



Roadway Spending Up, But Ottawa **Still Gouging Families**



2007 Gas Tax Honesty Campaign
Canadian Taxpayers Federation
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www.taxpayer.com



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 more 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 72,000 supporters nation-wide.

The CTF maintains a federal office in Ottawa and offices in the five provincial capitals of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario. In addition, the CTF has a working partnership with the Montreal-based *Quebec Taxpayers League*. 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 six times a year. An issues and action update called *TaxAction* is produced each month. 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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Fact Summary

- **Over the past 12 months – the period of May 2006 to April 2007 – the average cost of a litre of gasoline paid by Canadian motorists was approximately 99.2 cents. Gasoline taxes account for an average 33 per cent of the pump price.** In the past two years, the average national price of gasoline has increased by over 14 cents. Gasoline prices now regularly surpass \$1 per litre in all parts of Canada.
- **In 2003, Canadian municipalities spent \$6.4-billion building and maintaining roads.** More than eighty per cent of all roads in Canada are municipal roads.
- **The federal government collects billions of dollars each year from gas and diesel excise taxes.** In the 2006-07 fiscal year, Ottawa collected \$5.2-billion in gasoline and diesel taxes (not counting GST revenues). In fiscal 2004, Ottawa reinvested only 7 per cent of its gas tax revenues in roads and highway development. **In 2007-08, the federal government will dedicate \$1.8-billion to roads and highways. This represents 36 per cent of annual gas tax revenues. By 2009-10, over \$2.6-billion will be spent on road infrastructure, which exceeds the 50 per cent of gas tax revenue target first advocated by the Canadian Taxpayers Federation in 2002. This turnabout is a partial victory for taxpaying motorists.** To complete it, gas taxes need to be lower.
- **GST is charged on the full pump price, gasoline taxes included. It is a tax-on-tax.** In 2007-08, the federal government will collect \$1.5-billion in gasoline GST revenues. Last year, Ottawa collected nearly \$1.8-billion from GST on gasoline. (The tax bite was eased to some extent as a result of the one point GST reduction.)
- **The federal government benefits from higher gas prices.** As the pump price increases so too does the GST. For every 10 cent increase in the price of gasoline, Ottawa's GST revenues rise by \$150-million.
- **As a deficit reduction measure in 1995, Ottawa increased the federal gasoline tax from 8.5 to 10 cents per litre.** The deficit was vanquished a decade ago, but the tax remains and the federal government's gouging at the pumps continues even with multi-year, multi-billion dollar federal surpluses. All said, the federal gasoline tax increased by 567 per cent between 1985 and 1995 – rising from 1.5 to 10 cents per litre.

CTF Gas Tax Principles

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

CTF Recommendations

- The federal government transfer and dedicate 5 cents per litre of federal gasoline tax revenues (equivalent to 50 per cent of gas tax revenues) to municipalities for roadway development and maintenance; and
- Remaining federal gas taxes be returned to motorists and taxpayers in the form of lower gasoline taxes, starting with elimination of the 1.5 cent per litre gas tax introduced in 1995 as a “deficit elimination measure.” In addition, that the federal government eliminate the 6 per cent GST (and 14 per cent HST in New Brunswick, Nova Scotia, and Newfoundland & Labrador) that is applied to the federal and provincial tax components of the pump price. Finally, that the federal levy be reduced by an additional 2 cents. These tax changes will, on average, save motorists 5 cents a litre and give consumers a real break at the pumps.

Section I: Introduction

The Ninth Annual Gas Tax Honesty Campaign – Overview

Since our first annual Gas Tax Honesty Campaign on May 20, 1999, the CTF has publicized the level of gasoline taxes paid by Canadians as well as their use – or lack thereof – by governments in dedicating funding for roadway maintenance and infrastructure. This year, with gasoline prices over \$1 a litre across Canada, taxpayers are rightly fuming and are tired of seeing governments profiteer.

The Thursday before the Victoria Day holiday weekend marks Gas Tax Honesty Day and kicks off the CTF's annual Gas Tax Honesty Campaign. This year's campaign focuses on CTF victories concerning roadway spending and continues to remind the Conservative government of its repeated commitment – so far unfulfilled – to lower gas taxes.

After years of CTF prodding, the previous Liberal government of Paul Martin finally entered into gas tax sharing agreements with provinces and municipalities. However, the agreements focused on Kyoto-related initiatives instead of pavement and potholes. The Conservative government has increased funding for roads and infrastructure. Another new step forward is that the federal government has budgeted for stable and predictable funding for roads and bridges in the years ahead – another recommendation made repeatedly by the CTF. However, the Conservative government continues to gouge consumers – particularly Canadian families – by not lowering gas taxes thereby breaking a promise made in Opposition and on the campaign trail. Taxpaying motorists deserve gas tax honesty and call on the federal government to keep its word, restore fairness to the levying and spending of gas taxes, and give Canadian families and all motorists a much needed break. Let's not forget that with Ottawa running multi-year and multi-billion dollars surpluses the gas tax can easily be reduced without jeopardizing roads and highway infrastructure spending.

Gas Tax Honesty Campaign Mile Markers

- 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 per cent of the \$36-billion collected in gas taxes over the same period.
- On May 20th, 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 26 cents, which causes a small traffic jam at the pumps! In the past eight years, the CTF has played an important role in educating taxpayers and politicians about the taxable and non-taxable pump price of gasoline.
- 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 16th, 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 30th, 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 receives a free wheel alignment courtesy of the CTF.
- In 2003, then-Opposition Liberal leader Dalton McGuinty pledges to allocate 2 cents of the provincial gasoline tax to municipal transit, but fails to make a commitment for a portion dedicated to roads. On May 18th, 2004, the Ontario budget allocates 1 cent of the provincial gasoline tax to municipalities.
- On March 1st, 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 23rd, 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 6th 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 and makes 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 26th, 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 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 3.8 cents per litre. This reduction means the province’s gas tax rate is the lowest in the Maritimes and second lowest in Canada after Alberta.
- In October 2006, the Government of Saskatchewan Speech from the Throne indicates plans to introduce legislation to “dedicate every dollar of fuel tax collected by the province toward maintaining and building roads.” In November 2006, the *Fuel Tax Accountability Act* is introduced in the Saskatchewan Legislative Assembly.
- The 2006 and 2007 Conservative budgets fail to lower gas taxes although roadway spending is substantially increased.

Section II: Running on Empty – Gasoline Prices and Taxes

High and Volatile Gas Prices

Over the past couple of years, gas prices have regularly surpassed \$1 dollar per litre. On May 1st, 2007, gas prices jumped across Canada overnight to \$1.28 in Vancouver and \$1.20 in Quebec. Gas prices spike in early spring each year as the summer driving season gets under way. This has strained household budgets like never before, particularly for Canadian families as high gas prices push the cost of living up and up.

The pump price motorists pay can be broken down into four components: crude oil costs, refining costs, retailer profit margin and gas taxes.

Table 1, Average Price of Gasoline in Select Cities, May 2006 to April 2007

	All Taxes	Marketing Margin	Refining Margin	Crude Oil	Total Pump Price
St. John's	39.9	9.8	12.2	46.0	107.8
Charlottetown	36.8	8.3	12.6	46.0	103.8
Halifax	38.4	7.7	11.6	46.0	103.7
Saint John	34.9	7.8	11.8	46.0	100.5
Quebec City	37.8	5.5	12.3	46.0	101.6
Montreal	39.3	4.1	12.3	46.0	101.7
Ottawa	31.0	5.2	12.7	46.0	95.0
Toronto	30.2	4.2	13.4	46.0	93.7
Hamilton	30.1	3.8	13.3	46.0	93.2
London	30.2	4.0	13.6	46.0	93.8
Thunder Bay	30.5	6.3	17.8	46.0	100.7
Sault Ste. Marie	30.3	5.0	15.5	46.0	96.8
Winnipeg	27.1	7.6	15.6	46.0	96.2
Regina	30.8	8.7	15.2	46.0	100.7
Calgary	24.4	5.9	15.7	46.0	91.9
Edmonton	24.3	6.2	14.6	46.0	91.1
Vancouver	36.7	5.0	18.5	46.0	106.2
Victoria	33.1	9.7	19.3	46.0	108.0
Canada	32.5	6.4	14.3	46.0	99.2

Source: MJ Ervin and Associates and CTF Calculations.

Table 2, Current Canadian Fuel Tax Rates

	<u>Regular Gasoline</u>	<u>Mid-Grade Gasoline</u>	<u>Premium Gasoline</u>	<u>Diesel</u>	<u>Aviation Gasoline/ Turbo Gasoline</u>	<u>Propane</u>
Federal Taxes						
GST	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Excise (cents per litre)	10.0	10.0	10.0	4.0	11.0/4.0	--
Harmonized Sales Tax ¹	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%
Provincial Taxes (cents per litre unless otherwise indicated)						
Newfoundland & Labrador	16.5	16.5	16.5	16.5	0.7	7.0
P.E.I.	11.5	11.5	11.5	11.5	0.7	12.0
P.E.I. Sales Tax	10.0%	10.0%	10.0%	10.0%	--	--
Nova Scotia	15.5	15.5	15.5	15.4	0.7	7.0
New Brunswick	10.7	10.7	10.7	16.9	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%
Additional Montreal 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	11.5	4.3	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	14.5	14.5	14.5	15.0	3.0/5.0	--
Victoria	17.0	17.0	17.0	17.5	--	--
Vancouver	20.5	20.5	20.5	21.0	--	--
Yukon	6.2	6.2	6.2	7.2	1.1	--
N.W.T.	10.7	10.7	10.7	9.1	1.0	--
Nunavut	6.4	6.4	6.4	9.1	1.0	--

1. The 14 per cent HST is only levied in Newfoundland & Labrador, Nova Scotia, and New Brunswick.

The 6 per cent GST is levied in all other provinces and territories.

Source: Natural Resources Canada.

Survey of Gasoline Taxes

Federal coffers continue to swell due to high gasoline prices. In fiscal 1994-95, the federal government collected \$3.8-billion in combined federal gasoline taxes. By 2005-06, those revenues increased by 32 per cent over what was collected a decade earlier to \$5-billion. As consumption chugs along and prices soar, Ottawa's take goes up and up. The federal gasoline tax rate increased 567 per cent between 1985 and 1995 – from 1.5 cents per litre to 10 cents per litre.

Taxes vs. Sales

The gasoline tax rate has remained high despite improvements to federal finances. The federal deficit was vanquished ten years ago, yet the deficit elimination tax unjustifiably remains.

Another contributor to growing federal gasoline tax revenue is the GST and HST. The GST (and HST) is charged on the full pump price, gasoline taxes included. It is a tax paid on other taxes. As pump prices climb, Ottawa rakes in more GST revenues. Between 1996-97 and 2005-06, GST revenues from gasoline sales increased from \$909-million to \$1.8-billion – a 100 per cent increase in only 10 years! The federal government benefits immensely from high gas prices. Every ten cent increase in the price of gasoline pumps an extra \$150-million into the federal treasury. As Ottawa collects these unanticipated revenues, motorists, particularly families, are finding it increasingly more difficult to fill their tanks.

Finding room for a reduction in half the federal gasoline tax bite can be accomplished with a few simple steps. Eliminating the 1.5 cent per litre deficit tax is the first move, and then eliminating the GST tax-on-tax hit will net another 1.5 cents in savings, leaving room for a further reduction of 2 cents per litre from the federal gasoline tax levy. This would restore fairness to the levying of gas taxes and give motorists and taxpayers a much needed break at the pumps.

Conspiracy Theories of Collusion and Price Fixing

As the price of gasoline soars, many believe – and would have others believe – that price fixing and collusion exists in setting the price people pay at the pumps. Perhaps disgruntled and over-taxed motorists picture oil and gas company executives meeting secretly to decide and determine what to charge the masses to fill their tanks. After all, if the price of gas increases at Station A, it is usually not long before it is up at Station B and C. This is clear evidence of collusion they say.

Or is it what economists call perfect competition?

Some economists argue the principle of “perfect competition” could be taking place in the gas retail side of the business. Essentially, the argument is that because gasoline is essentially the same product no matter where you buy it, brand loyalty is not as strong as with other items – “I only buy Levi’s jeans” or “drink Starbucks” coffee, etc. So rational people will always purchase their gasoline at the place where they can get the lowest price. In practice, this makes sense.

If one were sitting at an intersection in need of gas and the gas station on the left hand side of the street was selling it for \$1.00 per litre and the gas station on the right hand of the street was selling it for \$1.01 per litre, most would go to the gas station on the left hand side of the street provided the time wait is not prohibitive. Soon, the gas station on the right hand side of the street will realize if they want to stay competitive they are going to have to either match or beat their competitor’s price. Gas stations have learned this lesson in the past and now react almost immediately to match the lowest price in their immediate area to avoid losing business to their competitors. The minimal time lag in price changes appears to some people that gas stations are working in collusion to change the gas price in lockstep, when in reality they are only trying to minimize lost customers to a competitor, hence competition.

Another indicator of this competition is to look at average long-term gas prices across the country. Generally speaking, one will see the retail price of gasoline in each

province vary to the next by the same amount as the taxes levied by the provincial and local governments. That is why one almost always sees the lowest gas prices in Canada in the province of Alberta, which has the lowest gas taxes; and the highest prices in cities like Victoria, Vancouver and Montreal, which have the highest taxes.

Furthermore, if there were no competition in gas pricing, the gas companies would set prices according to the highest price in the nation. If people are willing to pay \$1.35 per litre in Montreal, logically they would be willing to pay the same in Toronto or Calgary. But that does not happen because retailers compete to offer the lowest prices possible and drop their price and profit margin. As a result, gas prices in Montreal are higher than in Toronto and Calgary (and every other city except Vancouver) because the city's taxes are higher. As they compete downwards they eventually hit the point where the profit margin is as thin as it can get (and the same as it is in other parts of the country), hence total gas prices vary in lockstep with the difference in gas taxes.

This month, as the price of gasoline has once again spiked across Canada and made national headlines, there are calls for the federal government to initiate another inquiry into gasoline prices. Six previous inquiries conducted by the federal Competition Bureau have found no evidence of price fixing. Another inquiry will not uncover anything new.

Gasoline Prices, Taxes and the Consumption Debate

Many believe that high gas prices and taxes will curb consumption. Such a position assumes that at some price/tax point, people will make changes to their lives in order to reduce the amount of household budget eaten up by the cost of fuel. Perhaps some will use public transit. Others will lower the heat during winter. Or maybe the minivan will sit in the driveway and the kids will miss a few soccer practices. However, the numbers suggest otherwise. The kids still go to soccer practices but family budgets increasingly run on empty as government coffers swell.

The original argument for imposing higher gasoline taxes in the 1970s was to curb consumption. But consumption has chugged along and so has governments' tax take. According to Statistics Canada, gasoline consumption in Canada has increased on average 1.7 per cent a year since 2000. StatsCan also reports that retail gasoline sales in 1985 were just over 32-billion litres and approximately 42-billion litres in 2005. Higher prices and taxes do not reduce consumption. Families may have less money in their pockets and bank accounts to spend on other things, but they do not drastically change their energy consumption habits. Governments know this, and therefore, by failing to lower gas taxes they deliberately gouge families and consumers.

Section III: The Provinces

Steps Forward – Lower Gas Taxes

During the 2006 provincial election in New Brunswick, both the Liberal and Progressive Conservative parties unveiled plans to cut gas taxes. The Liberals led by Shawn Graham won that election and the new government's first act after being sworn in was to lower gas taxes by 3.8 cents per litre.

"This reduction not only puts money back in the pockets of New Brunswickers, it also means that New Brunswick's gasoline tax rate is the lowest in the Maritimes, and the second lowest in Canada after Alberta," the Liberal premier said in a news release.

"We will ensure that New Brunswick's provincial gasoline tax remains the lowest east of Alberta throughout our mandate."

As motorists get increasingly squeezed by higher gas prices and unfair taxes, it is no surprise that lower gas taxes proved to be a vote-winner in New Brunswick. Other governments would be wise to recognize this fact.

Table 3, Who Pays What to the Federal Government

Provincial motorists' contribution to Ottawa	Percentage	Amount (\$-million)
Newfoundland & Labrador	1.5%	75.3
Prince Edward Island	0.3%	15.6
Nova Scotia	2.3%	115.8
New Brunswick	1.8%	89.0
Quebec	20.5%	1,027.5
Ontario	40.1%	2,005.8
Manitoba	3.1%	155.0
Saskatchewan	3.1%	155.1
Alberta	14.5%	725.5
British Columbia	12.2%	609.6
Federal Government	100%	

CTF Estimates.

Steps Forward – Dedicating Gas Taxes to Roadway Spending

On March 1st, 2004, the province of Manitoba tabled 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 represented the boldest move toward the CTF's MRT in the country.

In October 2006, the Government of Saskatchewan followed Manitoba's lead and in the fall Throne Speech indicated plans to introduce legislation to "dedicate every dollar of fuel tax collected by the province toward maintaining and building roads." In November 2006, the *Fuel Tax Accountability Act* was introduced in the Saskatchewan Legislative Assembly.

It is encouraging to see provinces recognize the need to earmark gas taxes for road and highway spending, especially after seeing so much public money thrown in the "infrastructure" black hole the past few years.

Steps Backward – The Folly of Gas Price Regulation

Five provinces in Canada – Prince Edward Island, Newfoundland and Labrador, Quebec, Nova Scotia and New Brunswick – have some form of gas price regulation. The other five provinces are committed to a market-based approach. While regulation is designed to provide price stability, it has not in any way resulted in lower gas prices in those markets. Quite the opposite, the provinces that regulate have, on average, higher gas prices than those that do not.

In July 2006, close to 100 independent gasoline retailers in New Brunswick turned off their pumps to protest New Brunswick's price regulation. Many service station owners told drivers they could not afford to sell gas at the price set by the government.

In May 2006, the New Democratic Party of Ontario urged Ontario's government to regulate gas prices and cited regulation in other provinces. The Ontario government

wisely rejected such a call and Ontario continues to have lower gas prices than all regulated markets.

The only way for governments to provide real relief to over-taxed motorists is to reduce gasoline taxes. Governments should quit pretending regulation is positive or that Big Oil is solely to blame for skyrocketing prices.

Section IV: A CTF Victory on Roadway Spending

Transferring Gas Taxes to Municipalities

The CTF has long called for a portion of federal gas tax revenues to be returned to municipalities to fund roadway spending. In January 2002, municipalities from coast to coast joined the CTF in asking federal and provincial governments for more money to fund upgrades to crumbling infrastructure.

In 2002, the CTF proposed 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 joined the CTF in Toronto to lend support to the CTF's MRT model.

Under the CTF's proposed MRT existing federal gas tax revenues would be transferred directly to municipalities. According to the Constitution, municipalities are a provincial jurisdiction, however, there is an established precedent for the federal government to directly pay municipalities cash 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. It makes sense that funding goes to municipalities because our cities and municipalities know roads – they are responsible for maintaining over 80 per cent of all Canadian roads.

On May 30th, 2003, the CTF's federal director addressed the Federation of Canadian Municipalities, urging their members to join the CTF and push for a MRT. The Federation 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.

Initial Problems with Ottawa's Gas Tax Sharing Schemes

Past approaches to infrastructure initiatives have been problematic, if not wholly political in their focus. One debacle was the Canada Infrastructure Works Program (CIW), later renamed Infrastructure Canada. As the auditor-general noted in 1996, "Our observations dealt with the need for clearer definitions of program objectives and project selection criteria, as well as the need for improved information."

Furthermore, the program definition of infrastructure was far too broad. As a result, the auditor-general reported that only 60 per cent of the funding contributed to the construction of roads, bridges, and water and sewer networks. The other 40 per cent went to fund 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.

It appears the Liberals learned little from their infrastructure debacles, as gas tax funds of upwards of \$5-billion were to be dropped in the abyss of "environmentally sustainable infrastructure projects such as public transit, water and wastewater treatment, community energy systems and the handling of solid waste." There was little mention of potholes and pavement.

From the outset, the CTF has called for a gas tax sharing arrangement whereby the taxes the federal government collects be specifically dedicated to "infrastructure" – defined as road, highway, and bridge construction, upkeep, and maintenance. Past definitions defined infrastructure too broadly and mere lip-service was paid to roads and bridges.

Without clear and dedicated funding, roads did not get the resources needed, while municipalities would potentially be handed tax money to spend on dubious projects that are beyond the federal government's jurisdiction and have nothing to do with gas tax revenues or motorists. Transferring resources from one black hole to another, without any of the money going into potholes is unacceptable.

Well built and maintained roads are good for the environment and would allow cities and towns to spend their money elsewhere. Better roads mean less idling and fuel consumption which is environmentally friendly. Transferring federal gas tax revenues also frees up municipal resources for other transit/green project initiatives. Dedicating fuel taxes to road and highway funding is a win-win policy for all stakeholders: governments, motorists, and taxpayers.

CTF Policy Implemented

Since taking office, the Conservative government has moved in the right direction by allowing municipalities to spend the gas tax transfer on roads, bridges and highways. It is absurd that the initial arrangements under the Liberals ranked roads as a secondary tier. In some cases, roads and highways were not entitled to gas tax revenues at all.

During the 2006 federal election, the Conservative Party pledged to maintain the funding for the Liberal government's so-called "New Deal for Cities and Communities" and vowed to expand it to allow cities and communities – including those with more than 500,000 people – to use the gas tax transfer money to build and repair roads and bridges. The Conservatives' 2006 election platform also pledged to:

- Fully implement the transfer of the equivalent of five cents per litre of gasoline to cities and communities by 2009-10 for municipal infrastructure;
- Expand the New Deal to allow all cities and communities, including cities with more than 500,000 people, to use gas tax transfer dollars to build and repair roads and bridges to improve road safety and fight traffic congestion; and
- Negotiate a new infrastructure agreement with the provinces to provide a stable, permanent Highways and Border Infrastructure Fund.

The 2007 federal budget confirms that this year, Ottawa will spend 36 per cent of gas tax revenues on road and highway construction and maintenance. By 2009-10, just over half (52 per cent) of the federal government's fuel tax revenues will be reinvested in road and highways. This is an impressive achievement.

Another positive development is that the federal government has budgeted for predictable and long term funding for roadway transfers to municipalities. The Conservative government is also phasing out past infrastructure initiatives under which everything from bocce ball courts to water foundations and canoe museums were deemed eligible for gas tax revenues. This is a victory for the CTF and more importantly for all gas taxpaying motorists. In 2004, Ottawa's reinvested only 7 per cent of its gas tax revenues in road and highway development. Today, the federal government is remarkably close to what the CTF has called for since 2002.

Table 4, Ottawa's Infrastructure and Roadway Spending Plan (\$)

Initiative	2007-2008	2008-2009	2009-2010
Gas tax transfer	800,000,000	1,000,000,000	2,000,000,000
Fund for gateways and border crossings	137,000,000	221,000,000	283,000,000
Asia-Pacific Gateway and Corridor initiative	108,000,000	158,000,000	118,000,000
Sunsetting infrastructure initiatives	798,500,000	570,500,000	285,500,000
TOTAL:	1,843,500,000	1,949,500,000	2,686,500,000
Percentage of Annual Gas Tax Revenues	36%	37%	52%

Source: 2007 Federal Budget and CTF Estimates.

These developments show the positive effect the CTF's Gas Tax Honesty Campaign has had on federal and provincial lawmakers. Yet despite the victory on the roadway spending side, successive governments continue to gouge motorists with high taxes.

Section V: Grit or Tory – Same Unfair Gas Taxes Story

Liberals and Gas Taxes

Over the past several years as gas prices increased, Liberal governments refused to even consider cutting gas taxes. It was said any reduction in taxes would be immediately invisible due to price fluctuations or gobbled up by oil and gas companies. When reminded that the 1.5 cent deficit elimination measure could be removed since the federal books were in surplus, Liberals quickly changed the subject. When soaring gas prices began to gouge 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 always sidestepped. While some credit is due in initiating the transfer of gas tax revenues to municipalities, this too was bungled in making roads a secondary priority behind various Kyoto-inspired green initiatives. After the January 2006 federal election brought to power the first Conservative government in thirteen years, many believed statements and commitments made by the Tories in Opposition would finally become part of the government's agenda.

Conservatives and Gas Taxes

During the 2004 federal election, then-Opposition leader Stephen Harper promised to eliminate the GST on gasoline once it reached 85 cents per litre. The Conservative Opposition also pledged to stop applying GST to gas taxes.

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.”

Mr. 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, Mr. Harper was quoted saying that gas taxes could be reduced by as much as 5 cents a litre. He also toured southwestern Ontario in a minivan to highlight his commitment to reduce gas taxes and give motorists a break. The topic of high 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 that day.

On October 5, 2005, he accepted 35,000 petitions from the Canadian Taxpayers Federation calling on Ottawa to cut gas taxes. To date, the CTF has delivered 150,000 petitions to Parliament Hill that call 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.

Now in government, the Conservatives are in full retreat. The one point reduction in GST from the 2006 federal budget is the only measure that addresses gasoline levies. This will save motorists a penny a litre at the pumps – a far cry from the 5 cents a litre Mr. Harper championed as leader of the Opposition.

Prime Minister Harper is now saying that high gas prices are here to stay and that paying them is something motorists will just have to “get used to.” Like the previous government, the new government is recording record windfalls from soaring gas prices and are high on the tax revenue fumes. But unlike the Liberal Party, which did not commit to lower gas taxes, the Conservative Party did make a pledge to reduce the federal government’s gas tax burden – Canadians are waiting.

Conclusion – Who Will Stand up for Families?

When the CTF launched its first Gas Tax Honesty Campaign in 1999, most motorists and taxpayers were unaware of the tax component of gasoline at the pumps. Today, as gas prices soar, Canadians are not only increasingly aware but outraged at how the federal government profits as motorists suffer. Politicians of all stripes seem to say one thing in opposition, yet do another in government.

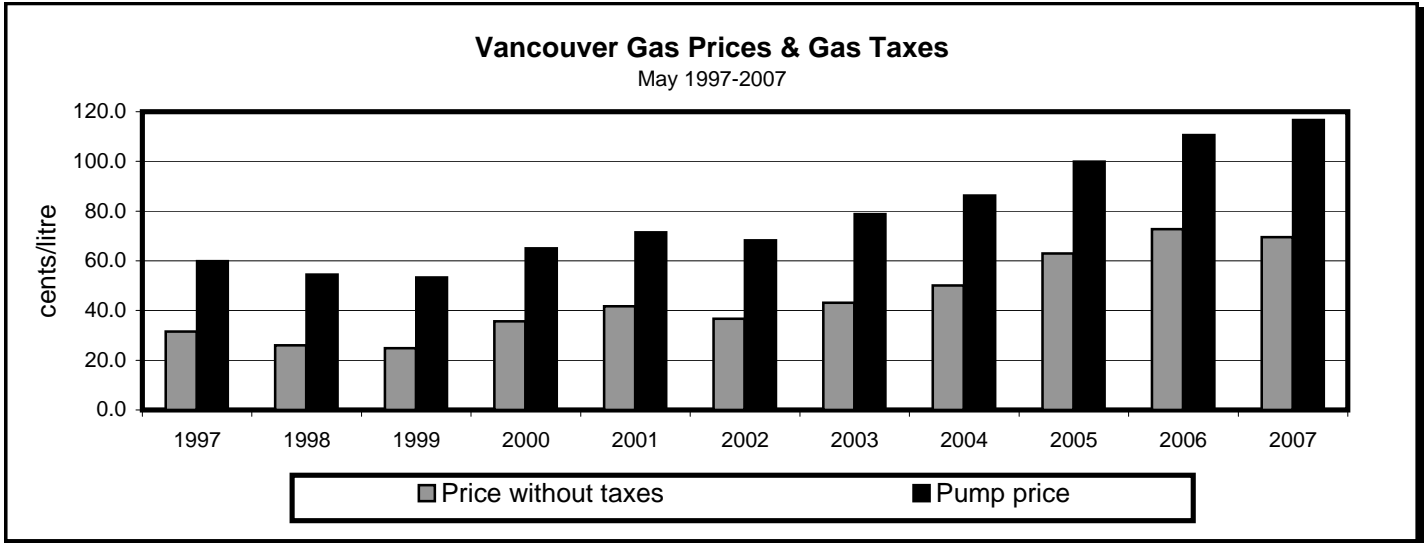
Nonetheless, a significant victory has been achieved concerning channeling money back into roadway construction and maintenance yet successive governments continue to profiteer on the tax side. Although the one point GST reduction means motorists save a penny per litre at the pumps.

Still, high gas prices and unfair gas taxes are gouging families like never before. Thanks to the GST, the federal government profits off the backs of Canadian families every time the price of gasoline increases. Moreover, the GST (and HST) is applied not only to the price of fuel but also applied to the various taxes. And why do motorists continue to pay a “deficit elimination” tax when Ottawa balanced its budget a decade ago? It is time to offer broad-based tax relief for families and all Canadians and lower gas taxes to a fair and reasonable level.

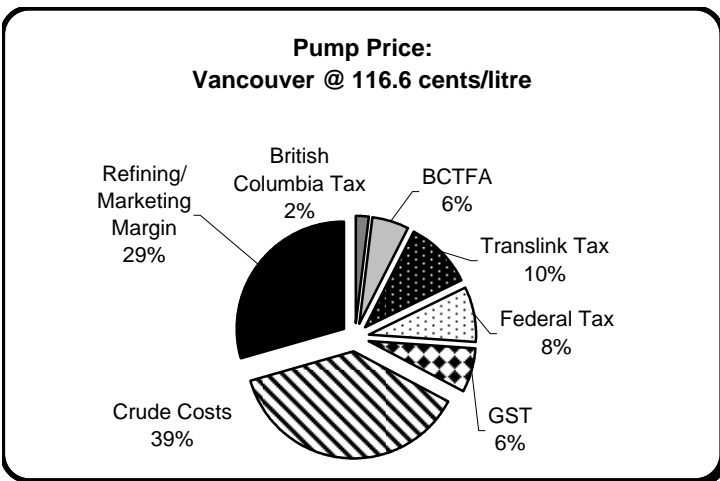
The status quo on gas taxes is not good enough for motorists. Especially when Ottawa recorded a surplus of \$13.2-billion in fiscal 2005 and \$9.2-billion last year. Canadians are over-taxed and lowering gas taxes should be a priority for the federal government. Taxpayers are asking Conservative MPs to stand up for families and do what they promised to do in opposition – namely lower gasoline taxes.



British Columbia -- Gas Tax Facts



Pump Price Breakdown:



Fill-up		116.6 cents/litre
Capacity		50.0 litres
Total Sale	\$	58.30
British Columbia Tax	\$	1.13
BCTFA	\$	3.38
Translink Tax	\$	6.00
Federal Tax	\$	5.00
GST	\$	3.79
Crude Costs	\$	22.45
Refining/Marketing Margin	\$	17.35
		34% Tax
		68% Costs

Fill-up at April 27, 2007 prices

Comparative Provincial Motoring Revenues and Expenditures 1997-2007 (\$ million)

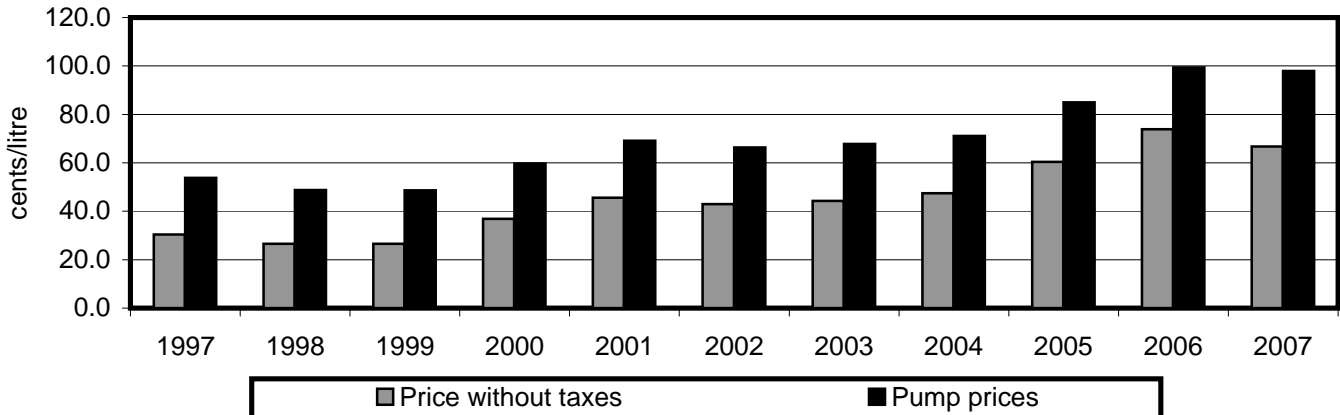
Year	Gas Tax Revenue	Fees	Federal Transfers	Total Revenue	Transport Spending	Transport Capital	Total Spending	Spending % of Revenue
1997-1998	760.2	316.5	6.3	1,083.0	770.0	419.0	776.3	71.7%
1998-1999	872.0	329.0	0.1	1,201.1	790.0	781.0	790.1	65.8%
1999-2000	836.0	336.0	-	1,172.0	1,697.0	1,015.0	1,697.0	144.8%
2000-2001	825.0	342.0	-	1,167.0	1,574.0	554.0	1,574.0	134.9%
2001-2002	802.0	346.0	-	1,148.0	1,763.0	310.0	1,763.0	153.6%
2002-2003	684.0	355.0	-	1,039.0	1,301.0	444.0	1,301.0	125.2%
2003-2004	875.0	362.0	-	1,237.0	1,446.0	597.0	1,446.0	116.9%
2004-2005	895.0	380.0	-	1,275.0	1,308.0	597.0	1,308.0	102.6%
2005-2006	904.0	398.0	-	1,302.0	1,223.0	707.0	1,223.0	93.9%
2006-2007	900.0	419.0	-	1,319.0	852.0	921.0	1,773.0	134.4%
2007-2008	919.0	435.0	-	1,354.0	882.0	1,004.0	1,886.0	139.3%

N.B. 1999-2000 Includes debt write-down for the BC Ferry Corporation.
British Columbia Ministry of Transportation and Highways Expenditures.



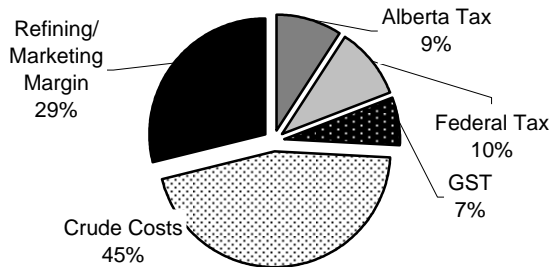
Alberta -- Gas Tax Facts

Calgary Gas Prices & Gas Taxes
May 1997-2007



Pump Price Breakdown:

Pump Price:
Calgary @ 97.9 cents/litre



Fill-up		97.9 cents/litre
Capacity	50.0 litres	
Total Sale	\$ 48.95	<div style="border: 1px solid black; padding: 2px;"> 26% Tax </div>
Alberta Tax	\$ 4.50	
Federal Tax	\$ 5.00	
GST	\$ 3.23	
Crude Costs	\$ 22.45	
Refining/Marketing Margin	\$ 14.25	<div style="border: 1px solid black; padding: 2px;"> 74% Costs </div>

Fill-up at April 27, 2007 prices

Comparative Provincial Motoring Revenues and Expenditures 1997-2007 (\$ million)

Year	Gas Tax Revenue	Fees	Federal Transfers	Total Revenue	Transport Spending	Transport Capital	Total Spending	Spending % of Revenue
1997-1998	558.0	182.0	-	740.0	667.0	148.0	667.0	90.1%
1998-1999*	547.0	196.0	-	743.0	1,242.0	247.0	1,242.0	167.2%
1999-2000*	568.0	203.0	-	771.0	888.0	1,416.0	1,417.0	38.0%
2000-2001	581.0	208.0	-	789.0	885.0	1,282.0	1,429.0	38.1%
2001-2002	590.0	213.0	-	803.0	926.0	990.0	1,482.0	39.1%
2002-2003	597.0	248.0	-	845.0	652.0	596.0	1,554.0	39.1%
2003-2004	620.0	262.0	-	882.0	1,001.0	785.0	1,001.0	113.5%
2004-2005	635.0	285.0	-	920.0	1,268.0	981.0	1,268.0	137.8%
2005-2006	664.0	312.0	-	976.0	2,765.0	1,720.0	2,765.0	283.3%
2006-2007	700.0	328.0	-	1,028.0	2,684.0	2,088.0	2,684.0	261.1%
2007-2008	720.0	332.0	-	1,052.0	3,118.0	-	3,118.0	296.4%

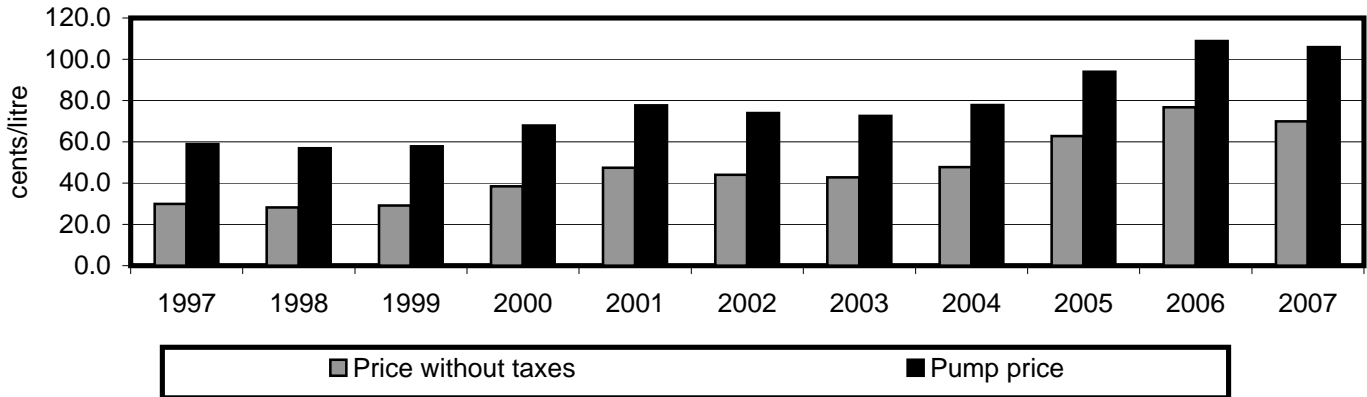
* Alberta Transportation was part of larger Alberta Infrastructure

Alberta: Transportation

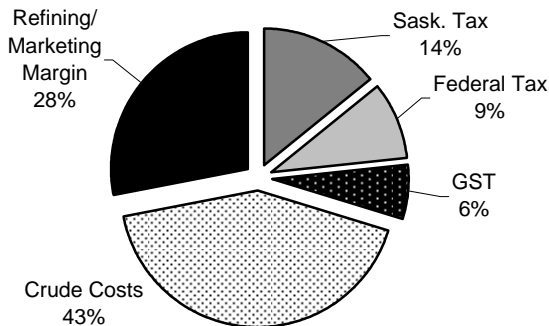


Saskatchewan -- Gas Tax Facts

Regina: Gas Prices & Gas Taxes
May 1997-2007



Pump Price:
Regina @ 105.9 cents/litre



Pump Price Breakdown:

Fill-up		105.9 cents/litre
Capacity		50.0 litres
Total Sale	\$	52.95
Saskatchewan Tax	\$	7.50
Federal Tax	\$	5.00
GST	\$	3.44
Crude Costs	\$	22.45
Refining Margin/Marketing	\$	15.05
		30% Tax
		70% Costs

Fill-up at April 27, 2007 prices

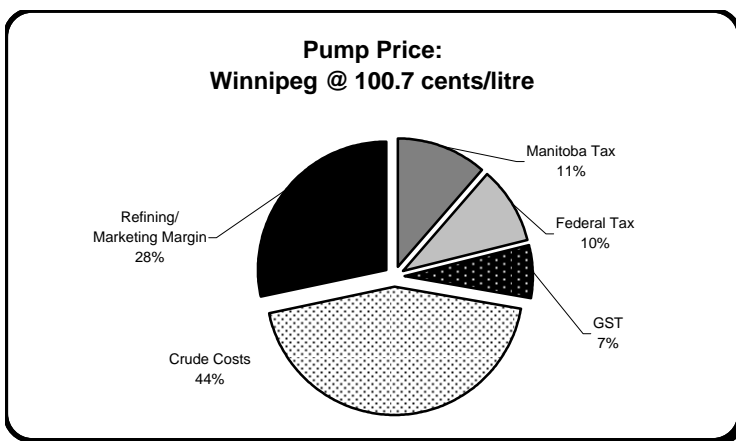
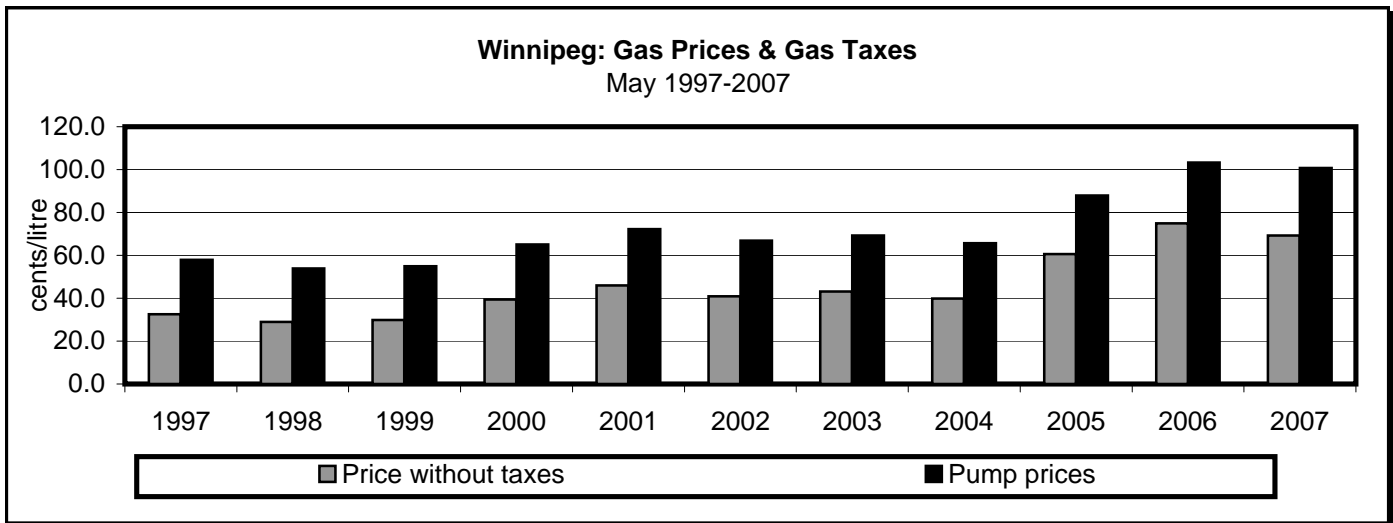
Comparative Provincial Motoring Revenues and Expenditures 1997-2007 (\$ million)

Year	Gas Tax Revenue	Fees	Federal Transfers	Total Revenue	Transport Spending	Transport Capital	Total Spending	Spending % of Revenue
1997-1998	376.9	98.8	2.5	478.2	213.0	75.6	215.5	45.1%
1998-1999	354.6	108.1	-	462.7	232.0	109.3	232.0	50.1%
1999-2000	369.0	113.3	-	482.3	236.0	106.0	236.0	48.9%
2000-2001	345.1	113.8	-	459.0	273.0	133.2	273.0	59.5%
2001-2002	354.0	117.9	-	471.9	309.0	166.3	309.0	65.5%
2002-2003	332.0	117.0	-	449.0	294.0	157.1	294.0	65.5%
2003-2004	357.0	119.0	-	476.0	243.0	78.0	243.0	51.0%
2004-2005	363.0	121.0	-	484.0	260.0	120.0	260.0	53.7%
2005-2006	370.0	130.0	-	500.0	268.0	127.0	268.0	53.6%
2006-2007	376.6	132.7	-	509.3	344.9	141.4	344.9	67.7%
2007-2008	380.3	134.9	-	515.2	433.6	185.3	433.6	84.2%

Saskatchewan: Highways & Transportation



Manitoba -- Gas Tax Facts



Fill-up		100.7 cents/litre
Capacity		50.0 litres
Total Sale	\$	50.35
Manitoba Tax	\$	5.75
Federal Tax	\$	5.00
GST	\$	3.32
Crude Costs	\$	22.45
Refining/Marketing Margin	\$	14.35
		27% Tax
		73% Costs

Fill-up at April 27, 2007 prices

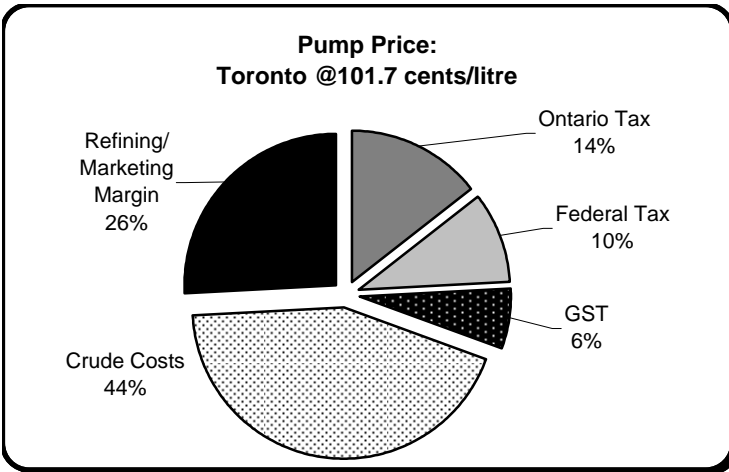
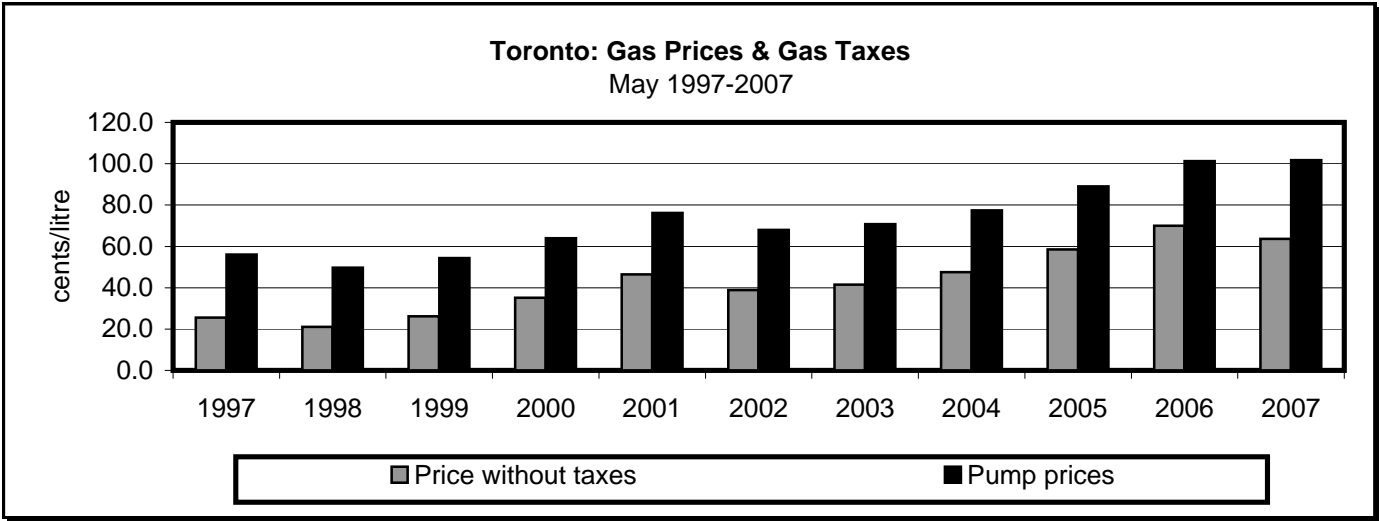
Comparative Provincial Motoring Revenues and Expenditures 1997-2007 (\$ million)

Year	Gas Tax Revenue	Fees	Federal Transfers	Total Revenue	Transport Spending	Transport Capital	Total Spending	Spending % of Revenue
1997-1998	215.9	64.0	-	279.9	224.9	n/a	224.9	80.3%
1998-1999	221.3	63.4	-	284.7	232.8	n/a	232.8	81.8%
1999-2000	221.7	68.3	-	290.0	293.9	n/a	293.9	101.3%
2000-2001	224.0	70.5	-	294.5	300.6	n/a	300.6	102.1%
2001-2002	224.0	75.5	-	299.5	319.1	n/a	319.1	106.6%
2002-2003	227.3	80.1	-	307.4	321.9	n/a	321.9	104.7%
2003-2004	231.3	88.7	-	320.0	372.0	68.0	372.0	116.3%
2004-2005	232.0	103.8	-	335.8	382.0	79.0	382.0	113.8%
2005-2006	236.0	116.0	-	352.0	401.0	n/a	401.0	113.9%
2006-2007	238.8	116.0	-	354.8	437.7	n/a	437.7	123.4%
2007-2008	231.9	117.0	-	348.9	493.4	n/a	493.4	141.4%

Manitoba: Transportation & Government Service



Ontario -- Gas Tax Facts



Pump Price Breakdown:

Fill-up		101.7 per litre
Capacity		50.0 litres
Total Sale	\$	50.85
Ontario Tax	\$	7.35
Federal Tax	\$	5.00
GST	\$	3.31
Crude Costs	\$	22.45
Refining/Marketing Margin	\$	13.20
		31% Tax
		69% Costs

Fill-up at April 27, 2007 prices

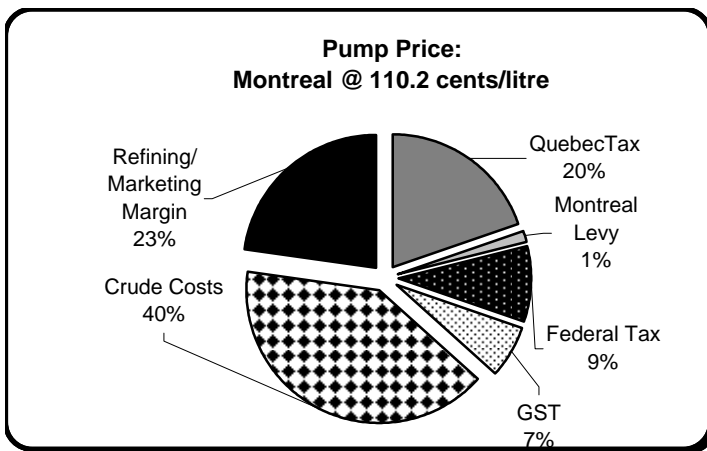
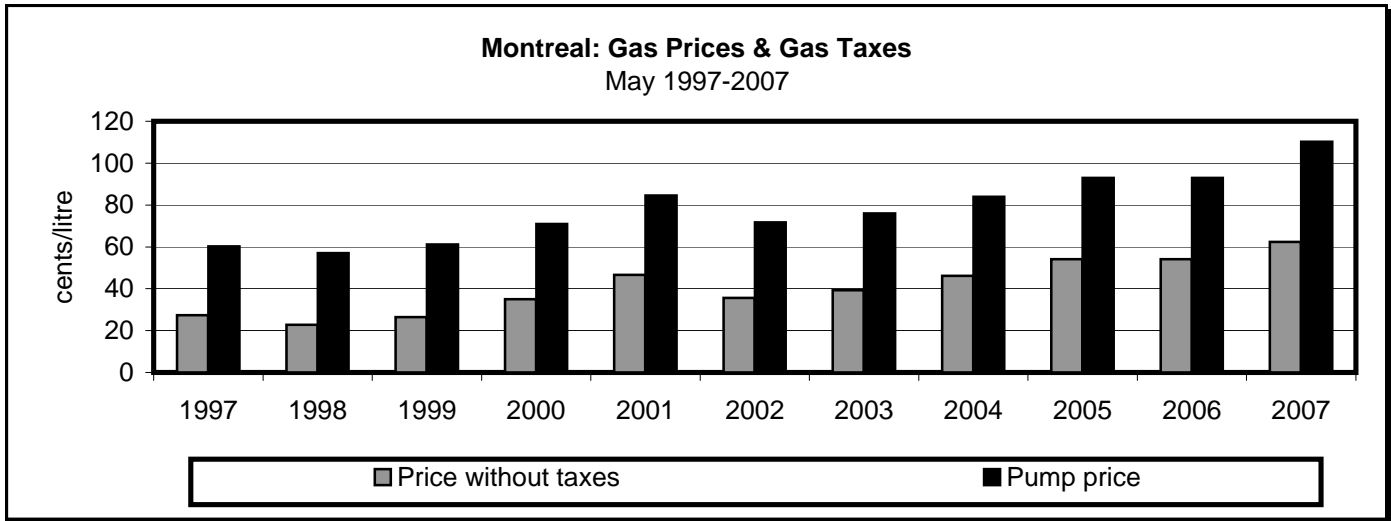
Comparative Provincial Motoring Revenues and Expenditures 1997-2007 (\$ million)

Year	Gas Tax Revenue	Fees	Federal Transfers	Total Revenue	Transport Spending	Transport Capital	Total Spending	Spending % of Revenue
1997-1998	2,591.0	820.0	32.2	3,443.2	2,774.0	2,022.0	2,806.2	81.5%
1998-1999	2,660.0	890.0	23.7	3,573.7	1,526.0	892.0	1,549.7	43.4%
1999-2000	2,819.0	911.0	-	3,730.0	1,417.0	830.0	1,417.0	38.0%
2000-2001	2,820.0	929.0	-	3,749.0	1,429.0	836.0	1,429.0	38.1%
2001-2002	2,851.0	941.0	-	3,792.0	1,482.0	818.0	1,482.0	39.1%
2002-2003	2,988.0	982.0	-	3,970.0	1,554.0	578.0	1,554.0	39.1%
2003-2004	2,945.0	985.0	-	3,930.0	1,816.0	797.0	1,816.0	46.2%
2004-2005	3,004.0	976.0	-	3,980.0	1,831.0	774.0	1,831.0	46.0%
2005-2006	3,010.0	763.0	-	3,773.0	2,188.0	1,253.0	2,188.0	58.0%
2006-2007	3,038.0	1,021.0	-	4,059.0	2,753.0	1,442.0	2,753.0	67.8%
2007-2008	3,142.0	1,032.0	-	4,174.0	1,977.0	1,549.0	1,977.0	47.4%

Ontario: Transport



Quebec -- Gas Tax Facts



Pump Price Breakdown:

		110.2 cents/litre
Capacity		50.0 litres
Total Sale	\$	55.10
Quebec Tax	\$	10.91
Montreal Levy	\$	0.83
Federal Tax	\$	5.00
GST	\$	3.64
Crude Costs	\$	22.45
Refining/Marketing Margin	\$	12.55
		37% Tax
		63% Costs

Fill-up at April 27, 2007 prices

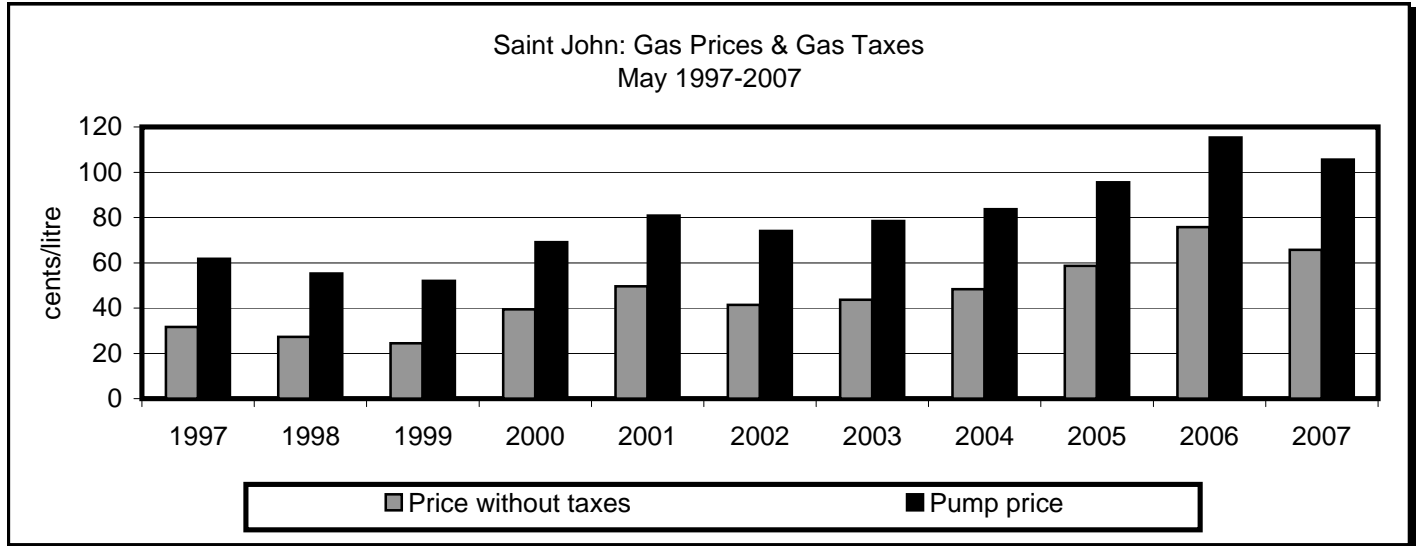
Comparative Provincial Motoring Revenues and Expenditures 1997-2007 (\$ million)

Year	Gas Tax Revenue	Fees	Federal Transfers	Total Revenue	Transport Spending	Transport Capital	Total Spending	Spending % of Revenue
1997-1998	1,486.0	641.0	36.8	2,163.8	1,363.0	n/a	1,399.8	64.7%
1998-1999	1,559.0	664.0	20.7	2,243.7	1,507.0	n/a	1,527.7	68.1%
1999-2000	1,560.0	667.0	35.7	2,262.7	1,578.0	n/a	1,613.7	71.3%
2000-2001	1,536.0	646.0	1.9	2,183.9	1,501.0	n/a	1,502.9	68.8%
2001-2002	1,536.0	662.0	7.3	2,205.3	1,443.0	n/a	1,450.3	65.8%
2002-2003	1,645.0	690.0	2.3	2,337.3	1,465.0	n/a	1,467.3	62.8%
2003-2004	1,685.0	707.0	-	2,392.0	1,550.0	n/a	1,550.0	64.8%
2004-2005	1,711.0	713.0	-	2,424.0	1,673.0	n/a	1,673.0	69.0%
2005-2006	1,657.0	725.0	-	2,382.0	1,813.0	n/a	1,813.0	76.1%
2006-2007	1,676.0	745.0	-	2,421.0	1,963.0	n/a	1,963.0	81.1%
2007-2008	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

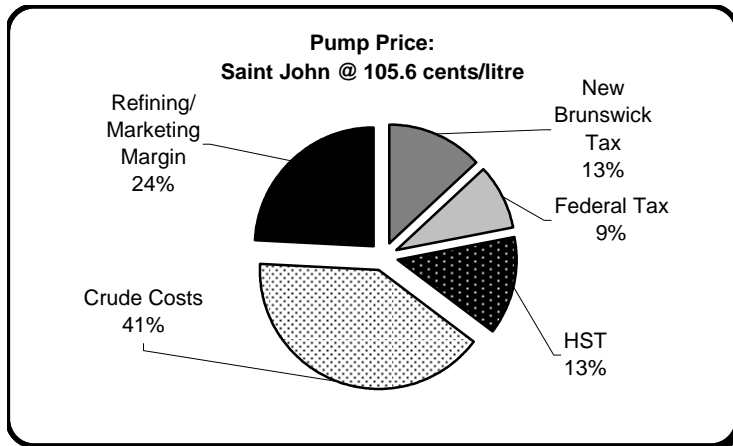
Quebec: Transports



New Brunswick -- Gas Tax Facts



Pump Price Breakdown:



Fill-up		105.6 cents/litre
Capacity		50.0 litres
Total Sale	\$	52.80
New Brunswick Tax	\$	7.25
Federal Tax	\$	5.00
HST	\$	7.39
Crude Costs	\$	22.45
Refining/Marketing Margin	\$	13.50
		35% Tax
		65% Costs

Fill-up at April 27, 2007 prices

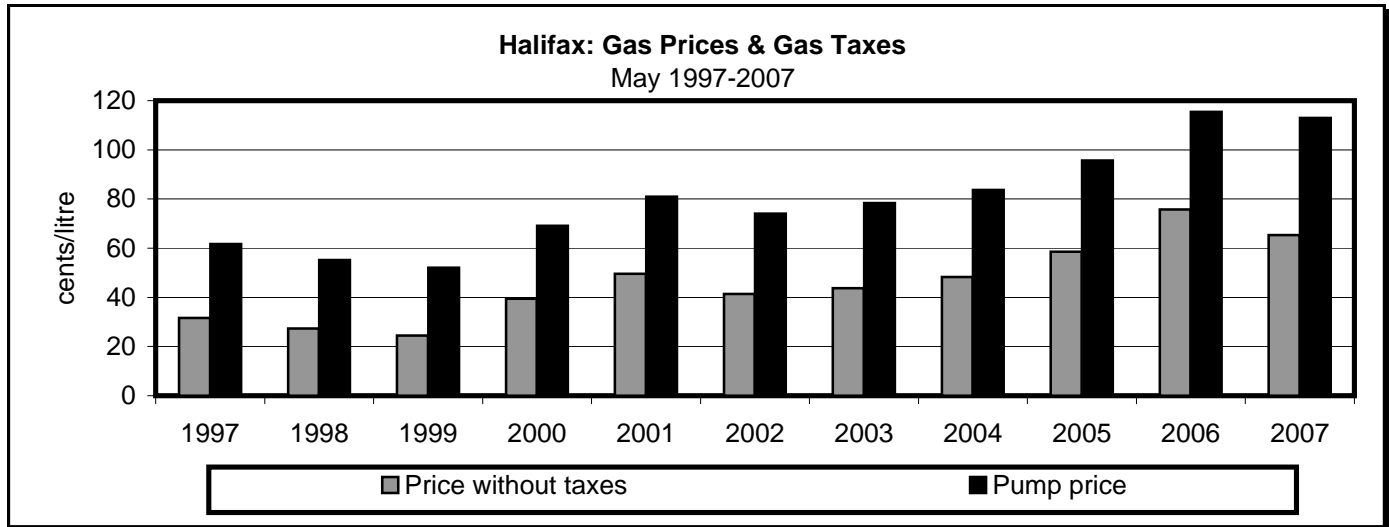
Comparative Provincial Motoring Revenues and Expenditures 1997-2007 (\$ million)

Year	Gas Tax Revenue	Fees	Federal Transfers	Total Revenue	Transport Spending	Transport Capital	Total Spending	Spending % of Revenue
1997-1998	169.0	69.7	70.5	309.2	380.0	239.2	450.5	145.7%
1998-1999	171.0	71.1	29.5	271.6	357.0	196.2	386.5	142.3%
1999-2000	185.5	78.8	35.0	299.3	356.0	198.9	391.0	130.6%
2000-2001	186.5	80.6	9.5	276.6	239.0	81.0	248.5	89.8%
2001-2002	188.0	77.4	14.9	280.3	286.0	107.0	300.9	107.4%
2002-2003	217.1	79.1	38.4	334.6	315.0	149.0	353.4	105.6%
2003-2004	235.0	78.0	-	313.0	349.0	181.0	349.0	111.5%
2004-2005	239.0	82.0	-	321.0	405.0	204.0	405.0	126.2%
2005-2006	234.0	89.0	-	323.0	402.0	249.0	402.0	124.5%
2006-2007	210.6	90.0	-	300.6	164.8	248.5	413.3	137.5%
2007-2008	191.2	84.1	-	275.3	170.8	724.4	895.2	325.2%

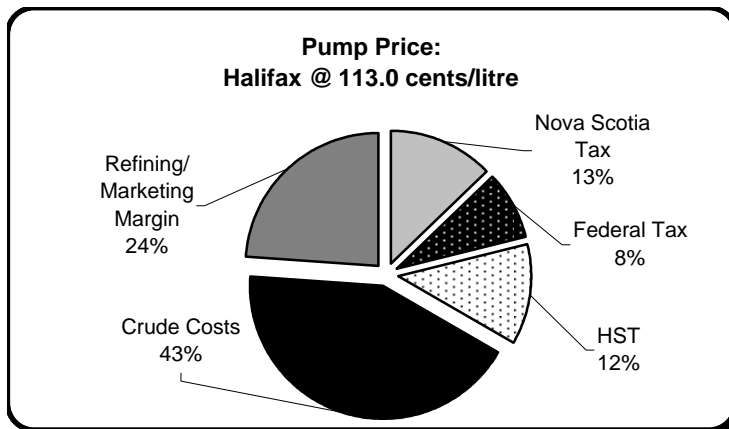
New Brunswick: Transportation



Nova Scotia -- Gas Tax Facts



Pump Price Breakdown:



Fill-up		113.0 cents/litre
Capacity	50.0 litres	
Total Sale	56.5	
Nova Scotia Tax	7.8	35% Tax
Federal Tax	5.0	
HST	7.3	
Crude Costs	25.6	65% Costs
Refining/Marketing Margin	14.4	

Fill-up at April 27, 2007 prices

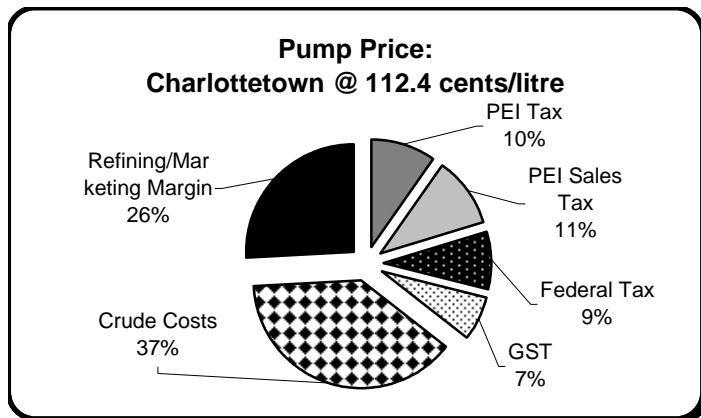
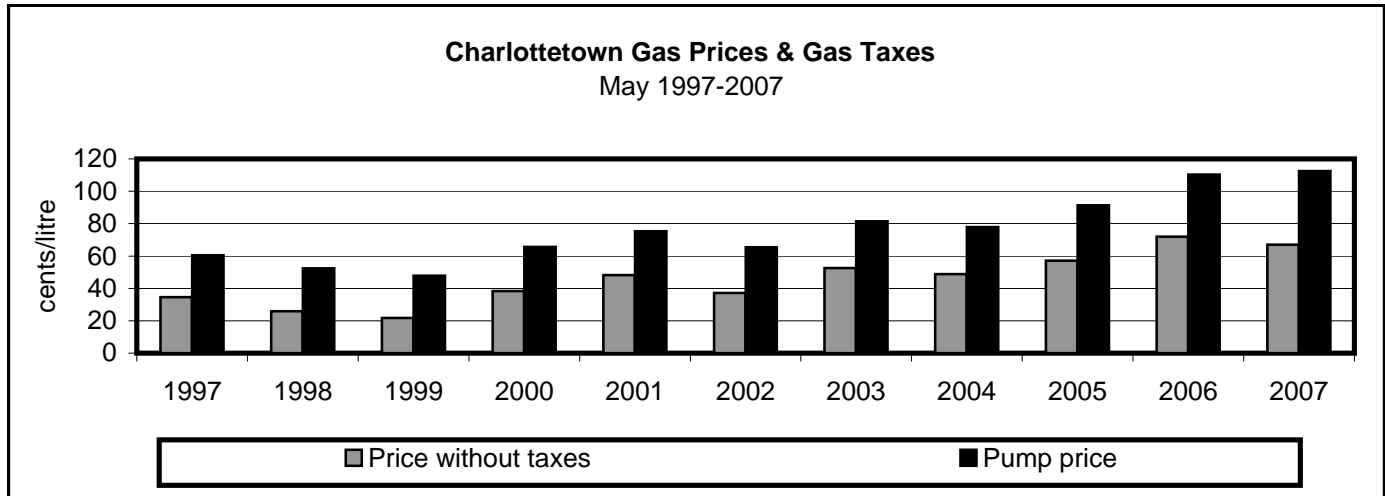
Comparative Provincial Motoring Revenues and Expenditures 1997-2007 (\$ million)

Year	Gas Tax Revenue	Fees	Federal Transfers	Total Revenue	Transport Spending	Transport Capital	Total Spending	Spending % of Revenue
1997-1998	204.1	54.9	44.4	303.4	263.0	96.9	307.4	101.3%
1998-1999	211.6	61.0	42.5	315.1	226.0	n/a	268.5	85.2%
1999-2000	219.4	61.4	7.1	287.9	236.0	n/a	243.1	84.4%
2000-2001	201.7	62.0	2.6	266.2	221.0	n/a	223.6	84.0%
2001-2002	208.0	65.1	-	273.0	234.0	n/a	234.0	85.7%
2002-2003	246.3	75.9	-	322.2	211.0	n/a	211.0	65.5%
2003-2004	250.0	76.0	-	326.0	191.0	n/a	191.0	58.6%
2004-2005	249.0	87.0	-	336.0	202.0	n/a	202.0	60.1%
2005-2006	248.3	86.0	-	334.3	277.0	n/a	277.0	82.9%
2006-2007	251.5	89.0	-	340.5	297.2	n/a	297.2	87.3%
2007-2008	252.2	90.0	-	342.2	329.0	n/a	329.0	96.1%

Nova Scotia: Transportation & Public Works



PEI -- Gas Tax Facts



Pump Price Breakdown:

Item	Value	Category
Fill-up	112.4 cents/litre	
Capacity	50.0 litres	
Total Sale	\$ 56.20	
PEI Tax	\$ 5.75	37% Tax
PEI Sales Tax	\$ 6.18	
Federal Tax	\$ 5.00	
GST	\$ 3.93	63% Costs
Crude Costs	\$ 22.45	
Refining/Marketing Margin	\$ 15.15	

Fill-up at April 27, 2007 prices

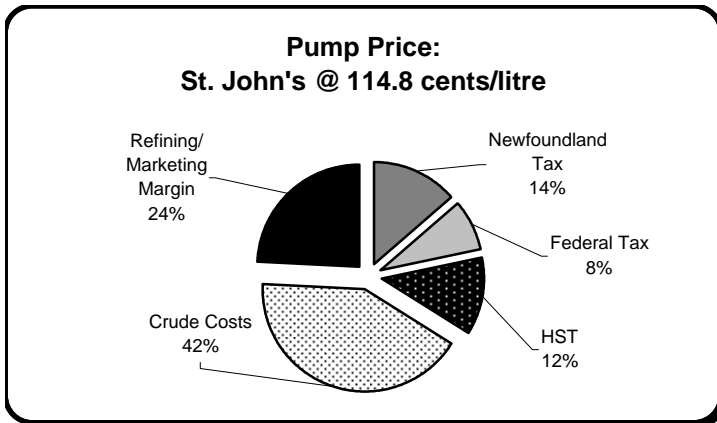
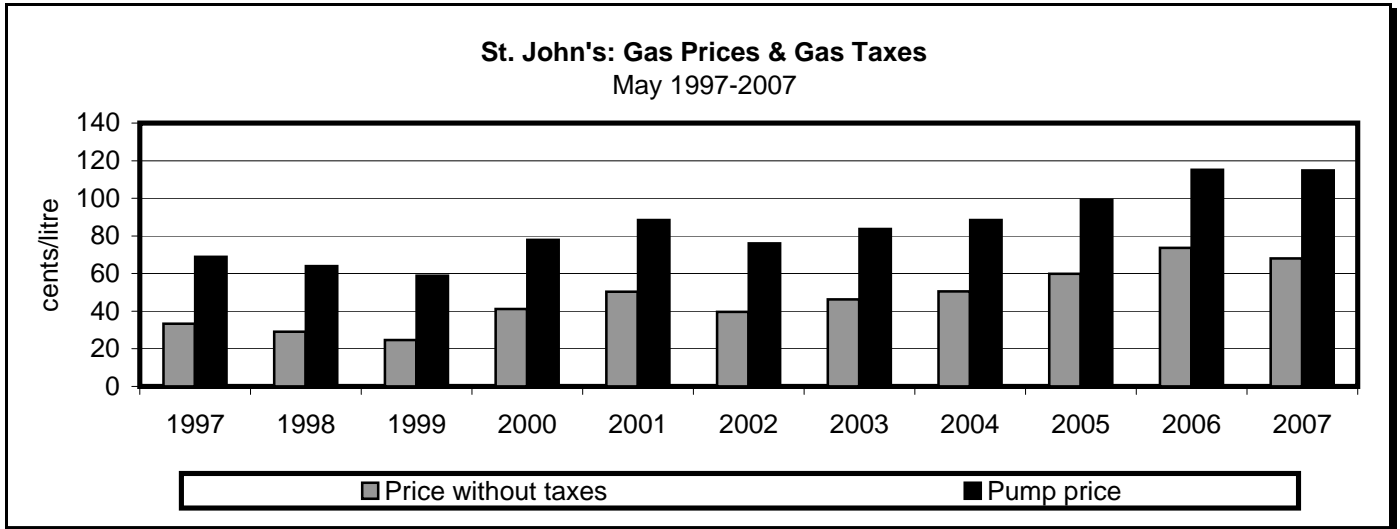
Comparative Provincial Motoring Revenues and Expenditures 1997-2007 (\$ million)

Year	Gas Tax Revenue	Fees	Federal Transfers	Total Revenue	Transport Spending	Transport Capital	Total Spending	Spending % of Revenue
1997-1998	29.5	10.3	8.9	48.7	47.0	37.0	55.9	114.9%
1998-1999	31.0	10.7	10.1	51.8	97.0	30.1	107.1	206.9%
1999-2000	33.0	11.1	49.1	93.2	114.0	32.1	163.1	175.1%
2000-2001	33.0	11.1	47.3	91.3	107.0	26.9	154.3	168.9%
2001-2002	32.0	11.9	48.6	92.5	102.0	28.9	150.6	162.8%
2002-2003	36.0	11.8	50.3	98.1	78.0	21.4	128.3	130.8%
2003-2004	36.0	11.3	-	47.3	86.0	20.0	86.0	181.7%
2004-2005	43.0	11.3	-	54.3	79.0	32.0	79.0	145.5%
2005-2006	51.0	12.0	-	63.0	80.0	23.0	80.0	127.0%
2006-2007	51.9	11.5	-	63.4	84.7	33.0	84.7	133.6%
2007-2008	52.9	11.5	-	64.4	87.4	-	87.4	135.7%

PEI: Transportation & Public Works



Newfoundland and Labrador-- Gas Tax Facts



Pump Price Breakdown:

Fill-up		114.8 cents/litre
Capacity		50.0 litres
Total Sale	\$	57.40
Newfoundland Tax	\$	8.25
Federal Tax	\$	5.00
HST	\$	7.46
Crude Costs	\$	25.60
Refining/Marketing Margin	\$	14.70
		36% Tax
		64% Costs

Fill-up at April 27, 2007 prices

Comparative Provincial Motoring Revenues and Expenditures 1997-2007 (\$ million)

Year	Gas Tax Revenue	Fees	Federal Transfers	Total Revenue	Transport Spending	Transport Capital	Total Spending	Spending % of Revenue
1997-1998	120.4	50.5	63.1	234.0	142.0	29.2	205.1	87.6%
1998-1999	121.5	49.5	67.4	238.4	145.0	26.8	212.4	89.1%
1999-2000	129.2	52.0	63.7	244.9	152.0	31.3	215.7	88.1%
2000-2001	130.4	53.0	52.0	235.3	171.0	36.8	223.0	94.7%
2001-2002	132.0	54.5	47.9	234.4	177.0	41.3	224.9	95.9%
2002-2003	136.0	56.3	-	192.3	167.0	41.1	167.0	86.8%
2003-2004	136.0	56.5	-	192.5	197.0	19.1	197.0	102.3%
2004-2005	142.0	68.6	-	210.6	227.0	15.0	227.0	107.8%
2005-2006	142.0	68.0	-	210.0	223.0	30.0	223.0	106.2%
2006-2007	145.0	70.0	-	215.0	297.3	88.0	297.3	138.3%
2007-2008	146.8	69.0	-	215.8	384.5	-	384.5	178.2%

Newfoundland: Works Services & Transportation