



CANADIAN
Taxpayers
FEDERATION

Fighting for taxpayers

HIGHWAY ROBBERY

**Gas Tax Honesty Campaign 2005
The Canadian Taxpayers Federation's
7th annual report on gas taxes and road spending**

May 2005

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About the Canadian Taxpayers Federation

The Canadian Taxpayers Federation (CTF) is a federally incorporated, non-profit and non-partisan advocacy organization dedicated to lower taxes, less waste and more accountable government. The CTF was founded in Saskatchewan in 1990 when the Association of Saskatchewan Taxpayers and the Resolution One Association of Alberta joined forces to create a national taxpayers organization. Today, the CTF has over 68,000 supporters nation-wide.

The CTF maintains a federal office in Ottawa and offices in the five provincial capitals of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario. In addition, the CTF has a Centre for Aboriginal Policy Change in Calgary dedicated to monitoring, researching and providing alternatives to current aboriginal policy and court decisions. Provincial offices and the Centre conduct research and advocacy activities specific to their provinces or issues in addition to acting as regional organizers of Canada-wide initiatives.

CTF offices field hundreds of media interviews each month, hold press conferences and issue regular news releases, commentaries and publications to advocate the common interest of taxpayers. The CTF's flagship publication, *The Taxpayer* magazine, is published six times a year. An issues and action update called *TaxAction* is produced each month. CTF offices also send out weekly *Let's Talk Taxes* commentaries to more than 800 media outlets.

CTF representatives speak at functions, make presentations to government, meet with politicians, and organize petition drives, events and campaigns to mobilize citizens to effect public policy change.

All CTF staff and board directors are prohibited from holding a membership in any political party. The CTF is independent of any institutional affiliations. Contributions to the CTF are not tax deductible.

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Contents

Fact Summary	... 3
CTF Recommendations & Principles	... 4
Introduction	... 5
Gas Tax Honesty Campaign Mile Markers	... 6
The Seventh Annual Gas Tax Honesty Campaign	... 9
Survey of Gasoline Taxes, Fees and Spending	... 9
Federal Gasoline Taxes	... 11
Gasoline Taxes Versus Sales	... 11
The Provinces	... 13
The U.S. National Highway Trust Model	... 13
Filling Canada's Infrastructure Gap	... 14
Municipal Roadway Trust – A Fair Deal for Taxpayers	... 15
Defining Infrastructure	... 17
Ottawa's Gas Tax Sharing Proposal Takes the Wrong Fork in the Road	... 18
The So-Called New Deal: One Step Forward & Two Steps Backward	... 18
Federal-Provincial "Infrastructure" Agreements	... 20
Conclusion	... 22

Charts

Chart 1 – Current Canadian Fuel Tax Rates	... 10
Chart 2 – Federal Fuel Tax Revenues vs. Transport Canada Spending	... 11
Chart 3 – Gasoline Sales vs. Gasoline Tax Increases	... 12
Chart 4 – Provincial Contribution to Federal Gasoline Tax Revenues	... 14
Chart 5 – Gasoline Taxes Divided Among Major Municipalities	... 16
Snapshot of Canada's Transportation Network	... 17
Chart 6 – Annual Federal Gas Tax Revenue Transfer	... 18
Chart 7 – Five-Year Gas Tax Revenue Transfer	... 20

Appendices

Appendix I – Federal Gasoline Tax Revenues and Roadway Spending	... 23
Appendix II – Provincial Motoring Revenues and Transportation Spending	... 24
Appendix III – Fact Sheets	... 26

Fact Summary

- **Over the past 12 months – the period of May 2004 to April 2005 – the average cost of a litre of gasoline paid by Canadian motorists was approximately 84 cents. This represents a 10-cent increase over last year's average price. Gasoline taxes account for an average 38 per cent of the pump price.** Gasoline prices have now jumped to a weekly average price of approximately 90 cents per litre, and have regularly surpassed \$1 per litre in parts of the country.
- **As a deficit reduction measure in 1995, Ottawa increased the federal gasoline tax from 8.5 to 10 cents per litre.** The deficit was vanquished seven years ago, but the tax remains and the federal government's gouging at the pumps continues even with multi-year, multi-billion dollar federal surpluses. All said, the federal gasoline tax increased by 567 per cent between 1985 and 1995 – from 1.5 to 10 cents per litre.
- **GST is charged on the full pump price, gasoline taxes included. It is a tax on tax.** As the pump price increases so too does the GST. Last year, the federal government collected \$1.198-billion in gasoline GST revenues. For every 10 cent increase in the price of gasoline, Ottawa's GST revenues rise by \$175-million.
- **The vast majority of federal gasoline tax revenues are not channeled back into road and highway improvements.** Of the \$4.5-billion collected in federal gasoline and diesel taxes in 2004-2005 (not counting GST revenues), Ottawa returned a paltry 7.2 per cent or \$324-million back in provincial transfers for road and highway development. Gasoline taxes are a user fee for roads – Ottawa should use it or lose it. These taxes should be reduced to levels commensurate with roadway spending.
- **Politicians of all stripes have joined in the call to give gasoline taxes to cities.** The federal government announced on February 1st, 2005, it will provide \$5-billion to municipalities – allocated roughly on a per capita basis – over the next five years. The 2005 Budget allocated \$600-million to cities and communities this fiscal year.
- **The federal government's priorities are not road maintenance or construction.** Minister of State for Infrastructure and Communities John Godfrey stated in the House of Commons on May 19th, 2005, that "the purpose of the gas tax is to invest in environmentally sustainable municipal infrastructure ... It could be public transit, waste, wastewater, waste management or community energy system." Subsequently, he added, "We wanted to direct the bulk of [gas tax] money toward public transit and water projects so that when we had made our investments, we would be able to reduce greenhouse gas emissions and clean up water and air." In February, 2005, the infrastructure minister had stated gas tax revenues could be directed toward roads and bridges.
- **In 2003, Canadian municipalities spent \$6.4-billion building and maintaining roads.** More than eighty per cent of all roads in Canada are municipal roads.

CTF Recommendations

- That the federal government transfer and dedicate 5 cents per litre of federal gasoline tax revenues to municipalities for roadway development using the CTF's ***Municipal Roadway Trust*** model (details can be found on page 15 of this report).
- That the remaining half be returned to motorists and taxpayers in the form of lower gasoline taxes, starting with the elimination of the 1.5 cent per litre gasoline tax introduced in 1995 as a “deficit elimination measure.” In addition, that the federal government eliminate the 7 per cent GST (and 15 per cent HST in New Brunswick, Nova Scotia, and Newfoundland & Labrador) that is applied to the federal and provincial tax components of the pump price. Finally, that the federal levy be reduced by an additional 2 cents. These tax changes will save motorists 5 cents a litre and give consumers a real break at the pumps.

Principles

- Treat federal, provincial, and municipal gasoline taxes as a user fee.
- Dedicate gasoline tax revenues to highway and roadway construction and maintenance.
- Reduce federal and provincial gasoline tax rates to levels commensurate with road and highway funding.

Introduction

Since beginning its annual Gas Tax Honesty Campaign six years ago, the CTF has publicized the level of gasoline taxes paid by Canadians as well as their use – or lack thereof – in dedicated funding for roadway maintenance and infrastructure. When the CTF held its first Gas Tax Honesty Day on May 20th, 1999, many believed there was an industry-wide conspiracy to drive up gasoline prices in advance of every long weekend over the summer. The CTF has done a great deal to create awareness of the tax component of gasoline. This year, with an average pump price that is 50 per cent higher than it was in May 1999, taxpayers are increasingly aware the federal government is shortchanging them.

It is not surprising that demands for federal funds to pay for municipal infrastructure have grabbed the public's attention. In the midst of reports calling for new taxing powers for municipalities – a policy change opposed by the CTF – the availability of federal gasoline taxes must not go unnoticed. Gasoline taxes are a user fee and should be earmarked primarily for road and highway maintenance and improvement. Since 1999, the CTF has documented what federal and provincial governments have collected in gas taxes and motoring licensing fees. Ottawa has reaped a revenue windfall, but has provided only token support for roadway development.

Gasoline taxes in Canada are tantamount to highway robbery. Last year, Ottawa collected over \$4.5-billion in federal gasoline taxes (excluding GST revenue) but the Department of Transport only spent \$324-million on roads and highways – 7.2 per cent of gasoline tax revenues. When Canada Infrastructure Works initiatives (CIW) are factored in, the funding figure rises to a maximum of \$1.2-billion in 1996-1997. In 2003-2004, CIW funding was reduced to \$235-million – well short of the revenues collected from motorists. The federal government must reduce gasoline taxes so that they are in line with roadway spending.

This report recommends measures that are specifically directed at the federal government. In general, provincial gasoline taxes should also be treated as a user fee for roads, and provincial gasoline taxes should reflect provincial spending on roads. In the case of the federal government, gasoline taxes should be cut in half, with one portion going to municipalities – through the Municipal Roadway Trust – and the remainder returned to motorists in the form of lower gasoline taxes. Immediately removing the 1.5 cent per litre federal gasoline “deficit elimination” tax, and ending the practice of applying GST to federal and provincial gasoline taxes would be a first step in making federal gasoline taxes commensurate with federal road and highway funding.

Gas Tax Honesty Campaign Mile Markers

- On May 20th, 1999, the CTF holds its first Gas Tax Honesty Day calling for service stations to list both the pre-tax and post-tax price of gasoline. On the day of our news conference in Burlington, Ontario, one gas station billboard posts the pre-tax price of 26 cents, which causes a small traffic jam at the pumps! In the past six years, the CTF has played an important role in educating taxpayers and politicians about the taxable and non-taxable pump price of gasoline.
- Responding to CTF pressure for more information on the cost of gasoline, the Canadian Petroleum Products Institute begins publishing, in February 2000, a bi-weekly report of fuel prices including four components: government taxes, refiner margin, marketing margin, and crude costs.
- In 2001, large gasoline chain retailers begin posting pump price breakdowns at the pumps. The CTF applauds the industry for helping consumers better understand the tax component of gasoline prices.
- In January 2002, municipalities join the CTF by asking federal and provincial governments for more money to fund upgrades to crumbling infrastructure.

- On May 16th, 2002, the CTF proposes a Municipal Roadway Trust (MRT) in response to growing demand from municipalities for funds to cover roadway construction and maintenance costs. Toronto Deputy Mayor Case Ootes joins the CTF in Toronto to lend support to the CTF's MRT model.
- On May 30th, 2003, the CTF's federal director addresses the Federation of Canadian Municipalities, urging their members to join the CTF and push for a MRT. The federation adopts a resolution to push the federal government for options to share gasoline tax revenues.
- In September 2003, the CTF announces the winner of its *Highway from Hell* contest – highlighting the connection between poor roads and government tax gouging at the pumps.
- In 2003, then Liberal leader Dalton McGuinty pledges to allocate 2 cents of the provincial gasoline tax to municipal transit, but fails to make a commitment for a portion dedicated to roads. On May 18th, 2004, the Ontario budget allocates 1 cent of the provincial gasoline tax to municipalities.
- On March 1st, 2004, the province of Manitoba tables Bill-14, which tracks all provincial roadway spending transfers to Manitoba's municipalities relative to provincial gasoline tax collection. This bill represents the boldest move toward an MRT in the country.
- On March 23rd, 2004, Prime Minister Paul Martin promises Canadian municipalities a share of federal gasoline tax revenues, but the 2004 budget fails to deliver the goods. Mr. Martin made a similar promise as the front runner in the Liberal leadership race as far back as October 2003.

- For its 6th annual Gas Tax Honesty Campaign, the CTF embarks on a 30-day cross-country tour in a campaign decorated van – in conjunction with the 2004 federal election – starting at Mile Zero on Vancouver Island and traveling through British Columbia, Alberta, Saskatchewan, Manitoba and Ontario. The tour stopped in forty communities to build support for lower gasoline taxes and its Municipal Roadway Trust. The “Running on Empty – Fuming to Ottawa” tour was a great success and the MRT model was endorsed by 1,500 municipal leaders across Canada.
- The 2004 federal election saw all political parties and leaders commit to dedicating a share of gasoline tax revenues to municipalities for roads and infrastructure. Conservative Party leader Stephen Harper also promised a reduction in gas taxes.
- On October 26th, 2004, the CTF’s federal director meets with John Godfrey, Minister of State (Infrastructure and Communities) to discuss the MRT and deliver 65,000 gasoline tax petitions. Over 1,500 mayors and councilors from over 450 municipalities also signed the gas tax petition. (The CTF delivered 50,000 CTF gas tax petitions to Paul Martin, then-Minister of Finance in 2000.)
- The 2005 budget pledges \$5-billion in gas taxes to be returned to municipalities on a per capita basis. The money is not being earmarked for roads, but rather tossed into the abyss of “infrastructure.” Further, the auditor general does not have an oversight role. Returning gas taxes to municipalities is a good start, but taxpayers do not want gas tax revenues to go from one black hole to another black hole without any money going into potholes.

The Seventh Annual Gas Tax Honesty Campaign

The Thursday before the Victoria Day holiday weekend marks Gas Tax Honesty Day and kicks off the CTF's annual Gas Tax Honesty Campaign, which is designed to inform Canadians about the taxable share of the pump price. This year, **the CTF reports on emerging problems in the federal gas tax sharing plan, as well as drawing attention to the continued gouging of taxpayers by all governments. To highlight the need for accountability and transparency with respect to gas taxes, the CTF will continue to make its case for dedicated funding for roads and a reduction in federal taxes. It is time for governments to restore fairness to the levying and spending of gas taxes.**

Highway Robbery: Survey of Gasoline Taxes, Fees and Spending

The pump price motorists pay can be broken down into four components: crude oil costs, refining costs, retailer's profit margin and gas taxes. Depending on the province (see Appendix III) gas taxes represent between 30 and 43 per cent of the pump price.

A 1996 Statistics Canada study shows gas prices, adjusted for inflation, fell by 26 per cent between 1957 and 1995. Meanwhile, gas taxes rose 86 per cent in the same period.¹ Yet gasoline tax hikes have met little public opposition because they are hidden – out of sight and out of mind. Posting the full cost of gas taxes next to the retail pump price reveals governments' true take at the pumps. This positive action is applauded as an excellent first step on the part of gasoline retailers to illustrate the tax component of the pump price. Better still, retailers should add all the gasoline taxes up at the till, not unlike the way GST is added to other retail purchases.

¹ Statistics Canada, "Forty Years of Gasoline Prices," Consumer Price Index, December 1996.

Chart 1 gives a comprehensive overview of current federal, provincial and municipal fuel tax rates.²

Chart 1 – Current Canadian Fuel Tax Rates³

	Regular Gasoline	Mid-Grade Gasoline	Premium Gasoline	Diesel	Aviation Gasoline/ Turbo Gasoline	Propane
Federal Taxes						
GST	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Excise (cents per litre)	10.0	10.0	10.0	4.0	11.0/4.0	--
Harmonized Sales Tax	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Provincial Taxes (cents per litre)						
Newfoundland	16.5	16.5	16.5	16.5	0.7	7.0
P.E.I.	11.5	11.5	11.5	11.5	0.7	12.0
P.E.I. Sales Tax	10.0%	10.0%	10.0%	10.0%	--	--
Nova Scotia	15.5	15.5	15.5	15.4	0.7	7.0
New Brunswick	14.5	14.5	14.5	16.9	2.5	6.7
Quebec	15.2	15.2	15.2	16.2	3.0	--
Quebec Sales Tax	7.5%	7.5%	7.5%	7.5%	--	7.5%
Montreal Levy	1.5	1.5	1.5	--	--	--
Ontario	14.7	14.7	14.7	14.3	2.7	4.3
Manitoba	11.5	11.5	11.5	11.5	4.2	9.0
Saskatchewan	15.0	15.0	15.0	15.0	3.5	9.0
Alberta	9.0	9.0	9.0	9.0	1.5	6.5
British Columbia	14.50	14.50	14.50	15.00	3.0/5.0	--
Victoria	17.00	17.00	17.00	17.50	--	--
Vancouver	20.50	20.50	20.50	21.00	--	--
Yukon	6.2	6.2	6.2	7.2	1.1	--
N.W.T.	10.5	10.5	10.5	8.9	1.0	--
Nunavut	6.4	6.4	6.4	9.1	1.0	--

- The 15 per cent HST is only levied in Newfoundland & Labrador, Nova Scotia, and New Brunswick.
- P.E.I. lowered excise tax on fuel from 17 cents per litre to 11.5 cents – in 2005 budget – but will now charge 10 per cent PST on the total pump price, including the federal and provincial levy.
- The 7 per cent GST is levied in all other provinces and territories.

² The term gasoline is often used to describe all fuels. In this report gasoline refers to regular gasoline and not other fuels such as diesel.

³ M.J. Ervin and Associates, Current Consumption Taxes on Petroleum Products.

Federal Gasoline Taxes

In fiscal 1994-1995, the federal government collected \$3.8-billion in combined federal gasoline taxes. By 2004-2005, revenues increased by 18 per cent over what was collected ten years earlier, to \$4.5-billion. One explanation for the increase in gasoline tax revenues is the consistent increases in gasoline tax rates. The federal gasoline tax rate increased 567 per cent between 1985 and 1995 – from 1.5 cents per litre to 10 cents per litre.

Chart 2 – Federal Fuel Tax Revenues vs. Transport Canada Spending⁴

Year	Fuel Tax Revenue (\$ million)	GST Revenue Estimate (\$ million)	Transport Canada Spending (\$ million)	Highway Spending Transfers (\$ million)
1996-1997	4,467	909	1,914	290
1997-1998	4,638	886	2,256	268
1998-1999	4,716	843	1,072	194
1999-2000	4,757	868	963	191
2000-2001	4,805	1,167	940	113
2001-2002	4,848	1,038	1,220	119
2002-2003	4,992	1,159	1,451	134
2003-2004	4,952	1,178	1,464	135
2004-2005	4,491	1,198	1,647	324
2005-2006	4,675	1,353	1,493	444

- GST revenue based on gross GST revenues collected by retail gasoline and service stations.

- Highway Spending Transfers, refer to transfers to provincial and territorial governments from Transport Canada for the purpose of roadway and highway spending.

Gasoline Taxes Versus Sales

The original argument for imposing higher gasoline taxes in the 1970s was to curb consumption. But consumption has chugged along and so has governments' tax take. Between 1985 and 2003, gasoline sales steadily increased at an average rate of just over one per cent per year. According to Statistics Canada, retail gasoline sales in 1985 were just over 32-billion litres and just over 40-billion litres in 2004.

⁴ Source: Federal Public Accounts and 2004-2005 & 2005-2006 data from Federal Budget Estimates.

By matching annual gasoline sales with federal excise tax increases, Chart 3 shows the limited impact that increasing gasoline taxes has had on sales.

Chart 3 – Gasoline Sales vs. Gasoline Tax Increases

Year	1985	1986	1987	1988	1989	1990	1995
Tax cents/litre	1.5	3.5	5.5	6.5	7.5	8.5	10
Increase	n/a	133.3%	57.1%	18.2%	15.4%	13.3%	17.6%
Sales (billion litres)	32.7	32.9	33.2	34.1	34.8	33.9	35.1
Change	n/a	0.41%	1.09%	2.78%	1.91%	-2.47%	0.19%

Historically, Transport Canada highway spending represented a small component of the global Transport Canada budget envelope (Chart 2, previous page). The lack of federal attention to highway spending is evidenced by nominal spending decreases since 1996-1997. The decline becomes more dramatic when inflation and its effects on purchasing power are factored into the equation.

The gasoline tax rate has remained high despite improvements to federal finances. In 1995, Ottawa increased the federal regular gasoline tax rate from 8.5 to 10 cents per litre purportedly as a deficit reduction measure. The federal deficit was vanquished seven years ago, but the tax remains.

Another contributor to growing federal gasoline tax revenue is the GST and HST. The GST (and HST) is charged on the full pump price, gasoline taxes included. It is a tax paid on other taxes. As pump prices climb, Ottawa rakes in more GST revenues. Between 1996-1997 and 2004-2005, GST revenues from gasoline sales increased from \$909-million to \$1.2-billion – a 31 per cent increase. According to M.J. Ervin & Associates, the average weekly price of a litre of regular gasoline has jumped to 90.4 cents in May 2005. This price level will pump another \$175-million into the federal treasury over the next year — bringing total GST revenue from gas to over \$1.35-billion.

Finding room for a reduction in half the federal gasoline tax take of 10 cents per litre could be accomplished in many ways. Eliminating the 1.5 cent per litre deficit tax is the first step, and then eliminating the GST charged on 19 to 30.5 cents per litre (combined federal and provincial levies) of gasoline could net another 1.5 cents in savings, leaving room for a further reduction of 2 cents per litre from the federal gasoline tax. The remaining half of the federal tax would be directed to the MRT.

The Provinces

Provincial gasoline tax revenues have also risen, but not as dramatically as federal gasoline taxes. Since 1994-1995 provincial gasoline tax revenues and motoring revenues climbed 25 per cent from \$8-billion to over \$10-billion in 2004-2005. (See Appendix II & Appendix III.) Although the provinces have done a better job at matching transportation spending with motoring revenues — total provincial spending on transportation was approximately 7.5-billion in 2004-2005 — provincial transportation spending has only increased by \$700-million since 1994-1995. This spending currently reflects 70 per cent of provincial revenues being dedicated to their intended purpose, namely road construction and upkeep.

The U.S. National Highway Trust Model

In 1956, the U.S. federal government created the Highway Revenue Act (HRA) which created the National Highway Trust (NHT) as the vehicle to finance highway construction. The NHT relies on a number of taxes and levies, including motor fuel sales, taxes on truck tires, taxes on the sale of trucks and trailers and taxes on heavy vehicle use. In 1997, 83 per cent of the NHT revenues were derived from fuel taxes.

By contrast to Canada, U.S. gasoline tax increases imposed in 1993 for the purposes of deficit reduction and elimination were plowed back into the NHT account. After October 1997 the U.S. deficit elimination tax was repealed. If the same standard were applied to

the 1.5 cent/litre increase in Canadian federal excise taxes on gasoline, the tax would have reverted to 8.5 cents/litre in 1998 as opposed to remaining at the current tax rate of 10 cents/litre.

Filling Canada's Infrastructure Gap

Canadian motorists are not receiving good value for the roadway taxes they pay. Current federal capital funding has not flowed back to the provinces and cities that are the source of those revenues. Chart 4 shows the amount of federal gasoline tax raised in each province:

**Chart 4 – Provincial Contribution to Federal Gasoline Tax Revenues
2003-2004**

Province	Percentage	Amount (\$-million)
Newfoundland	1.5%	64.0
Prince Edward Island	0.3%	13.8
Nova Scotia	2.4%	102.3
New Brunswick	1.8%	79.4
Quebec	20.9%	902.7
Ontario	40.6%	1,751.9
Manitoba	3.1%	135.2
Saskatchewan	3.0%	130.6
Alberta	14.1%	605.8
British Columbia	11.7%	505.6

With the overwhelming majority of all current roadway transfers going to provinces east of Ontario, the current criteria is hardly fair. A better approach would be to transfer existing federal revenues directly to municipalities. According to the Constitution, municipalities are a provincial jurisdiction. Hence, the federal government cannot unilaterally propose municipal taxes or revenue sharing arrangements. However, there is an established precedent for the federal government to directly pay municipalities cash in lieu of property taxes owed. Provincial governments do not object to these direct payments.

Most taxpayers recognize that gasoline taxes are paid locally but sent to the federal government, which does not directly fund roadway construction. Municipal governments should be given gas tax money to fund roadway construction and the federal government should ensure the funds are used only for that purpose. Accountability requires the auditing of MRT funds to be undertaken by the Auditor General of Canada each year.

Municipal Roadway Trust – A Fair Deal for Taxpayers

Since 2002, the CTF has been advocating a ***Municipal Roadway Trust*** formula that is predicated on the principle that gasoline taxes be treated as a user fee levied on motorists.

Chart 5, below, uses some basic assumptions to arrive at a revenue sharing formula to be used to create a ***Municipal Roadway Trust*** fund. Based on figures for the fiscal year 2005-2006, federal gasoline tax revenues will be about \$4.7-billion. This chart is based on 5 cents per litre in federal gasoline tax, and shows how these revenues would be re-directed to municipal governments for roadway spending. (See Appendix III for more examples of municipal shares under the MRT.)

To arrive at each municipality's share, Gross Domestic Product (GDP) by municipality is divided by the Canadian GDP, resulting in a percentage. Due to the complexities of tracking gasoline sales by municipality, the use of GDP is somewhat arbitrary, but still a fair way to arrive at a division of roadway spending that corresponds with gasoline taxes. In the case of smaller municipalities, these would receive funds on a per capita basis, once amounts to larger municipalities are calculated.

Rather than proposing a convoluted project approval process, this approach gives each municipality the opportunity to rationally develop and maintain its own roadway system.

Funds could be spent or rolled over into the next year depending on roadway construction schedules and priorities.

**Chart 5 – Gasoline Taxes Divided Among Major Municipalities
(\$ million)**

City	Halifax	Montréal	Ottawa	Toronto	Winnipeg	Regina	Calgary	Edmonton	Vancouver	Victoria
Percentage of Federal GDP	0.9%	8.9%	3.2%	15.6%	1.9%	0.6%	3.6%	3.2%	5.5%	0.8%
Portion of ½ Federal Fuel Tax	18.3	223.8	78.4	383.1	44.8	13.5	103.3	91.0	135.1	18.9

The *Municipal Roadway Trust* would consist of an initial three-year commitment to apply this formula to all Canadian municipalities. Over a three-year period of time, more than \$7-billion would be put directly into local roads. To ensure funds are only spent on roads, the following accountability framework would be applied:

- Municipalities would be provided with these funds directly – with a streamlined approval process;
- Funds could only be used for roadway and bridge construction or maintenance;
- At the end of the fiscal year each municipality would (i) identify the road, bridge or section built or repaired, (ii) name the principle contractor, and (iii) provide the cost of each project;
- Each year, the auditor general would provide a report to the House of Commons detailing an audit of the ***Municipal Roadway Trust*** spending;
- Based on the auditor general's report, any project of questionable merit would be disallowed – with funds subtracted from the following year's allocation;
- The program would run for three years and would be subject to renewal by Parliament; and
- Any provincial government interested in using the methodology to allocate its own fuel tax revenues could sign on to or emulate this process.

Defining Infrastructure

While politicians and parties of all stripes have committed to dedicating a share of gasoline tax revenues to municipalities, there is no guarantee that municipalities will spend the money on roads, since the definition of “infrastructure” is so vague it encompasses virtually anything in a municipality’s budget. Ottawa’s gas tax transfer is beginning to share many of the characteristics of the maligned federal Infrastructure program, which funded bocce ball courts, canoe museums and other dubious political projects.

The CTF believes that when it comes to sharing a portion of the federal gas tax revenues with municipalities, **“infrastructure” should be defined as highway, road and bridge construction,**

upkeep and maintenance. Gas tax revenues returned to municipalities should be dedicated only to these types of projects, in keeping with the idea that gas taxes are a user-fee on motorists.

The MRT model ensures that the money will be spent on this type of infrastructure, and provides for oversight to be conducted by the auditor general to ensure the transfers go only to a narrowly defined range of projects.

Snapshot of Canada's Transportation Network

Canada’s road system is comprised of a total of 900,000 km of roads, highways and bridges. Of these 15,000 km are federally owned (1.7%); 231,000 km are provincially owned (25.7%); and 655,000 km are municipally owned (72.9%).*

Approximately 40% of all travel occurs on 5% of Canada’s roads. Noteworthy among these was the second runner up in the CTF’s 2003 Worst Highway Contest (a.k.a. the “Highway From Hell”) – Highway 401 in Ontario. This highway is one of the busiest in the world, handling 350,000 vehicles per day, equivalent to all 16 lanes being full for 11 hours straight each day.*

The rate of automobile and truck traffic has increased faster than economic growth. Traffic is growing faster than the road network can accommodate. If current patterns continue, total vehicle use could increase by as much as 50-to-60% by 2015.*

*Source: Transport Canada, Vision and Balance: Canada Transportation Act Review, (Ottawa; June 2001).

Ottawa's Gas Tax Sharing Proposal Takes the Wrong Fork in the Road

The 2005 federal budget reads: "Over the next five years, the Government of Canada will provide \$5-billion to municipalities to support environmentally sustainable infrastructure projects such as public transit, water and wastewater treatment, community energy systems and the handling of solid waste. Effective in 2005–2006, Canada's cities and communities will receive a share of federal gas tax revenues worth \$600-million. This funding will increase until it reaches \$2-billion annually, equivalent to 5 cents per litre of gas tax revenues, by 2009–10."

Chart 6 – Annual Federal Gas Tax Revenue Transfer (2005 Budget)

Fiscal Year	Amount
2005-06	\$600-million
2006-07	\$600-million
2007-08	\$800-million
2008-09	\$1.00-billion
2009-10	\$2.00-billion
Total	\$5.00-billion

Funding will be distributed to provinces, territories and First Nations on a per capita basis once bilateral agreements are signed. These agreements will ensure that funds are received by municipalities promptly on a fair and transparent basis."

The So-Called New Deal: One Step Forward & Two Steps Backward

Faced with a growing infrastructure deficit it is not surprising that municipalities have been seeking new taxing powers. However, the public is suffocating under the current tax burden and more taxes are no solution, especially when the federal government is sitting on excess fuel tax revenue.

Yet past approaches to infrastructure initiatives have been problematic, if not wholly political, in their focus. One debacle has been the Canada Infrastructure Works Program (CIW), now renamed Infrastructure Canada. As the auditor general noted, “Our 1996 observations dealt with the need for clearer definitions of program objectives and project selection criteria, as well as the need for improved information.”⁵

Furthermore, the program definition of infrastructure is far too broad. As a result, the auditor general reported that only 60 per cent of the funding contributed to the construction of roads, bridges, and water and sewer networks. The other 40 per cent went to fund bocce ball courts, fountains, canoe museums and other questionable projects. Not unlike the advertising and sponsorship scandal that has plagued the government – and enraged taxpayers – the auditor general also reported in February 2004 that federal infrastructure programs lack accountability and proper guidelines.

The 2005 federal budget pledged to begin returning a portion of the federal gas taxes to municipalities, based on an equitable per capita funding model. This is a positive first step, and one the CTF has been advocating for years. Yet with this step forward, comes two giant leaps backward that threaten to undo progress that has been made for a fair deal.

The CTF advocates a gas tax sharing arrangement whereby the taxes the federal government collects would be specifically dedicated to “infrastructure” – defined as road, highway, and bridge construction, upkeep, and maintenance. The current plans define infrastructure too broadly and mere lip-service is paid to roads and bridges.

Without clear and dedicated funding, roads will not get the resources needed, while municipalities will be handed tax money to spend on dubious projects and others that are beyond the federal government’s jurisdiction and have nothing to do with gas revenues or motorists.

⁵ Auditor General, *Report of the Auditor General of Canada – September 1999*, Chapter 17-5 p. 5.

Chart 7 – Five-Year Gas Tax Revenue Transfer (2005 Budget)

Province/Territory/ Native Canadians	Five-Year Total (\$-million)
Newfoundland & Labrador	83.2
Prince Edward Island	37.5
Nova Scotia	145.2
New Brunswick	116.1
Quebec	1,151.0
Ontario	1,865.5
Manitoba	167.3
Saskatchewan	147.7
Alberta	476.9
British Columbia	635.6
Yukon	37.5
Northwest Territories	37.5
Nunavut	37.5
Native Canadian Funding Groups	62.5

To date, the federal government has signed an agreement-in-principle with British Columbia and finalized a deal with Alberta to implement a gas tax revenue sharing program. Others will follow. The B.C. agreement was signed on April 15, 2005, and the Alberta deal was completed on May 14, 2005.

Federal-Provincial “Infrastructure” Agreements

While sharing gas taxes with municipalities should be commended, these agreements by and large miss the mark. The construction and maintenance of roads, highways and bridges are ranked as a secondary priority in terms of funding. The agreement in principle between Ottawa and British Columbia and its municipalities state that “services or works that, in the opinion of the province are, are normally provided by the local government or a related party”, are “ineligible.” As 80 per cent of all roads in Canada fall under municipal responsibility, this statement is disappointing.

Similarly, the bilateral agreement between Ottawa and Alberta outlines the federal government's new funding commitments to municipalities. It states, "Eligible project categories include public transit, water, wastewater, solid waste, community energy systems and community capacity building. For communities of a population less than 500,000, funds may be used for local roads, bridges and tunnels that enhance sustainability outcomes." In other words, gas tax revenues will be used for garbage collection, subways, information technology and sewer systems, but not potholes. Moreover, the agreement notes, "Calgary and Edmonton have indicated that all of their gas tax funding will be used for public transit."

Such agreements do not acknowledge the burden municipalities face with road construction and maintenance or the importance of using gas taxes to mend roads. Instead, this agreement is full of categories, subcategories, tiers, and unclear terms such as "innovations fund." It will not be local municipal leaders but federal bureaucrats armed with terrain maps and funding formulas who will determine municipal funding priorities. Can a costly federal department of cities be far off?

Gas taxes will fund everything from regional marketing strategies, to consultants and bureaucrats. While announcing hundreds of millions of dollars in multi-year spending is good political PR, it is bad public policy. It does not recognize gas taxes as a user-fee for motorists, nor does it adequately deal with the infrastructure gap that faces municipalities across Canada.

Perhaps most worrisome is the lack of oversight for the eventual hundreds of millions of dollars that will be flowing from the federal government to the provincial governments, and finally to municipalities. The potential for this money to be spent without potholes being filled is very real. The CTF would prefer gas taxes be dedicated specifically to road construction and upkeep, with oversight by Canada's auditor general. Only then can taxpayers be assured this money will go to what it is desperately needed for – concrete and asphalt.

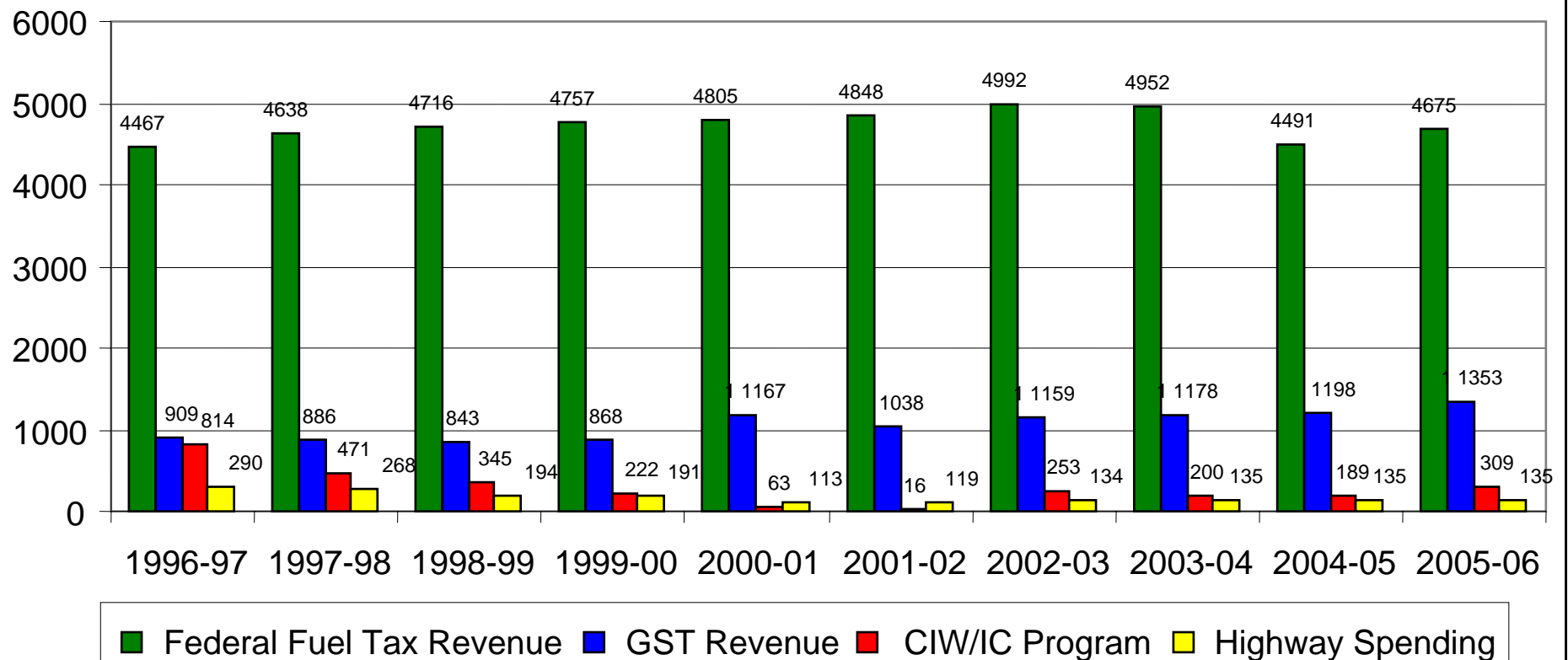
Conclusion

When the CTF launched its first Gas Tax Honesty Campaign in 1999, most motorists and taxpayers were unaware of the tax component of gasoline at the pumps. Even fewer motorists were aware that the federal government returned less than 5 per cent of the \$4.8-billion it collected at the pumps to roads. Through six years of campaigning, motorists and taxpayers are more aware. Industry has made changes and politicians are beginning to listen.

Meeting the infrastructure challenges of the 21st century will put a considerable strain on Canadian municipalities. Providing direct federal assistance for improvements to municipal roads will make an important contribution to this challenge. For years the federal government has collected billions in gasoline tax revenues, but has not channeled significant dollars back into Canadian roads and highways. This must change. Yet the federal government's plan will direct funding to Ottawa's priorities, not those of local taxpayers or even those of municipal leaders.

The need for more roadway funding is clear. It is not a question of creating new taxes, but one of fairly distributing the taxes that already exist. The ***Municipal Roadway Trust*** would make a significant contribution toward meeting the needs of our cities – large and small – in the 21st century. At the same time, the federal government must give motorists a break and reduce gas taxes to levels commensurate with road and highway funding.

Federal Fuel Tax Revenues Versus Transport Canada Highway Spending & Canada Infrastructure Works and Infrastructure Canada Program Spending (\$ Million)



Provincial Motoring Revenues

Year	NL	PEI	NS	NB	PQ	ON	MB	SK	AB	BC	YK	NWT	NT	Total
Fuel Tax Revenue														
(Million)														
1994-1995	\$ 125.5	\$ 26.2	\$ 195.6	\$ 160.0	\$ 1,340.0	\$ 2,434.0	\$ 214.5	\$ 339.2	\$ 525.0	\$ 666.6	n/a	n/a	n/a	\$ 6,026.6
1995-1996	121.9	26.6	197.5	163.0	1,407.0	2,444.0	213.5	335.8	527.0	827.7	n/a	n/a	n/a	6,264.1
1996-1997	108.5	27.2	198.7	166.0	1,454.0	2,491.0	216.2	365.5	540.0	832.4	n/a	14.3	n/a	6,413.7
1997-1998	120.4	29.5	204.1	169.0	1,486.0	2,591.0	215.9	376.9	558.0	760.2	6.3	18.8	n/a	6,536.2
1998-1999	121.5	32.1	211.6	171.0	1,559.0	2,660.0	221.3	354.6	547.0	872.0	6.5	13.6	n/a	6,770.2
1999-2000	129.2	33.5	219.4	185.5	1,560.0	2,819.0	221.7	369.0	568.0	836.0	6.6	7.5	n/a	6,955.5
2000-2001	130.4	33.6	201.7	186.5	1,536.0	2,820.0	224.0	345.1	581.0	825.0	5.8	10.8	3.1	6,903.1
2001-2002	130.0	32.7	208.0	188.0	1,536.0	2,851.0	224.0	353.8	590.0	802.0	6.7	16.9	3.3	6,942.3
2002-2003	134.7	34.0	246.3	217.1	1,645.0	2,988.0	227.3	331.5	597.0	684.0	6.7	15.6	4.5	7,131.7
2003-2004	135.0	36.5	248.9	235.0	1,670.0	2,966.0	231.3	350.9	602.0	875.0	6.7	17.6	4.5	7,379.4
2004-2005	142.0	43.1	255.9	239.4	1,682.0	3,002.0	232.0	363.1	635.0	895.0	n/a	17.8	n/a	n/a
2005-2006	146.0	49.0	257.0	236.0	n/a	3,041.0	234.0	365.0	645.0	915.0	n/a	n/a	n/a	n/a
Licensing Fees Revenue														
(Million)														
1994-1995	\$ 43.5	\$ 9.0	\$ 71.0	\$ 70.0	\$ 500.0	\$ 751.0	\$ 58.1	\$ 87.0	\$ 159.0	\$ 306.1	n/a	n/a	n/a	\$ 2,054.7
1995-1996	44.9	9.1	56.0	71.4	482.0	736.0	58.0	88.4	164.0	326.3	n/a	n/a	n/a	2,036.1
1996-1997	45.2	9.2	58.6	71.0	490.0	816.0	59.4	94.6	171.0	321.9	n/a	n/a	n/a	2,137.0
1997-1998	50.5	10.3	54.9	69.7	641.0	820.0	64.0	98.8	182.0	316.5	n/a	n/a	n/a	2,307.7
1998-1999	49.5	10.7	61.0	71.1	664.0	890.0	63.4	108.1	196.0	329.0	3.2	n/a	n/a	2,445.9
1999-2000	52.0	11.1	61.4	78.8	667.0	911.0	68.3	113.3	203.0	336.0	2.7	n/a	n/a	2,504.6
2000-2001	53.0	11.1	62.0	80.6	646.0	929.0	70.5	113.8	208.0	342.0	2.7	n/a	n/a	2,518.7
2001-2002	54.5	11.9	65.1	77.4	662.0	941.0	75.5	117.9	213.0	346.0	2.8	n/a	n/a	2,567.0
2002-2003	56.3	11.8	75.9	79.1	690.0	982.0	80.1	117.0	248.0	355.0	2.9	n/a	n/a	2,698.2
2003-2004	56.5	11.3	73.7	79.5	700.0	986.0	88.7	122.2	262.0	362.0	3.0	n/a	n/a	2,744.9
2004-2005	68.6	11.3	65.4	82.5	n/a	991.0	103.8	127.1	257.0	380.0	n/a	n/a	n/a	n/a
2005-2006	69.5	n/a	75.0	90.0	n/a	1,017.0	116.0	125.8	n/a	389.0	n/a	n/a	n/a	n/a
Total Motoring Revenue														
(Million)														
1994-1995	\$ 169.0	\$ 35.1	\$ 266.6	\$ 230.0	\$ 1,840.0	\$ 3,185.0	\$ 272.6	\$ 426.2	\$ 684.0	\$ 972.7	n/a	n/a	n/a	\$ 8,081.3
1995-1996	166.8	35.8	253.5	234.4	1,889.0	3,180.0	271.5	424.2	691.0	1,154.0	n/a	n/a	n/a	8,300.2
1996-1997	153.7	36.4	257.3	237.0	1,944.0	3,307.0	275.6	460.1	711.0	1,154.3	n/a	14.3	n/a	8,550.7
1997-1998	170.9	39.8	259.0	238.7	2,127.0	3,411.0	279.9	475.7	740.0	1,076.8	6.3	18.8	n/a	8,843.9
1998-1999	171.0	42.7	272.6	242.1	2,223.0	3,550.0	284.7	462.7	743.0	1,201.0	9.7	13.6	n/a	9,216.1
1999-2000	181.2	44.6	280.8	264.3	2,227.0	3,730.0	290.0	482.3	771.0	1,172.0	9.3	7.5	n/a	9,460.1
2000-2001	183.4	44.7	263.6	267.1	2,182.0	3,749.0	294.5	459.0	789.0	1,167.0	8.5	10.8	3.1	9,421.8
2001-2002	184.5	44.6	273.0	265.4	2,198.0	3,792.0	299.5	471.7	803.0	1,148.0	9.5	16.9	3.3	9,509.3
2002-2003	191.0	45.8	322.2	296.2	2,335.0	3,970.0	307.4	448.5	845.0	1,039.0	9.6	15.6	4.5	9,829.8
2003-2004	191.5	47.8	322.6	314.5	2,370.0	3,952.0	320.0	473.1	864.0	1,237.0	9.8	17.6	4.5	10,124.3
2004-2005	210.6	54.5	321.3	321.9	n/a	3,993.0	335.8	490.2	892.0	1,275.0	n/a	17.8	n/a	n/a
2005-2006	215.5	49.0	332.0	326.0	n/a	4,058.0	350.0	490.8	645.0	1,304.0	n/a	n/a	n/a	n/a

Source: Provincial Budget Documents 1990-2004

Provincial Transportation Spending

Year	NL ¹	PEI ²	NS ³	NB ⁴	PQ ⁵	ON ⁶	MB ⁷	SK ⁸	AB ⁹	BC	YK ¹⁰	NWT	NT ¹¹	Total
Provincial Transportation or Equivalent Spending														
(Million)														
1994-1995	\$ 101.8	\$ 43.8	\$ 121.6	\$ 125.2	\$ 1,551.0	\$ 598.0	\$ 225.3	\$ 128.6	\$ 667.0	\$ 907.0	n/a	n/a	n/a	\$ 4,469.2
1995-1996	95.1	42.5	106.4	125.5	1,460.0	1,054.0	229.6	115.9	646.0	851.8	n/a	n/a	n/a	4,726.8
1996-1997	114.1	46.7	166.6	128.8	930.0	1,449.0	222.2	118.2	505.0	844.0	n/a	58.3	n/a	4,582.9
1997-1998	113.2	58.7	166.3	125.1	1,363.0	752.0	224.9	137.3	667.0	770.0	63.0	56.4	n/a	4,497.0
1998-1999	118.0	62.2	236.5	131.8	1,507.0	634.0	232.8	123.1	1,242.0	790.0	62.9	58.9	n/a	5,199.1
1999-2000	120.5	65.7	236.3	131.4	1,578.0	587.0	293.9	129.8	888.0	1,697.0	64.4	42.0	n/a	5,834.0
2000-2001	134.3	73.2	248.6	141.9	1,501.0	593.0	300.6	140.1	885.0	1,574.0	64.1	48.2	61.6	5,765.6
2001-2002	136.1	71.1	233.5	162.0	1,406.0	664.0	319.1	143.0	926.0	1,763.0	73.3	71.5	64.4	6,033.0
2002-2003	125.9	56.6	253.6	148.3	1,429.0	282.0	321.9	137.4	652.0	1,301.0	66.6	73.7	69.6	4,917.6
2003-2004	178.0	53.5	227.7	153.0	1,488.0	785.0	303.9	243.0	1,075.0	1,446.0	65.7	74.1	72.0	6,164.8
2004-2005	205.3	55.7	251.0	156.3	n/a	1,006.0	303.1	260.0	1,003.0	1,341.0	n/a	76.9	n/a	n/a
2005-2006	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Provincial Transport Capital Spending														
(Million)														
1994-1995	\$ 48.0	\$ 33.9	\$ 97.4	\$ 193.3	n/a	\$ 1,757.0	n/a	\$ 65.7	\$ 134.0	n/a	n/a	n/a	n/a	\$ 2,329.3
1995-1996	58.8	35.9	132.0	142.3	n/a	1,387.0	n/a	57.2	134.0	n/a	n/a	n/a	n/a	1,947.2
1996-1997	17.4	38.9	74.3	314.1	n/a	1,259.0	n/a	52.1	115.0	n/a	n/a	34.5	n/a	1,905.2
1997-1998	29.2	37.5	96.9	239.2	n/a	2,022.0	n/a	75.6	148.0	n/a	30.4	31.9	n/a	2,710.6
1998-1999	26.8	30.1	n/a	196.2	n/a	892.0	n/a	109.3	247.0	n/a	34.4	26.6	n/a	1,562.3
1999-2000	31.3	32.1	n/a	198.9	n/a	830.0	n/a	106.0	1,416.0	n/a	40.2	25.0	n/a	2,679.5
2000-2001	36.8	26.9	n/a	97.0	n/a	836.0	n/a	133.2	1,282.0	n/a	38.2	20.6	21.3	2,492.1
2001-2002	41.3	28.9	n/a	123.5	n/a	818.0	n/a	166.3	990.0	n/a	46.2	32.7	27.9	2,274.8
2002-2003	41.1	21.4	n/a	168.1	n/a	1,097.0	n/a	157.1	596.0	444.0	48.1	43.7	31.4	2,648.0
2003-2004	19.1	32.5	n/a	196.0	n/a	812.0	68.5	n/a	687.0	597.0	44.7	35.6	27.2	2,519.5
2004-2005	21.7	23.3	n/a	248.8	n/a	679.0	78.9	n/a	981.0	597.0	n/a	47.8	n/a	n/a
2005-2006	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1,669.0	599.0	n/a	n/a	n/a	n/a
Total Transportation Spending														
(Million)														
1994-1995	\$ 149.7	\$ 77.7	\$ 219.1	\$ 318.5	\$ 1,551.0	\$ 2,355.0	\$ 225.3	\$ 194.3	\$ 801.0	\$ 907.0	n/a	n/a	n/a	\$ 6,798.6
1995-1996	153.9	78.4	238.4	267.8	1,460.0	2,441.0	229.6	173.1	780.0	851.8	n/a	n/a	n/a	6,674.0
1996-1997	131.5	85.6	240.9	442.9	930.0	2,708.0	222.2	170.2	620.0	844.0	n/a	92.8	n/a	6,488.1
1997-1998	142.3	96.2	263.2	364.3	1,363.0	2,774.0	224.9	212.9	815.0	770.0	93.4	88.3	n/a	7,207.6
1998-1999	144.7	92.3	236.5	328.0	1,507.0	1,526.0	232.8	232.3	1,242.0	790.0	97.3	85.5	n/a	6,514.4
1999-2000	151.8	97.8	236.3	330.3	1,578.0	1,417.0	293.9	235.9	888.0	1,697.0	104.6	67.0	n/a	7,097.5
2000-2001	171.2	100.1	248.6	238.9	1,501.0	1,429.0	300.6	273.3	885.0	1,574.0	102.3	68.8	82.9	6,975.7
2001-2002	177.4	100.0	233.5	285.5	1,406.0	1,482.0	319.1	309.3	926.0	1,763.0	119.5	104.2	92.3	7,317.8
2002-2003	167.0	78.0	253.6	316.4	1,429.0	1,379.0	321.9	294.5	652.0	1,301.0	114.8	117.4	101.0	6,525.6
2003-2004	197.0	86.0	227.7	349.0	1,488.0	1,597.0	372.4	243.0	1,001.0	1,446.0	110.4	109.6	99.2	7,326.3
2004-2005	227.0	79.0	251.0	405.0	1,657.0	1,685.0	382.0	260.0	1,268.0	1,341.0	n/a	124.7	n/a	n/a
2005-2006	307.0	80.0	264.0	383.0	n/a	1,597.0	389.0	260.0	1,889.0	1,265.0	n/a	n/a	n/a	n/a

1. Newfoundland: Works Services & Transportation

2. PEI: Transportation & Public Works

3. Nova Scotia: Transportation & Public Works

4. New Brunswick: Transportation

5. Quebec: Transports

6. Ontario: Transport

7. Manitoba: Transportation & Government Service

8. Saskatchewan: Highways & Transportation

9. Alberta: Transportation and Support for Infrastructure

10. Yukon: Infrastructure

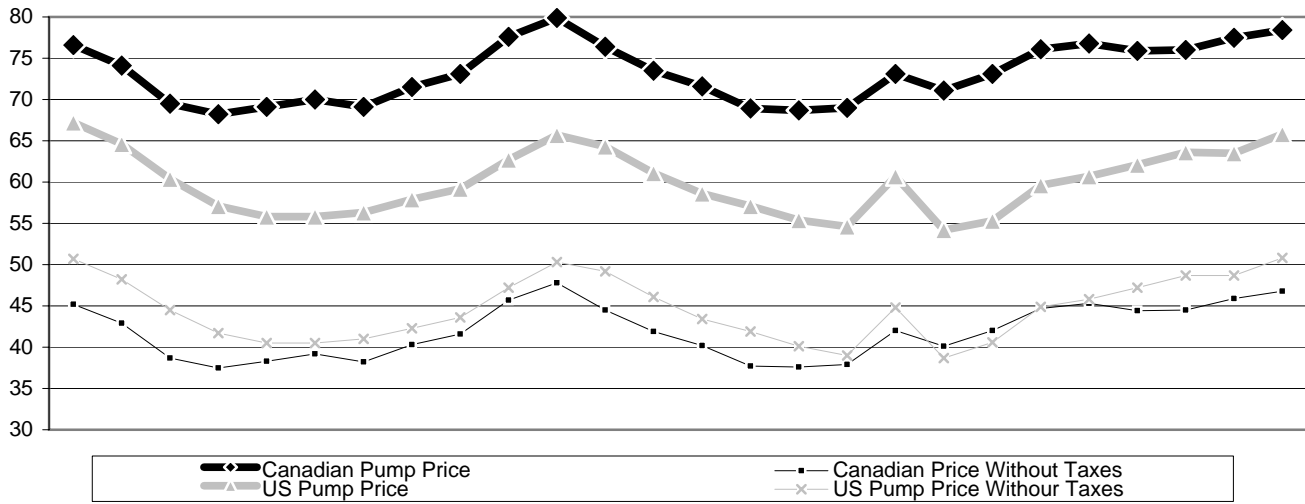
11. Nunavut: Community Government & Transportation

Source: Provincial Budget Documents 1990-2004

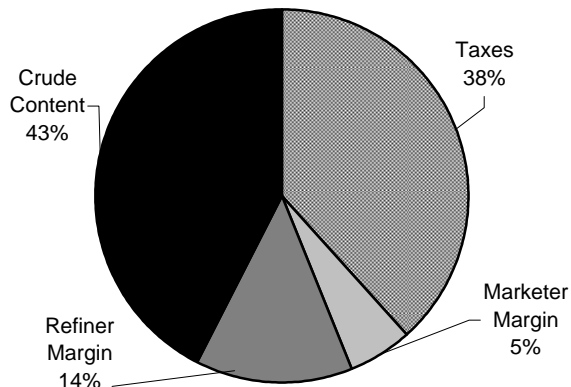


Federal -- Gas Tax Facts

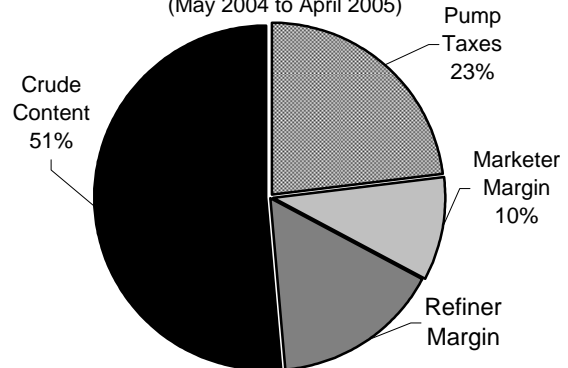
Canada versus U.S. Average Price and Price Without Taxes 2004 to 2005



Canadian Average, Gas Price Breakdown at 84.0 cents/litre
(May 2004 to April 2005)



USA Average, Gas Price Breakdown at 69.3 cents/litre
(May 2004 to April 2005)



Federal Government Revenues and Expenditures 1994-2005 (\$ million)

Year	Gas Tax Revenue	GST Revenues (Est.)	Total Revenues (Est.)	Highway Spending*	% of Gas Tax Revenue	% of Total Revenue
1994-1995	3,824.0	771.5	4,595.5	211.0	5.5%	4.6%
1995-1996	4,404.0	854.8	5,258.8	257.0	5.8%	4.9%
1996-1997	4,467.0	908.7	5,375.7	290.0	6.5%	5.4%
1997-1998	4,638.0	886.4	5,524.4	268.4	5.8%	4.9%
1998-1999	4,716.0	842.7	5,558.7	194.1	4.1%	3.5%
1999-2000	4,757.0	867.5	5,624.5	190.7	4.0%	3.4%
2000-2001	4,805.0	1,167.4	5,972.4	113.1	2.4%	1.9%
2001-2002	4,848.0	1,037.7	5,885.7	118.6	2.4%	2.0%
2002-2003	4,992.0	1,158.9	6,150.9	134.3	2.7%	2.2%
2003-2004	4,953.0	1,178.4	6,131.4	135.0	2.7%	2.2%
2004-2005	4,491.0	1,198.0	5,689.0	324.0	7.2%	5.7%
2005-2006	4,673.0	1,350.0	6,023.0	444.0	9.5%	7.4%

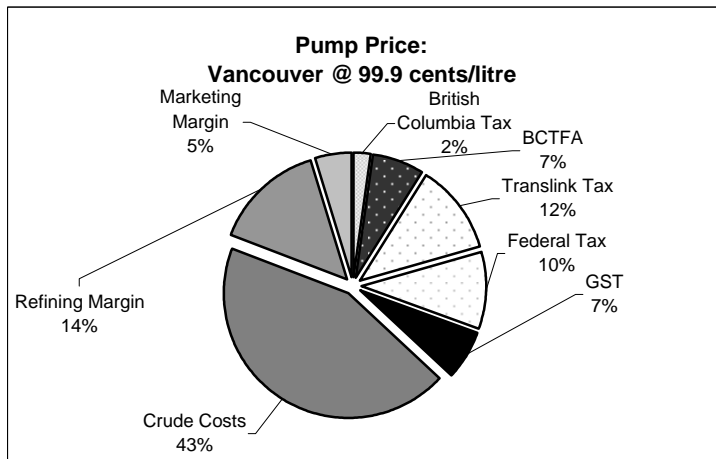
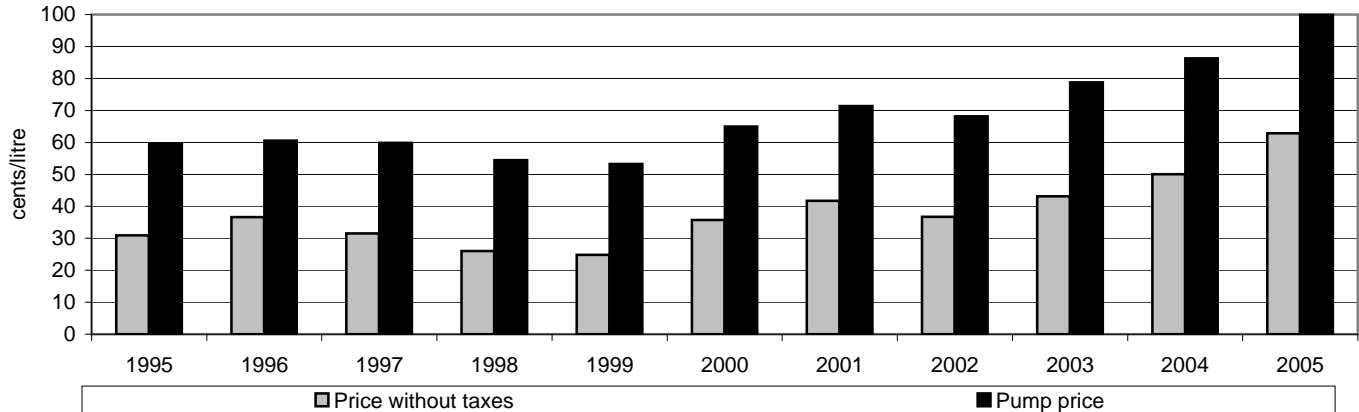
* Highway Spending, Transport Canada transfers to provinces

GST Revenues Estimate: based on Gasoline sales multiplied by average price per litre, multiplied by 7% GST less rebates.



British Columbia -- Gas Tax Facts

Vancouver: Gas Prices & Gas Taxes
(May 1995 - 2005)



Pump Price Breakdown:

Fill-up		99.9 cents/litre
Capacity		50.0 litres
Total Sale	\$	49.95
British Columbia Tax	\$	1.13
BCTFA	\$	3.38
Translink Tax	\$	5.75
Federal Tax	\$	5.00
GST	\$	3.25
Crude Costs	\$	21.90
Refining Margin	\$	7.15
Marketing Margin	\$	2.40

Fill-up at April 19, 2005 prices

Comparative Provincial Motoring Revenues and Expenditures 1994-2005 (\$ million)

Year	Gas Tax Revenue	Fees	Federal Transfers	Total Revenue	Transport Spending	Transport Capital	Total Spending	Spending % of Revenue
1994-1995	666.6	306.1	5.9	978.6	907.0	n/a	909.0	92.9%
1995-1996	827.7	326.3	6.9	1,160.9	851.8	n/a	851.8	73.4%
1996-1997	832.4	321.9	5.7	1,160.0	844.0	596.0	1,440.0	124.1%
1997-1998	760.2	316.5	6.3	1,083.0	770.0	419.0	1,189.0	109.8%
1998-1999	872.0	329.0	0.1	1,201.1	790.0	781.0	1,571.0	130.8%
1999-2000	836.0	336.0	n/a	1,172.0	1,697.0	1,015.0	2,712.0	231.4%
2000-2001	825.0	342.0	n/a	1,167.0	1,574.0	554.0	2,128.0	182.3%
2001-2002	802.0	346.0	n/a	1,148.0	1,763.0	310.0	2,073.0	180.6%
2002-2003	684.0	355.0	n/a	1,039.0	1,301.0	444.0	1,745.0	167.9%
2003-2004	875.0	362.0	n/a	1,237.0	1,446.0	597.0	2,043.0	165.0%
2004-2005	895.0	380.0	n/a	1,275.0	1,341.0	597.0	1,938.0	152.0%
2005-2006	915.0	389.0	n/a	1,304.0	1,265.0	599.0	1,864.0	142.9%

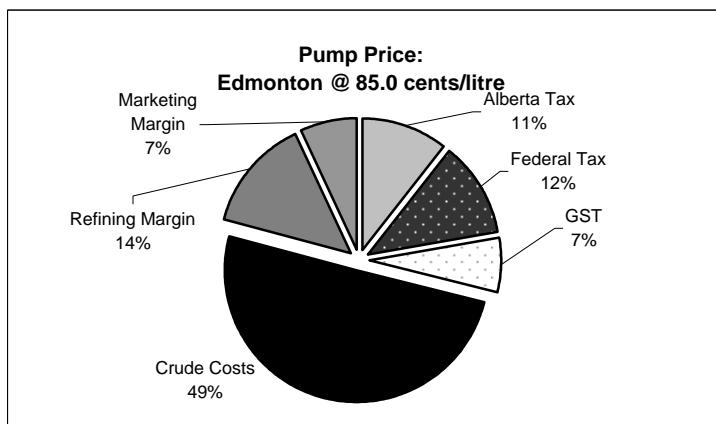
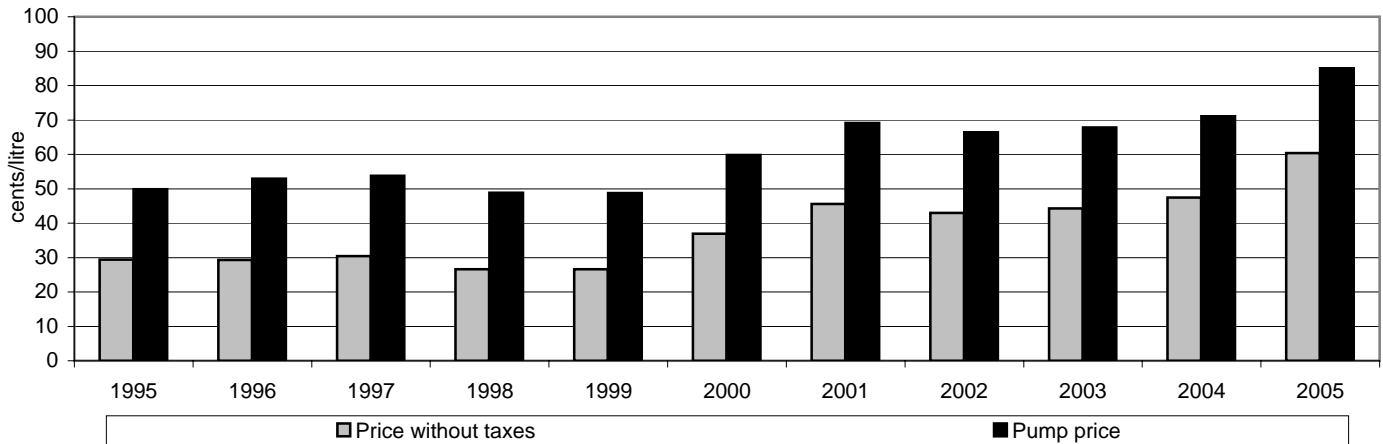
N.B. 1999-2000 Includes debt write-down for the BC Ferry Corporation.

British Columbia Ministry of Transportation and Highways Expenditures.



Alberta -- Gas Tax Facts

Edmonton: Gas Prices & Gas Taxes
(May 1995 - 2005)



Pump Price Breakdown:

Fill-up		85 cents/litre
Capacity		50.0 litres
Total Sale	\$	42.50
Alberta Tax	\$	4.50
Federal Tax	\$	5.00
GST	\$	2.81
Crude Costs	\$	21.35
Refining Margin	\$	5.85
Marketing Margin	\$	3.00

Fill-up at April 19, 2005 prices

Comparative Provincial Motoring Revenues and Expenditures 1994-2005 (\$ million)

Year	Gas Tax Revenue	Fees	Federal Transfers	Total Revenue	Transport Spending	Transport Capital	Total Spending	Spending % of Revenue
1994-1995	525.0	159.0	8.6	692.6	667.0	134.0	801.0	115.7%
1995-1996	527.0	164.0	10.2	701.2	646.0	134.0	780.0	111.2%
1996-1997	540.0	171.0	1.2	712.2	505.0	115.0	620.0	87.1%
1997-1998	558.0	182.0	n/a	740.0	667.0	148.0	815.0	110.1%
1998-1999*	547.0	196.0	n/a	743.0	1,736.0	247.0	1,736.0	233.6%
1999-2000*	568.0	203.0	n/a	771.0	3,720.0	1,416.0	3,720.0	482.5%
2000-2001	581.0	208.0	n/a	789.0	3,449.0	1,282.0	3,449.0	437.1%
2001-2002	590.0	213.0	n/a	803.0	2,906.0	990.0	2,906.0	361.9%
2002-2003	597.0	248.0	n/a	845.0	1,844.0	596.0	1,844.0	218.2%
2003-2004	620.0	262.0	n/a	882.0	1,001.0	785.0	1,786.0	202.5%
2004-2005	635.0	257.0	n/a	892.0	1,268.0	1,055.0	2,323.0	n/a
2005-2006	645.0	n/a	n/a	645.0	1,889.0	n/a	n/a	n/a

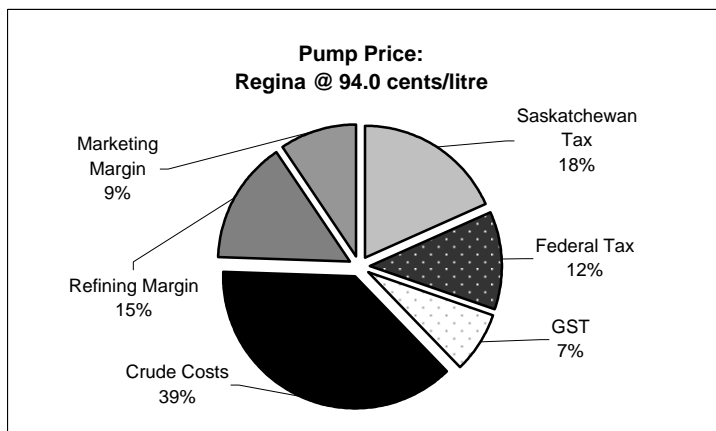
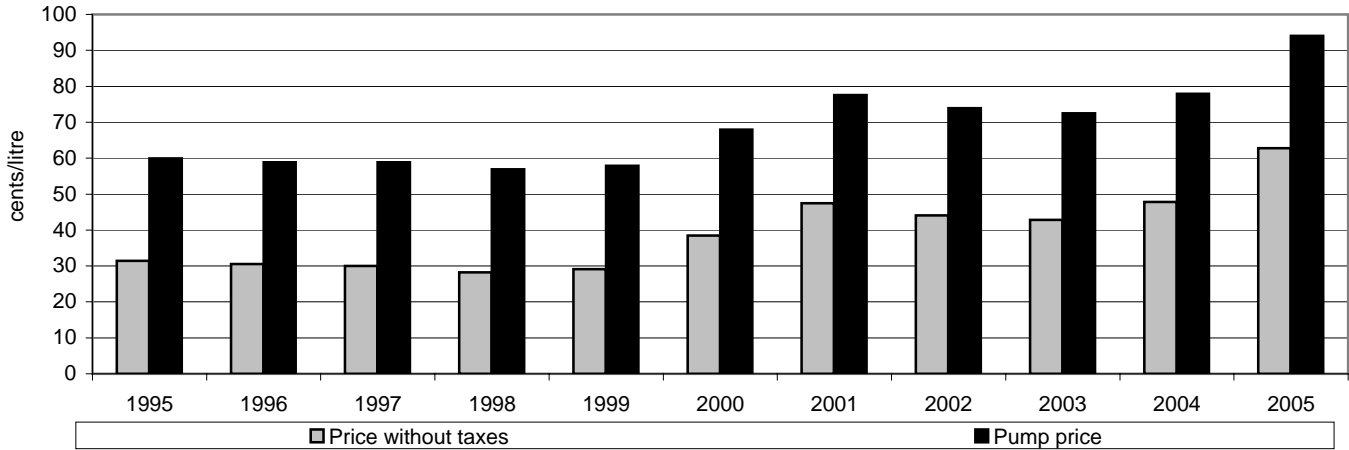
* Alberta Transportation was part of larger Alberta Infrastructure

Alberta: Transportation



Saskatchewan -- Gas Tax Facts

Regina: Gas Prices & Gas Taxes
(May 1995 - 2005)



Pump Price Breakdown:

Fill-up		94 cents/litre
Capacity		50.0 litres
Total Sale	\$	47.00
Saskatchewan Tax	\$	7.50
Federal Tax	\$	5.00
GST	\$	3.06
Crude Costs	\$	15.60
Refining Margin	\$	6.15
Marketing Margin	\$	3.90

Fill-up at April 19, 2005 prices

Comparative Provincial Motoring Revenues and Expenditures 1994-2005 (\$ million)

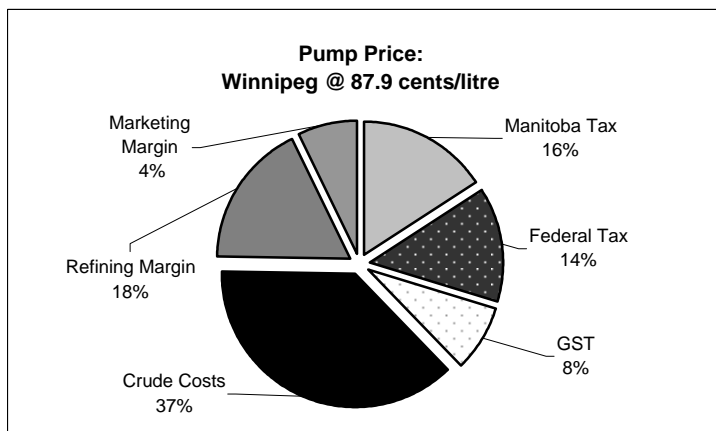
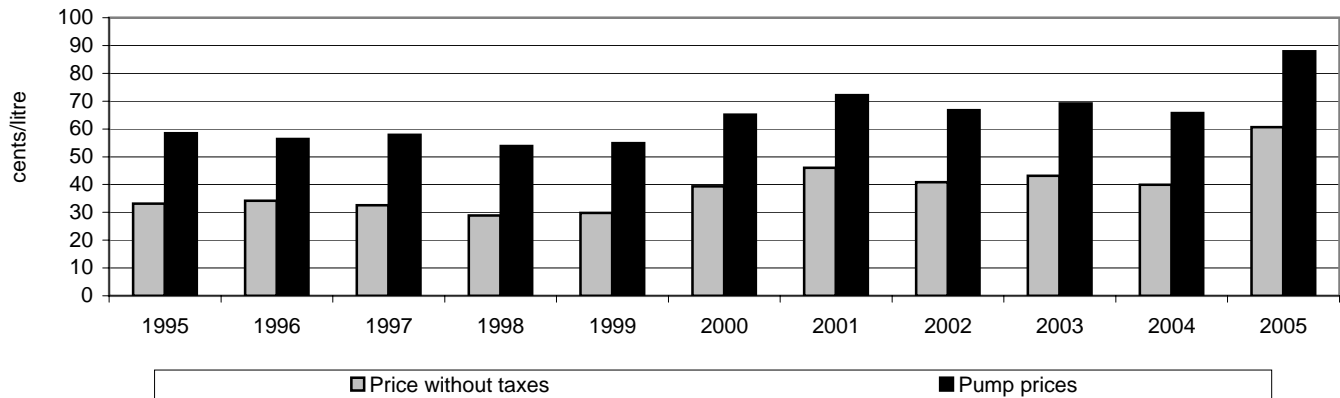
Year	Gas Tax Revenue	Fees	Federal Transfers	Total Revenue	Transport Spending	Transport Capital	Total Spending	Spending % of Revenue
1994-1995	339.2	87.0	8.3	434.5	194.0	65.7	259.7	59.8%
1995-1996	335.8	88.4	7.4	431.6	173.0	57.2	230.2	53.3%
1996-1997	365.5	94.6	9.0	469.1	170.0	52.1	222.1	47.3%
1997-1998	376.9	98.8	2.5	478.2	213.0	75.6	288.6	60.4%
1998-1999	354.6	108.1	n/a	462.7	232.0	109.3	341.3	73.8%
1999-2000	369.0	113.3	n/a	482.3	236.0	106.0	342.0	70.9%
2000-2001	345.1	113.8	n/a	459.0	273.0	133.2	406.2	88.5%
2001-2002	354.0	117.9	n/a	471.9	309.0	166.3	475.3	100.7%
2002-2003	332.0	117.0	n/a	449.0	294.0	157.1	451.1	100.5%
2003-2004	357.0	122.2	n/a	479.2	243.0	n/a	243.0	50.7%
2004-2005	363.0	121.0	n/a	484.0	260.0	n/a	260.0	53.7%
2005-2006	365.0	125.7	n/a	490.7	260.0	n/a	260.0	53.0%

Saskatchewan: Highways & Transportation



Manitoba -- Gas Tax Facts

Winnipeg: Gas Prices & Gas Taxes
(May 1995 - 2005)



Pump Price Breakdown:

Fill-up		87.9 cents/litre
Capacity		50.0 litres
Total Sale	\$	43.95
Manitoba Tax	\$	5.75
Federal Tax	\$	5.00
GST	\$	2.90
Crude Costs	\$	13.65
Refining Margin	\$	6.35
Marketing Margin	-\$	2.60
		38% Tax
		62% Costs

Fill-up at April 19, 2005 prices

Comparative Provincial Motoring Revenues and Expenditures 1994-2005 (\$ million)

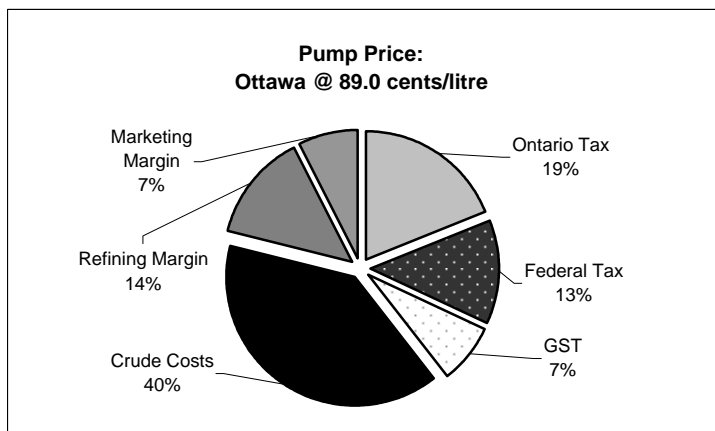
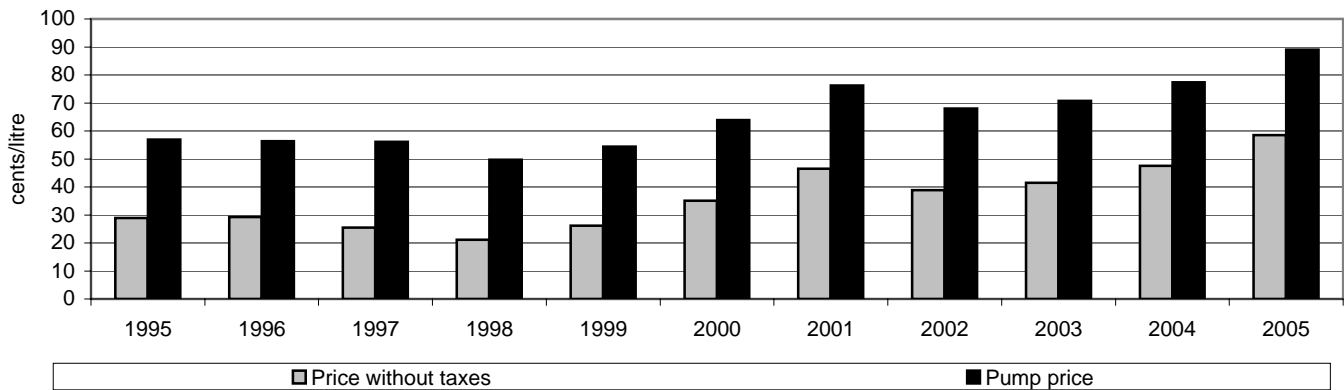
Year	Gas Tax Revenue	Fees	Federal Transfers	Total Revenue	Transport Spending	Transport Capital	Total Spending	Spending % of Revenue
1994-1995	214.5	58.1	12.0	284.6	225.3	n/a	225.3	79.2%
1995-1996	213.5	58.0	6.0	277.5	229.6	n/a	229.6	82.7%
1996-1997	216.2	59.4	3.8	279.4	222.2	n/a	222.2	79.5%
1997-1998	215.9	64.0	n/a	279.9	224.9	n/a	224.9	80.3%
1998-1999	221.3	63.4	n/a	284.7	232.8	n/a	232.8	81.8%
1999-2000	221.7	68.3	n/a	290.0	293.9	n/a	293.9	101.3%
2000-2001	224.0	70.5	n/a	294.5	300.6	n/a	300.6	102.1%
2001-2002	224.0	75.5	n/a	299.5	319.1	n/a	319.1	106.6%
2002-2003	227.3	80.1	n/a	307.4	321.9	n/a	321.9	104.7%
2003-2004	231.3	88.7	n/a	320.0	372.0	n/a	372.0	116.3%
2004-2005	232.0	103.8	n/a	335.8	382.0	n/a	382.0	113.8%
2005-2006	234.0	116.0	n/a	350.0	389.0	n/a	389.0	111.1%

Manitoba: Transportation & Government Service



Ontario -- Gas Tax Facts

Ottawa: Gas Prices & Gas Taxes
(May 1995 - 2005)



Pump Price Breakdown:

Fill-up		89 cents/litre
Capacity		50.0 litres
Total Sale	\$	44.50
Ontario Tax	\$	7.35
Federal Tax	\$	5.00
GST	\$	2.89
Crude Costs	\$	15.25
Refining Margin	\$	5.30
Marketing Margin	\$	2.90

Fill-up at April 19, 2005 prices

Comparative Provincial Motoring Revenues and Expenditures 1994-2005 (\$ million)

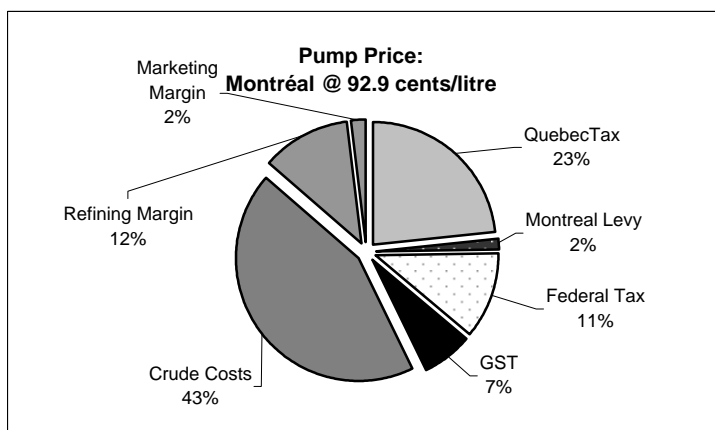
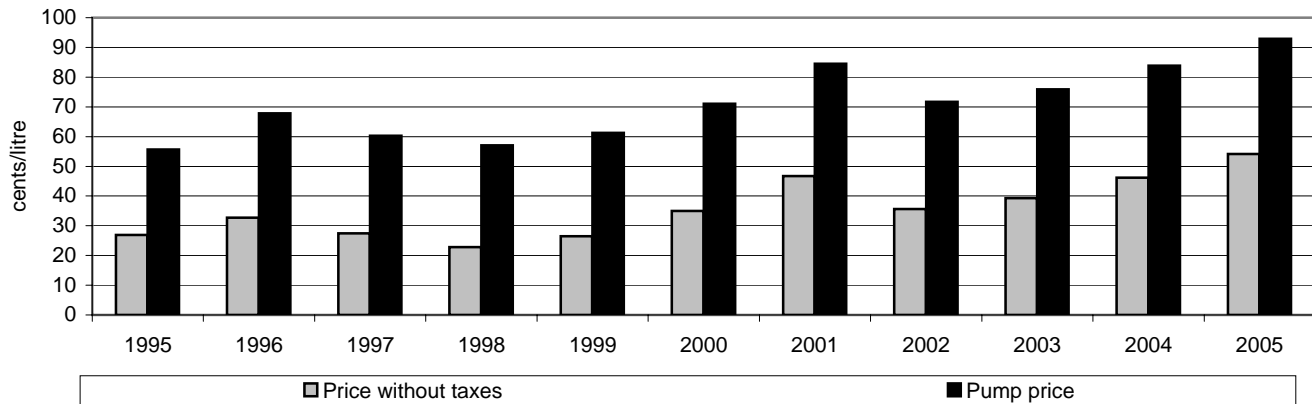
Year	Gas Tax Revenue	Fees	Federal Transfers	Total Revenue	Transport Spending	Transport Capital	Total Spending	Spending % of Revenue
1994-1995	2,434.0	751.0	13.4	3,198.4	598.0	1,757.0	2,355.0	73.6%
1995-1996	2,444.0	736.0	16.2	3,196.2	1,054.0	1,387.0	2,441.0	76.4%
1996-1997	2,491.0	816.0	17.4	3,324.4	1,449.0	1,259.0	2,708.0	81.5%
1997-1998	2,591.0	820.0	32.2	3,443.2	752.0	2,022.0	2,774.0	80.6%
1998-1999	2,660.0	890.0	23.7	3,573.7	634.0	892.0	1,526.0	42.7%
1999-2000	2,819.0	911.0	n/a	3,730.0	587.0	830.0	1,417.0	38.0%
2000-2001	2,820.0	929.0	n/a	3,749.0	593.0	836.0	1,429.0	38.1%
2001-2002	2,851.0	941.0	n/a	3,792.0	664.0	818.0	1,482.0	39.1%
2002-2003	2,988.0	982.0	n/a	3,970.0	282.0	1,097.0	1,379.0	34.7%
2003-2004	2,945.0	933.0	n/a	3,878.0	831.0	n/a	1,597.0	41.2%
2004-2005	3,002.0	991.0	n/a	3,993.0	n/a	679.0	1,685.0	42.2%
2005-2006	3,041.0	1,017.0	n/a	4,058.0	n/a	-	1,597.0	39.4%

Ontario: Transport



Quebec -- Gas Tax Facts

Montréal: Gas Prices & Gas Taxes
(May 1995 - 2005)



Fill-up		92.9 cents/litre
Capacity		50.0 litres
Total Sale	\$	46.45
Quebec Tax	\$	10.39
Montreal Levy	\$	0.70
Federal Tax	\$	5.00
GST	\$	3.07
Crude Costs	\$	19.40
Refining Margin	\$	5.20
Marketing Margin	\$	0.92

Fill-up at April 19, 2005 prices

Comparative Provincial Motoring Revenues and Expenditures 1994-2005 (\$ million)

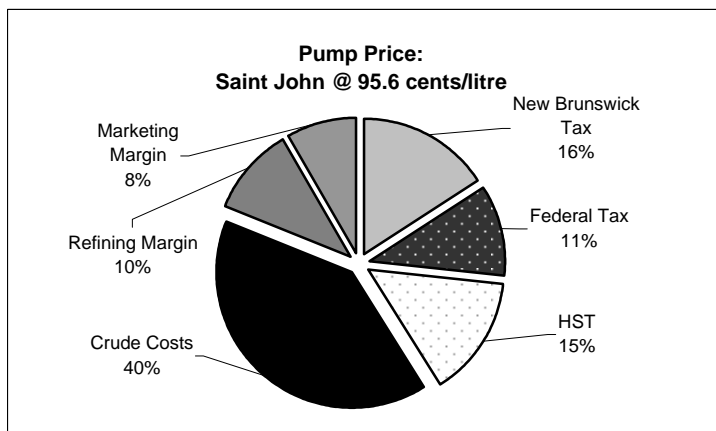
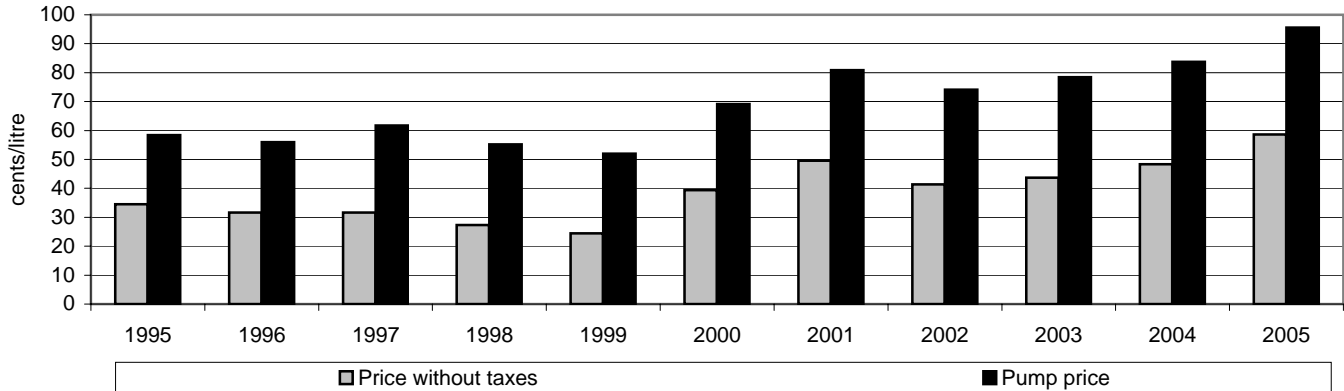
Year	Gas Tax Revenue	Fees	Federal Transfers	Total Revenue	Transport Spending	Transport Capital	Total Spending	Spending % of Revenue
1994-1995	1,340.0	500.0	24.6	1,864.6	1,551.0	n/a	1,551.0	83.2%
1995-1996	1,407.0	482.0	26.2	1,915.2	1,460.0	n/a	1,460.0	76.2%
1996-1997	1,454.0	490.0	39.1	1,983.1	930.0	n/a	930.0	46.9%
1997-1998	1,486.0	641.0	36.8	2,163.8	1,363.0	n/a	1,363.0	63.0%
1998-1999	1,559.0	664.0	20.7	2,243.7	1,507.0	n/a	1,507.0	67.2%
1999-2000	1,560.0	667.0	35.7	2,262.7	1,578.0	n/a	1,578.0	69.7%
2000-2001	1,536.0	646.0	1.9	2,183.9	1,501.0	n/a	1,501.0	68.7%
2001-2002	1,536.0	662.0	7.3	2,205.3	1,406.0	n/a	1,406.0	63.8%
2002-2003	1,645.0	690.0	2.3	2,337.3	1,429.0	n/a	1,429.0	61.1%
2003-2004	1,685.0	700.0	n/a	2,385.0	1,488.0	n/a	1,488.0	62.4%
2004-2005	1,682.0	n/a	n/a	n/a	1,657.0	n/a	1,657.0	n/a
2005-2006	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Quebec: Transports



New Brunswick -- Gas Tax Facts

Saint John: Gas Prices & Gas Taxes
(May 1995 - 2005)



Pump Price Breakdown:

Fill-up		95.6 cents/litre
Capacity		50.0 litres
Total Sale	\$	47.80
New Brunswick Tax	\$	7.25
Federal Tax	\$	5.00
HST	\$	6.69
Crude Costs	\$	18.50
Refining Margin	\$	4.75
Marketing Margin	\$	3.90

Fill-up at April 19, 2005 prices

Comparative Provincial Motoring Revenues and Expenditures 1994-2005 (\$ million)

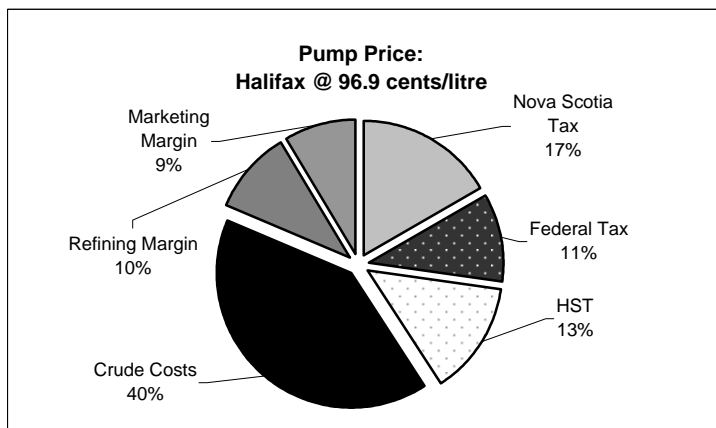
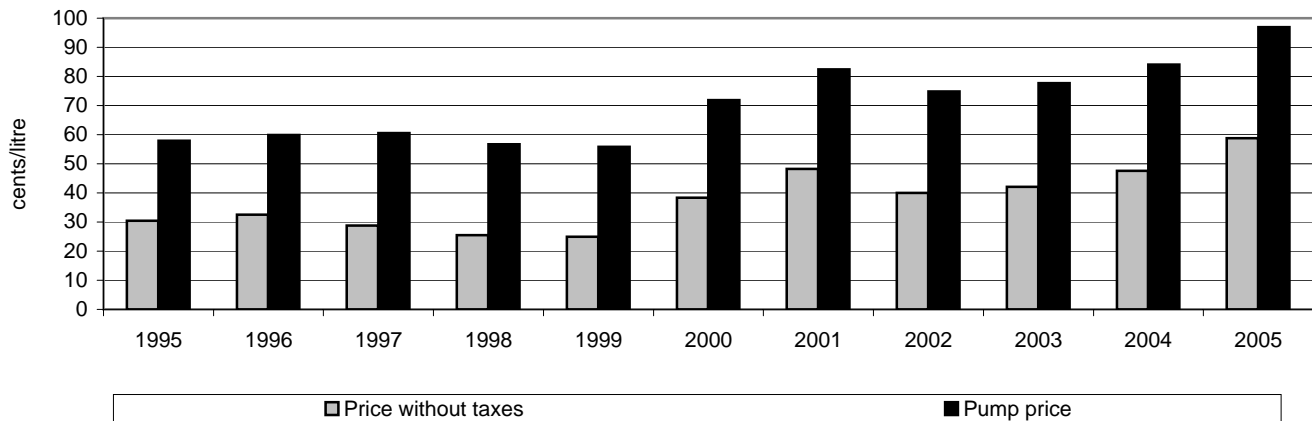
Year	Gas Tax Revenue	Fees	Federal Transfers	Total Revenue	Transport Spending	Transport Capital	Total Spending	Spending % of Revenue
1994-1995	160.0	70.0	47.2	277.2	125.2	193.3	318.5	114.9%
1995-1996	163.0	71.4	95.3	329.7	125.5	142.3	267.8	81.2%
1996-1997	166.0	71.0	97.8	334.8	128.8	314.1	442.9	132.3%
1997-1998	169.0	69.7	70.5	309.2	125.1	239.2	364.3	117.8%
1998-1999	171.0	71.1	29.5	271.6	131.8	196.2	328.0	120.8%
1999-2000	185.5	78.8	35.0	299.3	131.4	198.9	330.3	110.4%
2000-2001	186.5	80.6	9.5	276.6	141.9	97.0	238.9	86.4%
2001-2002	188.0	77.4	14.9	280.3	162.0	123.5	285.5	101.9%
2002-2003	217.1	79.1	38.4	334.6	148.3	168.1	316.4	94.6%
2003-2004	235.0	79.5	n/a	314.5	140.2	196.0	349.0	111.0%
2004-2005	236.0	82.5	n/a	318.5	n/a	248.8	405.0	127.2%
2005-2006	236.0	90.0	n/a	326.0	129.1	n/a	383.0	117.5%

New Brunswick: Transportation



Nova Scotia -- Gas Tax Facts

Halifax: Gas Prices & Gas Taxes
(May 1995 - 2005)



Pump Price Breakdown:		96.9 cents/litre	
Fill-up		50.0 litres	
Capacity			
Total Sale	\$	48.45	
Nova Scotia Tax	\$	7.75	41% Tax
Federal Tax	\$	5.00	
HST	\$	6.30	
Crude Costs	\$	19.05	59% Costs
Refining Margin	\$	4.65	
Marketing Margin	\$	4.00	

Fill-up at April 19, 2005 prices

Comparative Provincial Motoring Revenues and Expenditures 1994-2005 (\$ million)

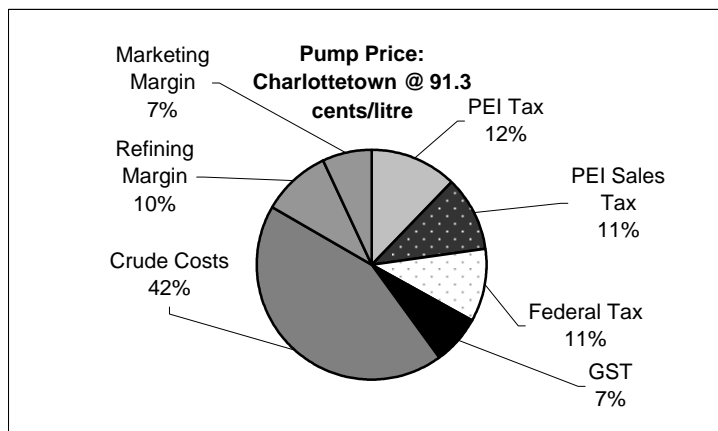
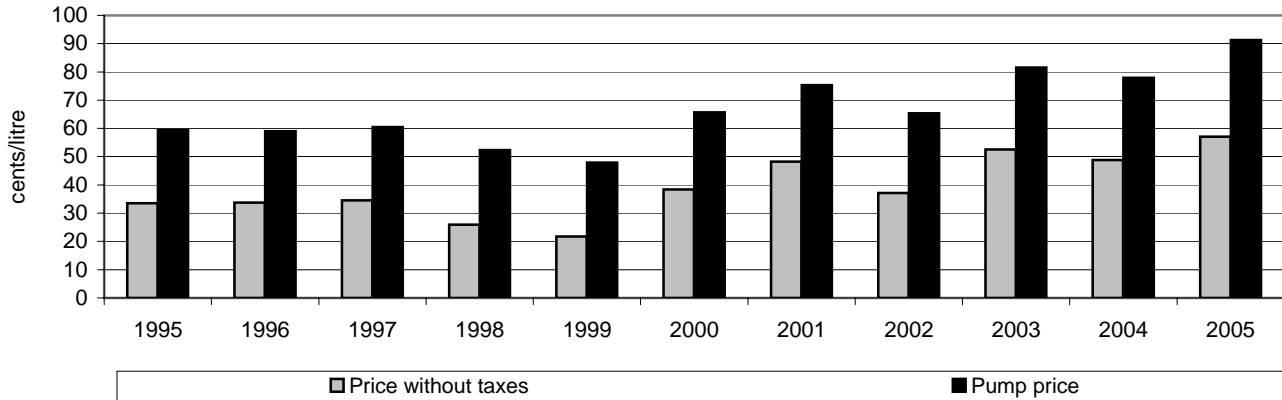
Year	Gas Tax Revenue	Fees	Federal Transfers	Total Revenue	Transport Spending	Transport Capital	Total Spending	Spending % of Revenue
1994-1995	195.6	71.0	18.2	284.8	121.6	97.4	219.1	76.9%
1995-1996	197.5	56.0	24.9	278.4	106.4	132.0	238.4	85.6%
1996-1997	198.7	58.6	39.4	296.7	166.6	74.3	241.0	81.2%
1997-1998	204.1	54.9	44.4	303.4	166.3	96.9	263.2	86.7%
1998-1999	211.6	61.0	42.5	315.1	236.5	n/a	236.5	75.1%
1999-2000	219.4	61.4	7.1	287.9	236.3	n/a	236.3	82.1%
2000-2001	201.7	62.0	2.6	266.2	248.6	n/a	248.6	93.4%
2001-2002	208.0	65.1	n/a	273.0	234.0	n/a	234.0	85.7%
2002-2003	246.3	75.9	n/a	322.2	253.0	n/a	253.0	78.5%
2003-2004	250.0	73.7	n/a	323.7	227.7	n/a	227.7	70.3%
2004-2005	250.0	65.4	n/a	315.4	251.0	n/a	251.0	79.6%
2005-2006	257.0	75.0	n/a	332.0	264.0	n/a	264.0	79.5%

Nova Scotia: Transportation & Public Works



PEI -- Gas Tax Facts

Charlottetown: Gas Prices & Gas Taxes
(May 1995 - 2005)



Pump Price Breakdown:

Fill-up		91.3 cents/litre
Capacity		50.0 litres
Total Sale	\$	45.65
PEI Tax	\$	5.75
PEI Sales Tax	\$	5.02
Federal Tax	\$	5.00
GST	\$	3.20
Crude Costs	\$	20.65
Refining Margin	\$	4.65
Marketing Margin	\$	3.25

Fill-up at April 19, 2005 prices

Comparative Provincial Motoring Revenues and Expenditures 1994-2005 (\$ million)

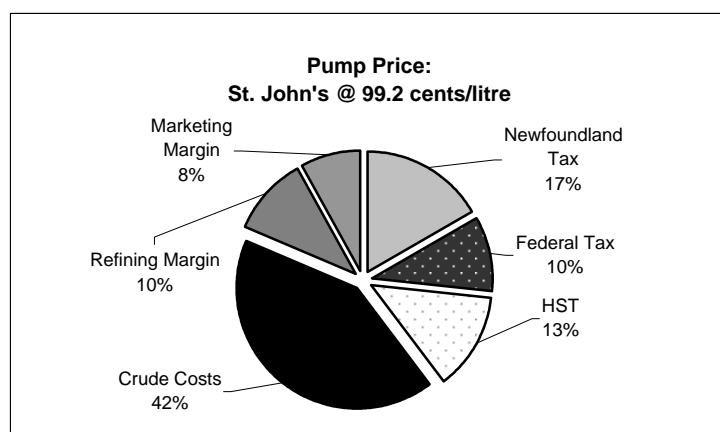
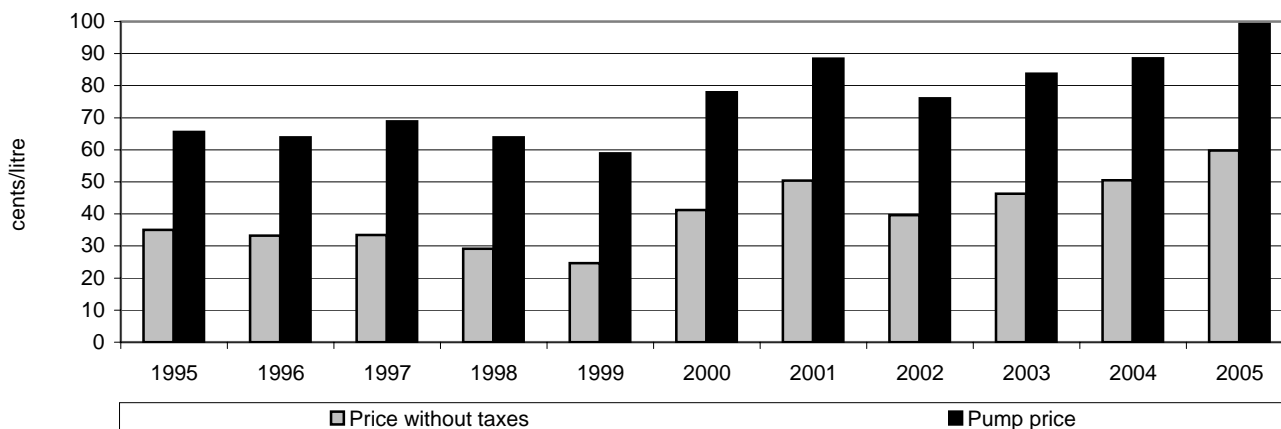
Year	Gas Tax Revenue	Fees	Federal Transfers	Total Revenue	Transport Spending	Transport Capital	Total Spending	Spending % of Revenue
1994-1995	26.2	9.0	7.4	42.5	43.8	33.9	77.7	182.6%
1995-1996	26.6	9.1	6.5	42.3	42.5	35.9	78.4	185.4%
1996-1997	27.2	9.2	8.0	44.4	46.7	38.9	85.6	192.6%
1997-1998	29.5	10.3	8.9	48.7	58.7	37.5	96.2	197.8%
1998-1999	32.1	10.7	10.1	52.8	62.2	30.1	92.3	174.8%
1999-2000	33.5	11.1	49.1	93.7	65.7	32.1	97.8	104.4%
2000-2001	33.6	11.1	47.3	91.9	73.2	26.9	100.1	108.9%
2001-2002	32.7	11.9	48.6	93.2	71.1	28.9	100.0	107.3%
2002-2003	36.0	11.8	50.3	98.1	78.0	n/a	78.0	79.5%
2003-2004	36.0	11.3	n/a	47.3	86.0	n/a	86.0	181.7%
2004-2005	43.0	11.3	n/a	54.3	n/a	n/a	79.0	145.5%
2005-2006	49.0	n/a	n/a	49.0	49.1	n/a	80.0	163.3%

PEI: Transportation & Public Works



Newfoundland and Labrador-- Gas Tax Facts

St. John's: Gas Prices & Gas Taxes
(May 1995 - 2005)



Pump Price Breakdown:

Fill-up		99.2 cents/litre
Capacity		50.0 litres
Total Sale	\$	49.60
Newfoundland Tax	\$	8.25
Federal Tax	\$	5.00
HST	\$	6.45
Crude Costs	\$	20.65
Refining Margin	\$	5.20
Marketing Margin	\$	4.05

Fill-up at April 19, 2005 prices

40% Tax
0.397137097

60% Costs

Comparative Provincial Motoring Revenues and Expenditures 1994-2005 (\$ million)

Year	Gas Tax Revenue	Fees	Federal Transfers	Total Revenue	Transport Spending	Transport Capital	Total Spending	Spending % of Revenue
1994-1995	125.5	43.5	63.0	232.0	101.8	48.0	149.7	64.5%
1995-1996	121.9	44.9	55.3	222.1	95.1	58.8	153.9	69.3%
1996-1997	108.5	45.2	66.0	219.7	114.1	17.4	131.5	59.8%
1997-1998	120.4	50.5	63.1	234.0	113.2	29.2	142.3	60.8%
1998-1999	121.5	49.5	67.4	238.4	118.0	26.8	144.7	60.7%
1999-2000	129.2	52.0	63.7	244.9	120.5	31.3	151.8	62.0%
2000-2001	130.4	53.0	52.0	235.3	134.3	36.8	171.2	72.7%
2001-2002	132.0	54.5	47.9	234.4	136.1	41.3	177.4	75.7%
2002-2003	136.0	56.3	\$ 10	202.1	138.4	41.1	167.0	82.6%
2003-2004	136.0	56.5	n/a	192.5	174.4	19.1	197.0	102.3%
2004-2005	142.0	68.6	n/a	210.6	n/a	21.7	227.0	107.8%
2005-2006	146.0	69.5	n/a	215.5	167.0	n/a	307.0	142.5%

Newfoundland: Works Services & Transportation

Municipal Road Facts

Year	BC	AB	SK	MB	ON	PQ	NB	NS	PEI	NL	Canada
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Municipal Roadway Spending by Province

1999	657.7	1,024.3	277.1	228.2	2,481.3	1,530.9	121.6	114.4	12.5	85.7	6,575.6
2000	701.4	1,204.5	290.4	211.8	2,615.2	1,822.4	119.2	133.3	12.2	93.9	7,247.8
2001	675.7	1,190.7	314.0	229.3	2,673.2	1,786.1	124.1	157.3	14.7	106.2	7,314.1
2002	727.0	1,042.5	287.7	242.7	2,938.7	1,963.5	114.5	128.8	12.0	86.6	7,587.0

Total Municipal Spending by Province

1999	8,473.4	7,628.8	2,163.4	2,526.7	34,937.2	16,523.7	618.3	1,643.2	200.1	895.4	75,934.4
2000	8,683.6	8,062.7	2,190.3	2,538.3	35,830.0	16,870.1	635.3	1,642.8	196.8	933.6	77,898.2
2001	9,006.7	8,647.1	2,278.9	2,625.8	36,201.5	17,630.3	656.5	1,713.9	207.4	1,009.3	80,303.8
2002	9,390.1	8,626.3	2,296.5	2,650.3	37,172.5	17,952.1	685.5	1,809.0	211.6	973.7	82,121.6

Total Municipal Property Taxes by Province

1999	2,443.4	2,222.4	1,127.5	1,039.9	16,617.3	7,462.3	318.0	663.7	34.8	188.3	32,175.1
2000	2,611.1	2,360.4	1,164.6	1,033.6	16,423.4	7,589.5	329.6	687.0	35.4	194.3	32,486.7
2001	2,718.5	2,661.4	1,197.6	1,016.3	17,279.8	7,415.9	340.7	711.4	37.8	202.1	33,642.3
2002	2,885.1	2,720.7	1,229.0	1,017.9	17,904.4	7,439.1	348.6	713.8	38.3	219.6	34,578.9

Municipal Roadway Trust by Province -- Hypothetical Implementation

1999	265.4	257.0	67.5	70.2	897.7	462.7	41.8	50.6	6.9	26.7	2,142.0
2000	262.8	288.1	67.6	68.4	883.5	451.5	40.4	49.7	6.7	27.8	2,153.5
2001	257.1	294.3	65.4	68.7	881.8	452.8	40.4	50.8	6.8	27.6	2,205.0
2002	253.1	280.0	64.6	69.2	892.6	458.4	39.5	50.6	7.0	30.9	2,268.0

MRT as a Percentage of Total Provincial Property Taxes

1999	10.9%	11.6%	6.0%	6.7%	5.4%	6.2%	13.1%	7.6%	19.9%	14.2%	6.7%
2000	10.1%	12.2%	5.8%	6.6%	5.4%	5.9%	12.3%	7.2%	18.9%	14.3%	6.6%
2001	9.5%	11.1%	5.5%	6.8%	5.1%	6.1%	11.9%	7.1%	17.9%	13.7%	6.6%
2002	8.8%	10.3%	5.3%	6.8%	5.0%	6.2%	11.3%	7.1%	18.3%	14.1%	6.6%

MRT Funds by Municipality -- Select Municipalities

(\$ Million)

Toronto	383.1	Saskatoon	15.2	Prince George	5.9
Montreal	223.8	Regina	13.5	Chilliwack	4.4
Vancouver	135.1	Red Deer	11.8	Vernon	3.6
Calgary	103.3	Lethbridge	11.7	Prince Albert	2.2
Edmonton	91.0	Kingston	11.1	Moose Jaw	2.1
Ottawa	78.4	Abbotsford	11.1	Wetaskiwin	1.9
Hamilton	48.5	Sudbury	10.7	Brandon	1.8
Winnipeg	44.8	Medicine Hat	10.7	Moncton	1.3
Quebec	41.1	St. John's	10.6	Drumheller	1.4
London	31.6	Sherbrooke	9.4	Banff	1.2
Kitchener	30.7	Saguanay	9.0	Peace River	1.1
St. Catharines	27.2	Saint John	8.6	Salmon Arm	1.1
Windsor	22.7	Thunder Bay	8.7	Yorkton	1.0
Oshawa	22.0	Trois Rivières	7.3	Vermillion	0.7
Victoria	18.9	Grand Prairie	6.4	Merrit	0.5
Halifax	18.3	Kamloops	6.0	Llyodminster	0.5
		Naniamo	6.0	North Battleford	0.2