

# The Problems with Pricing

CTF Gas Tax Honesty Day 2016

*By Jordan Bateman, B.C. Director, Canadian Taxpayers Federation*

## Introduction

In their effort to avoid making tough decisions about reprioritizing current regional, municipal and TransLink spending, some TransLink mayors have been openly musing about road pricing.

Unfortunately for taxpayers, road pricing is just another way to get more money out of our pockets.

## Problem #1 – High Gas Taxes

The Lower Mainland has some of the highest gas prices in North America. Not coincidentally, we also have some of the highest gas taxes – only Montreal has a higher per litre gas tax than the Lower Mainland, as outlined in this year’s CTF Gas Tax Honesty Day report.

Lower Mainland gas taxes:

Federal excise	10 cents/L
Provincial excise	8.5 cents/L
TransLink	17 cents/L
BC Carbon Tax	6.7 cents/L
GST	5% (5.8 cents/L at \$1.15 gas)
<b>TOTAL TAX</b>	<b>48 cents/L</b>

Thanks to TransLink, this is higher than the rest of BC. Victoria-area gas taxes are 41 cents/L, and the rest of BC is 37 cents/L.

The provincial government is currently considering restarting carbon tax increases, which would further hike the cost of gasoline. Should the Clark government follow their climate change panel’s advice, BC’s gas tax would pass Montreal and become the highest in North America within one year.

Gas taxes are a form of road pricing. It is inaccurate to suggest we don’t have road pricing here already – at 48 cents/L we certainly do.

## Problem #2 – The Math

The TransLink mayors have made it clear that they want road pricing to not only fund those four bridges but to also fund their TransLink expansion plan. Some, notably former Surrey mayor Dianne Watts and current Delta mayor Lois Jackson, have championed putting a dollar toll on every bridge in the Lower Mainland. This simply wouldn't generate the kind of money the mayors envision.

Project	2015 Annualized Cost
<a href="#">Golden Ears</a>	\$94,052,000
<a href="#">Port Mann</a>	\$181,811,000
Massey	\$200,000,000*
Pattullo	\$95,000,000**
TransLink Mayors Plan	\$200,000,000***
<b>TOTAL \$ NEEDED ANNUALLY</b>	<b>\$770,863,000</b>

\*Projected, based on higher price tag than Port Mann project

\*\*Projected, based on the similar price tag to Golden Ears Bridge project

\*\*\*We project this at less than the \$250 million floated in the TransLink tax plebiscite campaign due to the Trudeau Government's commitment to fund 50% of it. We believe \$200 million per year is a fair estimate based on the out-of-date construction numbers (2011 estimates) used by TransLink during the vote.

All told, the TransLink mayors want to generate more than \$770 million a year in road pricing.

Bridge	Annual Crossings
Arthur Laing	28,835,000
Oak Street	32,120,000
Knight Street	35,040,000
George Massey	32,485,000
Queensborough	32,120,000
Alex Fraser	42,705,000
Pattullo	24,820,000
Port Mann	40,880,000
Pitt River	28,835,000
Golden Ears	10,950,000
Lion's Gate	22,995,000
Iron Workers Memorial	46,335,000
<b>TOTAL ANNUAL CROSSINGS</b>	<b>378,120,000</b>

Source: [Corporation of Delta](#)

The math is simple:

To generate **\$770,863,000** in revenue from **378,120,000** crossings means a toll of **\$2.04** every time a driver crosses one of those 12 bridges.

(To cover bridge costs WITHOUT a contribution to the TransLink Mayors' plan – \$570.9m – would come to \$1.51 per crossing.)

**A dollar-a-crossing toll wouldn't even cover the cost of the borrowing for the Port Mann, Pattullo, Golden Ears and Massey bridges, let alone the TransLink mayors' plan.**

Others have suggested a per-kilometre tax, charged at the time of auto insurance renewal.

According to [Metro Vancouver](#), there are **1,580,370 registered vehicles** in the Lower Mainland, including commercial trucks, motorcycles, and RVs. According to (admittedly dated) [Statistics Canada numbers](#), the average vehicle in BC was used for **12,218 km**.

We can estimate that the Lower Mainland's 1.58 million vehicles were driven 19,308,960,660 kilometres. To generate enough money to cover all bridge tolls and TransLink spending would mean a road tax of **just under 4 cents per kilometre**. That's another **\$500 a year in road taxes** for that average vehicle – on top of 48 cents/L gas taxes.

Put another way, it would cost a Langley driver \$3.60 to drive to Canada Place and back. While that's less than the current Port Mann Bridge toll, it's still far more than the "buck-a-crossing" some mayors like to talk about. And that doesn't include 48 cents/L gas taxes.

Any talk by the mayors of reducing gas taxes as part of this plan is simply talk. They want to take more money from taxpayers, not less – meaning we will all end up paying more.

### **Problem #3 – Still Unfair**

While tolling other bridges would certainly spread the pain felt by south Fraser drivers, it would not make the system fair. Vancouver would never agree to tolling their Granville, Burrard or Cambie bridges, and even if they did, some traffic would divert to Main St. to avoid it.

Drivers who went long distances without having to cross a bridge – say, Langley to Delta – would pay less than those who went just a few blocks but had to cross a bridge to do it.

Further, the Lion's Gate Bridge was tolled for 25 years. Is it fair to again toll a bridge that was already paid for?

## **Problem #4 – Privacy**

There are also privacy concerns with road pricing. Going to a GPS model would mean government could track everywhere your vehicle went. Even logging bridge crossings could be an invasion of privacy. Given the legitimate and frightening concerns over Compass cards expressed by groups such as the [Battered Women's Support Services Society](#), it's important to safeguard the personal privacy of Lower Mainlanders.

How much should government know about where you're coming and going? And how would they protect this data, given several high-profile incidents of government failure over private information leaks?

## **Taxpayers' Conditions for Road Pricing**

So under what circumstances should taxpayers allow road pricing?

1. *The people must vote to approve.* This is a new form of taxation and therefore must be approved by voters. Without that approval, there is no social licence for this form of taxation.
2. *All bridges must be included.* If pricing is done through bridge tolls, it must include the City of Vancouver bridges.
3. *Privacy protection.* Government must enhance its level of protection and concern around people's privacy.
4. *Revenue neutrality.* TransLink should not be taking more money from taxpayers. Gas taxes must be cut at an equal amount to the money generated by road pricing.