$0.958	239.1%
Ontario	\$0.707	\$0.147	\$0.000	\$0.000	8.0%	\$0.100	5.0%	\$0.247	\$0.371	34.4%	\$4.876	\$5.203	106.7%
Quebec	\$0.701	\$0.152	\$0.000	\$0.000	7.5%	\$0.100	5.0%	\$0.252	\$0.375	34.8%	\$2.749	\$5.659	205.9%
New Brunswick	\$0.695	\$0.107	\$0.000	\$0.000	8.0%	\$0.100	5.0%	\$0.207	\$0.324	31.8%	\$0.314	\$0.271	86.3%
Nova Scotia	\$0.692	\$0.155	\$0.000	\$0.000	8.0%	\$0.100	5.0%	\$0.255	\$0.378	35.3%	\$0.386	\$0.453	117.3%
Prince Edward Island	\$0.732	\$0.158	\$0.000	\$0.000	0.0%	\$0.100	5.0%	\$0.258	\$0.308	29.6%	\$0.062	\$0.065	104.9%
Newfoundland & L.	\$0.731	\$0.165	\$0.000	\$0.000	8.0%	\$0.100	5.0%	\$0.265	\$0.394	35.0%	\$0.211	\$0.224	106.4%
Canada	\$0.709	\$0.152	\$0.000	\$0.000	4.0%	\$0.100	5.0%	\$2.519	\$0.338	32.3%	\$13.305	\$18.942	142.4%

(1) For the purposes of the Canadian average, carbon and net additional taxes are included as provincial excise

(2) QST is not a harmonized tax and is applied to the combined market price and GST

(3) Total projected 2010 revenue from combined taxes on gasoline & diesel fuel less sales taxes divided by total roadway spending in 2009 (2010 spending figures not yet available)

## Taxpayer Supply & Government Demand?: 12th Annual Gas Tax Honesty Report

2009-Gasoline (Annual Average)	Market Price @ March	Provincial Taxes @ July 1,2010				Federal Taxes		Per/Litre Tax Summary			All Levels of Government (billions)		Gas Tax Spending on Roads (3)
		Excise (1)	Carbon	Net Additional	HST/QST (2)	Excise	GST	Gas Taxes	Total Tax Bill	Tax Portion	Gas Taxes Collected	Spending on Roads	
British Columbia	\$0.652	\$0.018	\$0.023	\$0.188	0.0%	\$0.100	5.0%	\$0.328	\$0.377	36.7%	\$2.014	\$1.678	83.3%
Alberta	\$0.644	\$0.090	\$0.000	\$0.000	0.0%	\$0.100	5.0%	\$0.190	\$0.232	26.5%	\$1.472	\$3.738	253.9%
Saskatchewan	\$0.671	\$0.150	\$0.000	\$0.000	0.0%	\$0.100	5.0%	\$0.250	\$0.296	30.6%	\$0.512	\$0.515	100.7%
Manitoba	\$0.676	\$0.115	\$0.000	\$0.000	0.0%	\$0.100	5.0%	\$0.215	\$0.260	27.7%	\$0.401	\$0.958	239.1%
Ontario	\$0.625	\$0.147	\$0.000	\$0.000	0.0%	\$0.100	5.0%	\$0.247	\$0.291	31.7%	\$4.876	\$5.203	106.7%
Quebec	\$0.605	\$0.152	\$0.000	\$0.000	7.5%	\$0.100	5.0%	\$0.252	\$0.362	37.5%	\$2.749	\$5.659	205.9%
New Brunswick	\$0.603	\$0.107	\$0.000	\$0.000	8.0%	\$0.100	5.0%	\$0.207	\$0.312	34.1%	\$0.314	\$0.271	86.3%
Nova Scotia	\$0.597	\$0.155	\$0.000	\$0.000	8.0%	\$0.100	5.0%	\$0.255	\$0.366	38.0%	\$0.386	\$0.453	117.3%
Prince Edward Island	\$0.637	\$0.156	\$0.000	\$0.000	0.0%	\$0.100	5.0%	\$0.256	\$0.301	32.1%	\$0.061	\$0.065	106.2%
Newfoundland & L.	\$0.640	\$0.165	\$0.000	\$0.000	8.0%	\$0.100	5.0%	\$0.265	\$0.383	37.4%	\$0.211	\$0.224	106.4%
Canada	\$0.635	\$0.147	\$0.000	\$0.000	3.2%	\$0.100	5.0%	\$2.465	\$0.318	33.4%	\$12.995	\$18.942	145.8%

(1) For the purposes of the Canadian average, carbon and net additional taxes are included as provincial excise

(2) QST is not a harmonized tax and is applied to the combined market price and GST

(3) Total projected revenue from combined taxes on gasoline & diesel fuel less sales taxes divided by total roadway spending annually

## Taxpayer Supply & Government Demand?: 12th Annual Gas Tax Honesty Report

2008-Gasoline (Annual Average)	Market Price @ March	Provincial Taxes @ July 1,2010				Federal Taxes		Per/Litre Tax Summary			All Levels of Government (billions)		Gas Tax Spending on Roads (3)
		Excise (1)	Carbon	Net Additional	HST/QST (2)	Excise	GST	Gas Taxes	Total Tax Bill	Tax Portion	Gas Taxes Collected	Spending on Roads	
British Columbia	\$0.831	\$0.018	\$0.023	\$0.188	0.0%	\$0.100	5.0%	\$0.328	\$0.386	31.7%	\$1.993	\$2.081	104.4%
Alberta	\$0.859	\$0.090	\$0.000	\$0.000	0.0%	\$0.100	5.0%	\$0.190	\$0.242	22.0%	\$1.472	\$3.522	239.3%
Saskatchewan	\$0.870	\$0.150	\$0.000	\$0.000	0.0%	\$0.100	5.0%	\$0.250	\$0.306	26.0%	\$0.512	\$0.554	108.4%
Manitoba	\$0.876	\$0.115	\$0.000	\$0.000	0.0%	\$0.100	5.0%	\$0.215	\$0.270	23.5%	\$0.401	\$0.851	212.4%
Ontario	\$0.801	\$0.147	\$0.000	\$0.000	0.0%	\$0.100	5.0%	\$0.247	\$0.299	27.2%	\$4.876	\$4.179	85.7%
Quebec	\$0.780	\$0.152	\$0.000	\$0.000	7.5%	\$0.100	5.0%	\$0.252	\$0.385	33.0%	\$2.749	\$4.934	179.5%
New Brunswick	\$0.799	\$0.107	\$0.000	\$0.000	8.0%	\$0.100	5.0%	\$0.207	\$0.338	29.7%	\$0.314	\$0.446	141.9%
Nova Scotia	\$0.787	\$0.155	\$0.000	\$0.000	8.0%	\$0.100	5.0%	\$0.255	\$0.390	33.2%	\$0.386	\$0.437	113.1%
Prince Edward Island	\$0.834	\$0.156	\$0.000	\$0.000	0.0%	\$0.100	5.0%	\$0.256	\$0.311	27.1%	\$0.062	\$0.153	249.0%
Newfoundland & L.	\$0.829	\$0.165	\$0.000	\$0.000	8.0%	\$0.100	5.0%	\$0.265	\$0.407	32.9%	\$0.211	\$0.294	139.5%
Canada	\$0.827	\$0.147	\$0.000	\$0.000	3.2%	\$0.100	5.0%	\$2.465	\$0.333	28.7%	\$12.975	\$17.729	136.6%

(1) For the purposes of the Canadian average, carbon and net additional taxes are included as provincial excise

(2) QST is not a harmonized tax and is applied to the combined market price and GST

(3) Total projected revenue from combined taxes on gasoline & diesel fuel less sales taxes divided by total roadway spending annually

## Taxpayer Supply & Government Demand?: 12th Annual Gas Tax Honesty Report

2007-Gasoline (Annual Average)	Market Price @ March	Provincial Taxes @ July 1,2010				Federal Taxes		Per/Litre Tax Summary			All Levels of Government (billions)		Gas Tax Spending on Roads (3)
		Excise (1)	Carbon	Net Additional	HST/QST (2)	Excise	GST	Gas Taxes	Total Tax Bill	Tax Portion	Gas Taxes Collected	Spending on Roads	
British Columbia	\$0.716	\$0.018	\$0.000	\$0.188	0.0%	\$0.100	6.0%	\$0.305	\$0.366	33.8%	\$1.838	\$1.526	83.0%
Alberta	\$0.732	\$0.090	\$0.000	\$0.000	0.0%	\$0.100	6.0%	\$0.190	\$0.245	25.1%	\$1.472	\$1.797	122.1%
Saskatchewan	\$0.715	\$0.150	\$0.000	\$0.000	0.0%	\$0.100	6.0%	\$0.250	\$0.308	30.1%	\$0.512	\$0.250	48.9%
Manitoba	\$0.709	\$0.115	\$0.000	\$0.000	0.0%	\$0.100	6.0%	\$0.215	\$0.270	27.6%	\$0.401	\$0.756	188.7%
Ontario	\$0.660	\$0.147	\$0.000	\$0.000	0.0%	\$0.100	6.0%	\$0.247	\$0.301	31.4%	\$4.876	\$4.025	82.5%
Quebec	\$0.644	\$0.152	\$0.000	\$0.000	7.5%	\$0.100	6.0%	\$0.252	\$0.377	36.9%	\$2.749	\$3.339	121.5%
New Brunswick	\$0.687	\$0.145	\$0.000	\$0.000	8.0%	\$0.100	6.0%	\$0.245	\$0.375	35.3%	\$0.354	\$0.256	72.4%
Nova Scotia	\$0.676	\$0.155	\$0.000	\$0.000	8.0%	\$0.100	6.0%	\$0.255	\$0.385	36.3%	\$0.386	\$0.292	75.5%
Prince Edward Island	\$0.686	\$0.156	\$0.000	\$0.000	0.0%	\$0.100	6.0%	\$0.256	\$0.313	31.3%	\$0.062	\$0.074	119.8%
Newfoundland & L.	\$0.703	\$0.165	\$0.000	\$0.000	8.0%	\$0.100	6.0%	\$0.265	\$0.401	36.3%	\$0.211	\$0.137	65.1%
Canada	\$0.693	\$0.148	\$0.000	\$0.000	3.2%	\$0.100	6.0%	\$2.480	\$0.334	32.5%	\$12.859	\$12.588	97.9%

(1) For the purposes of the Canadian average, net additional taxes are included as provincial excise

(2) QST is not a harmonized tax and is applied to the combined market price and GST

(3) Total projected revenue from combined taxes on gasoline & diesel fuel less sales taxes divided by total roadway spending annually

## Taxpayer Supply & Government Demand?: 12th Annual Gas Tax Honesty Report

2006-Gasoline (Annual Average)	Market Price @ March	Provincial Taxes @ July 1,2010				Federal Taxes		Per/Litre Tax Summary			All Levels of Government (billions)		Gas Tax Spending on Roads (3)
		Excise (1)	Carbon	Net Additional	HST/QST (2)	Excise	GST	Gas Taxes	Total Tax Bill	Tax Portion	Gas Taxes Collected	Spending on Roads	
British Columbia	\$0.669	\$0.018	\$0.000	\$0.188	0.0%	\$0.100	6.0%	\$0.305	\$0.363	35.2%	\$1.810	\$1.198	66.2%
Alberta	\$0.673	\$0.090	\$0.000	\$0.000	0.0%	\$0.100	6.0%	\$0.190	\$0.242	26.4%	\$1.415	\$1.217	86.0%
Saskatchewan	\$0.691	\$0.150	\$0.000	\$0.000	0.0%	\$0.100	6.0%	\$0.250	\$0.306	30.7%	\$0.482	\$0.270	56.1%
Manitoba	\$0.685	\$0.115	\$0.000	\$0.000	0.0%	\$0.100	6.0%	\$0.215	\$0.269	28.2%	\$0.373	\$0.281	75.4%
Ontario	\$0.636	\$0.147	\$0.000	\$0.000	0.0%	\$0.100	6.0%	\$0.247	\$0.300	32.0%	\$4.757	\$3.453	72.6%
Quebec	\$0.620	\$0.152	\$0.000	\$0.000	7.5%	\$0.100	6.0%	\$0.252	\$0.374	37.6%	\$2.701	\$2.569	95.1%
New Brunswick	\$0.663	\$0.145	\$0.000	\$0.000	8.0%	\$0.100	6.0%	\$0.245	\$0.372	35.9%	\$0.338	\$0.320	94.6%
Nova Scotia	\$0.652	\$0.155	\$0.000	\$0.000	8.0%	\$0.100	6.0%	\$0.255	\$0.382	36.9%	\$0.393	\$0.323	82.4%
Prince Edward Island	\$0.662	\$0.156	\$0.000	\$0.000	0.0%	\$0.100	6.0%	\$0.256	\$0.311	32.0%	\$0.061	\$0.067	110.6%
Newfoundland & L.	\$0.679	\$0.165	\$0.000	\$0.000	8.0%	\$0.100	6.0%	\$0.265	\$0.397	36.9%	\$0.205	\$0.125	61.1%
Canada	\$0.663	\$0.148	\$0.000	\$0.000	3.2%	\$0.100	6.0%	\$2.480	\$0.332	33.3%	\$12.535	\$10.000	79.8%

(1) For the purposes of the Canadian average, net additional taxes are included as provincial excise

(2) QST is not a harmonized tax and is applied to the combined market price and GST

(3) Total projected revenue from combined taxes on gasoline & diesel fuel less sales taxes divided by total roadway spending annually

## Taxpayer Supply & Government Demand?: 12th Annual Gas Tax Honesty Report

2005-Gasoline (Annual Average)	Market Price @ March	Provincial Taxes @ July 1,2010				Federal Taxes		Per/Litre Tax Summary			All Levels of Government (billions)		Gas Tax Spending on Roads (3)
		Excise (1)	Carbon	Net Additional	HST/QST (2)	Excise	GST	Gas Taxes	Total Tax Bill	Tax Portion	Gas Taxes Collected	Spending on Roads	
British Columbia	\$0.602	\$0.018	\$0.000	\$0.188	0.0%	\$0.100	7.0%	\$0.305	\$0.368	38.0%	\$1.795	\$1.146	63.8%
Alberta	\$0.610	\$0.090	\$0.000	\$0.000	0.0%	\$0.100	7.0%	\$0.190	\$0.246	28.7%	\$1.319	\$0.994	75.4%
Saskatchewan	\$0.622	\$0.150	\$0.000	\$0.000	0.0%	\$0.100	7.0%	\$0.250	\$0.311	33.3%	\$0.476	\$0.234	49.1%
Manitoba	\$0.619	\$0.115	\$0.000	\$0.000	0.0%	\$0.100	7.0%	\$0.215	\$0.273	30.6%	\$0.434	\$0.197	45.4%
Ontario	\$0.593	\$0.147	\$0.000	\$0.000	0.0%	\$0.100	7.0%	\$0.247	\$0.306	34.0%	\$3.888	\$3.061	78.7%
Quebec	\$0.576	\$0.152	\$0.000	\$0.000	7.5%	\$0.100	7.0%	\$0.252	\$0.376	39.5%	\$2.718	\$2.390	87.9%
New Brunswick	\$0.611	\$0.145	\$0.000	\$0.000	8.0%	\$0.100	7.0%	\$0.245	\$0.373	37.9%	\$0.335	\$0.294	87.8%
Nova Scotia	\$0.603	\$0.155	\$0.000	\$0.000	8.0%	\$0.100	7.0%	\$0.255	\$0.384	38.9%	\$0.384	\$0.266	69.2%
Prince Edward Island	\$0.607	\$0.156	\$0.000	\$0.000	0.0%	\$0.100	7.0%	\$0.256	\$0.316	34.3%	\$0.064	\$0.026	40.5%
Newfoundland & L.	\$0.627	\$0.165	\$0.000	\$0.000	8.0%	\$0.100	7.0%	\$0.265	\$0.399	38.9%	\$0.202	\$0.117	58.2%
Canada	\$0.607	\$0.148	\$0.000	\$0.000	3.2%	\$0.100	7.0%	\$2.480	\$0.335	35.6%	\$11.615	\$8.911	76.7%

(1) For the purposes of the Canadian average, net additional taxes are included as provincial excise

(2) QST is not a harmonized tax and is applied to the combined market price and GST

(3) Total projected revenue from combined taxes on gasoline & diesel fuel less sales taxes divided by total roadway spending annually



## Taxpayer Supply & Government Demand?: 12th Annual Gas Tax Honesty Report

2004-Gasoline (Annual Average)	Market Price @ March	Provincial Taxes @ July 1,2010				Federal Taxes		Per/Litre Tax Summary			All Levels of Government (billions)		Gas Tax Spending on Roads (3)
		Excise (1)	Carbon	Net Additional	HST/QST (2)	Excise	GST	Gas Taxes	Total Tax Bill	Tax Portion	Gas Taxes Collected	Spending on Roads	
British Columbia	\$0.511	\$0.038	\$0.000	\$0.168	0.0%	\$0.100	7.0%	\$0.305	\$0.362	41.5%	\$1.798	\$0.825	45.9%
Alberta	\$0.511	\$0.090	\$0.000	\$0.000	0.0%	\$0.100	7.0%	\$0.190	\$0.239	31.9%	\$1.271	\$0.867	68.2%
Saskatchewan	\$0.521	\$0.150	\$0.000	\$0.000	0.0%	\$0.100	7.0%	\$0.250	\$0.304	36.8%	\$0.479	\$0.177	36.9%
Manitoba	\$0.497	\$0.115	\$0.000	\$0.000	0.0%	\$0.100	7.0%	\$0.215	\$0.265	34.8%	\$0.370	\$0.058	15.6%
Ontario	\$0.486	\$0.147	\$0.000	\$0.000	0.0%	\$0.100	7.0%	\$0.247	\$0.298	38.0%	\$4.800	\$2.570	53.5%
Quebec	\$0.480	\$0.152	\$0.000	\$0.000	7.5%	\$0.100	7.0%	\$0.252	\$0.362	43.0%	\$2.759	\$2.113	76.6%
New Brunswick	\$0.516	\$0.145	\$0.000	\$0.000	8.0%	\$0.100	7.0%	\$0.245	\$0.359	41.0%	\$0.330	\$0.272	82.4%
Nova Scotia	\$0.504	\$0.155	\$0.000	\$0.000	8.0%	\$0.100	7.0%	\$0.255	\$0.369	42.3%	\$0.384	\$0.234	60.9%
Prince Edward Island	\$0.524	\$0.170	\$0.000	\$0.000	0.0%	\$0.100	7.0%	\$0.270	\$0.326	38.3%	\$0.067	\$0.015	22.2%
Newfoundland & L.	\$0.532	\$0.165	\$0.000	\$0.000	8.0%	\$0.100	7.0%	\$0.265	\$0.385	42.0%	\$0.197	\$0.066	33.6%
Canada	\$0.508	\$0.149	\$0.000	\$0.000	3.2%	\$0.100	7.0%	\$2.494	\$0.327	39.1%	\$12.456	\$7.330	58.9%

(1) For the purposes of the Canadian average, net additional taxes are included as provincial excise

(2) QST is not a harmonized tax and is applied to the combined market price and GST

(3) Total projected revenue from combined taxes on gasoline & diesel fuel less sales taxes divided by total roadway spending annually

## Taxpayer Supply & Government Demand?: 12th Annual Gas Tax Honesty Report

2003-Gasoline (Annual Average)	Market Price @ March	Provincial Taxes @ July 1,2010				Federal Taxes		Per/Litre Tax Summary			All Levels of Government (billions)		Gas Tax Spending on Roads (3)
		Excise (1)	Carbon	Net Additional	HST/QST (2)	Excise	GST	Gas Taxes	Total Tax Bill	Tax Portion	Gas Taxes Collected	Spending on Roads	
British Columbia	\$0.417	\$0.038	\$0.000	\$0.168	0.0%	\$0.100	7.0%	\$0.305	\$0.356	46.0%	\$1.755	\$0.633	36.0%
Alberta	\$0.428	\$0.090	\$0.000	\$0.000	0.0%	\$0.100	7.0%	\$0.190	\$0.233	35.3%	\$1.231	\$0.865	70.3%
Saskatchewan	\$0.461	\$0.150	\$0.000	\$0.000	0.0%	\$0.100	7.0%	\$0.250	\$0.300	39.4%	\$0.481	\$0.147	30.6%
Manitoba	\$0.411	\$0.115	\$0.000	\$0.000	0.0%	\$0.100	7.0%	\$0.215	\$0.259	38.6%	\$0.363	\$0.183	50.5%
Ontario	\$0.425	\$0.147	\$0.000	\$0.000	0.0%	\$0.100	7.0%	\$0.247	\$0.294	40.9%	\$4.720	\$2.308	48.9%
Quebec	\$0.400	\$0.152	\$0.000	\$0.000	7.5%	\$0.100	7.0%	\$0.252	\$0.350	46.7%	\$2.634	\$1.905	72.3%
New Brunswick	\$0.438	\$0.145	\$0.000	\$0.000	8.0%	\$0.100	7.0%	\$0.245	\$0.347	44.2%	\$0.348	\$0.253	72.7%
Nova Scotia	\$0.420	\$0.155	\$0.000	\$0.000	8.0%	\$0.100	7.0%	\$0.255	\$0.356	45.9%	\$0.387	\$0.171	44.3%
Prince Edward Island	\$0.449	\$0.140	\$0.000	\$0.000	0.0%	\$0.100	7.0%	\$0.240	\$0.288	39.1%	\$0.058	\$0.034	58.0%
Newfoundland & L.	\$0.454	\$0.165	\$0.000	\$0.000	8.0%	\$0.100	7.0%	\$0.265	\$0.373	45.1%	\$0.198	\$0.088	44.3%
Canada	\$0.430	\$0.146	\$0.000	\$0.000	3.2%	\$0.100	7.0%	\$2.464	\$0.316	42.3%	\$12.174	\$6.679	54.9%

(1) For the purposes of the Canadian average, net additional taxes are included as provincial excise

(2) QST is not a harmonized tax and is applied to the combined market price and GST

(3) Total projected revenue from combined taxes on gasoline & diesel fuel less sales taxes divided by total roadway spending annually

## Taxpayer Supply & Government Demand?: 12th Annual Gas Tax Honesty Report

2001-Gasoline (Annual Average)	Market Price @ March	Provincial Taxes @ July 1,2010				Federal Taxes		Per/Litre Tax Summary			All Levels of Government (billions)		Gas Tax Spending on Roads (3)
		Excise (1)	Carbon	Net Additional	HST/QST (2)	Excise	GST	Gas Taxes	Total Tax Bill	Tax Portion	Gas Taxes Collected	Spending on Roads	
British Columbia	\$0.379	\$0.038	\$0.000	\$0.113	0.0%	\$0.100	7.0%	\$0.250	\$0.294	43.7%	\$1.634	\$0.555	34.0%
Alberta	\$0.416	\$0.090	\$0.000	\$0.000	0.0%	\$0.100	7.0%	\$0.190	\$0.232	35.8%	\$1.479	\$0.886	59.9%
Saskatchewan	\$0.427	\$0.015	\$0.000	\$0.000	0.0%	\$0.100	7.0%	\$0.115	\$0.153	26.4%	\$0.446	\$0.154	34.5%
Manitoba	\$0.400	\$0.115	\$0.000	\$0.000	0.0%	\$0.100	7.0%	\$0.215	\$0.258	39.2%	\$0.424	\$0.182	42.8%
Ontario	\$0.377	\$0.147	\$0.000	\$0.000	0.0%	\$0.100	7.0%	\$0.247	\$0.291	43.5%	\$5.136	\$1.960	38.2%
Quebec	\$0.370	\$0.152	\$0.000	\$0.000	7.5%	\$0.100	7.0%	\$0.252	\$0.345	48.3%	\$3.092	\$1.570	50.8%
New Brunswick	\$0.399	\$0.109	\$0.000	\$0.000	8.0%	\$0.100	7.0%	\$0.209	\$0.300	42.9%	\$0.364	\$0.242	66.4%
Nova Scotia	\$0.398	\$0.135	\$0.000	\$0.000	8.0%	\$0.100	7.0%	\$0.235	\$0.330	45.3%	\$0.417	\$0.133	32.0%
Prince Edward Island	\$0.445	\$0.230	\$0.000	\$0.000	0.0%	\$0.100	7.0%	\$0.330	\$0.384	46.3%	\$0.082	\$0.038	46.6%
Newfoundland & L.	\$0.423	\$0.165	\$0.000	\$0.000	8.0%	\$0.100	7.0%	\$0.265	\$0.368	46.5%	\$0.229	\$0.134	58.7%
Canada	\$0.403	\$0.131	\$0.000	\$0.000	3.2%	\$0.100	7.0%	\$2.308	\$0.296	42.3%	\$13.303	\$5.971	44.9%

(1) For the purposes of the Canadian average, net additional taxes are included as provincial excise

(2) QST is not a harmonized tax and is applied to the combined market price and GST

(3) Total projected revenue from combined taxes on gasoline & diesel fuel less sales taxes divided by total roadway spending annually

## Taxpayer Supply & Government Demand?: 12th Annual Gas Tax Honesty Report

2000-Gasoline (Annual Average)	Market Price @ March	Provincial Taxes @ July 1,2010				Federal Taxes		Per/Litre Tax Summary			All Levels of Government (billions)		Gas Tax Spending on Roads (3)
		Excise (1)	Carbon	Net Additional	HST/QST (2)	Excise	GST	Gas Taxes	Total Tax Bill	Tax Portion	Gas Taxes Collected	Spending on Roads	
British Columbia	\$0.395	\$0.038	\$0.000	\$0.113	0.0%	\$0.100	7.0%	\$0.250	\$0.295	42.8%	\$1.369	\$0.563	41.1%
Alberta	\$0.413	\$0.090	\$0.000	\$0.000	0.0%	\$0.100	7.0%	\$0.190	\$0.232	36.0%	\$1.147	\$0.670	58.5%
Saskatchewan	\$0.424	\$0.015	\$0.000	\$0.000	0.0%	\$0.100	7.0%	\$0.115	\$0.153	26.5%	\$0.307	\$0.120	39.1%
Manitoba	\$0.410	\$0.115	\$0.000	\$0.000	0.0%	\$0.100	7.0%	\$0.215	\$0.259	38.7%	\$0.349	\$0.125	35.9%
Ontario	\$0.414	\$0.147	\$0.000	\$0.000	0.0%	\$0.100	7.0%	\$0.247	\$0.293	41.5%	\$4.219	\$1.904	45.1%
Quebec	\$0.404	\$0.152	\$0.000	\$0.000	7.5%	\$0.100	7.0%	\$0.252	\$0.351	46.5%	\$2.571	\$1.316	51.2%
New Brunswick	\$0.434	\$0.107	\$0.000	\$0.000	8.0%	\$0.100	7.0%	\$0.207	\$0.303	41.1%	\$0.291	\$0.321	110.4%
Nova Scotia	\$0.428	\$0.135	\$0.000	\$0.000	8.0%	\$0.100	7.0%	\$0.235	\$0.334	43.9%	\$0.348	\$0.114	32.6%
Prince Edward Island	\$0.427	\$0.130	\$0.000	\$0.000	0.0%	\$0.100	7.0%	\$0.230	\$0.276	39.3%	\$0.055	\$0.033	60.2%
Newfoundland & L.	\$0.459	\$0.165	\$0.000	\$0.000	8.0%	\$0.100	7.0%	\$0.265	\$0.374	44.9%	\$0.190	\$0.159	83.6%
Canada	\$0.421	\$0.121	\$0.000	\$0.000	3.2%	\$0.100	7.0%	\$2.206	\$0.287	40.5%	\$10.846	\$5.390	49.7%

(1) For the purposes of the Canadian average, net additional taxes are included as provincial excise

(2) QST is not a harmonized tax and is applied to the combined market price and GST

(3) Total projected revenue from combined taxes on gasoline & diesel fuel less sales taxes divided by total roadway spending annually

## Taxpayer Supply & Government Demand?: 12th Annual Gas Tax Honesty Report

1999-Gasoline (Annual Average)	Market Price @ March	Provincial Taxes @ July 1,2010				Federal Taxes		Per/Litre Tax Summary			All Levels of Government (billions)		Gas Tax Spending on Roads (3)
		Excise (1)	Carbon	Net Additional	HST/QST (2)	Excise	GST	Gas Taxes	Total Tax Bill	Tax Portion	Gas Taxes Collected	Spending on Roads	
British Columbia	\$0.231	\$0.038	\$0.000	\$0.110	0.0%	\$0.100	7.0%	\$0.248	\$0.281	54.9%	\$1.344	\$0.319	23.8%
Alberta	\$0.303	\$0.090	\$0.000	\$0.000	0.0%	\$0.100	7.0%	\$0.190	\$0.225	42.6%	\$1.110	\$0.471	42.4%
Saskatchewan	\$0.316	\$0.015	\$0.000	\$0.000	0.0%	\$0.100	7.0%	\$0.115	\$0.145	31.5%	\$0.311	\$0.119	38.3%
Manitoba	\$0.322	\$0.115	\$0.000	\$0.000	0.0%	\$0.100	7.0%	\$0.215	\$0.253	44.0%	\$0.347	\$0.191	55.0%
Ontario	\$0.287	\$0.147	\$0.000	\$0.000	0.0%	\$0.100	7.0%	\$0.247	\$0.284	49.8%	\$4.130	\$1.817	44.0%
Quebec	\$0.277	\$0.152	\$0.000	\$0.000	7.5%	\$0.100	7.0%	\$0.252	\$0.331	54.5%	\$2.566	\$1.232	48.0%
New Brunswick	\$0.307	\$0.107	\$0.000	\$0.000	8.0%	\$0.100	7.0%	\$0.207	\$0.284	48.1%	\$0.302	\$0.314	104.0%
Nova Scotia	\$0.296	\$0.135	\$0.000	\$0.000	8.0%	\$0.100	7.0%	\$0.235	\$0.315	51.5%	\$0.339	\$0.091	26.9%
Prince Edward Island	\$0.267	\$0.130	\$0.000	\$0.000	0.0%	\$0.100	7.0%	\$0.230	\$0.265	49.8%	\$0.056	\$0.034	61.8%
Newfoundland & L.	\$0.312	\$0.165	\$0.000	\$0.000	8.0%	\$0.100	7.0%	\$0.265	\$0.352	53.0%	\$0.190	\$0.141	74.2%
Canada	\$0.292	\$0.120	\$0.000	\$0.000	3.2%	\$0.100	7.0%	\$2.204	\$0.273	48.4%	\$10.694	\$4.806	44.9%

(1) For the purposes of the Canadian average, net additional taxes are included as provincial excise

(2) QST is not a harmonized tax and is applied to the combined market price and GST

(3) Total projected revenue from combined taxes on gasoline & diesel fuel less sales taxes divided by total roadway spending annually

## Taxpayer Supply & Government Demand?: 12th Annual Gas Tax Honesty Report

1998-Gasoline (Annual Average)	Market Price @ March	Provincial Taxes @ July 1,2010				Federal Taxes		Per/Litre Tax Summary			All Levels of Government (billions)		Gas Tax Spending on Roads (3)
		Excise (1)	Carbon	Net Additional	HST/QST (2)	Excise	GST	Gas Taxes	Total Tax Bill	Tax Portion	Gas Taxes Collected	Spending on Roads	
British Columbia	\$0.205	\$0.075	\$0.000	\$0.060	0.0%	\$0.100	7.0%	\$0.235	\$0.266	56.5%	\$1.248	\$0.527	42.2%
Alberta	\$0.264	\$0.090	\$0.000	\$0.000	0.0%	\$0.100	7.0%	\$0.190	\$0.222	45.7%	\$1.089	\$0.455	41.8%
Saskatchewan	\$0.270	\$0.015	\$0.000	\$0.000	0.0%	\$0.100	7.0%	\$0.115	\$0.142	34.5%	\$0.298	\$0.053	17.7%
Manitoba	\$0.283	\$0.115	\$0.000	\$0.000	0.0%	\$0.100	7.0%	\$0.215	\$0.250	46.9%	\$0.337	\$0.159	47.2%
Ontario	\$0.230	\$0.147	\$0.000	\$0.000	0.0%	\$0.100	7.0%	\$0.247	\$0.280	54.9%	\$3.916	\$1.399	35.7%
Quebec	\$0.218	\$0.152	\$0.000	\$0.000	7.5%	\$0.100	7.0%	\$0.252	\$0.323	59.7%	\$2.573	\$1.185	46.1%
New Brunswick	\$0.274	\$0.107	\$0.000	\$0.000	8.0%	\$0.100	7.0%	\$0.207	\$0.279	50.5%	\$0.279	\$0.201	72.2%
Nova Scotia	\$0.261	\$0.135	\$0.000	\$0.000	8.0%	\$0.100	7.0%	\$0.235	\$0.309	54.2%	\$0.339	\$0.093	27.6%
Prince Edward Island	\$0.272	\$0.130	\$0.000	\$0.000	0.0%	\$0.100	7.0%	\$0.230	\$0.265	49.4%	\$0.052	\$0.033	62.1%
Newfoundland & L.	\$0.297	\$0.165	\$0.000	\$0.000	8.0%	\$0.100	7.0%	\$0.265	\$0.349	54.0%	\$0.179	\$0.112	62.7%
Canada	\$0.257	\$0.119	\$0.000	\$0.000	3.2%	\$0.100	7.0%	\$2.191	\$0.269	51.1%	\$10.310	\$4.284	41.5%

(1) For the purposes of the Canadian average, net additional taxes are included as provincial excise

(2) QST is not a harmonized tax and is applied to the combined market price and GST

(3) Total projected revenue from combined taxes on gasoline & diesel fuel less sales taxes divided by total roadway spending annually