

Compliance Strategy Gas Tax Program

Municipal Forum
Spring 2010

Background

- Gas Tax Agreement requires SK enforce terms and conditions (T&Cs)
- Canada may declare default if SK does not comply with T&Cs
- SK relies on information from municipalities to complete provincial T&Cs
- To minimize risk of default, the New Deal Partnership Committee (NDPC) approved a strategy to address non-compliance

Gas Tax Requirements

- Municipalities have a number of significant T&Cs that must be fulfilled:
 - Annual Expenditure Report
 - Financial Statements
 - Regional Requirement (20% of total allocation)
 - Outcomes Report (for all complete projects)
 - Incomplete IIPs – funds unallocated to projects
 - Incrementality Requirement
 - Capital Investment Plan

Non-Compliance Review

- Municipal compliance reviewed
- November 2009: 298 (38%) municipalities in non-compliance with at least one T&C
- Communication with municipalities
- Assistance provided
- April 2010: 86 (11%) non-compliant municipalities

Implementation

- Raise awareness
 - Accountability
 - Respective roles and responsibilities
- Communication
 - T&Cs
 - Timelines
 - Consequences

Implementation (continued)

- Consequences
 - Initially
 - Put payments on hold
 - After two scheduled payments held
 - Advise of future repayment of funds
 - After third consecutive payment held
 - Request payment of all previously transferred Gas Tax funds

Outcomes

- ▣ Compliance with federal requirements
- ▣ Fair treatment of all municipalities
- ▣ Timely flow of federal funding for municipal infrastructure and capacity building projects
 - Current ten year program (\$372 M)
 - Future permanent program