

Canadian
Automobile
Association
(Saskatchewan)

2008

Annual Review of Saskatchewan Highways
and Infrastructure Revenues and Expenditures

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2008

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Regina, Saskatchewan S4R 5E2

Attention: Lisa Wilson-Sturm

We would like to thank you for the opportunity to undertake this project for your organization. We trust that the following report will satisfy the agreement made between us, and hope that the information contained in this report will be useful to your organization as was intended.

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Information for this report was gathered through published secondary research sources, including government documents available through the Annual Reports or Public Accounts in select provinces. The consultants have presented an independent third party review of fact, and drew no conclusions. It is the responsibility of the client organization to fully consider the findings of this study as one source of many in their decision making process.

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1.0 Introduction

On behalf of motorists in Saskatchewan, the Canadian Automobile Association (CAA) in this province has commissioned an annual review of the Revenues and Expenditures in the Saskatchewan Ministry of Highways and Infrastructure (formerly the Department of Highways and Transportation). This review examines the revenues collected by the Provincial Government through direct taxation and fees to motorists, and the expenditures allocated to construction and maintenance of the provincial highway infrastructure. The purpose of this report, in its fifteenth consecutive year, is to highlight the provincial budget in this area to allow for analysis of trends in revenues and expenditures, including a comparison of estimated expenditures to actual expenditures. Information in this report includes a rolling ten-year review of the actual figures for the fiscal years ending in 1999 to 2008, with estimates for the fiscal year ending 2009. Figures from Alberta and Manitoba are also included to facilitate comparisons among the provinces.

CAA commissioned an independent consultant to provide objective third-party research for this updated annual review. It is recognized by the researchers and CAA that the *gross amount* of expenditures is not necessarily related to the *appropriateness* of those expenditures; however, it is suggested that there is a strong correlation between the level of financial outlay and the quality of the highway infrastructure.

Information in this and preceding CAA reports was obtained through secondary research that included the following sources:

- Saskatchewan Highways and Infrastructure Annual Reports
- Saskatchewan Public Accounts
- Saskatchewan Budget Estimates
- Saskatchewan Ministry of Finance
- Manitoba Annual Reports and Public Accounts
- Manitoba Budget Estimates
- Alberta Annual Reports
- Alberta Budget Estimates
- Canadian Taxpayers Federation Internet site at:
www.taxpayer.com
- Official government Internet sites at:
 - *www.gov.sk.ca/*
 - *www.gov.mb.ca/*
 - *www.alberta.ca/home/*

2.0 Historical Revenues and Expenditures Data

Revenues

Motorist-Derived Revenue Sources

In 2008, motorists in Saskatchewan paid \$362.3 million in fuel taxes, and \$140.6 million in motor vehicle fees.

The actual motorist-derived revenue figures for the past 10 years are presented in Table 1 that follows, along with the estimated figures for 2009. Fuel Tax Revenue is highlighted in column A and Motor Vehicle Fees Revenue is highlighted in column B. These two sources of revenue are estimated to be \$510.9 million in 2009. Of this, \$369.4 million (72.3%) is expected to come from fuel taxes and the balance of \$141.5 million (27.7%) is expected to come from motor vehicle fees.

Table 1 – Historical Highways & Infrastructure Revenues (in \$000s)

	(A) Fuel Tax Revenue ¹	(B) Motor Vehicle Fees Revenue	(A) + (B) Total Motorist-Derived Revenues	Percentage Increase / (Decrease) Over Prior Year
2009*	369,395 ^H	141,500 ^H	510,895 ^H	1.57%
2008	362,346	140,631	502,977	4.90%
2007	340,572	138,908	479,480	2.42%
2006	332,974	135,183	468,157	6.22%
2005	319,191	121,549	440,740	1.65%
2004	314,157	119,412	433,569	5.91%
2003	292,421 ^L	116,964	409,385 ^L	(3.91)%
2002	308,163	117,898	426,061	1.19%
2001	307,220	113,844	421,064	(5.27)%
2000	331,212	113,300	444,512	5.33%
1999	313,942	108,075 ^L	422,017	

*Estimated figures. ^L Lowest amount for period studied. ^H Highest amount for period studied.

¹ For the purposes of this report, Fuel Tax Revenue is calculated by taking the Fuel Tax figure published in the Public Accounts, and subtracting the non-road use fuel taxes associated with railway, aviation, and non-road propane.

Other Revenue Sources

The Government of Saskatchewan receives funding from various federal government programs that benefit the provincial transportation system. In 2008, the province received federal assistance through the following programs:

The federal government contributed over \$10 million to the province through various transportation funding programs.

- National Roadside Survey: In 2008, \$61,000 was received under this program.
- National Road Network Maintenance Agreement: \$36,000 was received in 2008 under this program.
- Canada Strategic Infrastructure Fund (CSIF): \$8.35 million was received in 2008 under this program. \$4.8 million was paid to Saskatoon for the completion of its South Downtown Redevelopment Project and an additional \$1.8 million was paid to the Rural Municipality (RM) of North Qu'Appelle to address lagoon capacity limitations.
- Border Infrastructure Fund: \$1.53 million was received in 2008 under this program to improve secure flow of goods and people with the United States.
- National Safety Code: A funding agreement under this program provided \$140,000 in 2008.
- Canadian Intelligent Transportation System: \$30,000 was received under this program in 2008.

These federal programs were worth a total of \$10.15 million in 2008. Other revenues this year included \$2.68 million in sales, services, and services fees, as well as another \$1.14 million in transfers from other government entities. In total, these programs resulted in an additional \$13.97 million of non-motorist-derived revenues. \$44.1 million was also collected through taxes on non-road fuel associated with aviation, railway, and non-road use propane. Since these additional revenues were not provided directly by Saskatchewan motorists, they are not included in the motorist-derived revenue figures in Table 1 (on page 2).

Expenditures

The expenditures made by the Ministry of Highways and Infrastructure are expected to top \$500 million in 2009.

The actual departmental expenditure figures for the past 10 years are presented in Table 2 that follows, along with the estimated figures for 2009. Road-related expenditures, highlighted in column A, represent the proportion of total expenditures allocated directly to the maintenance and construction of provincial roadways. Other expenditures in the Ministry are highlighted in column B and detailed in Section 6.

The past two years have seen significant increases in total departmental spending with a \$52.7 million (16.8%) increase in 2007 and a \$77.5 million (21.2%) increase in 2008. Expenditures for 2009 are expected to top \$500 million, almost \$70 million (16.7%) more than in 2008, and more than double the amount in 1999.

Table 2 – Historical Highways & Infrastructure Expenditures (in \$000s)

Year	(A) Road Related Expenditures	(B) Other Expenditures	(A) + (B) Total SK Highways & Infrastructure Expenditures	Percentage Increase / (Decrease) Over Prior Year
2009*	486,147 ^H	27,029	513,176 ^H	15.69%
2008	416,018	27,561	443,579	21.18%
2007	341,311	24,739	366,050	16.83%
2006	289,128	24,197	313,325	5.10%
2005	270,378	27,745 ^H	298,123	1.49%
2004	278,411	15,321 ^L	293,732	(0.26)%
2003	277,417	17,075	294,492	(4.79)%
2002	289,154	20,152	309,306	13.17%
2001	253,470	19,837	273,307	15.88%
2000	215,489	20,368	235,857	1.51%
1999	213,028 ^L	19,319	232,347 ^L	

*Estimated figures. ^L Lowest amount for period studied. ^H Highest amount for period studied.

3.0 Comparison of Historical Revenues to Historical Expenditures

Total departmental expenditures are expected to top 100% of motorist-derived revenues in 2009.

Table 3 that follows summarizes the motorist-derived revenues, the total expenditures of the Ministry, and road-related expenditures, along with the percentage calculations that expenditures were of revenues. Over the period studied, total expenditures as a percentage of motorist-derived revenues reached a low in 2000 of 53.1% and a high of 88.2% in 2008 (estimated high of 100.4% for 2009). Over the same period, road-related expenditures as a percentage of motorist-derived revenues reached a low in 2000 of 48.5% and a high of 82.7% in 2008 (estimated high of 95.2% for 2009).

Table 3 – Expenditures as a Percentage of Motorist-Derived Revenues (in \$000s)

Year	(A) Total Motorist-Derived Revenues	(B) Total SK Highways & Infrastructure Expenditures	(B) / (A) Total Expenditures as a % of Revenues	(C) Total Road-Related Expenditures	(C) / (A) Road-Related Expenditures as a % of Revenues
2009*	510,895 ^H	513,176 ^H	100.4% ^H	486,147 ^H	95.2% ^H
2008	502,977	443,579	88.2%	416,018	82.7%
2007	479,480	366,050	76.3%	341,311	71.2%
2006	468,157	313,325	66.9%	290,493	62.1%
2005	440,740	298,123	67.6%	270,378	61.4%
2004	433,569	293,732	67.7%	278,411	64.2%
2003	409,385 ^L	294,492	71.9%	277,417	67.8%
2002	426,061	309,306	72.6%	289,154	67.9%
2001	421,064	273,307	64.9%	253,470	60.2%
2000	444,512	235,857	53.1% ^L	215,489	48.5% ^L
1999	422,017	232,347 ^L	55.1%	213,028 ^L	50.5%

*Estimated figures. ^L Lowest amount for period studied. ^H Highest amount for period studied.

Over the period studied, motorist-derived revenues have consistently exceeded expenditures, with the exception of 2009 when the provincial government estimates that the total expenditures will exceed 100% of motorist-derived revenues. The largest difference occurred in 2000 when motorist-derived revenues exceeded total spending in the Ministry by \$208.7 million. The smallest difference occurred in 2008 when motorist-derived revenues exceeded spending by \$59.4 million. Motorist-derived revenues reached a low in 2003 and reached a high in 2008, while total expenditures and road-related expenditures

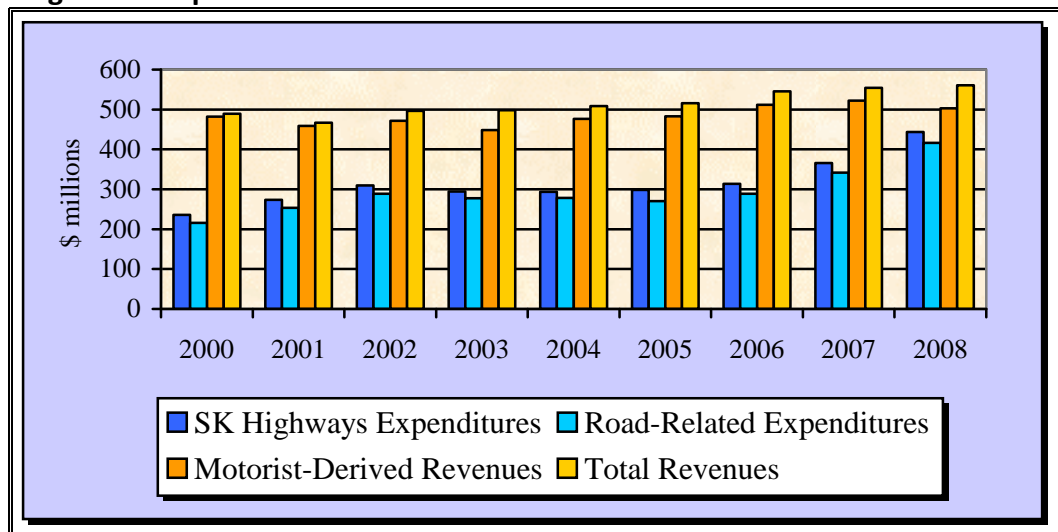
reached a low in 1999 and a high in 2008. (New highs are estimated for 2009).

In 2008, the difference between total revenues and total highway expenditures fell below \$200 million.

Figure 1 that follows compares the total expenditures of the Ministry with all revenues, including motorist-derived revenues, non-road use fuel tax revenues, and the other major revenue sources from various programs earmarked to support highway infrastructure in Saskatchewan. In 2008, total revenues increased by \$6.4 million over 2007 while expenditures climbed by over \$77.5 million. For 2009, expenditures are estimated to increase by over \$69.5 million.

Any amount of motorist-derived revenues not spent by the Ministry is a surplus contributed by motorists to the General Revenue Fund of the Provincial Government. The cumulative surplus for the period 1999 to 2008 is \$1.39 billion. Although this is a large amount of revenues that were not spent on the highway system, the gap between motorist-derived revenues and Ministry expenditures is closing, resulting in lesser amounts going into the General Revenue Fund. The recent trend of higher expenditures and smaller increases in motorist-derived revenues indicates that the government is committed to improving the transportation system.

Figure 1 – Expenditures versus Revenues



4.0 Breakdown of Historical Expenditures Data

Over the period studied, road-related expenditures never fell below 90% of total departmental spending.

Table 4 that follows provides a historical summary of the total expenditures and road-related expenditures in the Ministry of Highways and Infrastructure. Expenditures in the Preservation and Operation division have steadily increased over the period studied until 2005 when it experienced a significant decrease before rebounding in 2007. The Construction division has seen a general upward trend as well, with a notably large increase in 2005 that continued thereafter. Administration and Other expenditures had been fairly stable between \$15 million and \$20 million until 2005 when there was a large increase.

The government adopted the use of accrual accounting practices to replace the cash basis of accounting for capital assets.

In 2005, the Ministry reorganized its divisions and reallocated its expenditures. This resulted in a decrease in the Preservation and Operation division expenditures and an increase in the former Construction division. In the reorganization, the Construction division was replaced by the newly formed Capital category with two sub-categories: Infrastructure Rehabilitation and Infrastructure Enhancement. A new division called Machinery and Equipment was also formed during the reorganization.

Table 4 – Breakdown of SK Highways and Infrastructure Expenditures (in \$000s)

Year	(A) Preservation & Operation of Tspt. System	(B) Construction of Transportation System	A+(B) = (C) Total Road- Related Expenditures	(D) Administration & Other Expenditures	(C) + (D) Total SK Highways & Infrastructure Expenditures
2009*	251,435 ^H	234,712 ^{H**}	486,147 ^H	27,029	513,176 ^H
2008	237,624	178,394 ^{**}	416,018	27,561	443,579
2007	199,816	141,495 ^{**}	341,311	24,739	366,050
2006	158,211	132,282 ^{**}	290,493	22,832	313,325
2005	144,032	126,346 ^{**}	270,378	27,745 ^H	298,123
2004	195,530	82,881	278,411	15,321 ^L	293,732
2003	196,469	80,948	277,417	17,075	294,492
2002	189,480	99,674	289,154	20,152	309,306
2001	184,211	69,259	253,470	19,837	273,307
2000	150,629	64,860 ^L	215,489	20,368	235,857
1999	137,609 ^L	75,418	213,028 ^L	19,319	232,347 ^L

*Estimated figures. ^L Lowest amount for period studied. ^H Highest amount for period studied.

** Certain divisions in the Ministry were reorganized in 2005. The figures for Construction of Transportation System are comprised of the following:

Year	Capital	Machinery & Equipment	Total
2009	225,712	9,000	234,712
2008	169,957	8,437	178,394
2007	134,008	7,487	141,495
2006	124,785	7,497	132,282
2005	119,607	6,739	126,346

5.0 Comparison of Budgeted Spending to Actual Spending

Actual spending has exceeded estimated figures for the last three years for road-related expenditures, and four years for total departmental expenditures.

Table 5 that follows compares actual spending to estimated figures in the Ministry for the past seven years. Column C shows the difference between actual road-related spending as compared to estimated figures for each year. Column F illustrates the difference between actual and estimated total departmental expenditures. A positive figure in these two columns indicates that actual spending exceeded estimated spending while a negative figure indicates that actual spending fell short of estimated spending for the year.

For the seven years studied in this report, 2007 demonstrated the greatest difference with road-related spending exceeding estimates for the year by \$17.6 million, and total spending exceeding estimates by \$21.1 million. Over the same period, both road-related spending and total departmental spending fell short of estimates by \$5.8 million in 2003.

Table 5 – Comparison of Estimated to Actual Expenditures (in \$000s)

Year	(A) Actual Road-Related Spending	(B) Estimated Road – Related Spending	(C) Difference: (A) – (B)	(D) Actual Total Departmental Spending	(E) Estimated Total Departmental Spending	(F) Difference: (D) – (E)
2008	416,018	410,028	5,990	443,579	433,599	9,980
2007	341,311	323,720	17,591	366,050	344,961	21,089
2006	289,128	281,807	7,321	313,325	300,030	13,295
2005	270,378	274,585	(4,207)	298,123	294,747	3,376
2004	278,411	279,733	(1,322)	293,732	296,192	(2,460)
2003	277,417	283,241	(5,824)	294,492	300,300	(5,808)
2002	289,154	290,031	(877)	309,306	311,692	(2,386)

Table 6 that follows illustrates the difference between the Ministry's estimated capital expenditures and the actual expenditures made in the year. A positive figure indicates that actual spending exceeded estimated spending while a negative figure indicates that actual spending fell short of estimated spending for the year. Unlike other departments in the Saskatchewan Government, the Ministry of Highways and Infrastructure is in a unique position to have a separate capital account and to be able to carry over amounts from one year to the next.

Table 6 – Comparison of Estimated to Actual Capital Expenditures (in \$000s)

Year	Estimate	Revised Estimate	Actual	Over / (Under) Revised Estimate
2008	185,305	242,753	169,957	(72,796)
2007	141,382	179,956	134,008	(45,948)
2006	125,098	131,359	124,785	(6,574)
2005	125,565	126,773	119,607	(7,166)

6.0 2009 Budget Allocation to Divisions

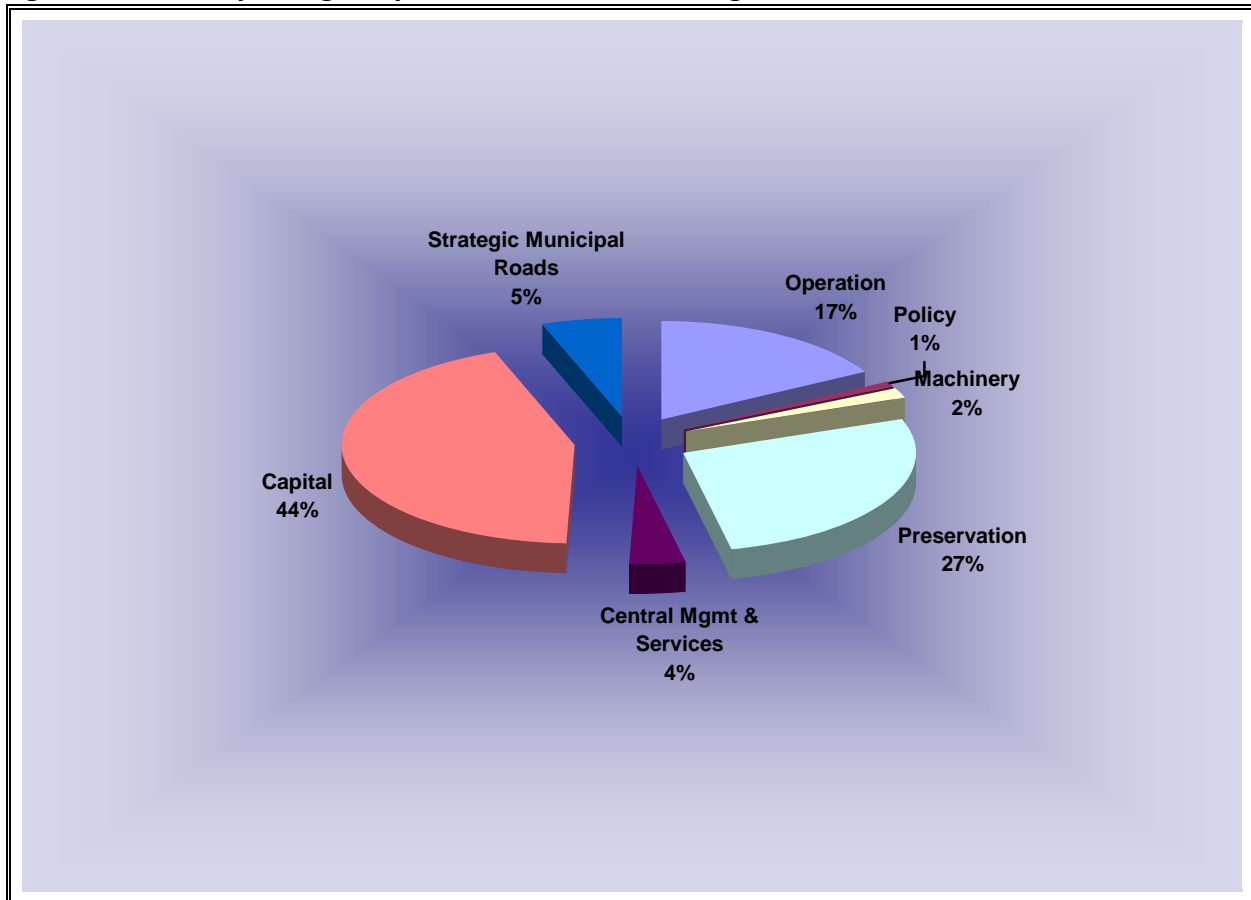
The following is a list of the departmental divisions along with the 2009 budget allocations.

The department has seven major areas of spending – five of which are directly related to the maintenance and construction of the highway infrastructure.

- Central Management and Services: \$20.596 million,
- Operation of Transportation System: \$87.076 million,
- Preservation of Transportation System: \$138.848 million,
- Transportation Policy: \$4.077 million,
- Strategic Municipal Roads: \$27.867 million,
- Machinery and Equipment: \$9 million, and
- Capital (subdivided into Infrastructure Rehabilitation and Infrastructure Enhancement): \$225.712 million.

Figure 2 illustrates the allocation of the 2009 budget of \$513.176 million to the divisions within the Ministry.

Figure 2 – Ministry of Highways and Infrastructure Budget Allocations



7.0 Provincial Comparisons

Table 7 provides a summary comparison of the Saskatchewan motorist-derived revenues with those in Alberta and Manitoba. All three provinces saw increased revenues in 2008. For 2009, Saskatchewan is estimating a modest increase of 1.4% while Alberta estimates an increase of 2.5% and Manitoba is estimating a decline of 5.4% over the prior year.

Table 7 – Provincial Highway Revenue Comparisons (in \$000s)

Year	Alberta	% Change Over Prior Year	Saskatchewan ²	% Change Over Prior Year	Manitoba	% Change Over Prior Year
2009*	1,140,021 ^H	2.5%	554,800 ^H	1.4%	352,608	(5.4)%
2008	1,112,000	3.3%	547,065	4.7%	372,924 ^H	4.1%
2007	1,076,000	10.2%	522,484	2.1%	358,173	1.5%
2006	976,000	5.4%	511,609	6.0%	353,010	4.3%
2005	926,000	4.5%	482,588	1.3%	338,355	3.6%
2004	886,000	4.9%	476,185	6.2%	326,606	3.6%
2003	845,000	5.6%	448,476 ^L	(4.9)%	315,345	5.5%
2002	800,000	1.4%	471,663	2.8%	299,036	1.5%
2001	789,000	5.5%	458,980	(4.8)%	294,576	1.7%
2000	748,000	0.8%	482,310	4.2%	289,604 ^L	(2.2)%
1999	742,000 ^L		462,672		296,004	

*Estimated figures. ^L Lowest amount for period studied. ^H Highest amount for period studied.

Table 8 illustrates the motorist-derived revenues on a per capita basis for each of the three provinces using the 2008 actual figures. On a per capita basis, Saskatchewan motorist-derived revenues were higher than those in both of the other two provinces, exceeding Alberta by \$228.29 per person and Manitoba by \$229.74 per person.

² Alberta and Manitoba do not make a distinction between on-road and non-road use fuel in reporting their fuel tax income, thus, the revenue figures used in this table for Saskatchewan also include fuel tax associated with non-road use fuel to allow for more accurate comparisons in this area.

Table 8 – Per Capita Comparison

	Alberta	Saskatchewan	Manitoba
Population*	3,585,142	1,015,985	1,207,959
Revenues per capita	\$310.17	\$538.46	\$308.72

*Population figures from the 2008 Statistics Canada preliminary estimates at:

www.statcan.ca/Daily/English/080929/d080929b.htm

Because of the different mandates of the ministries in each province responsible for roadway infrastructure and the unavailability of detailed breakdowns from all three provinces, it is not possible to provide a meaningful comparison on expenditures.

8.0 Did You Know?

On November 9, 2006, the provincial government introduced the Fuel Tax Accountability Act to ensure that every dollar of the on-road fuel tax paid by motorists will be spent on Saskatchewan's highway system.

The province has developed a set of evaluation criteria and a rolling five-year capital plan for road construction and maintenance that will support economic growth and provide social benefits.

Negotiations are under way with the University of Saskatchewan to establish a Transportation Centre of Excellence to focus on the development of new highway and road construction technologies and techniques.

Total departmental expenditures in 2009 are estimated to exceed 100% of motorist-derived revenues.

In 2008, the Ministry of Highways and Infrastructure was responsible for 12 ferries on the Saskatchewan River system, 17 airports in northern Saskatchewan, 453 large culverts, a barge on Wollaston Lake, and 26,072 kilometres of highway consisting of 9,249 kilometres of asphalt concrete pavement, 4,929 kilometres of granular pavement, 6,102 kilometres of thin membrane surface (TMS) highways, 5,621 kilometres of gravel highways, and 171 kilometres of ice roads.

As of March 31, 2008, the Ministry had 1,655 FTEs stationed in 101 Saskatchewan communities.

For 2009, the Saskatchewan Highways and Infrastructure budget of \$513.18 million is 5.64% of the total provincial budget of \$9.11 billion. To provide a comparison, Health expenditures are \$3.75 billion or 41.13%, Social Services are \$631.45 million or 6.93%, Education expenditures are \$1.19 billion or 13.02%, and Advanced Education, Employment and Labour expenditures are \$761.01 million or 8.36%.

In 2008, motorist-derived revenues were \$503.0 million while the expenditures for the Ministry of Highways and Infrastructure were \$443.6 million. This is a surplus of \$59.4 million, and with 26,072 kilometres of highway to maintain, \$2,278 per kilometre is put into the General Revenue Fund instead of back into the provincial road system.

Appendix 1: Fuel Taxation Information

Information for this appendix was taken from the 10th Annual Gas Tax Honesty Day Campaign publication by the Canadian Taxpayers Federation entitled *Taxpayers Running on Empty*.

Table 9 below provides a comparison of the provincial fuel taxes that are included in the prices at the pumps. The federal taxes apply equally among all three provinces in this table.

Table 9 – Comparison of Provincial Fuel Taxation (in %)

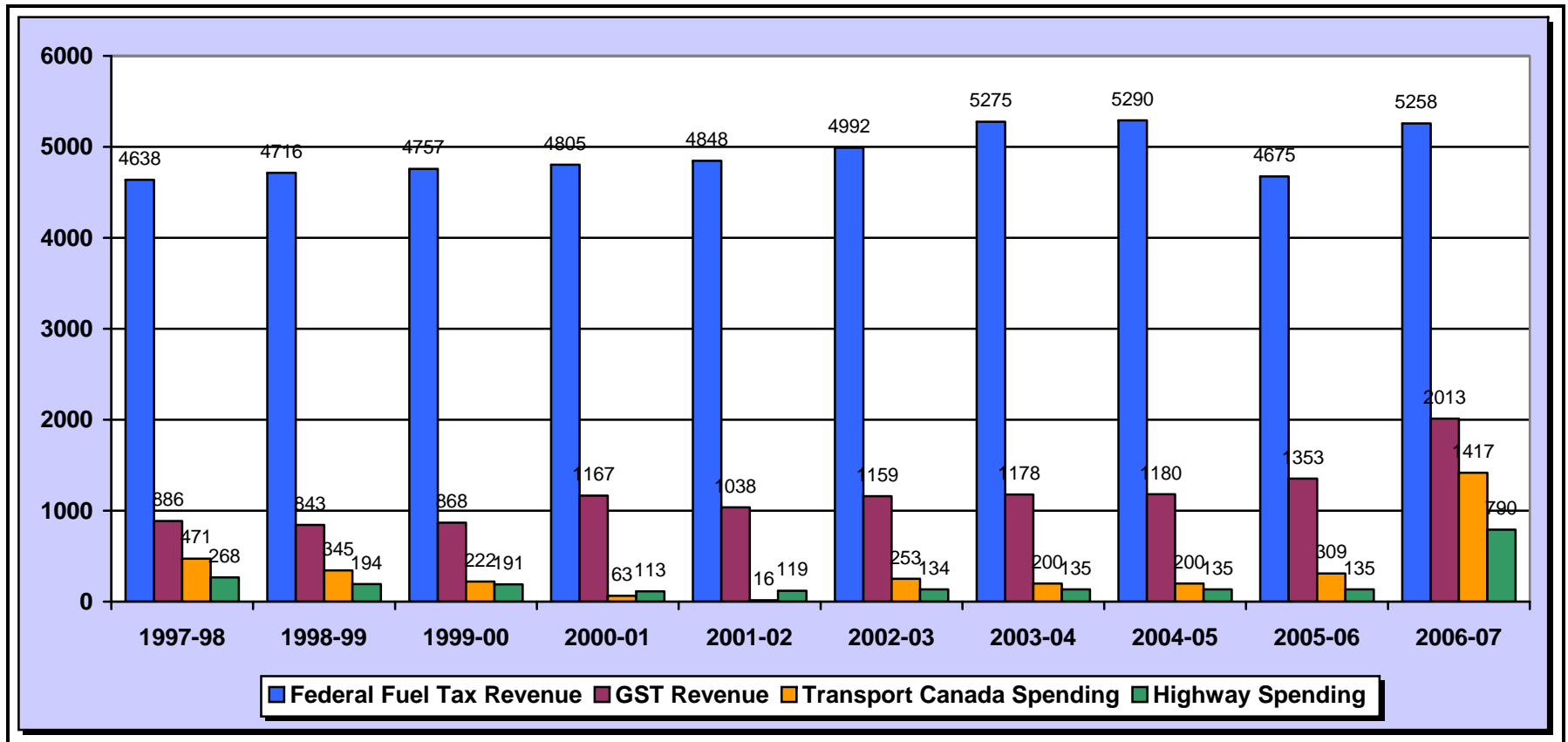
	Regular Gas	Mid-grade Gas	Premium Gas	Diesel	Aviation/Turbo Gas	Propane
Federal Taxes						
GST	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Excise (¢/litre)	10.0	10.0	10.0	4.0	11.0/4.0	--
Provincial (cents per litre)						
Alberta	9.0	9.0	9.0	9.0	1.5	6.5
Saskatchewan	15.0	15.0	15.0	15.0	1.5	9.0
Manitoba	11.5	11.5	11.5	11.5	4.3	9.0

Figure 3 that follows illustrates the federal fuel tax revenues, GST revenue on fuel, and transportation infrastructure spending in Canada between 1997-98 and 2006-07. Spending by Transport Canada includes constructing and maintaining federally-owned highways. As is evidenced in the graph, revenues far exceed the expenditures made on the transportation system. In 2007-08, the federal government dedicated \$1.8 billion to roads and highways. This represents 37 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.

Quick Facts

- In 2008, the federal government collected \$5 billion in gasoline and diesel taxes. In 2007-08, the government dedicated \$1.8 billion to roads, representing 37% of annual gas tax revenues.
- Over 80% of all roads in Canada are municipally maintained. In 2003, Canadian municipalities spent \$6.4 billion on roadways.
- The 2008 budget made gas tax transfers to municipalities permanent, meaning \$2 billion will be transferred each year to cities and towns.
- The federal gasoline tax was implemented in 1985 at 1.5 cents/ litre. Ottawa increased it from 8.5 to 10 cents per litre in 1995 as a deficit-reducing tool. The deficit was vanquished a decade ago, but the tax remains, even with multi-year, multi-billion-dollar federal surpluses.

Figure 3 - Federal Fuel Tax Revenues vs. Transport Canada Highway Spending (\$ Million)



Figures 4 through 6 that follow provide a comparison among the provinces of Alberta, Saskatchewan, and Manitoba. In Alberta, 22% of the price paid at the pumps is taxes (78% cost), in Saskatchewan it is 26% taxes (74% cost), while in Manitoba it is 24% taxes (76% cost) at the pumps. Federal taxes are 14% in Alberta, 13% in Saskatchewan, and 14% in Manitoba. The majority of the tax difference is at the provincial level where Albertans pay 8%, Saskatchewan consumers pay 13%, and Manitoba drivers pay 10%.

Figure 4 – Alberta Gas Price Breakdown (112.1 cents/litre in Calgary, May, 2008)

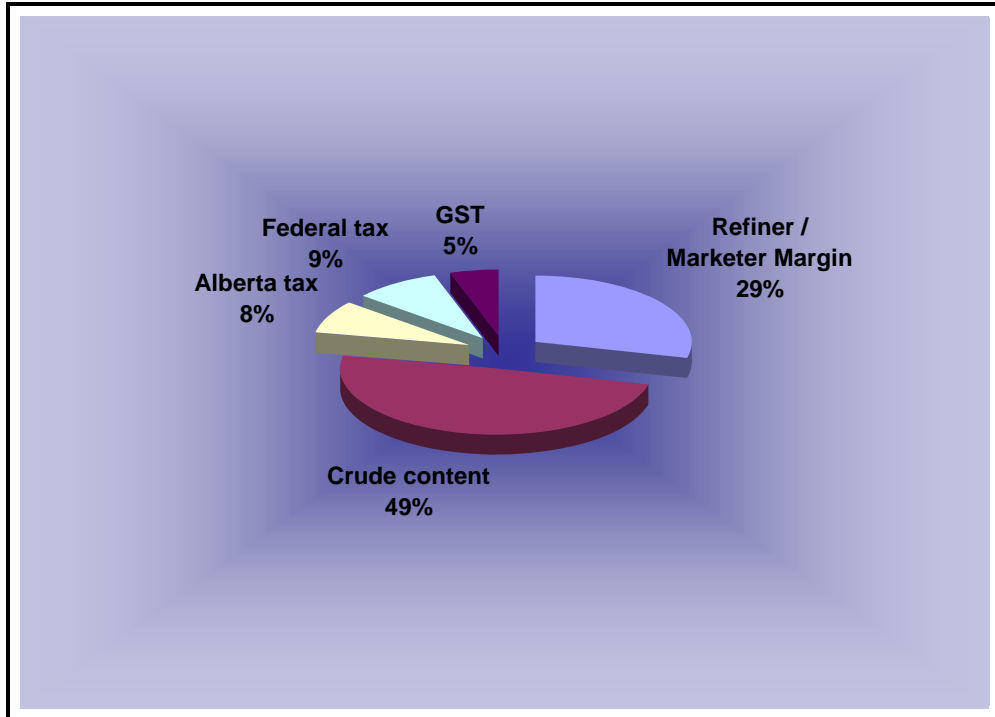


Figure 5 – Saskatchewan Gas Price Breakdown (119.8 cents/litre in Regina, May, 2008)

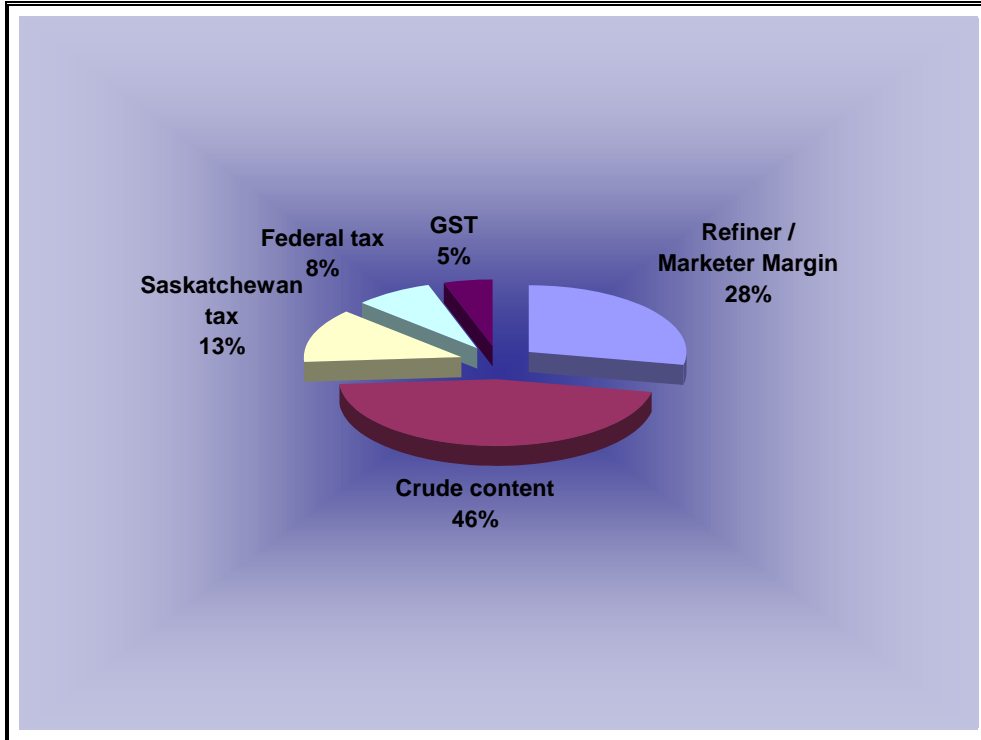
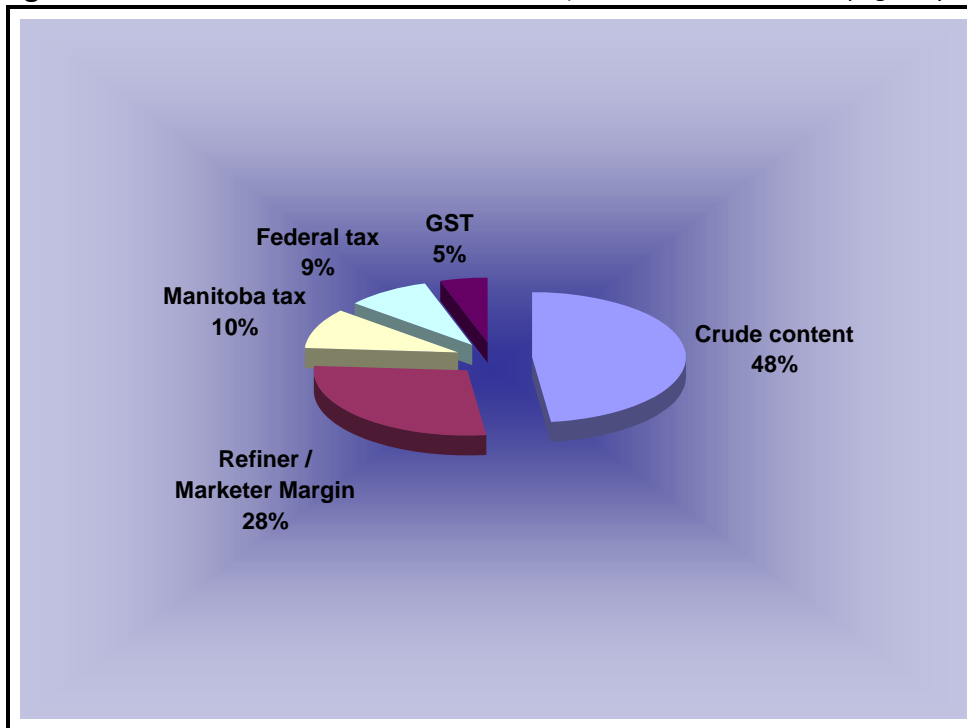


Figure 6 – Manitoba Gas Price Breakdown (115.4 cents/litre in Winnipeg, May, 2008)



**Appendix 2: Saskatchewan Highways and Infrastructure Budget Estimates for
2005 – 2009**

The Saskatchewan Highways and Infrastructure Budget Estimates expenditures are shown in the following table for comparison purposes. Table 10 delineates the total estimated expenditures by each cost centre.

Table 10 - Saskatchewan Highways and Infrastructure Budget Estimates expenditures (in \$000s)

	<u>Estimated 2008-09</u>	<u>Estimated 2007-08</u>	<u>Estimated 2006-07</u>	<u>Estimated 2005-06</u>	<u>Estimated 2004-05</u>
Central Management and Services					
Salaries	4,925	4,746	4,217	4,144	4,213
Supplier & other payments	12,603	12,378	11,645	10,738	8,851
Capital	<u>3,068</u>	<u>2,360</u>	<u>1,608</u>	<u>1,300</u>	<u>800</u>
Total Central Management and Services	<u>20,596</u>	<u>19,484</u>	<u>17,470</u>	<u>16,182</u>	<u>13,864</u>
Preservation and Operation					
Preservation of Transport System:					
Surface preservation	127,954	108,316	84,733	69,774	66,802
Regional services	10,894	9,408	8,506	7,857	7,912
Strategic rural roads partnership program	<u>0</u>	<u>0</u>	<u>4,500</u>	<u>2,500</u>	<u>5,205</u>
Total Preservation of Transport System	<u>138,848</u>	<u>117,724</u>	<u>97,739</u>	<u>80,131</u>	<u>79,919</u>
Operation of Transport System:					
Winter maintenance	24,229	23,468	22,050	19,600	17,459
Road safety and traffic guidance	24,146	22,657	20,671	16,784	16,033
Operational services	21,858	22,485	21,240	18,844	19,718
Transport compliance	6,118	5,749	5,354	5,131	4,949
Ferry services	3,507	3,347	3,168	2,768	2,771
Airports	2,356	1,772	1,578	1,454	1,421
Information technology services	<u>4,862</u>	<u>4,893</u>	<u>4,616</u>	<u>4,497</u>	<u>0</u>
Total Operation of Transportation System	<u>87,076</u>	<u>84,371</u>	<u>78,677</u>	<u>69,078</u>	<u>62,351</u>
Total Preservation and Operation	<u>225,924</u>	<u>202,095</u>	<u>176,416</u>	<u>149,209</u>	<u>142,270</u>
Strategic Municipal Roads					
Municipal Resource Roads	5,000	5,000	0	0	0
First Nations Roads pilot Projects	5,000	4,900	0	0	0
Strategic Partnership Program – Rd Mgmt	2,600	6,000	0	0	0
Canada-Saskatchewan Infrastructure Program	2,767	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Urban Connectors	<u>12,500</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Strategic Municipal Roads	<u>27,867</u>	<u>15,900</u>	<u>0</u>	<u>0</u>	<u>0</u>
Transportation Policy					
Salaries	3,114	1,979	1,864	1,705	1,554
Supplier & other payments	<u>963</u>	<u>336</u>	<u>329</u>	<u>336</u>	<u>331</u>
Total Transportation Policy	<u>4,077</u>	<u>2,315</u>	<u>2,193</u>	<u>2,041</u>	<u>1,885</u>
Interdepartmental Services					
Salaries		0	0	0	2,200
Supplier & other payments		<u>0</u>	<u>0</u>	<u>0</u>	<u>2,213</u>
Total Interdepartmental Services		<u>0</u>	<u>0</u>	<u>0</u>	<u>4,413</u>
Machinery & Equipment					
Capital asset acquisitions	<u>9,000</u>	<u>8,500</u>	<u>7,500</u>	<u>7,500</u>	<u>6,750</u>

Total Machinery & Equipment	<u>9,000</u>	<u>8,500</u>	<u>7,500</u>	<u>7,500</u>	<u>6,750</u>
Total Operating Expenditures	<u>287,464</u>	<u>248,294</u>	<u>203,579</u>	<u>174,932</u>	<u>169,182</u>
Infrastructure Rehabilitation					
Capital asset acquisitions	<u>88,188</u>	<u>62,552</u>	<u>42,168</u>	<u>43,481</u>	<u>43,093</u>
Total Infrastructure Rehabilitation	<u>88,188</u>	<u>62,552</u>	<u>42,168</u>	<u>43,481</u>	<u>43,093</u>
Infrastructure Enhancement					
Highways and bridges	137,524	118,353	97,814	78,367	78,840
Strategic partnership program-road constr'n	<u>0</u>	<u>4,400</u>	<u>1,400</u>	<u>3,250</u>	<u>3,632</u>
Total Infrastructure Enhancement	<u>137,524</u>	<u>122,753</u>	<u>99,214</u>	<u>81,617</u>	<u>82,472</u>
Total Capital Expenditures	<u>225,712</u>	<u>185,305</u>	<u>141,382</u>	<u>125,098</u>	<u>125,565</u>
Total for Highways and Infrastructure	<u>513,176</u>	<u>433,599</u>	<u>344,961</u>	<u>300,030</u>	<u>294,747</u>
Capital Asset Amortization*	<u>96,925</u>	<u>97,575</u>	<u>94,665</u>	<u>94,430</u>	<u>89,953</u>

*Amortization is a non-cash expense, and is a non-voted item that is presented for information purposes only. Amortization is calculated using the straight-line method based on the estimated useful life of the asset, except for heavy equipment, which is based on usage.

Appendix 3: Glossary of Key Terms

Central Management and Services – Provides executive direction and centrally-managed services in the areas of finance, geographical information, property acquisition and management, communications and other operational services that include head office and program-based accommodations required for the delivery of the Ministry's mandate. It also provides for major capital improvements.

Fuel Tax Revenue – The amount of tax revenue the Government of Saskatchewan receives from the sale of taxed fuel for on-road use. This figure is equal to the Fuel Tax figure published in the public accounts less taxes collected on railway and aviation fuel, as well as propane for non-road use.

Infrastructure Enhancement - Provides for new construction or upgrading of provincial highways and bridges and other transportation infrastructure capital by utilizing in-house and contracted resources.

Infrastructure Rehabilitation - Provides for the structural restoration and rehabilitation of paved highways and bridges by utilizing in-house and contracted resources.

Machinery and Equipment - Provides for the acquisition and replacement of machinery and equipment used for maintaining and operating the provincial highway system.

Motor Vehicle Fees – The amount of revenue the Government of Saskatchewan receives from motor vehicle licences, permits, and other fees.

Motorist-Derived Revenues – The sum of fuel tax revenue and motor vehicle fees collected from Saskatchewan motorists.

Operation of Transportation System – Provides for the safe access and operation of the transportation system through the delivery of a range of services including pavement marking, signing, lighting, mowing, snow and ice control, ferry and provincial airport operations, information technology management and systems support and compliance with transportation laws. It also provides related operational services such as engineering standards, traffic engineering and testing services.

Preservation of Transportation System – Provides preventative maintenance on provincial highways and bridges. It provides delivery, planning, engineering and management of the preservation and capital construction programs. It also includes road and bridge engineering services for municipalities, and support for area transportation planning on a regional basis.

Road-related Expenditures – The sum of Infrastructure Rehabilitation, Infrastructure Enhancement, Machinery and Equipment, Operation of Transportation System, Preservation of Transportation System, and Strategic Municipal Roads divisional budgets. This value is highlighted to reflect the amount of funding applied directly to the highways infrastructure.

Strategic Municipal Roads – Provides for partnership project initiatives that facilitate traffic management on the provincial transportation system. It also provides for strategic investment on First Nations access roads and municipal roads.

Transportation Policy – Provides for transportation policy and program development. It provides for improvements to the efficiency of Saskatchewan's transportation system by pursuing lower transportation, handling and storage costs for agriculture and other industries and developing new methods for the safe movement of goods. It also includes trucking program management, technical advice to short line railways and regulation of provincial railways.