


BUILDING 
CANADA
Stronger, safer, better

GAS TAX FUND

Permanent, flexible
funding for municipalities



Results for Canadians



Gas Tax Fund : Results for Canadians
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Results for Canadians: Executive Summary

The federal government recognizes the importance of modern, public infrastructure to build a better, safer, stronger Canada. The Gas Tax Fund (GTF), part of the Government of Canada's \$33 billion *Building Canada* infrastructure plan announced in Budget 2007, targets exclusively municipal infrastructure and provides local governments with the funding and the flexibility to meet the needs of their communities. By extending the GTF indefinitely through Budget 2008, the GTF is a permanent program on which municipalities and local governments can rely.

Canadian communities have different priorities for their GTF dollars. For Canada's biggest cities, the priority so far has been public transit; prairie towns have focused on local roads and bridges; and Quebec municipalities have invested heavily in water infrastructure. Whatever the priority, the GTF strives to address the diverse needs of communities while contributing to national environmental outcomes of cleaner air, cleaner water and reduced greenhouse gas emissions.

Canadian municipalities — big and small — are eligible for the GTF. To date, over 2,700 communities across the country have received Gas Tax funds for local infrastructure needs, which makes the GTF one of the federal government's most far-reaching programs.

The focus for many Canadian municipalities has been the rehabilitation and replacement of existing infrastructure. More than 85 percent of all GTF investments have gone toward the renewal and expansion of existing infrastructure as opposed to new construction.

The GTF's unique program design allows the federal government to move dollars for projects at the local level

quickly and efficiently. Through 2007, the program had delivered \$1.1 billion to the provinces and territories, which has resulted in 2,234 projects across the country. The estimated value of these projects is roughly \$3 billion, with many communities leveraging their GTF money with other funding sources to maximize local impact.

In addition, the GTF structure allows municipalities to bank their funds until they need them, helping communities to better manage their assets and begin work on their projects when it is convenient for them. In the first two years of the program, provinces, territories and municipalities have banked \$685 million in Gas Tax dollars and have earned about \$16 million in interest.

The GTF also provides communities with money for planning; viable communities now, and in the future, require a sustainable approach to development that is well planned, integrated and responsive to a community's long-term needs. Infrastructure is a key enabler of economic, environmental and community development objectives; as such, communities must plan in order to make the right investments.

The Gas Tax Fund is making a difference across the country. The success of the GTF model — built on local decision making, flexibility, planning and predictability — can be seen in infrastructure projects from Bonavista, Newfoundland and Labrador, to Prince George, British Columbia, to Tuktoyaktuk in the Northwest Territories. With the program now permanent, it will continue to give communities a reliable source of funds to build the infrastructure they need.

Building Canada

Building Canada is the Government of Canada's blueprint for a modern and prosperous country equipped to meet the challenges of the 21st century. The Plan allows the federal government to work collaboratively with the provinces, territories, municipalities and others to deliver tangible results that matter to Canadians — safer roads, cleaner water and air, and vibrant and healthy communities.

Building Canada provides a number of flexible initiatives and targeted programs that balance regional needs with national priorities. Together, these programs provide a total federal investment of \$33 billion over seven years through to 2014 — the largest single federal commitment to public infrastructure of this type, and one of the largest funding commitments ever made by a federal government. Strategic investments through the national infrastructure plan are designed to produce results in three areas of national importance:

- a growing economy
- a cleaner environment and
- strong, prosperous communities.

The *Building Canada* plan includes a number of flexible initiatives and programs:

• Municipal GST Rebate	\$5.8B
• Gas Tax Fund (GTF)	\$11.8B
• Building Canada Fund	\$8.8B
• Public-Private Partnerships Fund	\$1.25B
• Gateways and Border Crossings Fund	\$2.1B
• Asia-Pacific Gateway and Corridor Initiative	\$1.0B
• Provincial-Territorial Base Funding.	\$2.275B
Total	\$33.0B

The GTF is the largest fund established for municipal infrastructure under the *Building Canada* plan. Over the seven years of the program, eligible Canadian municipalities will receive \$11.8 billion for their infrastructure needs. Budget 2008 has announced the GTF as a permanent measure beyond 2014, at \$2 billion per year, which will make it the first ongoing program of its kind.

THE BUILDING CANADA PLAN



Gas Tax Fund

Cleaner Water, Cleaner Air, Reductions in Greenhouse Gas Emissions

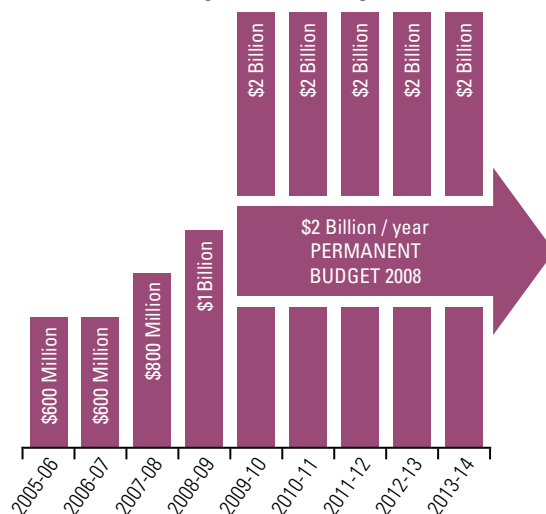
The Gas Tax Fund (GTF) makes capital investments in environmentally sustainable municipal infrastructure to improve water and air quality and reduce greenhouse gas emissions. Eligible investments include water, wastewater, solid waste, public transit, community energy systems, and local roads and bridges. Recognizing that communities best understand their own needs and priorities, the GTF combines predictable, long-term funding with local decision making and planning to enable municipalities to build and rehabilitate their core public infrastructure. Whatever the priority, the GTF program strives to meet the diverse needs of all communities while contributing to national environmental outcomes.

territory. The money is allocated based on population with set amounts for Prince Edward Island and the territories to ensure these less-populated jurisdictions have access to sufficient funds for significant projects.

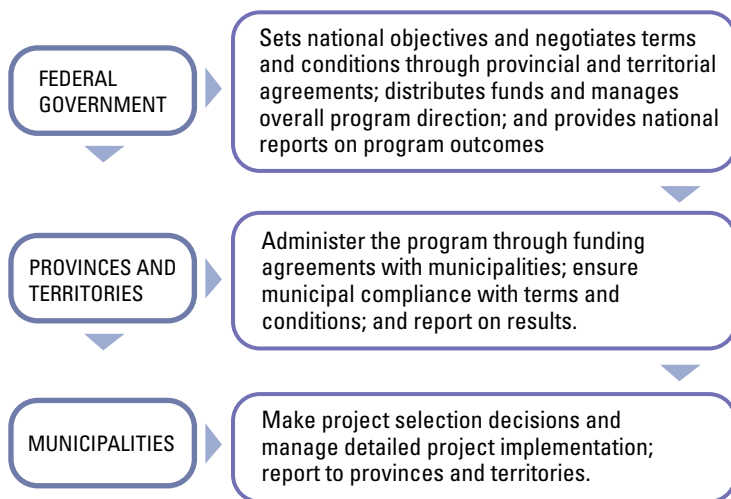
Shared Management, Shared Accountability

The GTF provides a new way of delivering federal funding for infrastructure, while respecting the jurisdiction of provinces and territories, and the responsibilities of municipalities. Funding is provided through negotiated bilateral agreements, between the Government of Canada and each province and

GAS TAX FUND: NOW PERMANENT
Delivering historic funding to cities



TRIPARTITE OF ROLES AND RESPONSIBILITIES



Governing Principles:

- Flexible approach to meet the needs of municipalities
- Funding equity among regions and municipalities
- Respect of jurisdiction for each level of government
- Coordinated approach in support of national objectives
- Transparent and regular reporting of shared results

First Nations Infrastructure Fund

Announced in October 2007, the First Nations Infrastructure Fund (FNIF) pools resources from the Gas Tax Fund, the Municipal Rural Infrastructure Fund (MRIF) and the Indian and Northern Affairs Canada Capital Facilities Maintenance Program (CFMP) to create a \$127 million program designed to meet the infrastructure needs for on-reserve First Nation communities within the provinces. This program includes \$62.5 million in Gas Tax Funds and is administered by Indian and Northern Affairs Canada.

The FNIF seeks to:

- improve the health and safety of First Nations communities
- contribute to a cleaner and healthier environment
- enhance collaboration between the Government of Canada and First Nations communities and
- leverage other sources of funds for First Nation infrastructure projects.

The program is competitive and application-based. Bands or tribal councils will be typical applicants and the program's administration will include national and regional committees which review and recommend projects.

The federal government provides funding before work on projects begins and gives municipalities the added financial flexibility to pool, bank and borrow against the funding for their infrastructure needs. From the federal perspective, the up-front funding streamlines the administrative process and translates into increased speed and efficiency in program delivery. Meanwhile, municipalities have the ability to better plan and undertake projects when the work needs to be done.

The GTF complements the significant funding provided through other Building Canada plan programs, which are focused on specific national priorities.

This approach attempts to harness the strength of each level of government and has forged new collaborations and partnerships. In some instances, municipalities were directly involved in the negotiation of GTF agreements. In the case of British Columbia and Ontario, their municipal associations — the Union of British Columbia Municipalities and the Association of Ontario Municipalities — are signatories to their respective agreements as well as the administrators of the GTF. The Government of Canada also cultivated a new level of cooperation with Toronto by signing a GTF agreement directly with the city.

Integrated Community Sustainability Planning

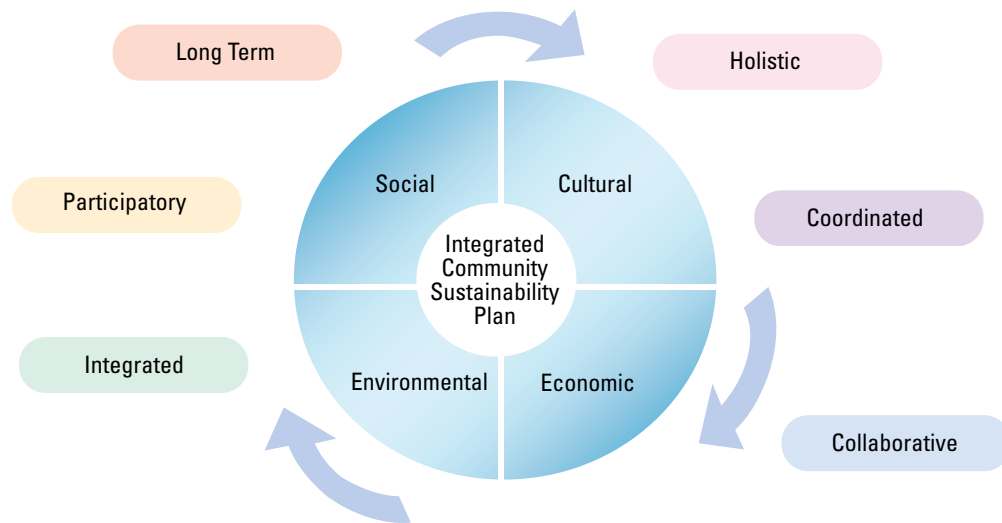
A key component of the GTF agreements is a requirement for the signatory provinces and territories to ensure their municipalities move toward *integrated community sustainability planning* (ICSP). In essence, municipalities are asked to develop a vision of what their community should look like in the long term and a plan of how to achieve that vision. The GTF provides access to funds for this type of capacity building. The funding gives municipalities the opportunity to make better-informed infrastructure investment decisions and ensures they plan now for future needs.

A Sustainability Lens for the ICSP

There is considerable flexibility in provincial and territorial approaches to ICSPs. Some general principles, however, underscore the GTF goal of moving beyond traditional community planning practices. These principles include a holistic, collaborative and coordinated approach that:

- takes into consideration the social, cultural, environmental and economic dimensions of a community's development
- involves community members in developing the ICSP plan and
- enhances and builds upon existing planning mechanisms, making linkages between different types of plans and planning activities including those of adjacent regions and municipalities.

The ICSP requirement in the GTF also recommends that communities undertake appropriate monitoring and evaluation to ensure they are on track in achieving identified objectives.



In some provinces, existing legislated requirements satisfy the ICSP requirement. For example, Ontario requires official municipal plans as legislated under the provincial *Planning Act*. Other provinces have similar obligations. Many municipalities, particularly larger urban centres, already have plans in place. The Government of Canada encourages those municipalities to elaborate on their plans by addressing new and emerging issues, such as adaptation to climate change, and to work toward more effective implementation of existing plans.

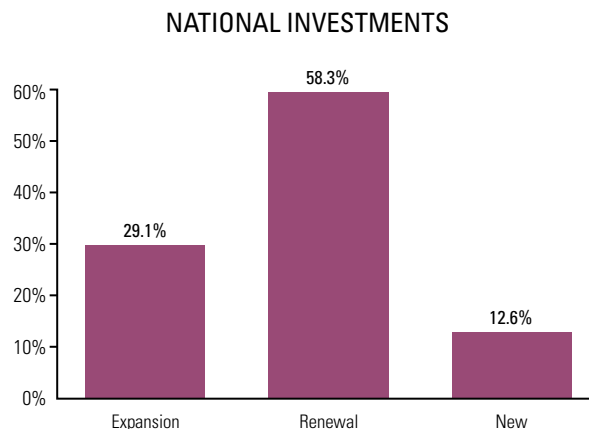
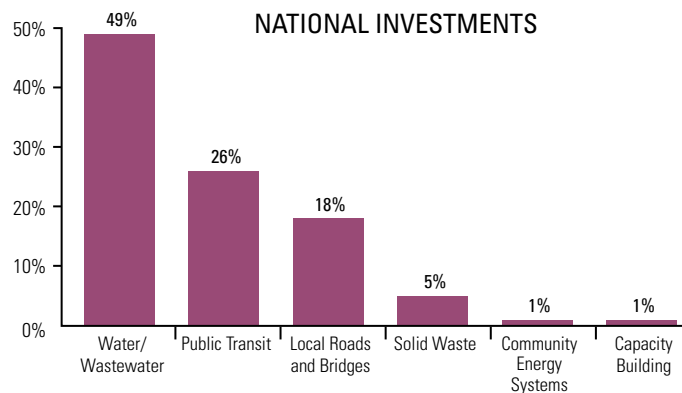
National GTF Investments

During the first few years of the program, \$1.1 billion flowed to the provinces and territories. Of this, more than \$900 million has since been received by municipalities for 2,234 projects across the country. In the first year alone, \$118 million was spent on municipal infrastructure projects.

Provinces, territories and municipalities have together banked \$685 million and earned approximately \$16 million in interest. Administration costs over the past three years have roughly totalled \$3 million. The marginal administration cost compared to the interest earned has meant additional dollars for projects over and above the municipal allocations.

Water and wastewater infrastructure is by far the largest investment category in terms of spent and committed funds for projects, followed by public transit and local roads. On the other end of the spectrum, investment dollars in solid waste, community energy systems and capacity building are among the least accessed investment areas.

More than 85 percent of all GTF dollar investments through 2007 focused on the renewal and expansion of existing infrastructure. New infrastructure represents a much smaller portion of investment dollars mainly in the areas of active transportation and recycling.



Water and Wastewater

The largest investment area under the GTF is the water and wastewater category. Investments have been made in 1,048 projects, representing \$412 million or 49 percent of total Gas Tax funding to date. As most regions in Canada developed their water and wastewater systems decades ago, many of these systems are now near the end of their useful life. As such, it is not surprising that rehabilitation accounts for 69 percent of water and wastewater projects.



Worker fixing water pipe in a street construction

Most projects focus on the rehabilitation of supply, distribution and collection systems. Upgrades to storm water systems seem to be the most prevalent. In addition, in many multi-purpose projects, communities rehabilitating roads take the opportunity to replace older underlying water or wastewater pipes. With the better maintenance and modernization of inefficient water mains and systems comes

better water conservation — and the more effective and efficient use of one of our greatest national resources. These investments ensure that Canadians have access to safe drinking water.

Public Transit

Public transit infrastructure is the second largest investment category under the GTF program. Investments have been made in 58 public transit projects representing more than \$217 million or 26 percent of total GTF dollars. Public transit infrastructure is the second largest investment category in the program. Spending trends indicate that transit investments focus on expansion and renewal of existing service systems, through the purchase of buses, rapid transit vehicles and trains. Service-level improvements also occur through the construction of new transit exchanges, new bus lanes and better pedestrian and bicycle access.

Bigger cities have been the heaviest investors. Five of Canada's largest cities — Toronto, Vancouver, Edmonton, Calgary and Ottawa — are using their GTF allocations to improve public transit. For example, the City of Toronto will receive \$407 million from the inception of the program until 2010; the Greater Vancouver Regional District will receive \$307 million; and the Province of Quebec is set to spend \$222 million of GTF dollars on public transit, with the City of Montréal receiving \$161.1 million of that amount. Current transit spending favours rolling stock, including buses, shuttles and trains.

GTF investments in public transit systems improve the mobility of people and reduce traffic congestion, greenhouse gas emissions and air pollution. These investments are also critical to the economy and the quality of life in our cities.

Local Roads and Bridges

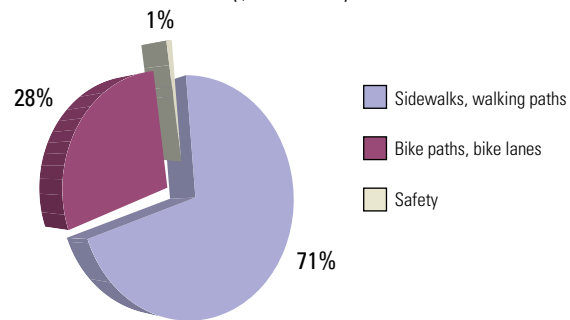
For local roads and bridges, investments have been made in 786 projects representing \$147 million or 18 percent of all GTF dollars. Investments in local roads and bridges are, to an overwhelming degree, directed toward the rehabilitation and renewal of existing roads. Very little in Gas Tax Funds is being used to build new roads, but rather to repair existing roads.

Active transportation including cycling and walking paths, and sidewalks is a significant sub-investment area (\$7.7 million) of the local roads and bridges category representing much of the new investments nationally.

Investment trends also show that while larger municipalities opt to invest in public transit, Canada's smaller urban (under 500,000) and rural centres invest in roads.

While the parameters of the GTF program favour investment in transit, the GTF supports investments in road and bridge infrastructure to minimize environmental impacts, improve efficiency and encourage the development of active transportation. Given the Canadian economy's dependency on a seamless flow of people, goods and services through efficient transportation systems, the GTF's flexibility

ACTIVE TRANSPORTATION INVESTMENTS
(\$7.7 million)



has provided for a balance between addressing local infrastructure needs and national sustainability outcomes.

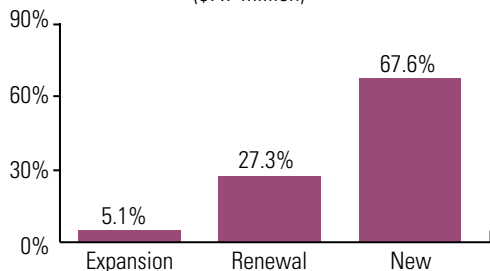
Solid Waste

In this category, 99 projects represent \$43 million or 5 percent of total GTF investments. But, unlike any other category, the majority of investments go toward new projects versus the renewal of existing systems, with waste diversion and recycling as a growing focus. Despite this trend, landfill site restoration is also a common project area.

The landfills, which are faced with increased amounts of solid waste, pose numerous environmental threats. Poorly managed sites can contain high levels of toxic chemicals that may leak into the surrounding environment including water sources. Landfills are also a source of methane — a greenhouse gas — and other types of air pollutants.

GTF dollars are put to work to reduce the quantity of waste going to landfills and improve the processing of solid waste to reduce environmental impacts. Some innovative projects also include processes to transform waste into useful products and energy.

ACTIVE TRANSPORTATION INVESTMENTS
(\$7.7 million)





Material Recovery Facility – Durham, Ontario

Community Energy Systems

The 116 projects in community energy represent \$11 million or one percent of total GTF investments. As with other categories (except solid waste), community energy focuses on renewal projects, with the vast majority of investments going toward energy conservation projects and building retrofits. Energy generation, for the most part, is represented by two or three large projects in wind and solar energy.

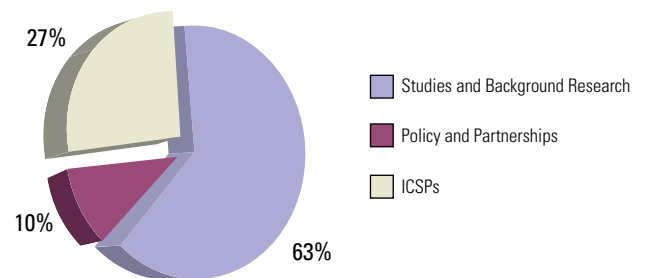
While modest in comparison with other GTF investments, community energy is important in Canada’s efforts to increase the clean energy supply and conserve existing energy systems to improve air quality and reduce greenhouse gas emissions.

Capacity Building

Capacity building is an eligible category under the GTF that provides financial support to communities in the development of their long-term planning. Capacity building has been instrumental in allowing municipalities to develop their integrated community sustainability plans (ICSPs). In addition, this category provides municipalities with “seed money” to support infrastructure projects that require research and partnership development.

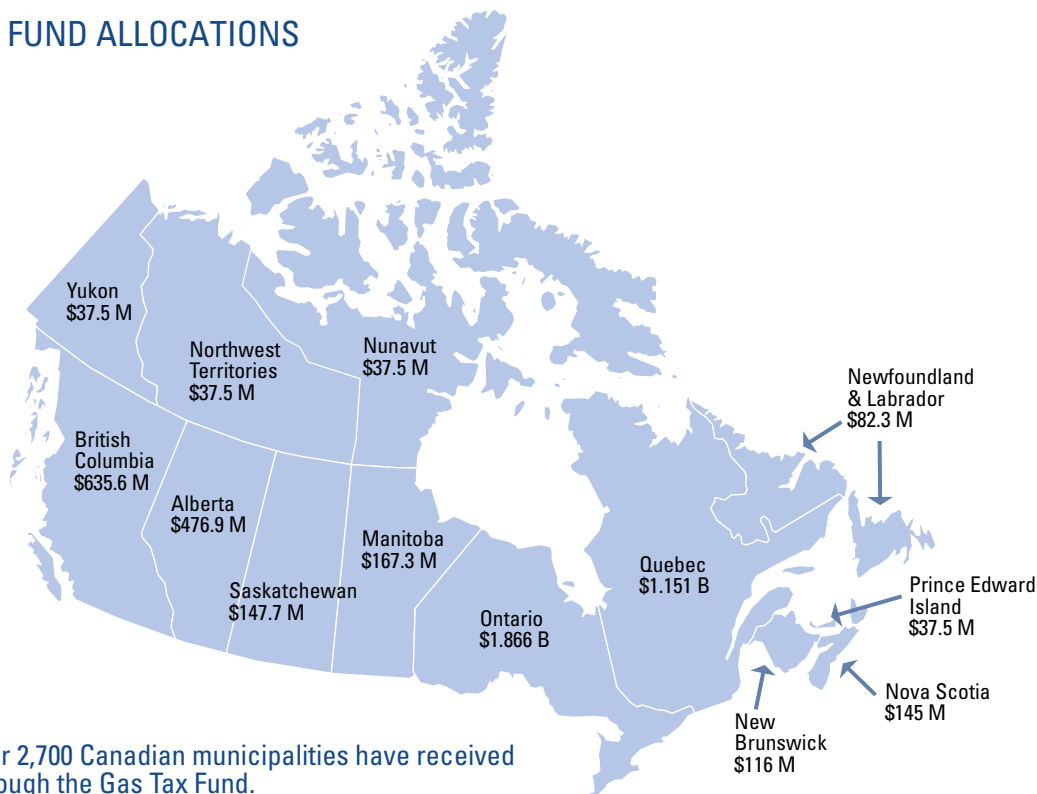
Although this category is one of the smallest investment areas, investments have been made in 127 projects, representing \$6.9 million or one percent of total GTF dollars. To date, much of the capacity building funding has been used for studies and background research for specific projects within core investment areas; however, a growing number of small and remote municipalities are accessing funds for the development of ICSPs.

CAPACITY BUILDING TOTAL INVESTMENTS
(\$6.9 million)



Results for Canadians

GAS TAX FUND ALLOCATIONS



To date over 2,700 Canadian municipalities have received funding through the Gas Tax Fund.

British Columbia

The Province of British Columbia will receive \$635.6 million in Gas Tax Funds through 2010. Seventy-nine percent of the province's funding through 2007 was invested in public transit, mainly in the Greater Vancouver Regional District where the GTF will contribute \$139 million toward the purchase of 199 more efficient buses. A significant number of projects also invested in water/wastewater systems, active transportation and community energy systems. In addition, the Province established an Innovations Fund worth five percent of the province's total allocation for projects developing new approaches for achieving environmental outcomes.

Innovating to Reduce Greenhouse Gases

The Sunshine Coast Regional District converts landfill gas to electricity. The City of Kamloops will use its GTF dollars for city-wide recycling. In Vancouver, the city is buying more articulated and clean-diesel buses, and replacing less efficient older buses in the fleet. All projects work to support the federal and provincial objective of reducing greenhouse gases.

The project to convert landfill gas to electricity for the Sechelt Landfill involves the construction of gas extraction and collection infrastructure as well as instrumentation to monitor flow rates and processing efficiency. The resulting



Kelowna Regional Transit Double Decker Bus – British Columbia

electricity will be fed into the BC Hydro grid. The Sunshine Coast Regional District is the first local government in Canada to apply this innovative environmental technology at a landfill site. Benefits include reduced environmental impacts, improved operating efficiency, reduced pre-treatment of landfill gas and lower maintenance costs.

The \$3.34 million in Gas Tax funding received by Kamloops will buy 23,500 curb-side recycling containers and 12 split-body collection trucks that can simultaneously pick up solid waste and recyclables. The project is expected to reduce landfill by 3,000 tonnes per year and cut down on greenhouse gas emissions through the use of the more efficient trucks.

Alberta

The Province of Alberta will receive \$476.9 million in Gas Tax Funds through 2010. The largest investment is in public transit, which represents 83 percent of spending through 2007. In addition to the investments in public transit in the larger urban centres, smaller municipalities have identified their GTF priorities to include water and wastewater systems, and roads and bridges.

Reducing Vehicle Use with Expanded Light Rail

The cities of Calgary and Edmonton are expanding their light rail transit systems; Calgary will receive \$141 million and Edmonton will receive \$108 million in Gas Tax Funds over five years. This represents about 52 percent of total funding in Alberta. Other medium-sized urban centres, such as Lethbridge, have also earmarked their GTF allocations for public transit. Lethbridge purchased eight new transit buses to enhance service on recently implemented bus routes. The 40 additional CTrain cars Calgary is purchasing with its share of funding will alleviate some of the challenges the city is experiencing with population growth, providing more transit service, more frequently. Edmonton has expanded the south line of its light rail system to encourage more people to use municipal transit thereby promoting cleaner air.

Alberta established base funding of \$80,000 for its smallest municipalities. Many of these communities opted to bank their allocations and plan for significant projects in the future. The Village of Berwyn is saving for sidewalks and wastewater upgrades; the Village of Galahad is planning its future water distribution system; and the Village of Hussar will upgrade its local roads.

Saskatchewan

The Province of Saskatchewan will receive over \$147 million in Gas Tax Funds through 2010. The largest investment is in water/wastewater with 40 percent of funding committed to such projects through 2007. Significant investments will also be made in roads and bridges, and solid waste infrastructure with some funding going to public transit and community energy systems.

Supporting Regional Development

Road projects are often vital to the economic growth and development of an entire region. Saskatchewan decided that 20 percent of a municipality's Gas Tax Funds must be spent on projects with regional benefits. The Regional Municipality of Mervin's Grid Road No. 794 was assessed as carrying about 50 percent of the grain haul traffic for the entire municipality and was thus recommended for "collector" status. As the road is a main access route for delivery to the grain terminal and it supports the oil industry located throughout the general area, Mervin will use its GTF allocation, in tandem with other infrastructure funding to upgrade this road.

Funding for public transit is also important in smaller and medium-sized cities. The City of Regina committed \$3 million in Gas Tax Funds for a \$16 million project to replace and refurbish city buses.

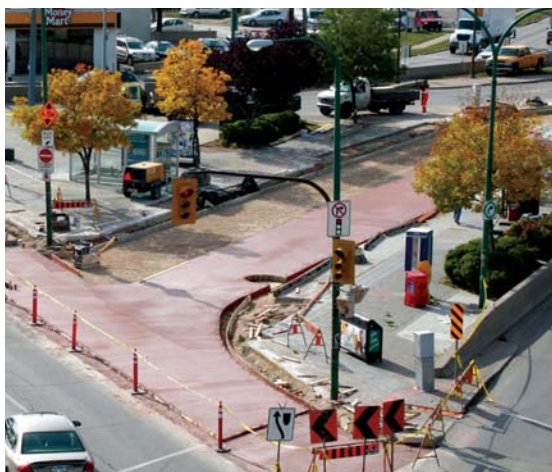
Manitoba

The Province of Manitoba will receive \$167.3 million in Gas Tax Funds through 2010. Manitoba's municipalities are applying the majority of its initial allocation toward wastewater projects, most notably in the City of Winnipeg. The Manitoba capital is representative of many Canadian cities that have to upgrade ageing infrastructure that no longer meets current standards. Gas Tax Funds are predominantly invested in separating sewer lines from storm water lines, and undertaking very important wastewater treatment upgrades.

Promoting Environmentally Friendly Commuting

Manitoba has also reserved 10 percent of its allocation between 2007 and 2010 for public transit improvements in its four principal transit communities: Winnipeg, Brandon, Thompson and Flin Flon. Winnipeg has already made significant purchases of hybrid buses; this has included an articulated hybrid test bus to assess its efficiency in winter urban driving. The articulated bus is quieter, with more seats thus reducing the number of buses, and therefore the number of emission-producing bus engines serving a route.

Some smaller municipalities are also investing in a range of new transit services with Gas Tax Funds bringing services to communities for the very first time. For example, the Rural Municipality of Morris purchased a para-transit vehicle to provide services to seniors and people with disabilities, which the community will operate itself.



Confusion Corner Construction – Winnipeg, Manitoba

Ontario

The Province of Ontario will receive \$1.865 billion in Gas Tax funding through 2010. The greatest investment has been in public transit, representing 44 percent of funding through 2007. As Canada's largest urban centre, the City of Toronto agreed to dedicate its entire allocation of \$407 million through 2010 to public transit. This funding is contributing to the purchase of 712 new hybrid diesel buses, 156 new subway cars and a variety of other upgrades and improvements to Toronto's transit system. Other priorities in Ontario include roads and bridges, solid waste and water/wastewater projects.

Reduce, Reuse, Recycle

In the City of Hamilton, residents are working to reduce, reuse and recycle with a household organics (green cart) collection program. The city used \$19 million in Gas Tax Funds to set up the program and build a central composting facility. The goal is to divert 65 percent of Hamilton's waste from landfills. Residents received green carts in the spring of 2006. Since then organic waste, separated at source, has been collected each week from about 150,000 households and delivered to the newly constructed central composting facility, which can process up to 60,000 tonnes per year. In its first six months, the facility received 22,565 tonnes of material. Curb-side waste audits after three months showed a 55 percent diversion rate, compared with only 33 percent before the project's implementation. Along with substantial environmental benefits, the city has profited financially by avoiding the \$100 million expense of creating another landfill.

The Township of Malahide in western Ontario will use \$171,769 in Gas Tax funding to rebuild and resurface a well-travelled road in its jurisdiction. The recycled cold mix technology used on the road uses 60 percent less energy than conventional hot mix asphalts and will extend the lifespan of the road by at least 10 years. Overall, the Township will receive \$715,618 over five years.



Hamilton Green Cart Program – Hamilton, Ontario

A new bridge over the Maitland River in Huron County connects farming communities to Goderich, the local municipal hub. The bridge serves as both an economic and social life line while providing the environmental benefits of a more direct route to Goderich. Gas Tax Funds have been applied to about half the project's \$1.2 million cost.



Benmiller Bridge – Huron County, Ontario

Quebec

Through 2010, Quebec will receive \$1.151 billion from the GTF, with 80 percent allocated to municipalities for water, wastewater and, to a lesser extent, local road projects. The remaining 20 percent is dedicated to municipal transit systems with \$161 million allocated to public transit in Montréal. Through 2007, municipalities had committed 95 percent of their allocations to water and wastewater projects with 5 percent going to road and bridge projects.

The \$222 million of Quebec's GTF dollars allocated to public transit is part of a broader five-year plan to increase ridership by 8 percent by 2012. One component of this plan is a program intended to fund projects such as buses, innovative technologies, subway and train networks, and other rapid transit networks worth \$504 million. GTF dollars and other sources of federal funding represent a \$411 million commitment to this effort.

Safe and Clean Drinking Water

In November 2002, the Government of Quebec adopted a water policy to improve the overall management of water resources and water systems in the province. One objective is for municipalities to achieve a rate of renewal of water and wastewater pipes of 1 percent per year by 2012 with the goal to achieve a complete renewal of all municipal water systems over 100 years. The majority of the GTF allocation to municipalities will be applied toward achieving this target.



Clean Drinking Water

In focusing investments on water and wastewater, GTF funds significantly improve water quality across the province. The City of Montréal, for instance, will receive \$179 million to upgrade its drinking water and wastewater systems. It is beginning by rehabilitating and replacing water mains and sewer pipes in boroughs across the city. The City of Gatineau will use some of its Gas Tax Funds to modernize the drinking water treatment plant in the Aylmer section of the city.

New Brunswick

The Province of New Brunswick will receive \$116.1 million in Gas Tax Funds through 2010. By 2007, the majority of funding was dedicated to water and wastewater projects with some significant investments in roads and bridges, and community energy systems.

Solving Water Supply Issues

Chateau Heights, just north of Fredericton, stands on volcanic rock that forces water to circumvent the community completely. The small settlement has no potable water. Like many other very small communities in New Brunswick, residents depend on weekly deliveries of water in a tank truck. New Brunswick is investing \$42 million over five years to alleviate water supply issues in Chateau Heights and other unincorporated areas. Examples include the extension of municipal services from Caraquet to help nearby residents who have been having a problem with salt water intrusion into their water supply, a study to find a solution to flooding and well water contamination in Point-du-Chêne and repairs to the water distribution system near Hanwell.



Water Treatment Plant

Nova Scotia

The Province of Nova Scotia will receive \$145.2 million in Gas Tax Funds through to 2010. Halifax Regional Municipality is expected to receive over 40 percent of the GTF allocation for Nova Scotia, or \$63.7 million. By 2007, municipalities had invested 45 percent of funding in solid waste projects. Another 48 percent was split between water/wastewater and public transit projects with much of the remaining funding going toward roads and bridges.

Sustainable Prosperity

Mixed waste in landfills generates about 38 percent of Canada's total methane (a greenhouse gas) emissions. Diverting organics from landfill can have a significant impact on the reduction of these gases with a positive impact for the environment. Federal GTF dollars in Nova Scotia are going toward solid waste projects in regional facilities, such as the Halifax Regional Municipality's Otter Lake Waste Processing and Disposal Facility.

A leader in environmental waste management practices, the Otter Lake facility uses some of the most advanced technology for processing and disposing of waste material. When garbage arrives at the facility, material not suitable for the landfill is identified and removed. The remaining material is transferred to the Waste Stabilization Facility where it moves in channels to be decomposed in 18 to 21 days. The material left at the end of this process looks like the lint cleaned out of a clothes dryer filter. This significantly reduces the amount of material going into the landfill and the seepage from the landfill into any nearby water sources.

The Halifax Regional Municipality also used \$47,294 in Gas Tax Funds to develop the Portland Lakes Trail in the Dartmouth area. Jointly managed by the Halifax Regional



Cyclist on Bicycle Path

Municipality and the Portland Estates Residents Association, the 2.2 km trail is designated for walking, biking, cross-country skiing and nature appreciation. Once complete, this suburban trail will be fully outfitted with a boardwalk, lookout stations and benches. The Regional Municipality anticipates the trail will be fundamental to improving the quality of life for the residents and encouraging alternate modes of transportation.

Prince Edward Island

The Province of Prince Edward Island will receive \$37.5 million in Gas Tax Funds through 2010. The allocation is based on a fixed amount of 0.75 percent of total annual funding (not a per capita distribution) recognizing the need for less populated jurisdictions to have sufficient funds for significant infrastructure investments. The province has also established a \$5 million capacity building fund. By 2007, the vast majority of funding was allocated to water/wastewater and road and bridge projects. Other investments occurred in community energy systems, public transit and capacity building.

A Cleaner, Healthier Environment

Summerside, Prince Edward Island provides an excellent example of one Canadian city making a difference in how we produce energy. With a population of only 14,500, Summerside undertook some big advances in the area of community energy systems through the development of a wind turbine electricity generation system. The city historically purchased all its electricity from outside the province and relied heavily on fossil fuel. The wind farm project is expected to provide enough electricity to meet all the city's needs at certain periods while moving toward a renewable energy source that will contribute to a cleaner healthier environment.

The GTF has provided support for the first two phases of the project. This includes the purchase of three wind turbines generating six to eight megawatts of electricity. Phase 1 is expected to reduce greenhouse gas emissions by over 10 million kilograms per year.

In nearby Montague, GTF dollars helped build a new bridge with pedestrian walkways and improved traffic flow. The structure replaced a too-narrow bridge that had served the community for over 50 years. The new bridge promotes active transportation and more efficient and safer vehicular movement — all designed to reduce greenhouse gas emissions.

In Charlottetown, GTF dollars for capacity building financed the exploration for groundwater to ensure an adequate and safe future water supply for the city.



Wind Turbines

Newfoundland and Labrador

The Province of Newfoundland and Labrador will receive \$82.3 million in Gas Tax Funds through 2010. Of that amount, \$21.9 million will be distributed to recipients for the establishment of regional waste management systems and final waste disposal sites. The remaining \$60.4 million will be distributed predominantly to municipalities on a per capita basis.

The Province has earmarked over one quarter of its GTF allocation for implementing a regional waste management strategy. The goal is to divert 50 percent of the materials going to disposal, to reduce the number of waste disposal sites and to phase out open burning and incineration. The strategy will also make unlined landfill sites a thing of the past. These objectives will be achieved by increasing waste diversion, establishing waste management regions and developing modern standards and technology.

Improving the Quality of Life in Remote Areas

The small community of St. Anthony on the northern tip of Newfoundland became the first municipality in the province to benefit from the Gas Tax Fund when it received its first cheque for over \$87,000 in late 2006. The town will invest the money in water, sewer and road projects, to improve the quality of life for residents and help with future growth in the area.

Canada's North

Yukon, the Northwest Territories and Nunavut will each receive \$37.5 million over the first five years of the program. The allocation is based on a fixed amount of 0.75 percent of total annual funding (not a per capita distribution) recognizing the need for less populated jurisdictions to have sufficient funds for significant infrastructure investments.

Planning for Long-Term Community Sustainability

Nowhere is community sustainability planning more challenging and complex than in Canada's northern territories. The remote location, sparse population base and northern climate pose unique challenges for any initiative. Moreover, northern communities have limited access to planning resources and expertise, and continuously face issues with respect to the retention of skilled and experienced municipal officials. Consequently, funding for capacity building and planning are of particular relevance and importance.

All three territories established core funding to assist their communities with better planning and the development of integrated community sustainability plans. The Northwest Territories and Nunavut have dedicated 2 percent toward this base funding while Yukon has devoted 5 percent. The territories also support their communities through the planning process in a variety of ways.



Houses in Winter, Inuvik, Northwest Territories



*Dawson City, Yukon
Bush Plane Taking Off*



Remote Inuit Community of Qikiqtaaluk, Nunavut

Northwest Territories

For the first two years of the program, the territorial government used the capacity-building component of the GTF to develop an integrated community sustainability plan template to meet the unique planning challenges of communities in the Northwest Territories. The goal was to form the foundation for community plans and then enable municipalities to undertake their own planning and capacity building projects beginning in year three of the program.

Most of the funding will now provide for construction of, or upgrades to, water treatment facilities in places like Tuktoyaktuk, Rae and Edzo, Aklavik, Deline and Holman. The goal is to improve water quality and reduce the risks from water-borne disease outbreaks. Nearly one third of the funding or \$11.3 million will go to the City of Yellowknife where municipal officials decided to use Gas Tax Funds to replace damaged water and sewer mains.

Nunavut

The majority of the funds will be distributed to the City of Iqaluit. The remainder will be allocated to non-tax-based communities for their most urgent priorities. Nunavut also has a 2.1 percent capacity building fund for the development of integrated community sustainability plans. Through 2007, 82 percent of funding was invested in water and wastewater projects while the remaining 18 percent went to solid waste projects.

Nunavut established the Community Infrastructure Advisory Committee consisting of representatives from the Nunavut Association of Municipalities and the Government of Nunavut. The Association of Municipalities also hired a community planner who travels within Nunavut assisting in the development of long-term sustainability plans.

Yukon

The City of Whitehorse will receive about half of the amount for Yukon; \$9.4 million will be allocated to First Nations communities and \$2.6 million will go to unincorporated communities. Of the allocated funding to these parties, up to 5 percent will be used to develop integrated community sustainability plans. Yukon has also established an application-based community works fund for any remaining or surplus funding.

The Yukon government developed a guide and template for sustainability plans and established a review committee with membership from the Association of Yukon Communities, the Council of Yukon First Nations and the territorial government to assess and approve the plans. In Yukon, GTF capital projects are approved only after the submission and approval of integrated community sustainability plans.

Moving Forward

The Government of Canada is committed to respecting provincial and municipal jurisdiction and responsibilities while promoting the long-term sustainability of Canadian communities through strong policy leadership, key partnerships and strategic infrastructure investments. As part of this commitment to Canadians, the Gas Tax Fund strives to meet the diverse needs of all communities by providing flexible, predictable and stable funding in support of municipal infrastructure that preserves the environment and enhances the quality of life for all Canadians.

Initial assessments of the GTF indicate that its flexibility in allowing communities to meet their infrastructure needs is its greatest strength. These assessments also state that the program is meeting its objectives and running efficiently. The GTF is also fostering good cooperation and collaboration among governments. Its predictability gives communities the assurance to engage in long-term planning.

Successful projects have already been completed in all jurisdictions due to the speed and efficiency with which the program was up and running and also to its flexible design. For an infrastructure program to demonstrate such tangible benefits after only two years is a testament to the success of the GTF's innovative program design.

The announcement in Budget 2008 to establish the GTF as a permanent measure at \$2 billion per year beyond 2014 confirms the program's key role in building more sustainable communities across the country on an ongoing basis.

The Government of Canada will continue to work with the provinces, territories and municipalities to ensure the success of the GTF, so all Canadians may enjoy the benefits of modern, public infrastructure: for a better, safer, stronger Canada.