



INFRASTRUCTURE SPOTLIGHT: THE GAS TAX FUND

Local Projects, Long-Term Results

The Gas Tax Fund is a key federal infrastructure program and part of the Building Canada Plan. From Bonavista, Newfoundland to Prince George, British Columbia to Tuktoyaktuk, Northwest Territories, the Gas Tax Fund is making a difference in communities across Canada. To date, over 3,600 municipalities have benefitted from the financial support and flexibility the program offers.

Each year, the Gas Tax Fund supports Canadian municipalities by providing predictable, long-term funding for local infrastructure priorities. Program categories include drinking water and wastewater systems, solid waste management, community energy systems, public transit, local roads, and capacity building.

"The permanent Gas Tax Fund has been absolutely critical for our cities and communities. The fund has invested billions of dollars in confronting the decline of our municipal infrastructure - from delivering on clean drinking water to public transit, from roads and bridges to waste water facilities. These investments have helped our cities and communities create jobs and grow the economy."

**– Berry Urbanovic, President,
Federation of Canadian Municipalities**

On April 1, 2009, the Government of Canada doubled Gas Tax Fund payments from \$1 billion to \$2 billion per year for Canada's municipalities. On December 15, 2011, federal legislation made the Fund a permanent source of federal infrastructure support beyond 2014.

Since its inception, over 13,000 projects across Canada received funding. These projects create jobs and economic growth and help Canadian communities achieve positive results for the environment, such as cleaner air, cleaner water and reduced greenhouse gas emissions.

Newfoundland and Labrador Integrating Solid Waste Systems

St. John's launched its curbside recycling program the day the new Materials Recovery Facility opened at the Robin Hood Bay Waste Management site. The facility receives and processes recyclable materials from the cities of St. John's and Mount Pearl and serves the residents of Conception Bay South, Logy Bay-Middle Cove – Outer Cove, Pouch Cove, Paradise and communities as far west as Clarenville – and has the capacity to accept more materials. The overall cost to redevelop Robin Hood Bay into an integrated waste management facility was \$53.2 million, with \$40.2 million coming from the Gas Tax Fund.



An innovate program designed to meet local infrastructure needs

The Gas Tax Fund offers a flexible approach to infrastructure financing. Municipalities receive funding up front, twice a year, through provincial and territorial governments, or municipal associations which deliver funding within a particular province.¹ Communities choose projects locally and prioritize them according to their needs. In particular, smaller municipalities with limited capital infrastructure budgets benefit because funding is delivered before money is spent. Reliable, up front funding provides greater certainty for municipalities to plan and carry out projects.

"The flexible, long-term and predictable nature of Canada's Gas Tax Fund is one of the best ways to help municipalities invest in local priority projects. Whether it's a bridge in Hamilton or solar panels in Wawa, projects funded by Canada's Gas Tax are contributing to economic development and environmental sustainability across Ontario."

– Gary McNamara, President,
Association of Municipalities of Ontario

"For our islands, ground water is the only source of potable water. These funds allow us to upgrade our groundwater infrastructure and ensure their reliability for a 35-year horizon."

– Mayor Joël Arseneau, Magdalen Islands, QC

Funds can also be pooled, banked and borrowed against, providing significant financial flexibility. As a result, from 2005 to 2011, municipalities earned over \$88 million in interest, an additional sum that can be used to fund local infrastructure renewal. Municipalities can also save for large scale projects in the future.

District Energy Sharing System in British Columbia

With almost \$3 million from the Gas Tax Fund, the Panorama Recreation Centre is now heated by an energy sharing system built at the Capital Regional District's Saanich Peninsula Wastewater Treatment Plant. The system captures thermal energy from wastewater and transfers it to clean water by using heat exchangers. The Centre saves an estimated \$77,000 in annual energy costs and reduces annual greenhouse gas emissions by 560 tonnes thanks to this project.



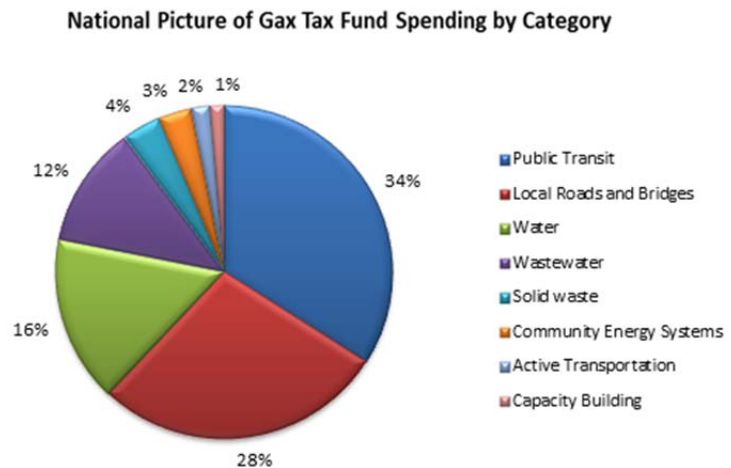
(photo courtesy of the
Capital Regional District)

¹ Gas tax funding for Toronto is flowed directly to the City.

Investing in Growth and Renewal

Thanks to the Gas Tax Fund, approximately \$4.8 billion² in key municipal infrastructure investments took place since the program began.

Project Category	Total Spent
Public Transit	\$1,620M
Local Roads and Bridges	\$1,336M
Water	\$764M
Wastewater	\$561M
Water & Wastewater	\$14M
Solid waste	\$178M
Community Energy Systems	\$151M
Active Transportation	\$87M
Capacity Building	\$65M



"The Gas Tax Fund has helped the Regional District of Central Kootenay to upgrade over 20 drinking water systems in our region. Not only have these projects improved water quality generally, in some cases, communities that have been on boil water advisories for years can once again drink their tap water. In rural communities with a limited property tax base, the Gas Tax Fund is helping us replace and upgrade these systems sooner than would be possible otherwise. This program is directly improving the quality of life for residents in the Central Kootenay region."

– John Kettle, Chair of the Regional District of Central Kootenay, BC

² This national picture is based on the total project expenditures reported by provincial/territorial totals from the 2005/2006 – 2010/2011 reporting periods. It should be noted that reporting periods can vary slightly by jurisdiction, and may occur a year or more after funds have been allocated or flowed by the Government of Canada. Furthermore, recipients are permitted to bank and pool funding, not all funding is directed to projects immediately upon reception. As a result, reported expenditures are significantly lower than total funding allocated or flowed by the Government of Canada.

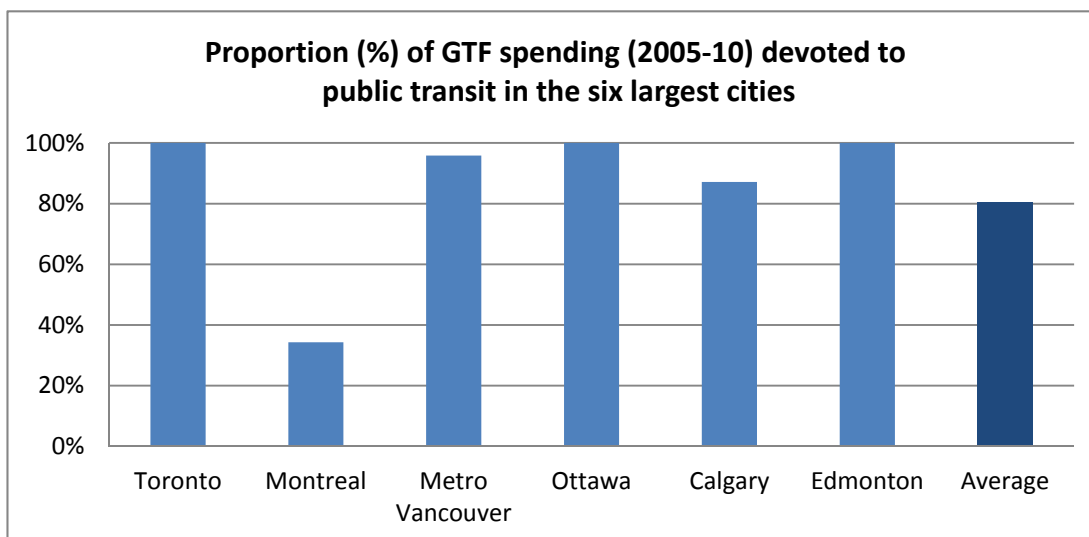
New Brunswick Upgrading Water and Wastewater Infrastructure

Using about \$2.1 million from the Gas Tax Fund, the City of Bathurst upgraded its water and sanitary sewer systems on King Avenue. With new water distribution lines installed and storm and sanitary sewer systems separated, the process at the Wastewater Treatment Plant has been improved to meet provincial effluent quality standards.

Additional benefits include an improved street surface and energy efficiency for wastewater collection and treatment. The City also expects the new water distribution system to improve the quality of drinking water.



The types of investment vary significantly by size of municipality. Smaller communities invest in infrastructure priorities across all of the program's categories. In Canada's six largest cities, about 80 percent of the funding goes toward public transit.



Making Transit Accessible in Ontario

The Gas Tax Fund allowed the Region of Peel to improve the commuter experience for residents requiring special assistance by providing newer vehicles and better service for TransHelp, its accessible transportation service. Some 2,000 new customers and an 8 to 10 percent annual increase in trip capacity resulted, with a record 400,000+ trips reported in 2010.



(photo courtesy of the Association of Municipalities of Ontario)

"The Gas Tax Fund is an integral part of the Town of Halton Hills' long term financial plan for municipal infrastructure management. The Town has focused the use of Gas Tax funds on rural roads and bridges. The GTF has allowed the Town to repair two bridge structures, improving their condition and safety. A number of additional structures are in various stages of design and pending construction through the utilization of the GTF. One significant project was a major bridge crossing of the Credit River that provides the primary access into Glen Williams."

– Mayor Rick Bonnette, Town of Halton Hills, ON

The Gas Tax Fund at Work in Canada's North

The North receives funding as a fixed amount instead of an allocation based on population. This simple but important difference means that less populated jurisdictions receive sufficient funds to build and revitalize local infrastructure. Yukon, the Northwest Territories and Nunavut received \$52.5 million each from the Gas Tax Fund since the program began.

"Northwest Territories communities face many challenges; however, the Gas Tax Fund has proved an essential tool for building capacity toward more sustainable communities, enriching our quality of life and improving the standard of living for Northwest Territories residents. The base plus per capita formula of the program has allowed even our smallest, most isolated, communities the ability to begin to address their infrastructure deficit."

– Gordon Van Tighem, President, Northwest Territories Association of Communities

Iqaluit, Nunavut: from Dam to Treatment Plant

The city of Iqaluit draws water from the Lake Geraldine reservoir. The lake is dammed and water is piped from the reservoir to the water treatment plant. After treatment, residents receive water through an extensive piping system or by water truck.

The system had performed well beyond its expected life span but, due to population growth and increased demand, could no longer meet the city's needs. By replacing the piping, the City of Iqaluit will have a dependable supply of safe drinking water for years to come.



(photo courtesy of the Government of Nunavut)

"The Gas Tax Fund has been extremely beneficial to the City of Whitehorse and we appreciate the certainty associated with the funding and the clear criteria for projects. Flexibility with transit bus purchases allowed us to retain our equipment replacement fund and supplement the fleet replacement so our fully accessible goal was reached earlier than if we had to fund all units from own sources".

– Mayor Bev Buckway, City of Whitehorse, YK

In addition to building environmentally sustainable infrastructure, the Gas Tax Fund plays an important role in supporting capacity-building initiatives in northern communities, including long-term community planning. Nowhere is local infrastructure planning more challenging and complex than in Canada's northern territories, given the remote location, sparse population and northern climate. With limited access to planning resources and expertise, funding for capacity building and planning is even more important.



Planning for Long-Term Community Sustainability in Yukon

The Little Salmon/Carmacks First Nation used money from the Gas Tax Fund to develop a community planning program and establish sustainability goals. They completed two key community infrastructure planning projects that focused on land development and community housing needs. Planning sessions were held during a special General Assembly with the Chief and Council, Directors and staff in attendance. A newsletter kept citizens informed and provided opportunity for input. As a result, the Little Salmon/Carmacks First Nation Integrated Community Sustainability Plan was able to include new areas of focus: public transit, walking trails, drinking water, sewage, recycling, solid-waste management, green energy projects, community energy systems, energy efficiency upgrades for buildings and other community infrastructure needs.

Moving Forward

From coast to coast, to coast, the Gas Tax Fund plays an important role in supporting infrastructure renewal and creating jobs in communities large and small. In December 2011, the Government of Canada passed legislation to make the Gas Tax Fund a permanent source of federal infrastructure funding for Canadian municipalities. This ongoing funding will continue to deliver results for local infrastructure priorities for years to come.

In addition to making the Gas Tax Fund permanent, the Government of Canada is committed to working with provinces, territories, the Federation of Canadian Municipalities and key stakeholders to develop a new long-term plan for public infrastructure. In November 2011, the Honourable Denis Lebel, Minister of Transport, Infrastructure and Communities launched a formal engagement process for the development of the new plan.

In the summer and fall of 2012, the Government of Canada will have in-depth discussions to explore the broad principles, priorities and future directions for a new plan that will focus on infrastructure investments that support long-term economic growth and prosperity, while encouraging greater private sector involvement and ensuring affordability, sustainability and better value for taxpayers. Working together with partners will ensure that Canada has a strong public infrastructure foundation – now and for the future.

For additional information about the Government of Canada's Engagement Process for the development of a new Long-Term Infrastructure Plan, visit: <http://www.infrastructure.gc.ca/plan/plan-eng.html>.

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Cette publication est également disponible en français : *L'accent sur l'infrastructure : Le Fonds de la taxe sur l'essence.*