



Filling the Infrastructure Gap:

Prepared for the 4th Annual Gas Tax Honesty Day
May 16, 2002

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Canadian Taxpayers Federation

www.taxpayer.com

About the Canadian Taxpayers Federation

The Canadian Taxpayers Federation (CTF) is a federally incorporated, non-profit, non-partisan, education and advocacy organization founded in 1990. It has grown to become Canada's foremost taxpayer advocacy organization with more than 61,000 supporters nation-wide.

The CTF's three-fold mission statement is:

- To act as a watchdog on government spending and to inform taxpayers of governments' impact on their economic well-being;
- To promote responsible fiscal and democratic reforms, and to advocate the common interests of taxpayers; and
- To mobilize taxpayers to exercise their democratic rights and responsibilities.

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

The CTF's official publication, *The Taxpayer* magazine, is published six times a year. CTF offices also send out weekly *Let's Talk Taxes* commentaries to over 800 media outlets as well as providing media comment on current events. CTF staff and board members are prohibited from holding memberships in any political party. The CTF is funded by free will, non-receiptable contributions.

The CTF does not receive government funding. The CTF's award winning web site can be found at: www.taxpayer.com

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Executive Summary

- In the last calendar year, gasoline taxes accounted for an average of 42 percent of the pump price paid by Canadian motorists.
- Federal gasoline tax increased over 500 percent between 1985 and 1995; from 1.5 to 10 cents/litre.
- As a deficit reduction measure in 1995, Ottawa increased the federal gasoline tax from 8.5 to 10 cents/litre. The federal deficit was vanquished five years ago, but the tax remains.
- GST is charged on the full pump price, gasoline taxes included. It's a tax on tax.
- The vast majority of federal gasoline tax revenues are not channeled back into road and highway improvements. Of the \$4.8 billion collected in federal gasoline taxes last year, Ottawa returned a paltry 2.4% or \$113 million back in provincial transfers for road and highway development, of which 99 percent was spent east of Ontario.
- Although the Canada Infrastructure Works (CIW) program supported an average of \$800 million of roadway and waterworks infrastructure over seven years, persistent accountability concerns about the CIW program detract from its value. When Transport Canada transfers are combined with CIW transfers, the federal government's commitment still represents less than one quarter of gasoline tax revenues.
- The big city mayors (aka C5), the Federation of Canadian Municipalities and TD Economics all point to the need for a real commitment to municipal roadway spending. A TD bank study estimates the municipal infrastructure (roads, sewers and community facilities) deficit could be as high as \$44 billion.
- TD Economics and the Association of Consulting Engineers both estimate Canada's roads and highways deficit to be \$17 billion. This deficit should be met using gasoline taxes – a user fee on motorists.
- In 1998-99, the US federal government collected \$25 billion in gasoline tax revenues and spent \$21 billion on roads and highways. In all, 84 percent of US gasoline tax revenues went back into concrete.

CTF Recommendations

- That the federal government transfer and dedicate 50 percent of federal gasoline tax revenues to municipalities for roadway development using the Municipal Roadway Trust formula;
- That the federal and provincial governments reduce gasoline tax rates to levels commensurate with road and highway funding;
- That the federal government eliminate the 1.5 cent/litre gasoline tax introduced in 1995 as a deficit fighting measure;
- That the federal government eliminate the HST and GST charges on the tax component of the pump price; and
- That service stations continue to post the tax component of a litre of gasoline.

Principles

- Treat federal, provincial and municipal gasoline tax as a user fee;
- Dedicate gasoline tax revenues to highway and roadway construction and maintenance; and
- Reduce federal and provincial gasoline tax rates to levels commensurate with road and highway funding.

Introduction

Over the past year, Canadians have faced economic upheaval and uncertainty ushered in by the events preceding and following September 11th 2001. The cost of crude oil caused the price to shoot up and down like a roller coaster. Meanwhile, Canada's aging network of roads continues to crumble.

It is not surprising that calls for federal funds to pay for municipal infrastructure – concrete government services – have begun to capture public attention. In the midst of a plethora of reports and commentaries calling for new taxing powers for municipalities, the availability of federal gasoline taxes should not go unnoticed. Gasoline taxes are a user fee and should be earmarked primarily for roadway and highway maintenance and improvement. Over the last four years the Canadian Taxpayers Federation (CTF) has documented what federal and provincial governments have collected in gasoline taxes and motoring revenues. In many cases the tax take far exceeds roadway expenditures. In particular, the federal government has reaped the revenue windfall, but has provided only token support for roadway spending. This must change.

The freedom that comes with vehicle ownership is highly prized. It's a freedom we value so highly, we tend to pay what's asked for the privilege of using our vehicles without fully realizing that motorists have long been a prime target for tax gatherers at every level of government."

-- Automotive journalist Tony Whitney, Vancouver Sun.

Gasoline taxes in Canada are tantamount to highway robbery. Although Ottawa collected \$4.8 billion in federal gasoline taxes last year, the Department of Transport directly returned \$113 million to the provinces for roadway and highway spending (2.4 percent of gasoline tax revenues). When Canada Infrastructure Works (CIW) is factored in, the figure rises to an average of \$1 billion per year between 1993 and 1999. Gasoline tax revenues continue to advance, while Ottawa's commitment to actual roadway and highway spending is in retreat.

Since January 2002, Canadian municipalities, led by the big city mayors (C5) have asked federal and provincial government for more money to help fund upgrades to crumbling municipal infrastructure. Cities are the primary engines of economic growth. Without improvements to core infrastructure, they will not realize their full economic potential.

The Fourth Annual Gas Tax Honesty Day

Gas Tax Honesty Day (GTHD) is an annual public awareness campaign designed to inform Canadians about the taxable share of the pump price. This report is part of that campaign. In addition, the CTF will use its web site to conduct a national petition campaign in advance of the 2002 pre-budget deliberations. The petition calls for 1.5 cents/litre reduction in federal gasoline tax. To date the CTF has collected 60,000 petitions calling for increased roadway spending and a reduction in gasoline taxes.

The CTF held the first Gas Tax Honesty Day on May 20, 1999. In three short years, the CTF has played a vital role in educating motorists and taxpayers about the taxable and non-taxable pump price components.

Snapshot of Canada's Gasoline Taxes and Transportation Spending

Federal government support for highway construction began in 1919, principally to accommodate increased automobile production.¹ The economic interruption of the Great Depression in the 1930s and the Second World War seriously hampered the nascent auto industry. Regardless, some roadway construction continued. For example, Ontario's Queen Elizabeth Way (QEW) was built between 1931 and 1939.²

¹ Transport Canada, Transport Canada Annual Report 1997.

² Ministry of Transportation Ontario, "MTO History," <http://www.mto.gov.on.ca:80/english/about/history.htm>

With renewed prosperity in the post-war era came the need for large-scale roadway construction. In 1949, the Trans-Canada Highway Act confirmed the federal government's commitment to national infrastructure. This act was followed up with the 1958 Road Resources Program, specifically designed to provide a solid commitment to roadway development.³

However, early details concerning fuel taxation are not well documented. A 1996 Statistics Canada study placed 1957 total fuel taxes at about 3 cents/litre.⁴ The province of Ontario began levying a regular gasoline tax of 3 cents/gallon, or 0.75 cents/litre as early as 1925.⁵ The assumption to be drawn illustrates an understanding that taxes levied were to be used, along with additional tax revenue, in the development of roadways.

Systematic federal roadway funding in concert with the construction of the Trans-Canada Highway began at a level of \$19 million per year and ended in 1970 at \$143 million. Trans-Canada Highway funding peaked at \$190 million in 1966.⁶ With the completion of the Trans-Canada Highway in 1971, the federal government's systematic commitment to roadway construction came to a halt.

In 1975 the federal government implemented a 1.5 cents/litre excise tax on regular gasoline. According to both Revenue Canada and Transport Canada, this tax was implemented in the midst of the oil price shocks of the early 1970s.⁷ The argument made was that this tax would help reduce fuel consumption. However, 25 years of steadily increasing tax revenue show that high gasoline taxes have not curbed consumption.

³ Coalition to Renew Canada's Infrastructure, "Submission to House of Commons Standing Committee on Finance," p. 7.

⁴ Statistics Canada, "Forty Years of Gasoline Prices," Consumer Price Index, December 1996.

⁵ Ministry of Transportation Ontario, "MTO History."

⁶ Coalition to Renew Canada's Infrastructure, "Submission to the House of Commons Standing Committee on Finance."

⁷ Revenue Canada, "Historical Tax & Excise Rates." <http://www.rc.gc.ca/E/publet/hisrate/n4.eng>

The federal excise tax increased throughout the 1980s, reaching 3.5 cents/litre in 1986, 5.5 cents/litre in 1987, 6.5 cents/litre in 1988, and 7.5 cents/litre in 1989. In the 1990s, gasoline excise taxes increased to 8.5 cents/litre and reached 10 cents/litre in 1995. In addition to the excise tax, the federal government also began charging the Goods and Services Tax at the pumps in 1990.

The Goods and Services Tax (GST) replaced a number of manufacturing taxes, which had previously been levied at the wholesale or manufacturing level. In accordance with the Weights and Measures Act, the GST was incorporated, with other gasoline taxes, into the price listed at the pump.

In June 2001, Transport Canada published the *Transportation Act Review Panel, Vision and Balance*. This report dealt with the full spectrum of federal transportation policy in Canada. In Chapter 10 of the report, the question of paying for roads was raised. It also provided useful statistics concerning Canada's roadway network.

Canada's road system is comprised of a total of 900,000 km of roads, highways and bridges. Of these, 15,000 km are federally owned (1.7 percent); 231,000 km are provincially owned (25.7 percent); and 655,000 km are municipally owned (72.9 percent).⁸

In estimating road use, the report found that 40 percent of all travel occurs on 5 percent of Canada's roads. Noteworthy among these was last year's second runner up in the Worst Highway Contest – Highway 401 in Ontario. It is one of the busiest in the world, handling 350,000 vehicles per day, equivalent to all 16 lanes being full for 11 hours straight each day.⁹

⁸ Transport Canada, *Vision and Balance; Canada Transportation Act Review*, (Ottawa; June 2001) P. 175.

⁹ Transport Canada, *Vision and Balance; Canada Transportation Act Review*, (Ottawa; June 2001) P. 176.

The rate of automobile and truck traffic has increased faster than economic growth. Traffic is growing faster than the road network can accommodate. If current patterns continue, total vehicle use could increase by as much as 50 percent to 60 percent by 2015.¹⁰

As a vital part of our economy and daily lives, Canada's roads are under serious pressure. In particular, municipalities are now bearing the greatest brunt of road usage. Municipal roads and inter-city expressways require funding to meet projected road renewal demands.

While Transport Canada's recent mandate review recognizes the need for more funds, it falls short of any concrete solutions.

Survey of Gasoline Taxes, Fees and Spending

The pump price motorists pay can be broken down into four components: crude oil costs, refining costs, retailer's profit margin and gas taxes. Depending on the province (see Appendix III) gas taxes represent between 35 percent to 51 percent of the pump price.

Gasoline prices in Canada – excluding taxes – are at historic lows. However, the price at the pump – including taxes – is about 10 cents/litre higher than gasoline in the US. As a 1996 Statistics Canada study shows, gas prices, adjusted for inflation, actually fell by 26 percent between 1957 and 1995. Meanwhile, gas taxes rose 86 percent in the same period.¹¹

Gasoline tax hikes have met little public opposition because they are hidden – out of sight, out of mind. Posting the full charge of gas taxes next to the retail pump price would reveal governments' true take at the pumps. Since the CTF's first GTHD some

¹⁰ Transport Canada, *Vision and Balance; Canada Transportation Act Review*, (Ottawa; June 2001) P. 177.

gasoline retailers have posted stickers at the pumps, showing the breakdown of taxes. This positive action is applauded as an excellent first step on the part of gasoline retailers to illustrate the tax component of the pump price.

(Chart 1 gives a comprehensive overview of current federal, provincial and municipal fuel tax rates.¹²)

¹¹ Statistics Canada, "Forty Years of Gasoline Prices," Consumer Price Index, December 1996.

¹² The term gasoline is often used to describe all fuels. In this report gasoline refers to regular gasoline and not other fuels such as diesel.

Chart 1 -- Current Canadian Fuel Tax Rates¹³

	Regular Gasoline	Mid-grade Gasoline	Premium Gasoline	Diesel	Aviation Gasoline/ Turbo Gasoline	Propane
Federal Taxes						
GST	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Excise (cents/litre)	10.0	10.0	10.0	4.0	11.0/4.0	--
Harmonized Sales Tax	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Provincial Taxes						
Newfoundland	16.5	16.5	16.5	16.5	0.7	7.0
PEI	14.0	14.0	14.0	13.5	0.7	12.0
Nova Scotia	15.5	15.5	15.5	15.4	0.7	7.0
New Brunswick	13.0	13.0	13.0	15.4	2.5	6.7
Quebec	15.2	15.2	15.2	16.2	3.0	--
Quebec Sales Tax	7.5%	7.5%	7.5%	7.5%	--	7.5%
Montréal Levy	1.5	1.5	1.5		--	--
Ontario	14.7	14.7	14.7	14.3	2.7	4.3
Manitoba	11.5	11.5	11.5	10.9	4.2	9.0
Saskatchewan	15.0	15.0	15.0	15.0	3.5	9.0
Alberta	9.0	9.0	9.0	9.0	1.5	6.5
British Columbia	11.0	11.0	11.0	11.5	3.0/3.0-5.0	
BC Sales Tax	--	--	--	--	--	7.0%
BC Victoria levy	2.5	2.5	2.5	--	--	--
BC Vancouver Levy	6.0	6.0	6.0	6.0	--	--
Yukon	6.2	6.2	6.2	7.2	1.1	--
NWT	10.5	10.5	10.5	8.9	1.0	--
Nunavut	6.4	6.4	6.4	9.1	1.0	--

- HST is only levied in Newfoundland, Nova Scotia, and New Brunswick.
- GST is levied in all other provinces and territories.

Vancouver, British Columbia posts the highest gasoline taxes and one of the highest purchase prices in the country. At the low end of the spectrum the Yukon, with a combined federal and provincial tax of 16.2 cents/litre and 7 percent GST, has the lowest gasoline taxes.

¹³ M.J. Ervin and Associates, Current Consumption Taxes on Petroleum Products as of 2002/04/01

Municipal Gasoline Taxes

There are three municipalities that have provincial permission to levy local fuel taxes; ranging from 6 cents/litre in Vancouver, to 2.5 cents/litre in Victoria and 1.5 cents/litre in Montreal. In Alberta, the provincial government transfers 5.0 cents/litre of its gasoline tax collected in each city to both Edmonton and Calgary. Each city uses dedicated gasoline tax revenues to support roadway construction and maintenance as well as local transit.

Incidentally, gasoline taxes are not expressed as a percentage of the total pump price, but rather as a fixed rate per litre.

Federal Gasoline Taxes

In 1989-90, the federal government collected \$2.5 billion in combined federal gasoline taxes. By 2000-2001, revenues increased by almost 92 percent over what was collected ten years earlier (Chart 2). The principal explanation for the precipitous increase in gasoline tax revenues is the unbridled increase in gasoline tax rates. The federal regular gasoline tax rate increased over 500 percent between 1985 and 1995; from 1.5 cents/litre to 10 cents/litre.

Chart 2 -- Federal Fuel Tax Revenues vs. Transport Canada Spending¹⁴

Year	Fuel Tax Revenue	GST Revenue (estimate)	Transport Canada Spending	Highway Spending Transfers
1989-90	\$ 2,471,000,000	N/a	\$ 3,315,383,580	\$ 111,939,063
1990-91	2,472,000,000	N/a	3,018,810,961	103,061,659
1991-92	3,441,000,000	\$ 784,400,000	3,410,682,445	92,276,435
1992-93	3,437,000,000	753,800,000	2,907,404,027	100,365,324
1993-94	3,656,000,000	775,200,000	2,968,880,011	197,299,238
1994-95	3,824,000,000	771,500,000	2,798,108,721	210,964,216
1995-96	4,404,000,000	854,800,000	2,547,487,011	256,997,085
1996-97	4,467,000,000	908,700,000	1,913,895,336	290,018,879
1997-98	4,638,000,000	886,400,000	2,256,373,176	268,414,848
1998-99	4,716,000,000	842,700,000	1,072,143,256	194,095,083
1999-2000	4,757,000,000	867,500,000	962,582,477	190,709,744
2000-2001	4,805,000,000	1,167,400,000	940,451,338	113,339,267

- GST revenue based on gross GST revenues collected by retail gasoline and service stations.

- Highway Spending Transfers, refer to transfers to provincial and territorial governments from Transport Canada for the purpose of roadway and highway spending.

Gasoline Taxes versus Sales

Raising gasoline taxes has not affected consumption. The original argument for imposing gasoline taxes in the 1970s was to curb consumption. But consumption has chugged along and so has governments' tax take. Between 1985 and 2001, gasoline sales steadily increased at an average rate of 1 percent per year. According to Statistics Canada, retail gasoline sales in 1985 were just over 32 billion litres. As of 2001 they reached 38 billion litres.

Chart 3 shows the limited impact that increasing gasoline taxes has had on sales.

¹⁴ Source: Public Accounts, 1990-2001.

Chart 3 – Gasoline Sales versus Gasoline Tax Increases

Year	1985	1986	1987	1988	1989	1990	1995
Tax cents/litre	1.5	3.5	5.5	6.5	7.5	8.5	10
Increase	N/a	133.3%	57.1%	18.2%	15.4%	13.3%	17.6%
Sales million litres	32,730	32,866	33,224	34,148	34,801	33,942	35,052
Change	N/a	0.41%	1.09%	2.78%	1.91%	-2.47%	0.19%

Highway spending has historically represented a small component of the global Transport Canada budget envelope (see Chart 3). The lack of federal attention to highway spending is evidenced by nominal spending decreases since 1996-97. This decline becomes more dramatic when inflation and its effects on purchasing power are factored into the equation.

The gasoline tax rate has remained high despite improvements to federal finances. In 1995, Ottawa increased the federal regular gasoline tax rate from 8.5 to 10 cents/litre purportedly as a deficit reduction measure. The federal deficit was vanquished five years ago, but the tax remains.

Another contributor to growing federal gasoline tax revenues is the GST. The GST is charged on the full pump price, gasoline taxes included. It's a tax on tax. As pump prices climb, Ottawa rakes in greater overall GST revenues. Last year higher pump prices fetched a one-year 35 percent increase in GST revenues over 1999-2000.

The Provinces

Provincial gasoline tax revenues have also risen, but not as dramatic as federal gasoline taxes. During the last decade, provincial gasoline tax revenues climbed 43 percent from \$4.9 billion in 1991/92 to \$7.0 billion in 2000-2001 (Appendix II & Appendix III). The provincial tax rate hikes account for part of the increase in overall provincial motoring revenues. In 2001-2002, total provincial motoring revenues were \$9.6 billion,

while total provincial spending on transportation was \$8.8 billion. On balance, these funds were directed to roads, highways.

Newfoundland

Newfoundland receives the largest annual roadway and highway transfer from the federal government. Since 1994-95, spending by the Department of Works, Services and Transportation has declined to an average of 65 percent of all motoring revenues.

New Brunswick

The decision to hike gasoline taxes by 21.5 percent this year is not good news for motorists in New Brunswick. Two years ago Premier Bernard kept his promise to remove toll highways and is now passing this cost on to motorists with a 2.3 cents/litre increase to the province's gasoline tax rate.

Nova Scotia

Gasoline taxes have increased by 14.8 percent this year, placing Nova Scotia in second place for the highest provincial gasoline taxes in the country, outpacing Quebec and Saskatchewan. Higher gasoline taxes can only be found in Newfoundland and in the Greater Vancouver area.

Prince Edward Island

In this year's budget, gasoline taxes increased by 1 cent/litre. In 2001, gasoline taxes were 13 cents/litre increasing by 7.7 percent. The province's record on matching roadway spending with motoring revenues is otherwise quite good. PEI receives the second highest federal roadway fund transfers.

Quebec

The Ministry of Transport in Quebec only spends about 70 percent of its motoring revenues. Last year the government committed to spend \$1.4 billion to improve roads and highways.

Ontario

Ontario spends about one third as much on transportation than it did in 1991-92. In particular, spending on transportation is about 35 percent of all revenues collected on motoring. The province has the largest concentration of cities and urban population in the country. After ceding 90 percent of roads in the provinces to municipalities in 1996, provincial support for roadways plummeted.

Manitoba

Adding to the confusion of matching roadway revenues with expenditures, the Department of Transportation became the Department of Highways and Government Services in 1999-2000. The province consistently spends road use related revenues on roadway expenditures. However, a greater share of the transportation budget is finding its way into administration at the cost of roadway improvements.¹⁵

Saskatchewan

After declining to a low of 38 percent of motoring spending in 1996-97, spending has increased to 63 percent of motoring revenues in 2001-2002. The trend is moving in the right direction, but there is a lot of room for improvement. Ceding a portion of gasoline taxes to all municipalities would help tilt the balance.

¹⁵ Manitoba Heavy Construction Association, *Manitoba Transportation Revenues & Department Expenditures: 1996/97 – 2000/01*, January 2002

Alberta

Two provincial changes make it difficult to track motoring revenue and transportation spending. First, the province moved to accrual accounting – amortizing capital expenditures like roads and buildings over a length of time, not in a single year. Second, after 1998-99 the Departments were reconstituted – the Department of Infrastructure replaced the Department of Transportation. This catch-all department is responsible for more than just highway and roadway spending and maintenance. Alberta's taxpayers and motorists need more transparency to be certain that the gasoline taxes are equitably supporting roads and highways throughout the province.

British Columbia

On balance, British Columbia has matched motoring revenues with transportation spending. The province collects two dedicated taxes on behalf of the Greater Victoria Municipality and the Greater Vancouver municipality. Although spending by these agencies is not solely directed to roads, it also includes public transit, making the record reasonably good. The past government's ill conceived idea to build three fast ferries made for some peculiar spending figures between 1998 and 2001 when the cost of these vessels were written-off.

This year the Greater Vancouver Regional District (GVRD) received a 2 cents/litre increase in fuel taxes. As a result fuel taxes in the Greater Vancouver area are the highest in the country. This is a troubling turn as BC's highways also need some attention – as illustrated when the Trans Canada Highway (highway #1) won the CTF's Worst Highway Contest.

The provinces are experiencing some financial pressures as demonstrated by increasing gasoline taxes, reducing roadway spending and or a combination of the two. With the provinces scrambling, municipalities are also facing a financial crunch.

Advocating for Revenues for Canadian Municipalities

Faced with a growing infrastructure deficit, it is not surprising that a group of big city mayors (C5) have asked for new taxing powers for municipalities. Recently they have been joined by the TD Bank, which has advocated for new taxes for big cities to be piggy-backed on top of existing federal and provincial taxes. But the general public is already overburdened by the existing tax load.

Federation of Canadian Municipalities

The Federation of Canadian Municipalities (FCM) has identified eight principles for municipal infrastructure. Although the FCM's definition of infrastructure includes more items than would be favoured by the CTF, their position is noteworthy. The FCM notes that municipal governments are in the best position to determine the needs and priorities of their communities, and further that full-cost accounting should be incorporated into any plan.

Traditional sources of municipal funding have proven to be insufficient to prevent an accelerating decay in the state of municipal infrastructure. Billions of dollars are now needed to rehabilitate, upgrade or replace aging facilities and roads. The Federation of Canadian Municipalities (FCM) has long recognized the need for a concerted effort from all orders of government toward long-term solutions.¹⁶

Past government approaches to infrastructure initiatives have been problematic if not completely political in their focus. The most recent debacle has been the Canada Infrastructure Works Program (CIW). The big picture is as follows:

¹⁶ Federation of Canadian Municipalities, *Municipal Infrastructure – May 2001* (www.fcm.ca/english/national/munibfra.htm Accessed April 25, 2002) p. 2.

- 1993 to 1999 – \$8.3 billion allocated by CIW to municipalities;
- \$1.4 billion per year – the equivalent of just over ¼ of federal fuel excise tax revenues.

There were a number of problems with CIW. The Auditor General state that: “Our 1996 observations dealt with the need for clearer definitions of program objectives and project selection criteria, as well as the need for improved information.”¹⁷ Furthermore, the program definition of infrastructure was far too broad.

As a result, the Auditor General reported that 60 percent of the projects contributed to the construction of roads, bridges, and water and sewer networks. The other 40 percent went to fund bocce ball court, fountains, canoe museums and other questionable projects.

The US National Highway Trust Model

In 1956, the US federal government created the Highway Revenue Act (HRA) became the mechanism to finance highway construction in the USA. Periodically, Congress dedicates a portion of these taxes to the National Highway Trust (NHT).

The NHT relies on a number of taxes and levies, including motor fuel sales, taxes on truck tires, taxes on the sale of trucks and trailers and taxes on heavy vehicle use. In 1997, 83 percent of the NHT revenues were derived from fuel taxes.

Gasoline tax increases in 1993 for the purposes of deficit reduction and elimination were plowed back into the NHT account after October 1997. That 4.3 cents/gallon gasoline tax increase lasted for four years. If the same standard were applied to the 1.5 cent/litre increase in Canadian federal excise taxes on gasoline, the tax would have reverted to 8.5 cents/litre in April 1997 as opposed to the current gasoline tax.

¹⁷ Auditor General, *Report of the Auditor General of Canada – September 1999*, Chapter 17-5 p. 5.

Filling Canada's Infrastructure Gap

Canadians motorists are not receiving good value for the roadway taxes they pay. Current federal capital funding has not flowed back into the provinces that are the source of those revenues. It is worth noting that the US National Highway Trust can demonstrate that motoring revenues are returned to each state. Canada should look to the American model for road renewal, Chart 4 shows the amount of federal gasoline tax raised in each province:

Chart 4 – Provincial Contribution to Federal Gasoline Tax Revenues 2000-2001

Province	Percentage	Amount (million)
Newfoundland	1.5 %	\$ 64,817
Prince Edward Island	0.5 %	23,490
Nova Scotia	3.1 %	132,818
New Brunswick	2.7 %	114,528
Quebec	20.8 %	896,192
Ontario	37.9 %	1,632,918
Manitoba	3.6 %	156,731
Saskatchewan	4.3 %	185,294
Alberta	13.6 %	587,386
British Columbia	11.7 %	503,379

A straight roadway transfer from the federal government to each province might help redress the current imbalance. With 99 percent of all current roadway transfers going to the provinces east of Ontario, the current criteria is not fair. However, attempting an analysis of each province's record on transferring its own gasoline tax revenues to its municipalities has been both difficult to track.

A better approach would transfer existing federal revenues directly to municipalities. According to the constitution, municipalities are a provincial jurisdiction. Hence, the

federal government cannot unilaterally propose municipal taxes or revenue sharing arrangements.

However, there is a precedent for the federal government to directly pay municipalities cash-in-lieu of property taxes owed. Provincial governments do not object to these direct payments. Therefore it would not be problematic for the federal government to establish a Municipal Roadway Trust.

If a predictable funding mechanism were established, the \$17 billion roadway deficit could be redressed over a five to ten year period of time. The CTF's definition of infrastructure would not be a repeat of the CIW, but would include municipal roadways.

Municipal Roadway Trust

Chart 5 uses some basic assumptions to arrive at a revenue sharing formula to be used to create a Municipal Roadway Trust fund. Based on figures for the fiscal year 2000-2001, federal gasoline tax revenues were \$4.3 billion. This chart assumes only half of these revenues would be re-directed to municipal governments for roadway spending.

To arrive at each municipality's share, Gross Domestic Product (GDP) by municipality would be divided by the Canadian GDP, resulting in a percentage. Due to the complexities of tracking gasoline sales by municipality, the use of GDP is the next best way to arrive at a division of roadway spending that corresponds with gasoline taxes.

Rather than proposing a convoluted project approval process, this approach would give each municipality the opportunity to rationally develop and maintain its own roadway system. Funds could be spent or rolled over into the next year depending on roadway construction schedules and priorities.

Chart 5 -- Gasoline Taxes Divided Among Major Municipalities (\$ million)

City	Halifax	Montréal	Ottawa-Hull	Toronto	Winnipeg	Regina	Calgary	Edmonton	Vancouver	Victoria
Percentage of Federal GDP	0.9%	8.9%	3.2%	15.6%	1.9%	0.6%	3.6%	3.2%	5.5%	0.8%
Portion of 1/2 Federal Fuel Tax	19.8	191.4	68.5	334.9	40.5	12.0	77.9	68.7	118.5	16.6

The Municipal Roadway Trust would consist of an initial three-year commitment to apply this formula to all Canadian municipalities. Over a three-year period of time, a total of \$6.6 billion would be put directly into local roads. The \$17 billion roadway deficit would be filled in less than eight years. By the end of the third cycle of commitments, the federal government could consider dramatic reductions to gasoline taxes.

The Municipal Roadway Trust formula is predicated on the principle that gasoline taxes simply be treated as a user fee levied on motorists.

To ensure funds were only spent on roads, the following accountability framework would be applied:

- Municipalities would be provided directly with these funds – without any project approval process;
- Funds could only be used for roadway and bridge construction or maintenance;
- At the end of the fiscal year each municipality would identify the road, bridge or section built or repaired; name the principle contractor; and provide the cost of each project;
- Each year, the Auditor General would provide a report to the House of Commons detailing an audit of the Municipal Roadway Trust spending;

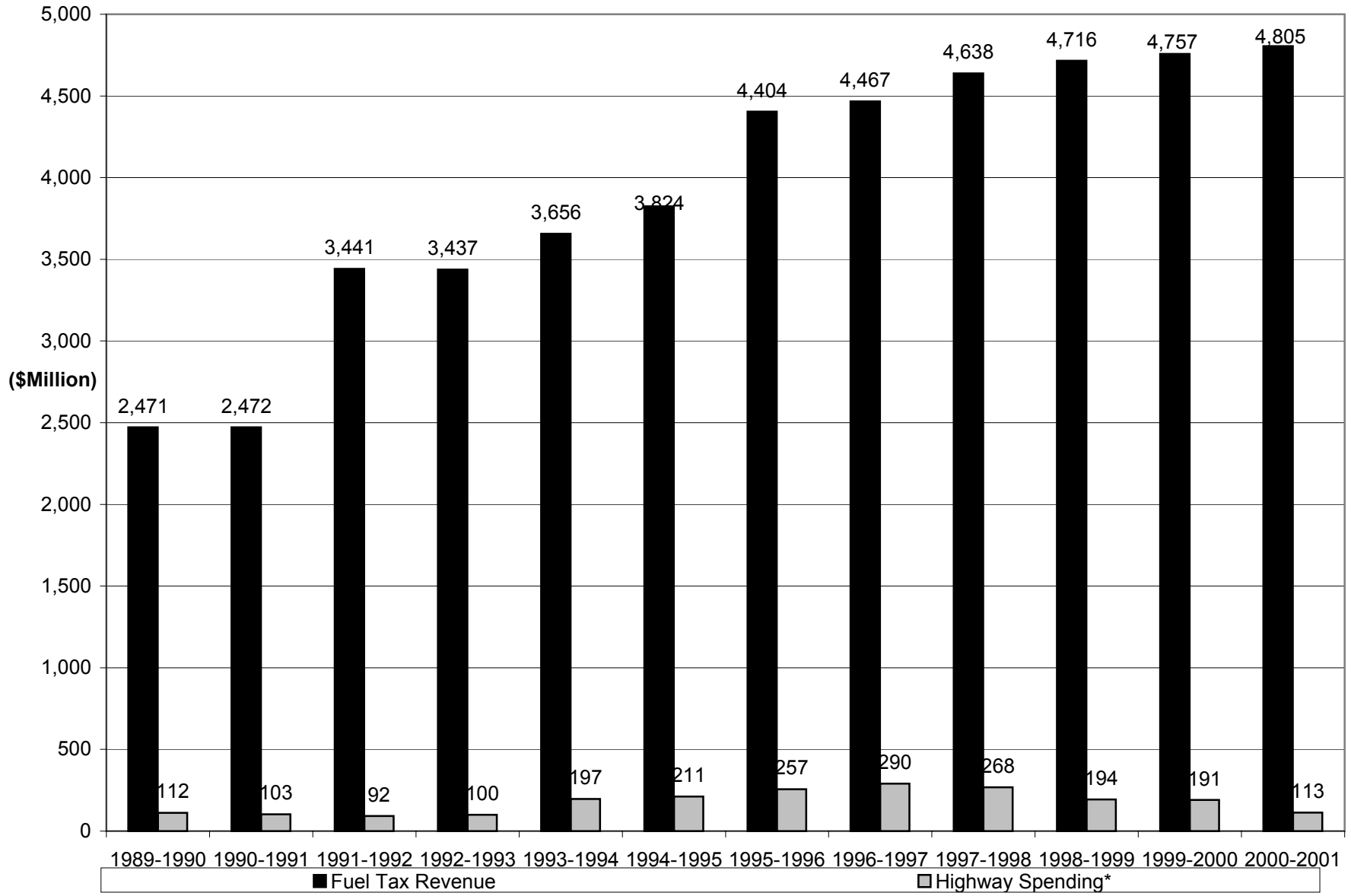
- Based on the Auditor General's report, any project of questionable merit would be disallowed – with funds subtracted from the following year's allocation or cash in lieu payments;
- The program would run for three years and would be subject to renewal by Parliament; and
- Any provincial government interested in using the methodology to allocate its own fuel tax revenues could sign onto this process.

Conclusion

Meeting the infrastructure challenges of the 21st century will put a considerable strain on Canadian municipalities. Providing direct assistance for improvements to municipal roads will make an important contribution to this order of government. For years the federal government has raked in gasoline tax revenues, but has not channeled significant dollars back into Canadian roads and highways.

The need for more roadway funding is clear. It is not a question of creating new taxes, but one of fairly distributing the taxes that already exist. The Municipal Roadway Trust would make a significant contribution toward meeting the needs of our cities in the 21st century.

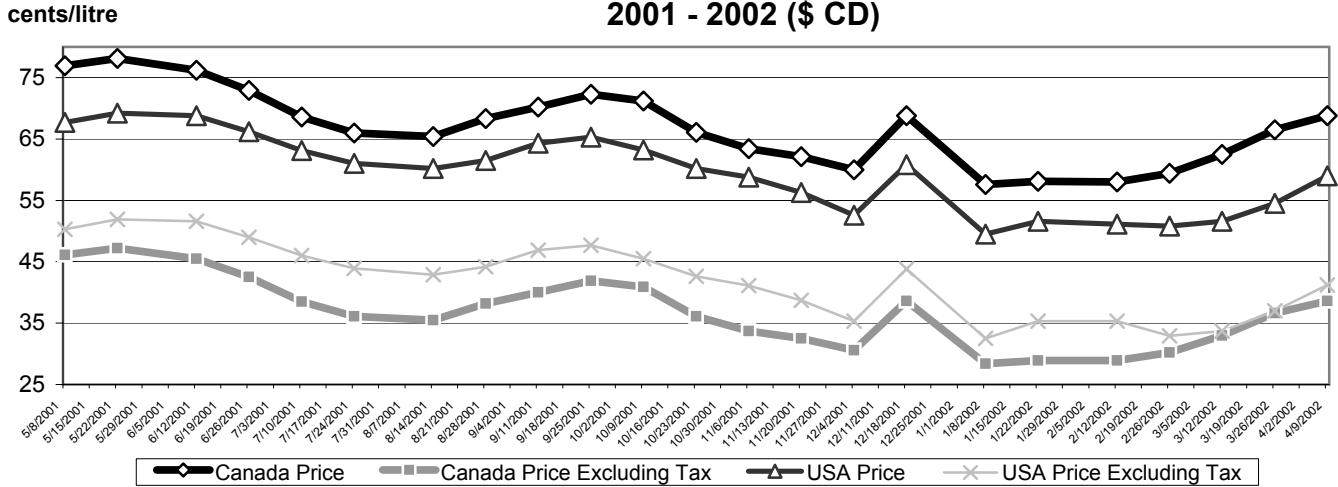
Federal Fuel Tax Revenue and Transport Canada Roadway Spending: 1989-2000



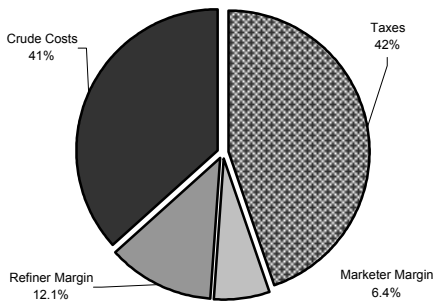


Federal -- Gas Tax Facts

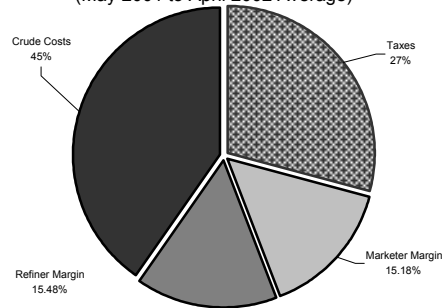
Canada versus USA Average Gas Price and Tax:
2001 - 2002 (\$ CD)



Canadian Average, Gas Price Breakdown at
68.0 cents/litre
(May 2001 to April 2002 Average)



USA Average, Gas Price Breakdown at
59.4 cents/litre
(May 2001 to April 2002 Average)



Federal Government Revenues and Expenditures 1990-2001 (million)

Year	Gas Tax Revenue	GST Revenues (Est.)	Total Revenues (Est.)	Highway Spending*	% of Gas Tax Revenue	% of Total Revenue
1990-1991	\$2,472.0	n/a	\$ 2,472.0	\$ 103.1	4.2%	4.2%
1991-1992	3,441.0	784.4	4,225.4	92.3	2.7%	2.7%
1992-1993	3,437.0	753.8	4,190.8	100.4	2.9%	2.9%
1993-1994	3,656.0	775.2	4,431.2	197.3	5.4%	4.5%
1994-1995	3,824.0	771.5	4,595.5	211.0	5.5%	4.6%
1995-1996	4,404.0	854.8	5,258.8	257.0	5.8%	4.9%
1996-1997	4,467.0	908.7	5,375.7	290.0	6.5%	5.4%
1997-1998	4,638.0	886.4	5,524.4	268.4	5.8%	4.9%
1998-1999	4,716.0	842.7	5,558.7	194.1	4.1%	3.5%
1999-2000	4,757.0	867.5	5,624.5	190.7	4.0%	3.4%
2000-2001	4,805.0	1,167.4	5,972.4	113.1	2.4%	1.9%

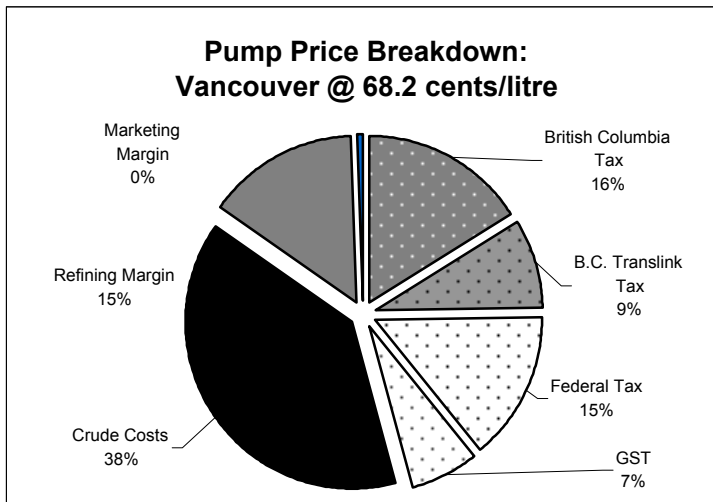
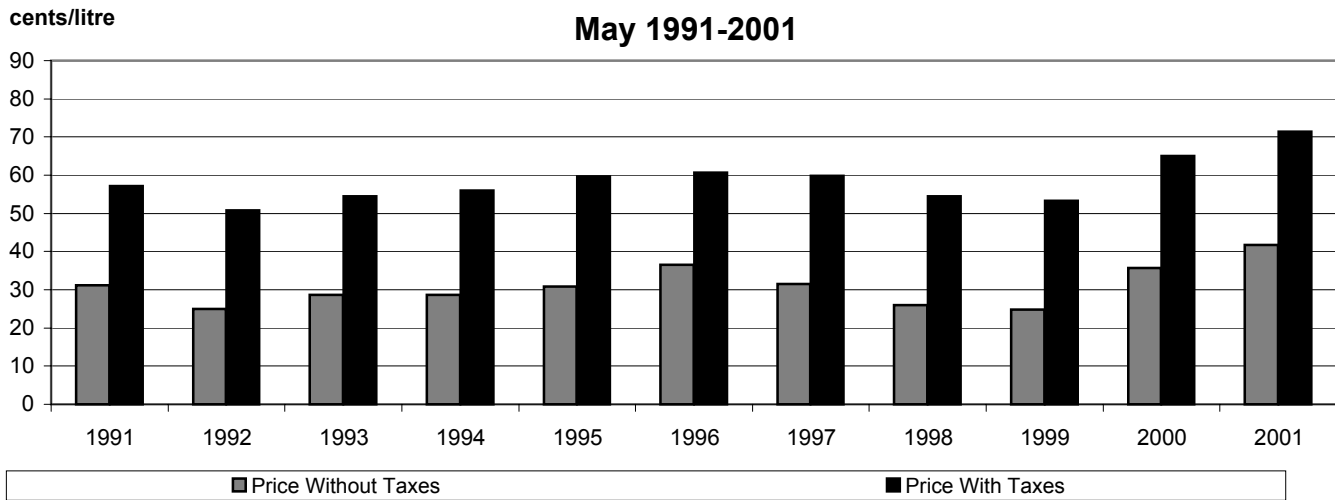
* Transport Canada Spending. Highway Spending, Transport Canada transfers to the provinces

GST Revenues Estimate: based on Gasoline sales multiplied by average price per litre, multiplied by 7% GST of which 60% is rebatable.



British Columbia -- Gas Tax Facts

**Vancouver: Gas Prices and Gas Taxes
May 1991-2001**



**Pump Price Breakdown:
2002 Honda Civic**

Cost	68.2 cents/litre	
Capacity	50.0 litres	
Total Sale	\$ 34.10	
British Columbia Tax	\$ 5.50	46% Tax
B.C. Translink Tax	\$ 3.00	
Federal Tax	\$ 5.00	
GST	\$ 2.25	
Crude Costs	\$ 13.35	54% Costs
Refining Margin	\$ 5.15	
Marketing Margin	-\$ 0.15	

Fill-up at April 23, 2002 prices

Comparative Provincial Motoring Revenues and Expenditures 1991-2002 (million)

Year	Gas Tax Revenue	Fees	Federal Transfers	Total Revenue	Transport Spending	Transport Capital	Total Spending	Spending % of Revenue
1991-1992	\$538.8	\$219.9	\$0.0	\$758.7	\$1,262.1	n/a	\$1,262.1	166.4%
1992-1993	591.1	231.6	0.0	822.7	1,077.6	n/a	1,077.6	131.0%
1993-1994	641.7	277.5	5.9	925.1	1,030.0	n/a	1,030.0	111.3%
1994-1995	666.6	306.1	5.9	978.6	909.0	n/a	909.0	92.9%
1995-1996	827.7	326.3	6.9	1,160.9	851.8	n/a	851.8	73.4%
1996-1997	832.4	321.9	5.7	1,160.0	861.6	596.0	1,457.6	125.7%
1997-1998	848.0	316.3	6.3	1,170.6	770.0	419.0	1,189.0	101.6%
1998-1999	872.0	329.0	0.1	1,201.1	790.0	781.0	1,571.0	130.8%
1999-2000	901.0	335.0	0.0	1,236.0	682.0	1,015.0	1,697.0	137.3%
2000-2001	898.0	340.0	0.0	1,238.0	611.0	944.0	1,555.0	125.6%
2001-2002	801.0	345.0	n/a	1,146.0	671.0	630.0	1,301.0	113.5%
2002-2003	840.1	347.0	n/a	1,187.1	739.0	500.0	1,239.0	104.4%

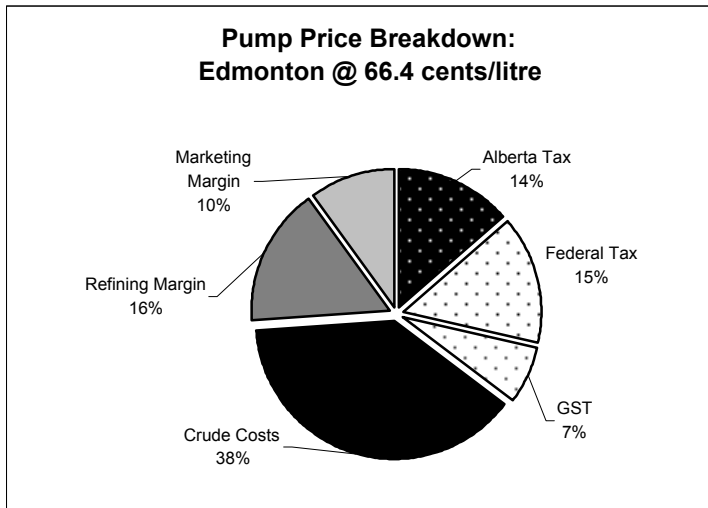
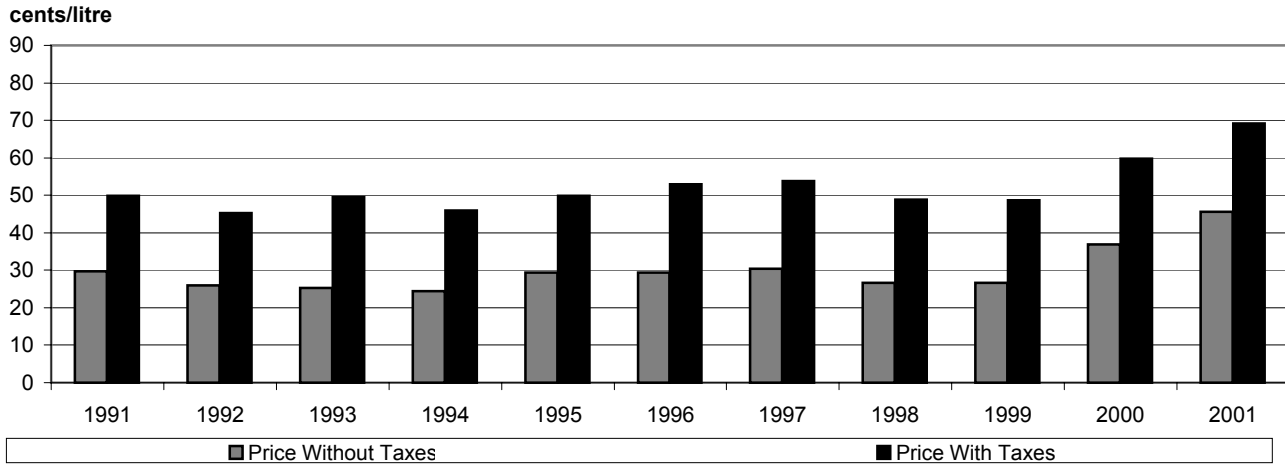
N.B. 1999-2000 Includes debt write-down for the BC Ferry Corporation.

British Columbia Ministry of Transportation and Highways Expenditures.



Alberta -- Gas Tax Facts

Edmonton: Gas Prices and Gas Taxes May 1991-2001



**Pump Price Breakdown:
2002 Honda Civic**

Fill-up	66.4 cents/litre	
Capacity	50.0 litres	
Total Sale	\$ 33.20	
Alberta Tax	\$ 4.50	35% Tax
Federal Tax	\$ 5.00	
GST	\$ 2.16	
Crude Costs	\$ 12.80	65% Costs
Refining Margin	\$ 5.40	
Marketing Margin	\$ 3.30	

Fill-up at April 23, 2002 prices

Comparative Provincial Motoring Revenues and Expenditures 1991-2002 (million)

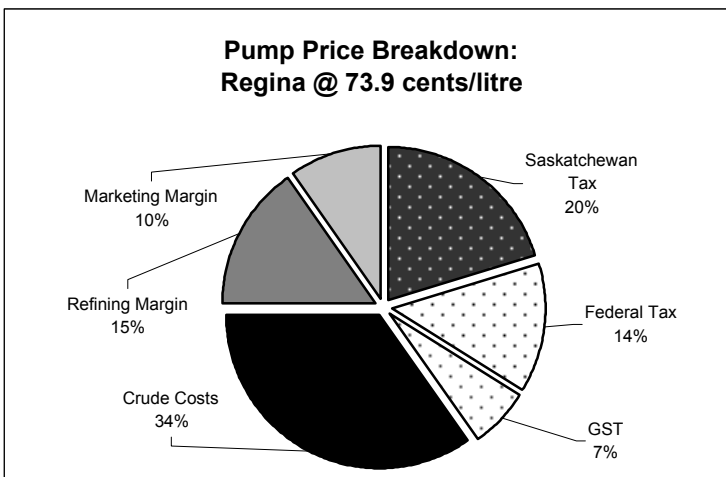
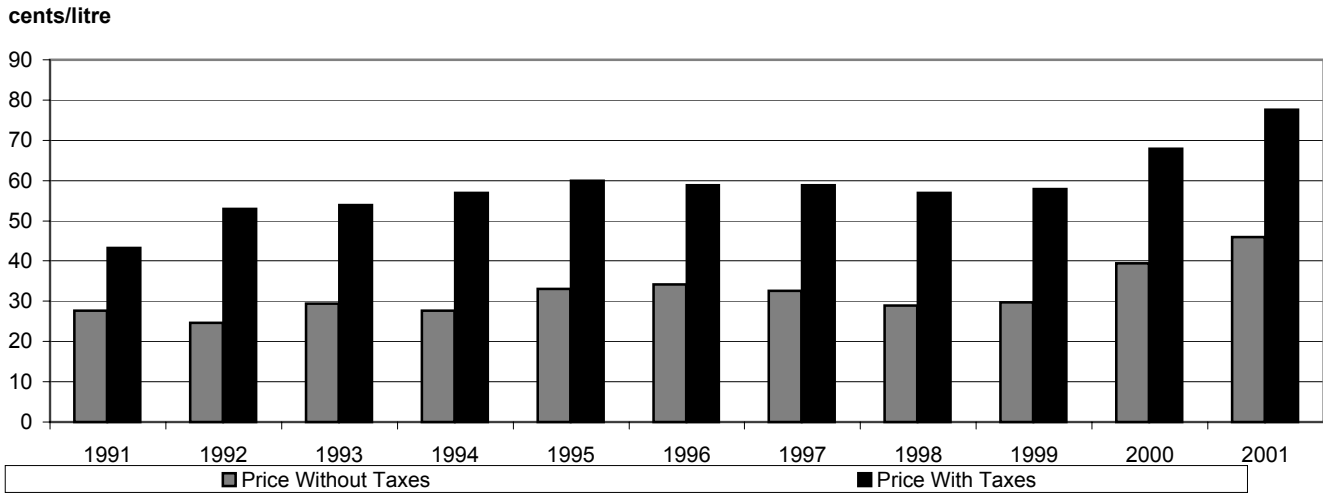
Year	Gas Tax Revenues	Fees	Federal Transfers	Total Revenue	Transport Spending	Transport Capital	Total Transport	Spending % of Revenue
1991-1992	\$481.9	\$151.1	\$0.0	\$633.1	\$376.7	\$401.6	\$778.3	122.9%
1992-1993	519.2	158.0	0.0	677.2	707.0	206.0	913.0	134.8%
1993-1994	494.0	163.0	10.0	667.0	660.0	219.0	879.0	131.8%
1994-1995	525.0	159.0	8.6	692.6	667.0	134.0	801.0	115.6%
1995-1996	527.0	164.0	10.2	701.2	646.0	134.0	780.0	111.2%
1996-1997	540.0	171.0	1.2	712.2	505.0	115.0	620.0	87.1%
1997-1998	558.0	182.0	0.0	740.0	667.0	148.0	815.0	110.1%
1998-1999	547.0	196.0	0.0	743.0	995.0	247.0	1,242.0	167.2%
1999-2000	568.0	203.0	0.0	771.0	445.0	1,416.0	1,861.0	241.4%
2000-2001	581.0	208.0	0.0	789.0	885.0	1,282.0	2,167.0	274.7%
2001-2002	590.0	213.0	n/a	803.0	789.0	1,975.0	2,764.0	344.2%
2002-2003	594.0	254.0	n/a	848.0	651.0	545.0	1,196.0	141.0%

Alberta Department of Transportation and Utilities, after 1998-99 Alberta Ministry of Infrastructure Expenditures



Saskatchewan -- Gas Tax Facts

Regina: Gas Prices and Gas Taxes May 1991-2001



**Pump Price Breakdown:
2002 Honda Civic**

Fill-up	73.9 cents/litre	
Capacity	50.0 litres	
Total Sale	\$ 36.95	
Saskatchewan Tax	\$ 7.50	40% Tax
Federal Tax	\$ 5.00	
GST	\$ 2.42	
Crude Costs	\$ 12.80	
Refining Margin	\$ 5.70	60% Costs
Marketing Margin	\$ 3.55	

Fill-up at April 23, 2002 prices

Comparative Provincial Motoring Revenues and Expenditures 1991-2002 (million)

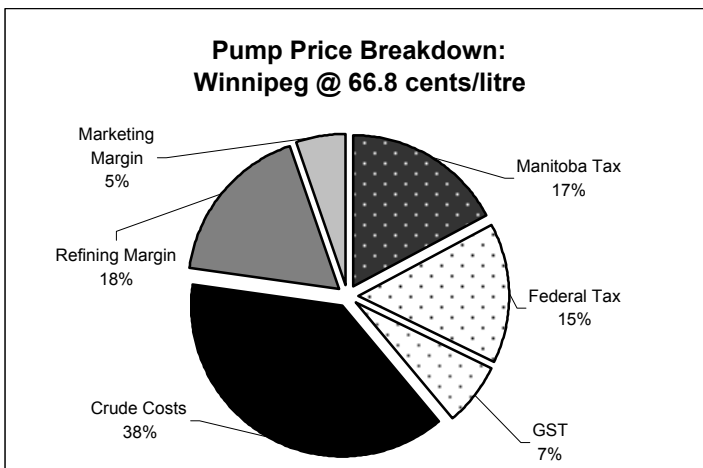
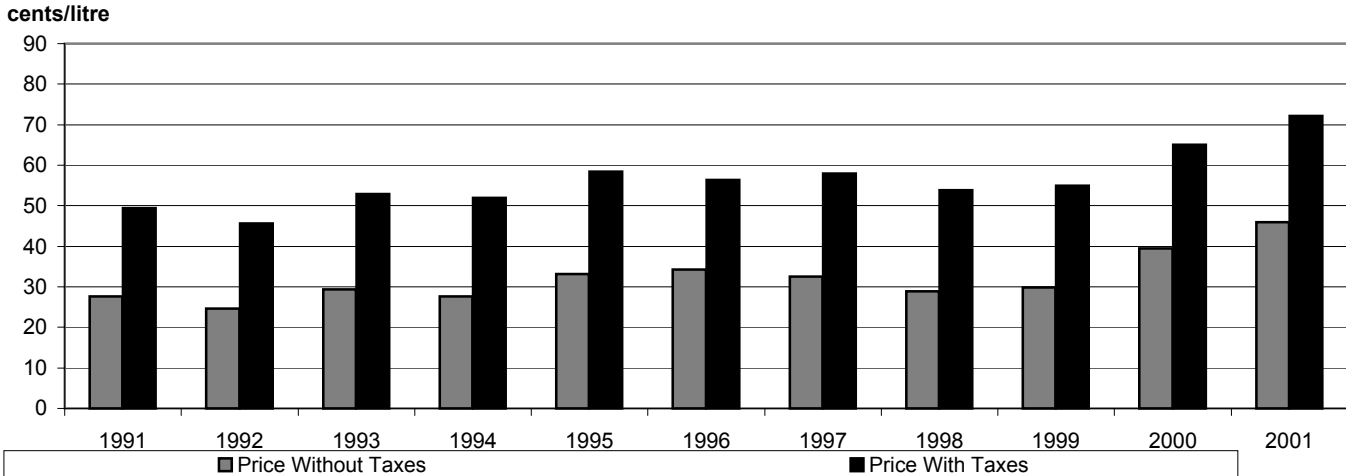
Year	Gas Tax Revenue	Fees	Federal Transfers	Total Revenue	Transport Spending	Transport Capital	Total Transport	Spending % of Revenue
1991-1992	\$201.8	\$83.0	\$0.0	\$284.8	\$126.0	\$84.4	\$210.4	73.9%
1992-1993	308.0	78.2	0.0	386.2	110.6	63.5	174.0	45.1%
1993-1994	330.0	86.0	8.1	424.1	113.9	75.6	189.5	44.7%
1994-1995	339.2	87.0	8.3	434.5	128.6	65.7	194.3	44.7%
1995-1996	335.8	88.4	7.4	431.6	115.9	57.2	173.1	40.1%
1996-1997	343.9	92.5	9.0	445.4	120.3	52.1	172.4	38.7%
1997-1998	364.2	96.0	2.5	462.7	132.9	75.6	208.5	45.1%
1998-1999	368.2	104.1	0.0	472.3	120.5	109.3	229.7	48.6%
1999-2000	360.0	110.0	0.0	470.0	130.8	106.0	236.8	50.4%
2000-2001	365.0	112.4	0.0	477.4	141.8	133.2	275.0	57.6%
2001-2002	355.0	114.0	n/a	469.0	144.8	166.3	311.1	66.3%
2002-2003	357.7	116.9	n/a	474.6	143.2	157.1	300.3	63.3%

Saskatchewan Ministry of Highways and Transportation Expenditures.



Manitoba -- Gas Tax Facts

Winnipeg: Gas Prices and Gas Taxes May 1991-2001



Category	Value	Percentage
Fill-up	66.8 cents/litre	
Capacity	50.0 litre	
Total	\$ 33.40	
Manitoba Tax	\$ 5.75	39% Tax
Federal Tax	\$ 5.00	
GST	\$ 2.20	
Crude Costs	\$ 12.80	
Refining Margin	\$ 5.90	61% Costs
Marketing Margin	\$ 1.75	

Fill-up at April 23, 2002 prices

Comparative Provincial Motoring Revenues and Expenditures 1991-2002 (million)

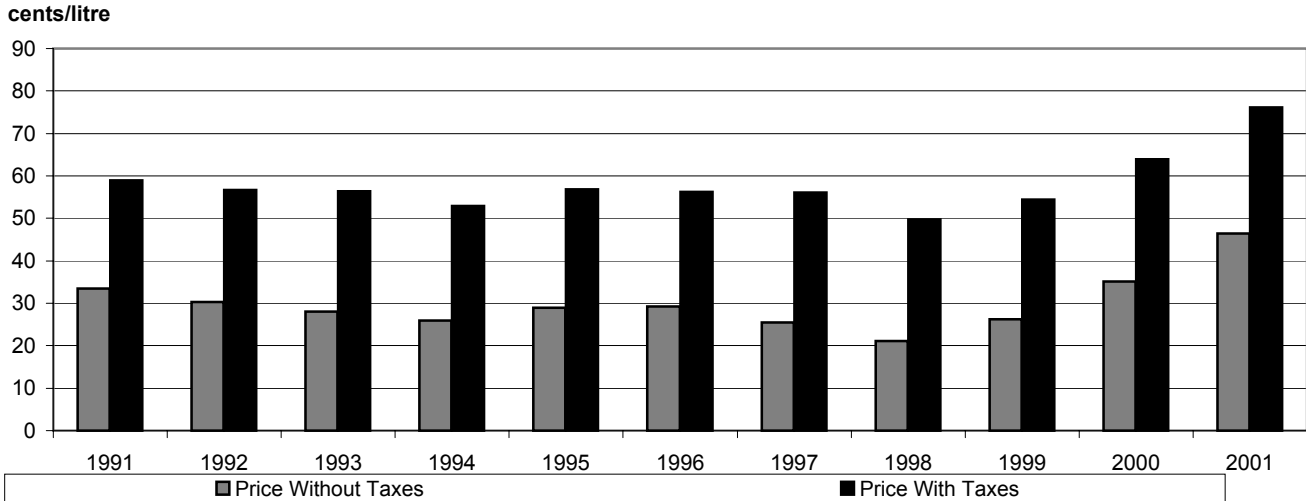
Year	Gas Tax Revenue	Fees	Federal Transfers	Total Revenue	Transport Spending	Transport Capital	Total Spending	Spending % of Revenue
1991-1992	\$205.3	\$46.4	\$0.0	\$251.7	\$229.7	n/a	\$229.7	91.3%
1992-1993	200.5	49.7	0.0	250.2	232.0	n/a	232.0	92.7%
1993-1994	213.3	54.6	13.4	281.3	236.3	n/a	236.3	84.0%
1994-1995	214.5	58.1	12.0	284.6	225.3	n/a	225.3	79.1%
1995-1996	213.5	58.0	6.0	277.5	229.6	n/a	229.6	82.7%
1996-1997	216.2	59.4	3.8	279.5	222.2	n/a	222.2	79.5%
1997-1998	215.9	64.0	0.0	279.9	224.9	n/a	224.9	80.3%
1998-1999	221.3	63.4	0.0	284.7	232.8	n/a	232.8	81.8%
1999-2000	221.7	68.3	0.0	290.0	293.9	n/a	293.9	101.3%
2000-2001	224.0	70.5	0.0	294.5	300.6	n/a	300.6	102.1%
2001-2002	224.0	75.5	n/a	299.5	319.1	n/a	319.1	106.6%
2002-2003	225.3	84.0	n/a	309.3	341.2	n/a	341.2	110.3%

Manitoba Department of Highways Expenditures. After 1999-2000 Department of Highways and Government Services.

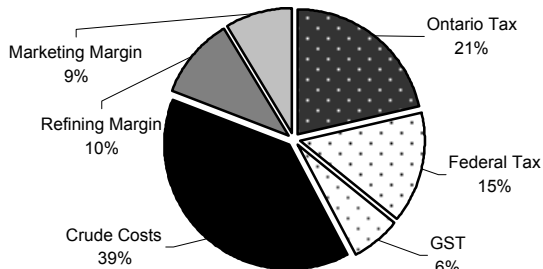


Ontario -- Gas Tax Facts

Ottawa: Gas Prices and Gas Taxes May 1991-2001



**Pump Price Breakdown:
Ottawa @ 68.0 cents/litre**



**Pump Price Breakdown:
2002 Honda Civic**

Fill-up	68.0 cents/litre	
Capacity	50.0 litres	
Total Sale	\$ 34.00	
Ontario Tax	\$ 7.35	43% Tax
Federal Tax	\$ 5.00	
GST	\$ 2.21	
Crude Costs	\$ 13.30	57% Costs
Refining Margin	\$ 3.60	
Marketing Margin	\$ 2.95	

Fill-up at April 23, 2002 prices

Comparative Provincial Motoring Revenues and Expenditures 1991-2002 (million)

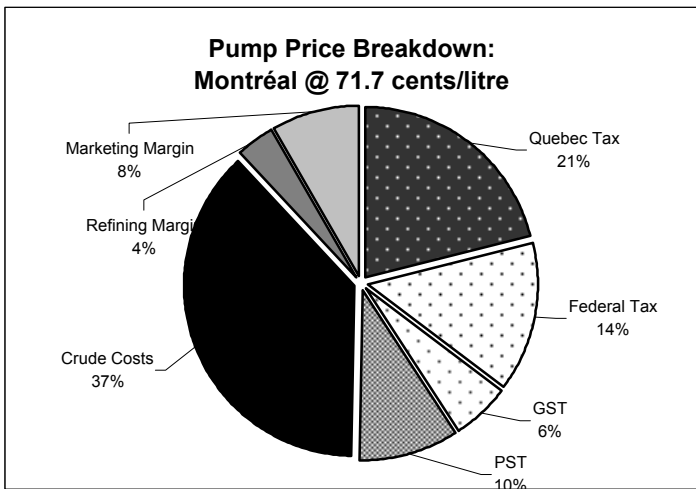
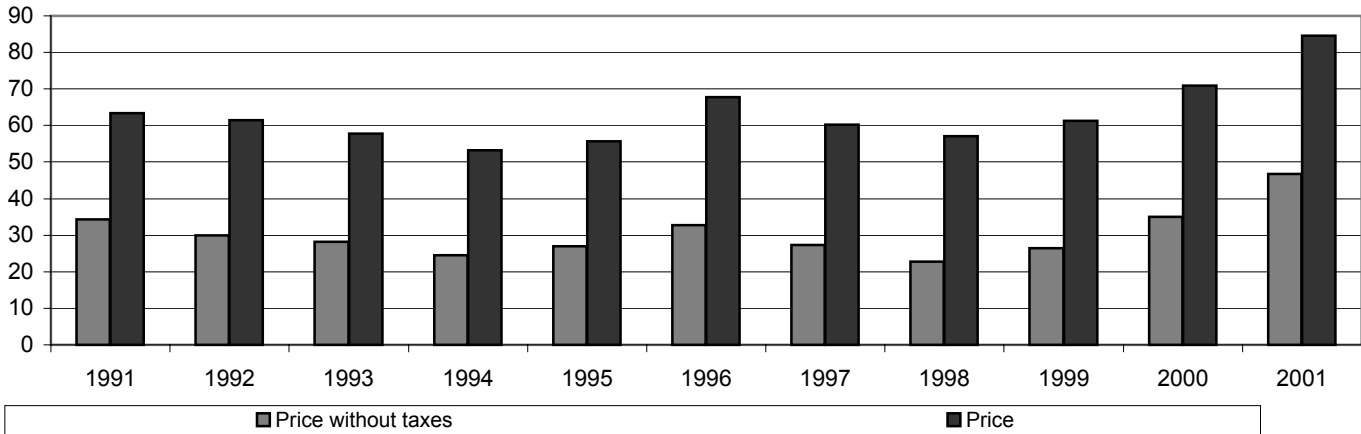
Year	Gas Tax Revenue	Fees	Federal Transfer	Total Revenue	Transport Spending	Capital Spending	Total Spending	Spending % of Revenue
1991-1992	\$1,997.0	\$652.0	\$0.0	\$2,649.0	\$870.0	\$1,851.0	\$2,721.0	102.7%
1992-1993	2,274.0	665.0	0.0	2,939.0	838.0	1,738.0	2,576.0	87.6%
1993-1994	2,364.0	695.0	n/a	3,059.0	760.2	1,552.0	2,312.2	75.6%
1994-1995	2,434.0	751.0	13.4	3,198.4	598.0	1,757.0	2,355.0	73.6%
1995-1996	2,444.0	736.0	16.2	3,196.2	1,054.0	1,387.0	2,441.0	76.4%
1996-1997	2,491.0	816.0	17.4	3,324.4	1,449.0	1,259.0	2,708.0	81.5%
1997-1998	2,591.0	820.0	32.2	3,443.2	752.0	2,022.0	2,774.0	80.6%
1998-1999	2,660.0	890.0	23.7	3,573.7	634.0	892.0	1,526.0	42.7%
1999-2000	2,819.0	911.0	0.0	3,730.0	587.0	830.0	1,417.0	38.0%
2000-2001	2,820.0	930.0	0.0	3,750.0	549.0	810.0	1,359.0	36.2%
2001-2002	2,955.0	925.0	n/a	3,880.0	619.0	773.0	1,392.0	35.9%
2002-2003	n/a	n/a	n/a	0.0	n/a	n/a	n/a	n/a



Quebec -- Gas Tax Facts

Montreal: Gas Prices & Gas Taxes May 1991-2001

cents/litre



**Pump Price Breakdown:
2002 Honda Civic**

Fill-up	71.7 cents/litre	
Capacity	50.0 litres	
Total Sale	\$ 35.85	
Quebec Tax	\$ 7.60	50% Tax
Federal Tax	\$ 5.00	
GST	\$ 1.97	
PST	\$ 3.41	
Crude Costs	\$ 13.55	50% Costs
Refining Margin	\$ 1.30	
Marketing Margin	\$ 2.95	

Fill-up at April 23, 2002 prices

Comparative Provincial Motoring Revenues and Expenditures 1991-2002 (million)

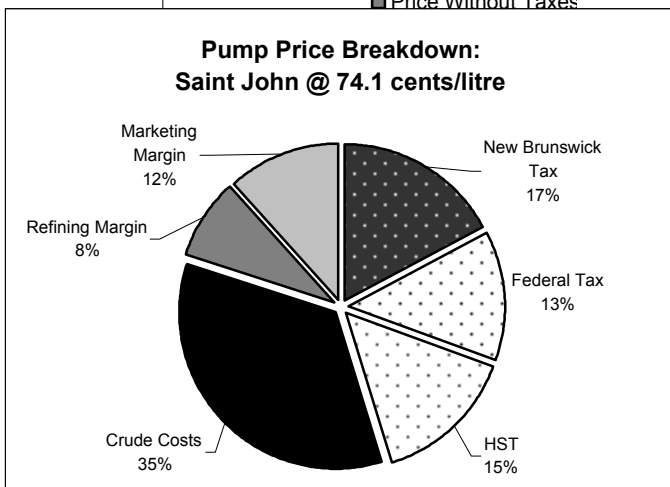
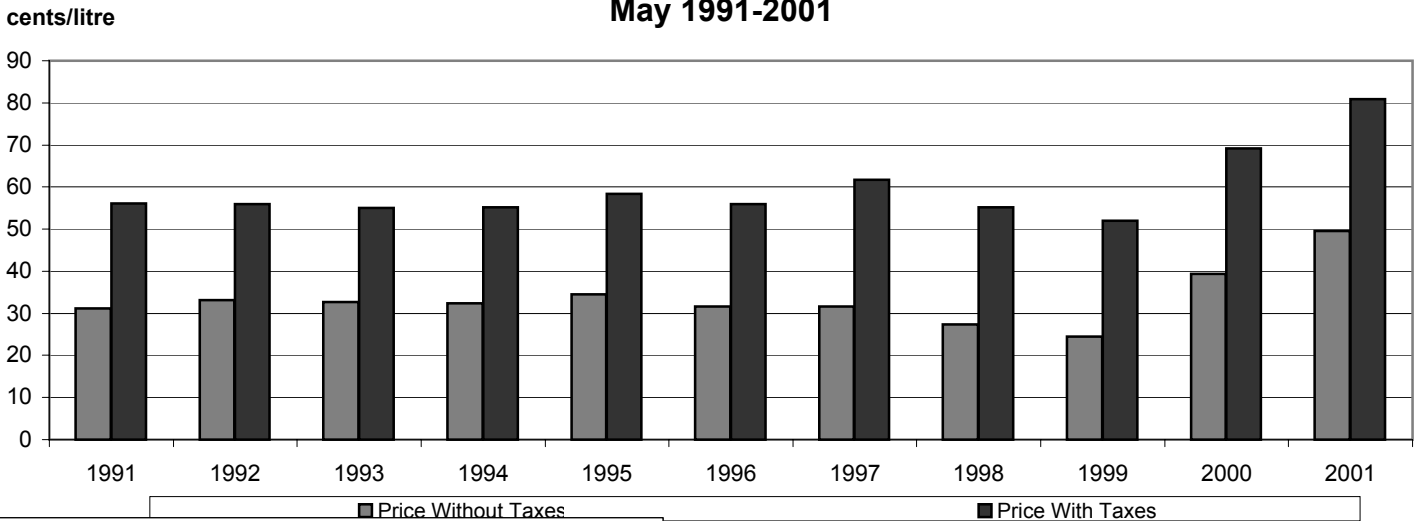
Year	Gas Tax Revenue	Fees	Federal Transfers	Total Revenue	Transport Spending	Transport Capital	Total Spending	Spending % of Revenue
1991-1992	\$1,117.1	\$511.8	\$3.9	\$1,632.8	\$2,053.5	n/a	\$2,053.5	125.8%
1992-1993	1,222.2	558.6	20.4	1,801.2	2,025.9	n/a	2,025.9	112.5%
1993-1994	1,257.0	555.0	26.3	1,838.3	1,992.8	n/a	1,992.8	108.4%
1994-1995	1,340.0	500.0	24.6	1,864.6	1,551.0	n/a	1,551.0	83.2%
1995-1996	1,407.0	482.0	26.2	1,915.2	1,460.0	n/a	1,460.0	76.2%
1996-1997	1,454.0	490.0	39.1	1,983.1	930.0	n/a	930.0	46.9%
1997-1998	1,486.0	641.0	36.8	2,163.8	1,363.0	n/a	1,363.0	63.0%
1998-1999	1,559.0	664.0	20.7	2,243.7	1,507.0	n/a	1,507.0	67.2%
1999-2000	1,560.0	667.0	35.7	2,262.7	1,578.0	n/a	1,578.0	69.7%
2001-2002	1,536.0	646.0	1.9	2,183.9	1,507.0	n/a	1,507.0	69.0%
2001-2002	1,544.0	649.0	n/a	2,193.0	1,557.0	n/a	1,557.0	71.0%
2002-2003	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Quebec Department of Transportation Expenditures.



New Brunswick -- Gas Tax Facts

Saint John: Gas Prices and Gas Taxes May 1991-2001



**Pump Price Breakdown:
2002 Honda Civic**

Fill-up		74.1 cents/litre
Capacity		50.0 litre
Total Sale	\$	37.05
New Brunswick Tax	\$	6.50
Federal Tax	\$	5.00
HST	\$	5.56
Crude Costs	\$	13.10
Refining Margin	\$	3.20
Marketing Margin	\$	4.40

46% Tax
54% Costs

Fill-up at April 23, 2002 prices

Comparative Provincial Motoring Revenues and Expenditures 1991-2002 (million)

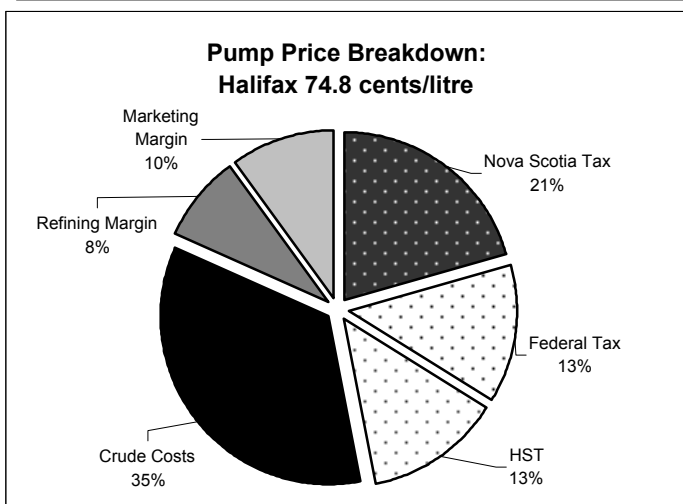
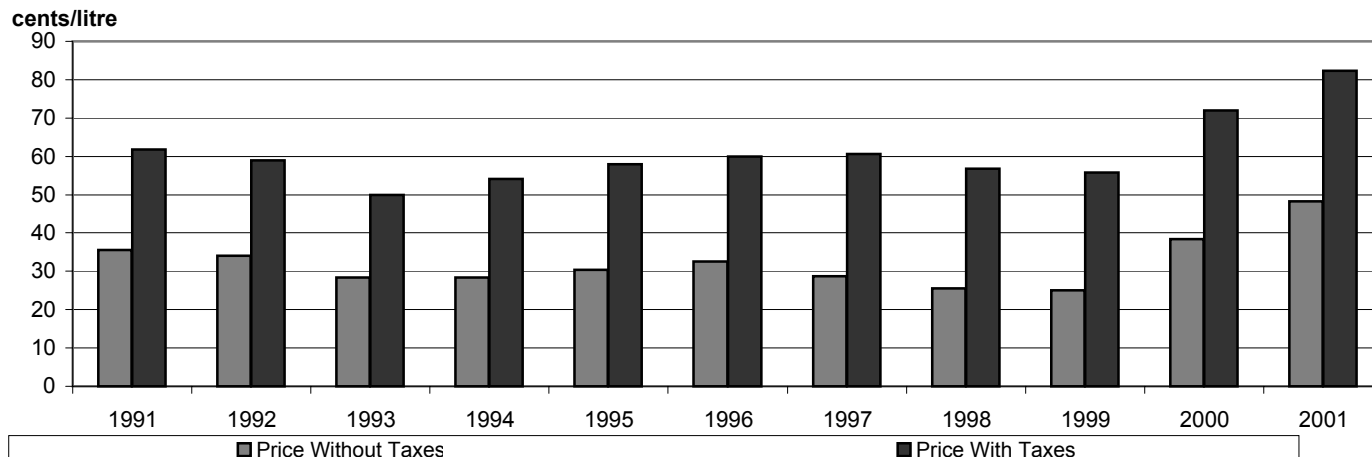
Year	Gas Tax Revenue	Fees	Federal Transfers	Total Revenue	Transport Spending	Transport Capital	Total Spending	Spending % of Revenue
1991-1992	\$129.2	\$62.1	\$21.1	\$212.4	\$127.2	\$195.3	\$322.6	151.9%
1992-1993	145.0	61.7	5.9	212.6	128.3	169.3	297.6	140.0%
1993-1994	152.0	66.0	50.3	268.3	127.0	213.9	340.9	127.1%
1994-1995	160.0	70.0	47.2	277.2	125.2	193.3	318.5	114.9%
1995-1996	163.0	71.4	95.3	329.7	125.5	142.3	267.8	81.2%
1996-1997	166.0	71.0	97.8	334.8	128.8	314.1	442.9	132.3%
1997-1998	169.0	69.7	70.5	309.2	125.1	239.2	364.3	117.8%
1998-1999	171.0	71.1	29.5	271.6	131.8	196.2	328.0	120.8%
1999-2000	185.5	78.8	35.0	299.3	131.4	198.9	330.3	110.3%
2000-2001	186.5	80.6	9.5	276.6	132.9	97.0	229.9	83.1%
2001-2002	188.0	77.4	n/a	265.4	140.2	123.5	263.8	99.4%
2002-2003	210.0	78.4	n/a	288.4	148.3	168.1	316.4	109.7%

New Brunswick Ministry of Transportation Expenditures



Nova Scotia -- Gas Tax Facts

Halifax: Gas Prices and gas Taxes May 1991-2001



**Pump Price Breakdown:
2002 Honda Civic**

Fill-up		74.8 cents/litre
Capacity		50.0 litres
Total Sale	\$	37.40
Nova Scotia Tax	\$	7.75
Federal Tax	\$	5.00
HST	\$	4.86
Crude Costs	\$	13.10
Refining Margin	\$	3.15
Marketing Margin	\$	3.75

47% Tax
53% Costs

Fill-up as of April 23, 2001 prices

Comparative Provincial Motoring Revenues and Expenditures 1991-2002 (million)

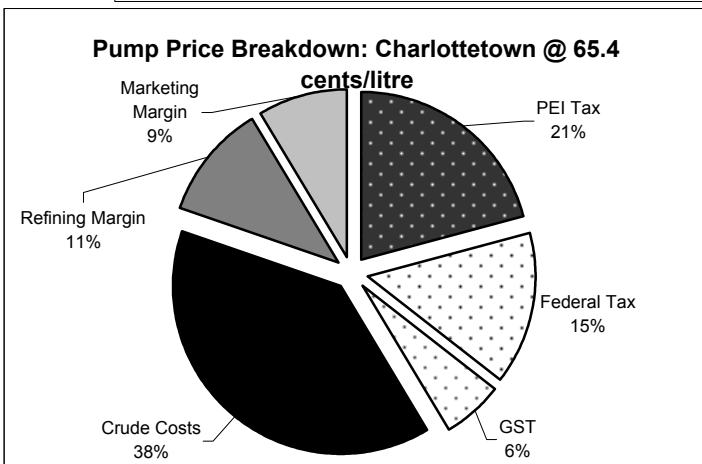
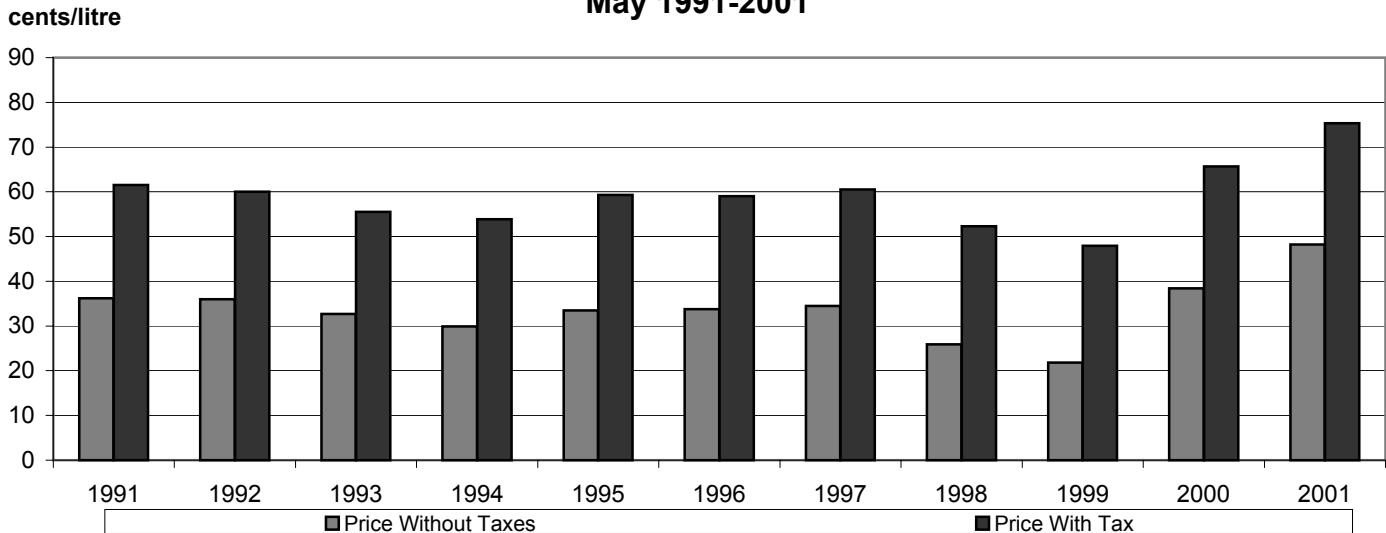
Year	Gas Tax Revenue	Fees	Federal Transfers	Total Revenue	Transport Spending	Transport Capital	Total Spending	Spending % of Revenue
1991-1992	\$141.7	\$49.1	\$7.8	\$198.6	\$153.5	\$118.4	\$271.9	136.9%
1992-1993	168.6	55.9	10.0	234.5	133.0	172.6	305.6	130.3%
1993-1994	176.0	58.6	19.3	253.9	130.0	134.4	264.4	104.1%
1994-1995	195.6	71.0	18.2	284.8	121.6	97.4	219.1	76.9%
1995-1996	197.5	56.0	24.9	278.5	106.4	132.0	238.4	85.6%
1996-1997	198.7	58.6	39.4	296.7	166.6	74.3	240.9	81.2%
1997-1998	204.1	54.9	44.4	303.4	166.3	96.9	263.2	86.7%
1998-1999	211.6	61.0	42.5	315.1	236.5	n/a	236.5	75.1%
1999-2000	219.4	61.4	7.1	287.9	236.3	n/a	236.3	82.1%
2000-2001	201.7	62.0	2.6	266.2	248.6	n/a	248.6	93.4%
2001-2002	216.6	64.1	n/a	280.8	232.1	n/a	232.1	82.7%
2002-2003	239.4	75.2	n/a	314.5	239.4	n/a	239.4	76.1%

Nova Scotia Ministry of Transportation and Communications Expenditures.



Prince Edward Island -- Gas Tax Facts

Charlottetown: Gas Prices and Gas Taxes May 1991-2001



Pump Price Breakdown: 2002 Honda Civic

Fill-up	65.4 cents/litre	
Capacity	50.0 litres	
Total Sale	\$ 32.70	
PEI Tax	\$ 7.00	43% Tax
Federal Tax	\$ 5.00	
GST	\$ 1.96	
Crude Costs	\$ 13.10	57% Costs
Refining Margin	\$ 3.80	
Marketing Margin	\$ 2.90	

Fill-up at April 23, 2002 prices

Comparative Provincial Motoring Revenues and Expenditures 1991-2002 (million)

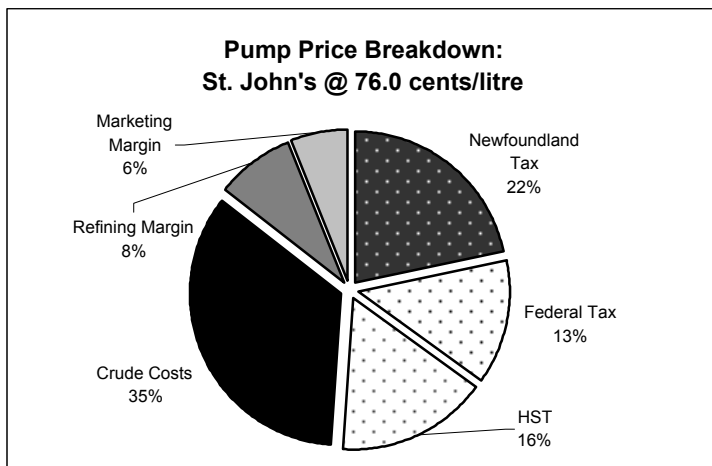
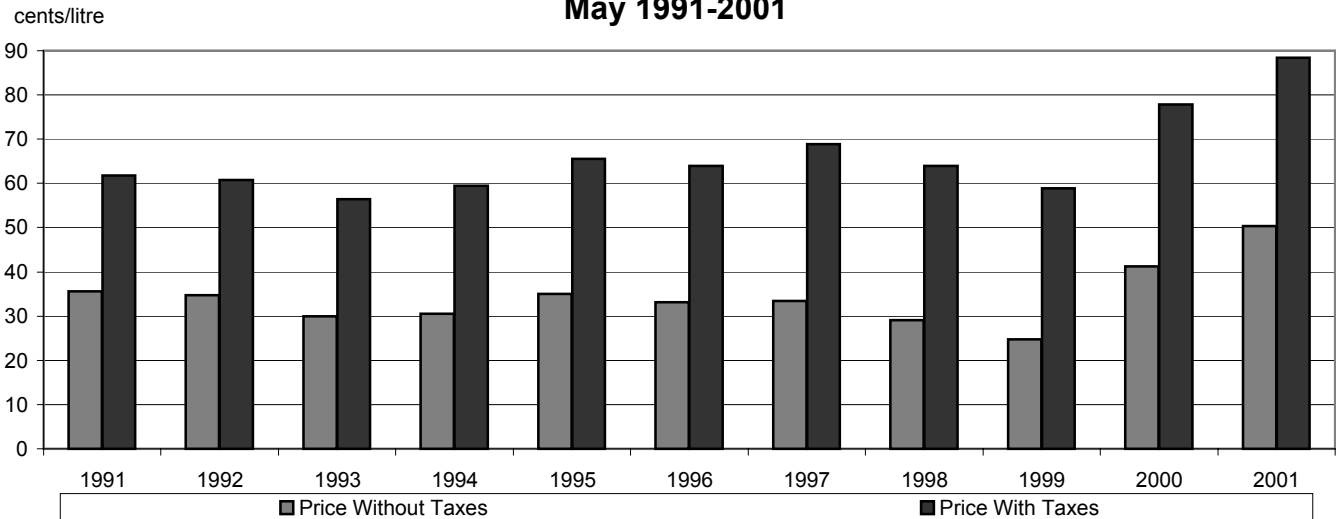
Year	Gas Tax Revenue	Fees	Federal Transfers	Total Revenue	Transport Spending	Transport Capital	Total Spending	Spending % of Revenue
1991-1992	\$24.1	\$6.1	\$4.6	\$34.8	\$50.8	\$47.4	\$98.3	282.1%
1992-1993	23.4	7.1	2.9	33.4	51.0	42.7	93.7	280.5%
1993-1994	23.2	8.4	3.1	34.6	48.8	35.1	84.0	242.5%
1994-1995	26.2	9.0	7.4	42.5	43.8	33.9	77.7	182.8%
1995-1996	26.6	9.1	6.5	42.3	42.5	35.9	78.4	185.4%
1996-1997	27.2	9.2	8.0	44.5	46.7	38.9	85.6	192.6%
1997-1998	29.5	10.3	8.9	48.6	58.7	37.5	96.2	197.9%
1998-1999	32.1	10.7	10.1	52.8	62.2	30.1	92.3	174.8%
1999-2000	33.5	11.1	49.1	93.7	65.7	32.1	97.8	104.4%
2000-2001	33.6	11.1	47.3	91.9	73.2	26.9	100.1	108.9%
2001-2002	32.7	11.9	n/a	44.6	71.1	28.9	100.0	224.1%
2002-2003	36.0	11.3	n/a	47.3	69.4	14.0	83.4	176.5%

Prince Edward Island Department of Highways and Transportation Expenditures



Newfoundland -- Gas Tax Facts

St. John's: Gas Prices and Gas Taxes May 1991-2001



Fill-up		76.0 cents/litre
Capacity		50.0 litres
Total Sale	\$	38.00
Newfoundland Tax	\$	8.25
Federal Tax	\$	5.00
HST	\$	6.19
Crude Costs	\$	13.10
Refining Margin	\$	3.15
Marketing Margin	\$	2.30
		51% Tax
		49% Costs

Fill-up at April 23, 2002 prices

Comparative Provincial Motoring Revenues and Expenditures 1991-2002 (million)

Year	Gas Tax Revenue	Fees	Federal Transfers	Total Revenue	Transport Spending	Transport Capital	Total Spending	Spending % of Revenue
1991-1992	\$106.5	\$30.6	\$18.5	\$155.6	\$139.3	\$63.3	\$202.6	130.2%
1992-1993	105.5	31.0	60.6	197.1	141.6	61.4	203.0	103.0%
1993-1994	118.4	32.5	59.2	210.1	132.3	44.8	177.1	84.3%
1994-1995	125.5	43.5	63.0	232.0	101.8	48.0	149.7	64.5%
1995-1996	121.9	44.9	55.3	222.1	95.1	58.8	153.9	69.3%
1996-1997	108.5	45.2	66.0	219.7	114.1	17.4	131.5	59.8%
1997-1998	120.4	50.5	63.1	234.0	113.2	29.2	142.3	60.8%
1998-1999	121.5	49.5	67.4	238.4	118.0	26.8	144.7	60.7%
1999-2000	129.2	52.0	63.7	244.9	120.5	31.3	151.8	62.0%
2000-2001	130.4	53.0	52.0	235.3	134.3	36.8	171.2	72.7%
2001-2002	130.0	54.5	n/a	184.5	136.1	41.3	177.4	96.2%
2002-2003	132.7	54.5	n/a	187.2	131.4	43.5	174.9	93.4%