

# Alberta's Fuel Tax Relief Program

## Helping Albertans cope with high fuel costs



### How the program works

Albertans save 13 cents on every litre of gas or diesel they purchase through the government's Fuel Tax Relief Program. Pausing the collection of the provincial fuel tax keeps more money in Albertans' pockets at a time when costs of everyday goods are going up. The program delivers direct savings to Albertans on the following types of fuel:

- Gasoline: 13 cents per litre
- Diesel: 13 cents per litre
- Marked gasoline: 4 cents per litre
- Marked diesel: 4 cents per litre

The relief also applies to various other fuels, including clear ethanol and biodiesel.



### How much drivers save when filling up

Vehicle (tank size in litres)	\$ saved per fillup	\$ per month (4 fillups)	\$ for 3 months
Semi-trailer (1,364L)	\$185.50	\$742.02	\$2,226.05
Ford F-150 (136L)	\$18.50	\$73.98	\$221.95
Grand Cherokee (93L)	\$12.65	\$50.59	\$151.78
Honda CRV (53L)	\$7.21	\$28.83	\$86.50
Toyota Corolla (50L)	\$6.80	\$27.20	\$81.60

These average amounts are based on saving 13 cents on provincial fuel tax plus the associated GST for a total savings of around 13.6 cents per litre.



## How we know the program is helping Albertans

In evaluating the program's effectiveness, we compare fuel prices not with what they were on March 30, but with what they would be if we did not implement the relief measure.

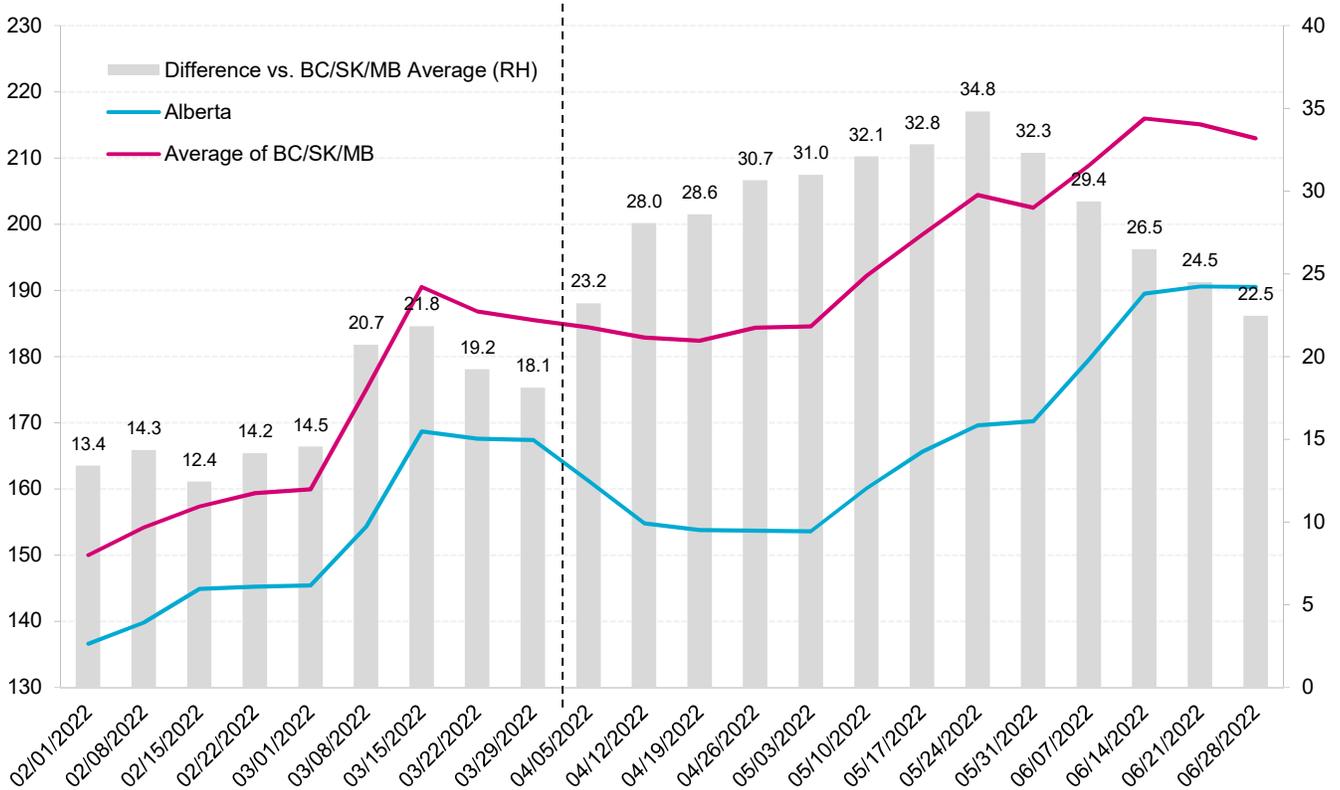
A full first-quarter review of the relief measure shows that Alberta's fuel prices were consistently among the lowest in the country.

While fuel prices fluctuate in response to various market factors, Albertans still paid 13 cents per litre less than they would have with the tax in place.

Importantly, Alberta had the second lowest inflation rate among provinces in May, with the lowest year-over-year growth in gasoline prices — thanks at least partly to the fuel tax relief program.

### WEEKLY AVERAGE RETAIL GASOLINE PRICES, ALBERTA VS. OTHER WESTERN PROVINCES

(Cents per Litre)



Data Source: Kalibrate (<https://charting.kalibrate.com/Charting/FullMonty>)



## What goes into the price of fuel

Alberta's fuel tax is just one factor that influences the price Albertans pay at the pumps. In addition to the cost of crude feedstock, the pump price for gasoline includes the costs of intermediate services such as refining, blending and distributing the gasoline from refiner to gas station. Unlike fuel tax rates, which are more stable, these other factors depend on market conditions and can be volatile.

### ALBERTA FUEL PRICE BREAKDOWN

(cents per litre – June 28, 2022)<sup>1</sup>

	GASOLINE		DIESEL	
	Component Share of Price (¢/L)	Component Share of Price (%)	Component Share of Price (¢/L)	Component Share of Price (%)
Raw Commodity Cost (and Other) <sup>2</sup>	87.28	45.8%	87.13	42.9%
Refining Margin	50.20	26.4%	74.30	36.6%
Marketing Margin	22.90	12.0%	14.40	7.1%
Alberta Fuel Tax (with Collection Pause)	-	0.0%	-	0.0%
Federal Fuel Tax	10.00	5.2%	4.00	2.0%
Federal Carbon Tax <sup>3</sup>	11.05	5.8%	13.41	6.6%
GST <sup>4</sup>	9.07	4.8%	9.66	4.8%
<b>Retail Price of Fuel</b>	<b>190.50</b>	<b>100.0%</b>	<b>202.90</b>	<b>100.0%</b>

Sources: *Alberta Treasury Board and Finance and Kalibrate*

- All tables are based on the simple weighted-average retail price of fuel in Alberta (as calculated by Kalibrate, formerly the Kent Group).
- 'Raw commodity cost (and other)' is calculated as the residual after subtracting all taxes and other price components from the total price of fuel.
- Based on the current federal carbon price of \$50 per tonne on or after April 1, 2022, before which it was \$40 per tonne.
- GST is estimated based on the average retail price of fuel shown in the table.



## Why fuel prices may continue to increase

The market determines gasoline prices in Alberta. While the crude oil price is one component that influences gasoline prices, other supply-and-demand factors — which can vary by region — also play a role. Refining capacity, unplanned refinery outages, inventory levels and consumer demand all impact the price at the pump.



## The future of Alberta's Fuel Tax Relief Program

Alberta's government evaluates the program every quarter. Alberta's fuel tax will not be re-implemented unless the average price of West Texas Intermediate (WTI) falls below \$90 per barrel.

WTI price (average per barrel)	Stage	Fuel tax rate
\$90 or more	Fuel tax collection paused	0 cents/litre
\$85 to \$89.99	Fuel tax reinstated partially	4.5 cents/litre
\$80 to \$84.99	Fuel tax reinstated partially	9 cents/litre
\$79.99 or less	Fuel tax reinstated in full	13 cents/litre

In June 2022, Alberta's government extended the Fuel Tax Relief Program until at least Sept. 30. The government will review WTI prices in mid-September and provide another update before the start of the next quarter (on Oct. 1).

Visit [Alberta.ca/costsavings](https://alberta.ca/costsavings) for more information

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