

November 2013

## INFRASTRUCTURE SPOTLIGHT: THE FEDERAL GAS TAX FUND

### Local projects—long-term results

The federal Gas Tax Fund (GTF) is a key component of the New Building Canada Plan, as announced in Economic Action 2013. The renewed GTF will provide \$21.8 billion dollars over the next 10 years to assist Canadian municipalities with their infrastructure priorities.

Each year, the GTF assists municipalities by providing predictable, long-term, stable funding for local infrastructure projects. From Gander, Newfoundland—Labrador to Whitehorse, Yukon, the GTF is making a difference in communities across Canada. To date, more than 3,600 municipalities have benefited from the financial support and flexibility the program offers.

The GTF was originally designed to provide municipalities with \$5 billion in predictable funding over five years. However, since 2006, the program has been extended, doubled from \$1 billion to \$2 billion annually, and legislated as a permanent source of federal infrastructure funding for municipalities. As announced in Economic Action Plan 2013, the GTF is being indexed at 2 percent per year, which means that it will grow by \$1.8 billion over the next decade.

The list of eligible project categories is also being expanded to give Canadian municipalities even more flexibility to invest in their local infrastructure priorities. The GTF eligible project categories currently include drinking water and wastewater systems, solid waste management, community energy systems, public transit, local roads, and capacity building. The renewed Gas Tax Fund, taking effect in 2014, will expand the eligible categories to include highways, local and regional airports, short-line rail, short-sea shipping, disaster mitigation, broadband, brownfield redevelopment, recreation, culture, tourism and sport.

### Eco-friendly community hub in Ontario

Richmond Hill used a portion of its federal Gas Tax Fund to build the new Oak Ridges Community Centre. Accessible to people with disabilities, the 5,574-square-metre facility has a six-lane leisure pool, a fitness and aerobics studio and a 650-square-metre gymnasium. Two general program rooms, a kitchen and an administration area complement the list of amenities. The building incorporates numerous green features and was built to a Silver Standard of Leadership in Energy and Environmental Design. This led to its selection by the Association of the Municipalities of Ontario (AMO) for a 2013 AMO Gas Tax Award, which recognizes projects that help reduce greenhouse gas emissions.



## An innovative program designed to meet local infrastructure needs

The GTF offers a flexible approach to infrastructure financing. Municipalities receive funding up front twice a year through provincial and territorial governments or the municipal associations designated to deliver funding in the province.<sup>1</sup> Communities choose projects locally and prioritize them according to their needs. Smaller municipalities with limited capital infrastructure budgets particularly benefit because funding is delivered before money is spent. This reliable, up-front funding provides greater certainty for municipalities to plan and carry out large-scale projects.

Funds can also be pooled, banked and borrowed against, providing significant financial flexibility. As a result, up to 2012, municipalities earned more than \$88 million in interest, an additional sum that can be used to fund local infrastructure renewal.

### Revitalizing a critical Red River crossing in Manitoba

Winnipeg applied a portion of its annual Gas Tax Fund allocation to rehabilitate the Disraeli Bridge, the City's primary Red River connection between the downtown core and northeastern parts of the city. The new bridge is easing traffic congestion, will last about 75 years and can accommodate a potential future expansion to six lanes. A new Canadian Pacific Rail overpass on the south side of the bridge was also part of the project along with a new footbridge lined with public art displays, rest areas and interpretive lookouts to encourage more active forms of transportation.



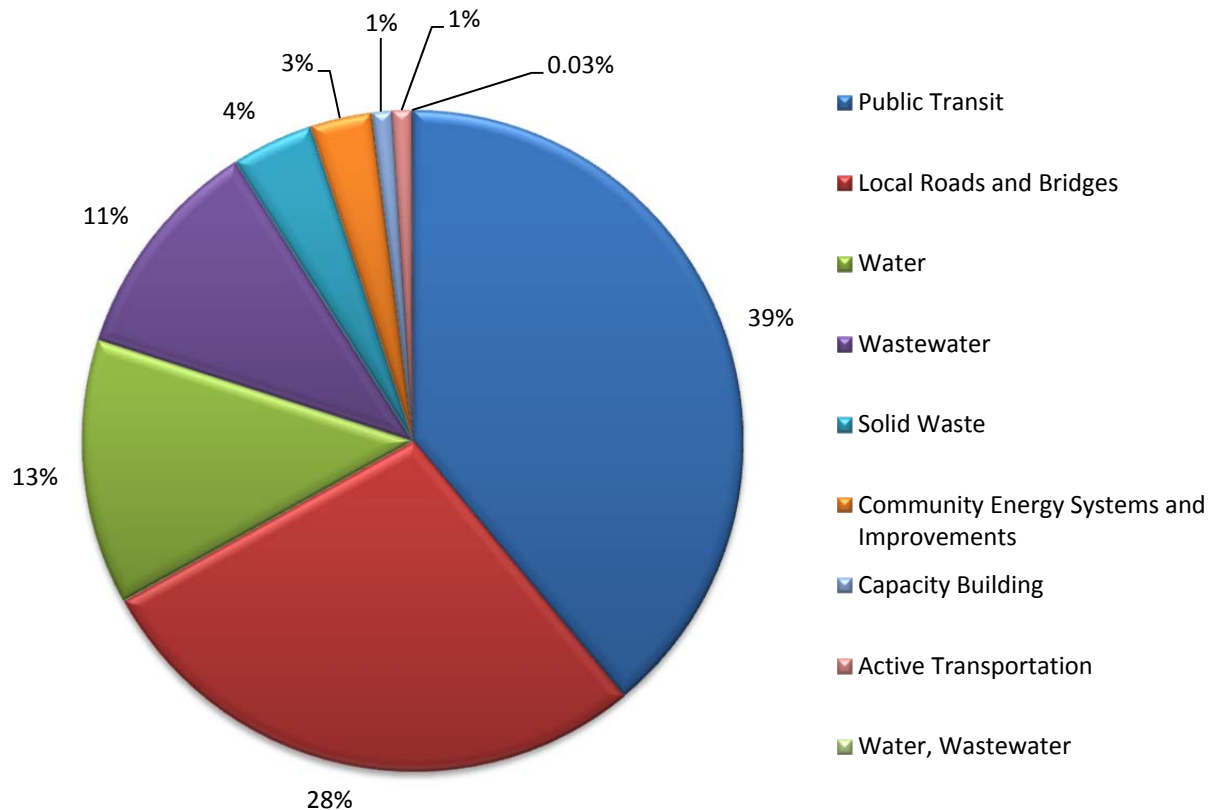
## Investing in Growth and Renewal

Since the Gas Tax Fund was initiated, about \$13 billion has been made available to support key municipal infrastructure projects. The table below identifies the major spending areas reported by municipalities to the end of 2011.

Project Category	Total Spent
Public Transit	\$2,397,694,691
Local Roads and Bridges	\$1,720,371,772
Water	\$816,883,990
Wastewater	\$647,897,355
Solid Waste	\$224,079,385
Community Energy Systems	\$187,493,128
Capacity Building	\$71,622,743
Active Transportation	\$37,452,401
Water, Wastewater	\$18,618,039

<sup>1</sup> Gas tax funding for Toronto flows directly to the City.

## National Picture of Gas Tax Fund Spending by Category as reported in May 2013



### Improving city planning in British Columbia

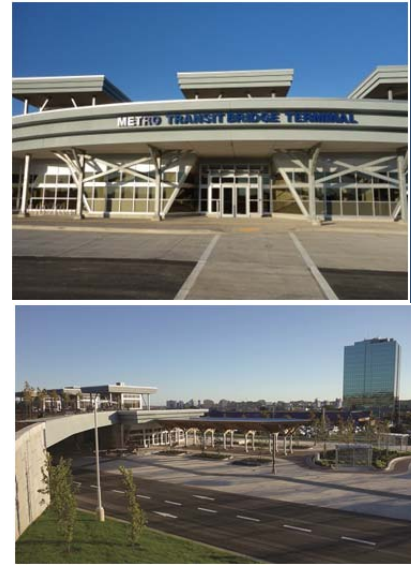
The City of Revelstoke used financial support from the federal Gas Tax Fund to implement an innovative approach to community planning that will result in a Unified Development Bylaw, one of the first to be used in Canada. The bylaw will support the sustainability principles adopted under the City's Official Community Plan, including the decentralization of Revelstoke through the creation of several neighbourhood centres. One of Revelstoke's goals is to plan a series of walkable neighborhoods, integrating residential, office and retail development with public plazas and pedestrian-oriented transportation.



The types of projects vary significantly by municipality and province or territory. Smaller communities generally invest in infrastructure priorities from the full range of the program's categories. However, in Canada's six largest cities, almost 90 per cent of the funding goes toward public transit.

## Huge boost for Nova Scotia commuters

To expand and improve its transit services, the Halifax Regional Municipality used part of its Gas Tax Fund allocation to build a new bus terminal at one of its busiest transfer points in Dartmouth. Transit users now have an indoor, climate-controlled shelter that is fully accessible and includes public washrooms, enhanced customer information displays, space for vendors, a private room for drivers, and bike storage facilities. With 16 distinct, glass-covered bus bays, the terminal is also much easier for drivers and passengers to manoeuvre around, which is improving transit times and reducing the risk of accidents. A new pedestrian bridge connecting nearby streets to the terminal rounds out the features, along with remote security cameras to improve safety and a number of energy-saving features, including a “green” roof.



## The federal Gas Tax Fund at work in regions with low populations

Prince Edward Island and the territories receive funding as a fixed amount instead of an allocation based on population. This simple but important difference means less populated parts of Canada also receive sufficient funds to build and revitalize their local infrastructure. Since the beginning of the program, \$390 million has been allocated to PEI, Yukon, the Northwest Territories and Nunavut for GTF projects.

## Keeping people moving in Prince Edward Island

In the small community of Cardigan, Gas Tax Fund support went towards replacing a crucial local crossing. The Cardigan River Bridge was more than 60 years old and lacked certain key safety features. The new bridge includes a sidewalk to facilitate pedestrian crossings. The longer 25-metre span of the bridge also reduces water stagnation, which helps improve water quality in the Cardigan estuary.



## Solar panels maximize energy efficiency in the Northwest Territories

The local youth centre in the Hamlet of Paulatuk is one of a number of facilities in the Northwest Territories now capturing solar rays to feed electricity back to the power grid. In recent years, solar power has been gaining prominence across the Northwest Territories as an alternative source of electricity. Solar panels work well in sub-zero temperatures and the reflection of the sun's rays off the surrounding snow often causes the panels to surpass their expected energy output. In addition to supplementing traditional energy sources, solar-powered systems can provide revenue to further offset other high fuel

costs. In helping a key local youth resource function more efficiently, the federal Gas Tax Fund has also enabled savings that could be invested into expanding the centre's programs and services in the future.

## Moving Forward

As part of Economic Action Plan 2013, the Government of Canada announced it would be investing an unprecedented \$70 billion in public infrastructure, including the 10-year, \$53 billion New Building Canada Plan. The GTF forms the largest component of the new Plan. Economic Action Plan 2013 also announced that, starting in 2014, the GTF will be indexed at 2 percent per year with increases to be applied in \$100-million increments. From 2014-2015 to 2023-24, this represents \$21.8 billion in flexible, long-term funding for municipal infrastructure over the next ten years.

Municipalities will also have greater flexibility in terms of the types of projects eligible for GTF investments. Categories will be expanded to include culture, tourism, sport, and broadband infrastructure, as well as disaster mitigation measures and brownfield redevelopment projects, among others.

Since its inception, more than 15,000 projects across Canada have received federal Gas Tax funding. Infrastructure projects create jobs and economic growth and help Canadian communities achieve positive results for the environment.

For additional information about the Government of Canada's New Building Canada Plan, visit <http://www.infrastructure.gc.ca/plan/plan-eng.html>.

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