



# TRIP/Canada

THE ROAD & INFRASTRUCTURE PROGRAM OF CANADA  
“A Special Committee of the Canadian Construction Association”

## TRIP CANADA WELCOMES DETAILS ON GAS TAX SHARING; WARNS OF POTENTIAL PITFALLS

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**OTTAWA** – The Road and Infrastructure Program of Canada (TRIP Canada), today welcomed the Government of Canada’s announcement that it has agreed on the framework for the gas tax sharing arrangement to invest in municipal infrastructure. Yesterday’s announcement by Infrastructure Canada contained a number of details of how the gas tax sharing arrangement would be implemented, including 5-year projected funding amounts.

The announcement confirmed that money to implement the gas tax arrangement will be allocated in the 2005 federal budget. It also announced that funds from the gas tax will be directed at “environmentally sustainable municipal infrastructure”, which includes mass transit, water and sewer systems, rehabilitation of roads and bridges, and solid waste management. More specific kinds of infrastructure that may be eligible for funding would be identified in bilateral federal-provincial agreements that are currently under negotiation.

However, TRIP Canada today identified two shortcomings in the announcement. These include:

- The announcement confirms that the amount of gas tax funds to be transferred will equal five cents within five years – but the years leading up to Year 5 will be much lower amounts. As stated by Infrastructure Minister John Godfrey, the first two years of the arrangement will be “skinny” years. Given a forecast surplus of \$9 billion in FY 2005, and given that the government consistently underestimates the size of its surplus, TRIP Canada is calling on the government to ramp up to 5 cents over a shorter timeframe.
- The announcement makes no mention of whether or how existing bilateral infrastructure programs will be replenished. Initiatives such as the Strategic Highways Infrastructure Program, the Border Infrastructure Program, the Canada Works Infrastructure Program, etc. will have soon exhausted their funding allocations. Given that the federal government is demanding that municipalities ensure that gas tax money is incremental to their capital works budgets, it is only logical that incrementality start with the federal government. As such, TRIP Canada is calling on the government to provide stable, long-term funding to these programs - in addition to the gas tax.

TRIP Canada can provide more detailed analysis of this announcement following the release of the 2005 federal budget. A copy of yesterday’s announcement can be obtained at the following website:

[http://www.infrastructure.gc.ca/ndcc/publication/newsreleases/2005/20050201ottawa\\_e.shtml](http://www.infrastructure.gc.ca/ndcc/publication/newsreleases/2005/20050201ottawa_e.shtml)

TRIP Canada is a Special Committee of the Canadian Construction Association. It is comprised of ten provincial roadbuilding and heavy construction associations, as well as the Ontario Sewer and Watermain Construction Association.

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