

MANITOBA ADVANTAGE 2002



THE HONOURABLE
GREGORY F. SELINGER
MINISTER OF FINANCE





**THE MANITOBA
ADVANTAGE**

THE MANITOBA ADVANTAGE

Contents

THE MANITOBA ADVANTAGE..... 1

APPENDIX 1: MANITOBA'S COMPETITIVE ENVIRONMENT FOR MANUFACTURING..... 9

 Interjurisdiction Competitiveness 10

 Conclusion 14

APPENDIX 2: 2002 INTERPROVINCIAL COMPARISON OF ANNUAL PERSONAL COSTS AND TAXES 15

For more information about **The Manitoba Advantage**,
visit the Government of Manitoba websites:

Manitoba Finance: www.gov.mb.ca/finance
Manitoba Industry, Trade and Mines: www.gov.mb.ca/itm

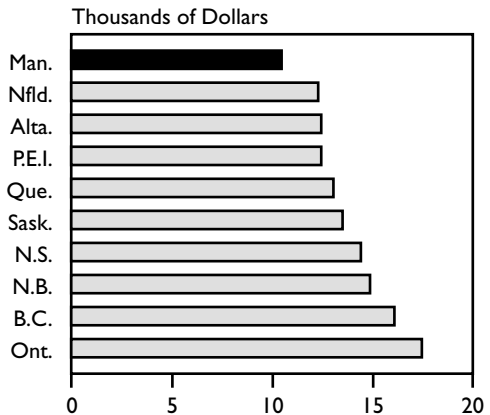
THE MANITOBA ADVANTAGE

Ask Manitobans why their province is such a great place to live and work, and you're likely to hear things like: "quality of life," "clean and safe," "friendly," "accessible public services," "beautiful communities," "affordable," and "plentiful job opportunities."

Manitoba has one of Canada's strongest and most stable economies. Its economic success is built on a unique combination of factors that we call The Manitoba Advantage:

- extremely favourable business cost environment, including affordable office and land costs, low construction costs and affordable taxes;
- North America's lowest electricity costs based on highly reliable, renewable and environmentally responsible hydro-electricity;
- a productive, well-educated, responsible and multilingual labour force;
- modern and extensive telecommunications infrastructure;
- an extensive network of research and development facilities, supporting innovation and technology diffusion;
- an excellent mid-continent location in the North American central time zone;
- flexible and cost-effective transportation links and intermodal facilities, providing shipping by road, rail, air and sea;
- reliable and accessible public services, including quality universal public health care and education; and
- clean, uncongested and safe communities, an extensive cultural and artistic community, and an unblemished natural environment – all of which contribute to an unsurpassed quality of life.

Annual Personal Costs and Taxes Single-Earner Family of Four Earning \$40,000*



*Includes income, retail sales and gasoline taxes, health premiums, mortgage costs, auto insurance, telephone service, electricity, heating and property taxes.

Average House Price Executive Detached Two-Storey

Toronto	\$ 438,000
Vancouver	391,000
Calgary	302,000
Montréal	230,000
Halifax	197,000
Fredericton	187,000
St. John's	176,000
Winnipeg	169,000
Charlottetown.....	160,000
Regina.....	153,500

Source: Royal LePage Survey of Canadian House Prices,
Fourth Quarter 2001

Average House Price Standard Townhouse

Vancouver	\$ 224,000
Toronto	223,000
Calgary	154,000
Fredericton	120,000
Regina.....	110,000
Montréal	106,000
Halifax	105,500
Charlottetown.....	80,000
St. John's	71,500
Winnipeg	67,000

Source: Royal LePage Survey of Canadian House Prices,
Fourth Quarter 2001

Major companies continue to choose Manitoba as a place to invest and grow. Recently, firms like J. R. Simplot, Standard Aero, Acsion Industries, Winpak Ltd., Nexen Chemicals, Biovail Corporation, Maple Leaf Distillers, Albchem Industries, Canwest Global Communications Group, Schweitzer-Mauduit Canada and Mountain Equipment Co-op have all recognized Manitoba's considerable advantages with new investment.

The following pages provide more detail on The Manitoba Advantage, including both business and personal costs and taxes, as well as facts about Manitoba's quality of life. Appendix 1 documents Manitoba's competitive advantages as a location for manufacturing and processing activity. Appendix 2 provides an interprovincial comparison of annual living costs and personal taxes.

■ What is The Manitoba Advantage?

- Manitoba has one of Canada's most diverse economies. Manitoba is home to a number of major industries including aerospace, bus manufacturing, food processing, health products and research, furniture, financial services and transportation. In 2000, Moody's Investors Services named Winnipeg as Canada's most diverse urban economy. While the province has many strengths, it also has balance; no one sector dominates the Manitoba economic landscape.
- The diversity of the province's industrial structure provides stability to the economy. Over the last five years, Manitoba's real GDP growth has been the most stable among the provinces. This economic stability provides for a more steady work force and a predictable and durable local business climate.
- Manitoba is located at the northern end of the mid-continental trade corridor, as well as at the major junction in Canada's east-west transportation

system. These factors place the province in a strong position in terms of expanding trade and transportation links. Winnipeg is served by intercontinental railway systems that operate intermodal terminals in Winnipeg, handling over 85,000 containers per year. The extensive and modern rail car marshalling facilities handle over 5,000 rail cars per day. These facilities offer substantial flexibility and cost savings to business, with ready access to the U.S. market through three separate railway lines from Winnipeg.

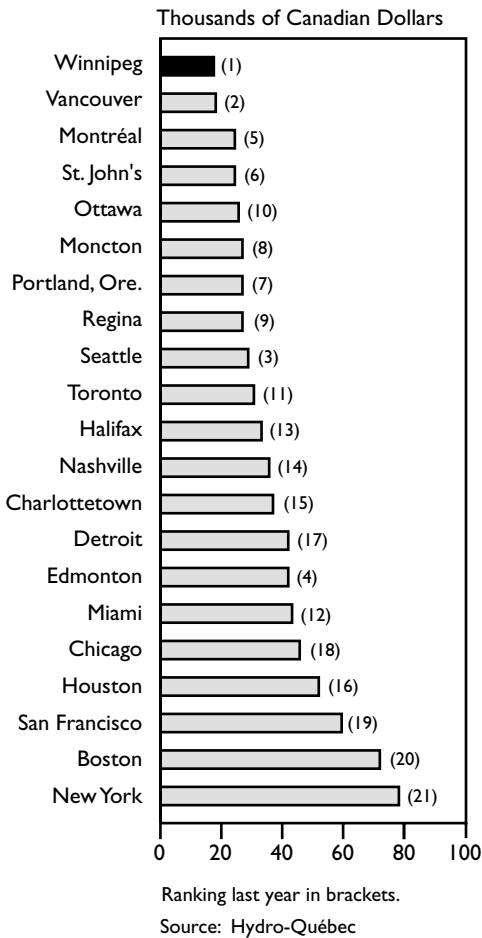
- Manitoba's central position in Canada also makes it ideal for the trucking industry. Many of Canada's leading interprovincial and transborder firms are headquartered in Manitoba. Manitoba's location on the mid-continental trade corridor provides easy trucking access to the Midwest and Great Lakes states, as well as ready access to the southern U.S. and Mexico via the U.S. interstate highway system. Shipments by truck from Winnipeg can reach most North American cities within three transit days, including Vancouver, Montréal, New York, Houston and Portland.
- Winnipeg International Airport is one of the few major North American airports that operates 24 hours a day. The airport offers a broad range of services, including international carriers, commuter airlines, jet freight and extensive cargo, and courier facilities. It serves three million passengers through 158,000 aircraft movements per year, and moves 100,000 tonnes of air cargo annually.
- Churchill is the only deepwater port in the prairie region. Located on Hudson Bay, the Port brings Atlantic Ocean trade to Western Canada. Improvements to the facility last year allowed Churchill to accommodate Panamax class vessels with a 50,000 to 60,000 tonne capacity. The Port of Churchill offers major cost advantages for ocean shipping to and from Europe, Africa and Latin America.

“Manitoba is once again proving that its reputation as a diversified economy is well earned. Although the North American economy showed clear signs of fatigue in 2001, the province managed to post the second highest growth rate of all the provinces.”

Conference Board of Canada
February 2002

**Monthly Industrial Electric Bills
Medium-sized Commercial/
Industrial Customer**

400,000 Kilowatt Hours, 2001



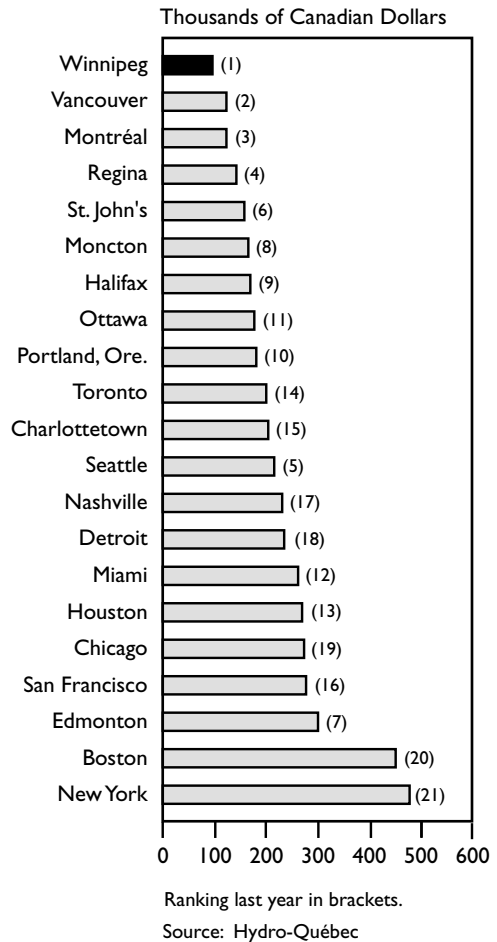
- Manitoba’s hydro-electricity rates are among the lowest in the world. Manitoba Hydro, one of North America’s major electricity companies, has generating capacity of over 5,000 MW. Virtually all of this energy is generated by clean, reliable and environmentally desirable water-powered facilities. Manitoba Hydro has identified several potential hydraulic power generating sites which could add a further 5,000 MW to its capacity. Manitobans will continue to have access to clean and affordable power both today and in the future.
- Manitoba has an abundance of natural resources. The mining industry produces a diverse mix of minerals including nickel, zinc, copper, gold and tantalum. Last year, Manitoba’s mineral sector output was valued at \$1 billion. Manitoba has a large and long-established forestry industry that produces paper, newsprint and lumber. The commercial fishing industry annually produces about 12 million kilograms of whitefish, walleye, and other species. Careful management of Manitoba’s natural endowments ensures the sustainable development of these resources.
- Manitobans enjoy advanced connectivity through comprehensive telecommunications and information infrastructure. Manitoba’s direct access to the world includes an extensive and rapidly growing high-density broadband network, as well as over 75,000 kilometres of fibre-optic cables, and 100% digital switching throughout the province.
- Research and innovation continue to play an important role in Manitoba’s economic growth and diversification. About 200 firms undertake R & D programs in Manitoba. The public and private sectors expended \$370 million on research in 1999, about 1.2% of GDP. The province has a strong and growing knowledge cluster in biomedical sciences, including significant research and innovation facilities supported by private industry, government and

post-secondary institutions. Other major research areas are engineering, food sciences and agriculture. Research is supported by Manitoba's 15% Research and Development Tax Credit.

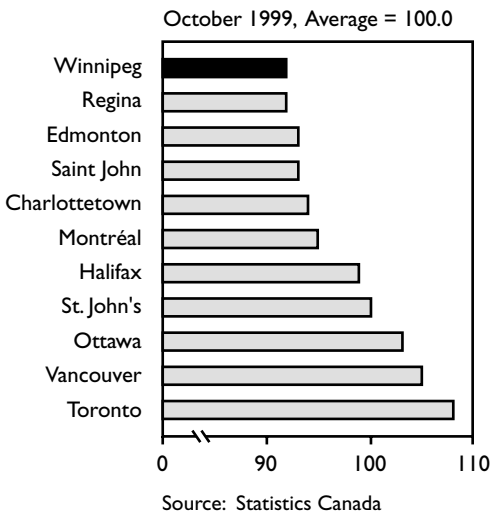
- Manitoba's commitment to important public services, such as health care, continues to grow. There are no premiums or personal charges for health services in Manitoba for either employers or individual Manitobans. This is a major advantage over U.S. locations for both businesses and residents. In the U.S., employers incur \$3,500 to \$5,000 annually per employee in health care insurance costs.
- Having the skills and knowledge to take on the challenges of the 21st century is a prerequisite for a prosperous and growing economy. Manitobans enjoy a quality public education system, including affordable, high-quality post-secondary education opportunities in several universities and colleges. Over 30,000 students attend the University of Manitoba, the largest of Manitoba's four universities. The University offers an outstanding and diverse range of courses and studies in more than 65 degree, diploma and certificate programs. Higher education continues to be affordable in Manitoba, with undergraduate tuition the third-lowest in Canada, and about 15% less than the Canadian average. As well as university study, about 13,000 students are enrolled in full- or part-time study at Manitoba's four community colleges.
- Looking for a family-friendly place to put down roots? Winnipeg is recognized as one of Canada's most family-friendly cities. Affordable living costs, good schools, excellent child care options and a safe environment make Manitoba a great place to raise a family.
- Winnipeggers know that less time on the road means more time with your family and friends. Even though Winnipeg is a sophisticated urban centre, two thirds of residents live within

Monthly Industrial Electric Bills Large-sized Commercial/ Industrial Customer

3,060,000 Kilowatt Hours, 2001



Intercity Index of Retail Price Differential



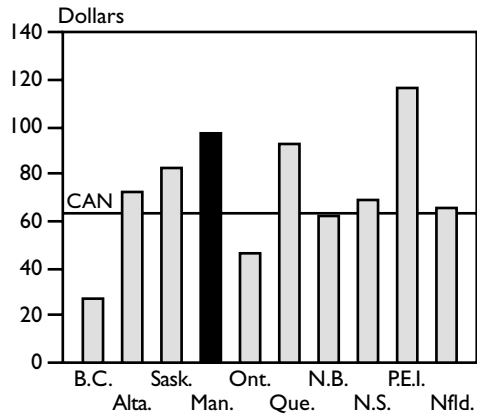
five miles of their work, while 92% commute less than 10 miles to their workplace.

- Manitobans care. Overall, Manitoba continually has among the highest rates of volunteerism in Canada. Moreover, Manitobans' charitable giving is the most generous in Canada, reflecting our community spirit and our long tradition of helping others.
- Winnipeg has an active and vibrant artistic and cultural scene, including the Winnipeg Art Gallery, the Manitoba Museum of Man and Nature, the Winnipeg Symphony Orchestra, several live theatre centres and the Manitoba Opera. The internationally renowned Royal Winnipeg Ballet is Canada's oldest dance company and one of Canada's cultural treasures. The company tours extensively and brings to the world what Manitobans enjoy at home. The Winnipeg Fringe Theatre Festival is one of the largest fringe festivals in North America, with an attendance of 128,000 last summer. The enthusiastic support of Manitobans for the arts is evident in the fact that Manitoba's performing arts companies enjoyed among the highest per capita revenue and attendance in Canada.
- Manitoba is blossoming into a film and television production centre. Released throughout Canada and around the world, many productions are featured in Winnipeg's annual FilmExchange, the National Screen Institute's Canadian Film Festival; this is the largest film festival in Canada devoted entirely to Canadian films.
- Manitoba's population has created a rich and fascinating mosaic of cultural and artistic accomplishments. Folklorama, a celebration of the many cultures of Manitoba, which was recognized as the Best Cultural Event by the Canadian Event Industry, attracts over 400,000 pavilion visits during its two-week run. Manitoba's other major festivals include: the Brandon Royal Winter Fair;

Northern Manitoba's Trappers' Festival in The Pas; The Winnipeg Folk Festival, one of the largest in North America; the Jazz Winnipeg Festival; Canada's National Ukrainian Festival in Dauphin; and numerous music and theatrical festivals. Winnipeg also hosts two annual festivals for children: Freeze Frame, a festival of international films for children and young people, and the International Children's Festival. In December, the Festival of Lights attracts young and old alike.

- Winnipeg is also home to the second-largest community of French-speaking Canadians outside of Quebec. It boasts Canada's oldest continuously operating French theatre, Le Cercle Molière. Every winter, Manitobans celebrate Manitoba's rich French Canadian heritage at the Festival du Voyageur.
- There are professional sports teams in the American Hockey League, the Canadian Football League and the Northern Baseball League. In 1999, Manitoba successfully hosted the Pan American Games, the biggest multi-sports event ever held in Canada. This summer, the province will proudly host the North American Indigenous Games, with 7,000 participants.
- Golfing is one of North America's fastest-growing recreational activities. With more than 120 golf courses, Manitoba has one of the highest ratios of golf courses to golfers in Canada, as well as one of the highest golfing participation rates in Canada.
- Beaches, lakes and parks are integral parts of Manitoba's quality of life. Grand Beach on Lake Winnipeg is one of the best in North America. Manitoba is a province of 100,000 lakes, and cottage country is never more than a short drive away. Visitors can watch the polar bear migration or view beluga whales near Churchill, enjoy the bison at Riding Mountain National Park or enjoy the great landings of migratory ducks and geese throughout the province. Winters sparkle in

Provincial Government Per Capita Expenditures on Recreation and Culture, 2000/01



Sources: Statistics Canada and Manitoba Finance

*This summer, the province
will proudly host the North
American Indigenous Games,
with 7,000 participants.*

Manitoba, with extensive family recreation opportunities for skiing, curling, snowmobiling and (of course) hockey! Whether you're an observer or a participant, the choices for recreation are almost endless.

Budget 2002 builds on Manitoba's considerable advantages. To illustrate Manitoba's cost competitiveness in more detail, two appendices are attached. The first, Manitoba's Competitive Environment for Manufacturing, provides a detailed comparison of the taxes and costs faced by representative manufacturers in various Canadian and U.S. cities. The second is an Interprovincial Comparison of Annual Personal Costs and Taxes.

Appendix I: MANITOBA'S COMPETITIVE ENVIRONMENT FOR MANUFACTURING

Manufacturing is Manitoba's largest industrial sector. It accounts for approximately 14% of GDP and directly employs about one in eight Manitobans. In total, 71,000 are employed in the manufacturing sector.

Like the economy as a whole, the manufacturing sector is diverse. It produces a wide variety of consumer and intermediate goods. Some of these are well known: Canada's largest furniture factory, operated by Palliser Furniture, is located in Winnipeg; Manitoba is one of North America's major bus manufacturers; Maple Leaf Foods operates one of the world's largest, most technologically advanced meat processing plants in Brandon; Manitoba is home to Canada's third-largest aerospace centre, with over \$1 billion in annual sales; and over 100 firms make the province Canada's third-largest apparel manufacturing centre.

Considerable growth in a number of other manufacturing industries has occurred over the past several years. Manitoba continues to expand in many strategically important areas, such as pharmaceuticals, biomedical equipment, nutraceuticals, electronics, chemicals and plastics.

Manitoba's competitive and cost-effective business environment continues to attract manufacturing investment. Manufacturers are taking advantage of the province's central location and its excellent transportation links to other parts of North America. Industrial and commercial land costs are lower than in other major metropolitan centres, and electricity costs are among the lowest in the world.

Manitoba Finance's competitiveness model is used to quantitatively compare the tax structure and cost environment for a representative small and a larger manufacturing firm. The model is used to assess Manitoba's competitive position relative to several other North American cities.

The model simulates present and future start-up costs, operating costs, and financial and taxation profiles over a period of 20 years. It incorporates future changes in taxes that have been announced by provincial and federal governments. The current analysis is an update of the previous manufacturing competitiveness model, which was developed in the early 1990s. The representative firms' profiles have also been updated using the most recent data available from Statistics Canada, local economic development boards and other public sources.

■ Interjurisdiction Competitiveness

The following indicators are used to assess cost and tax competitiveness for a small and a larger manufacturing firm over a 20-year period:

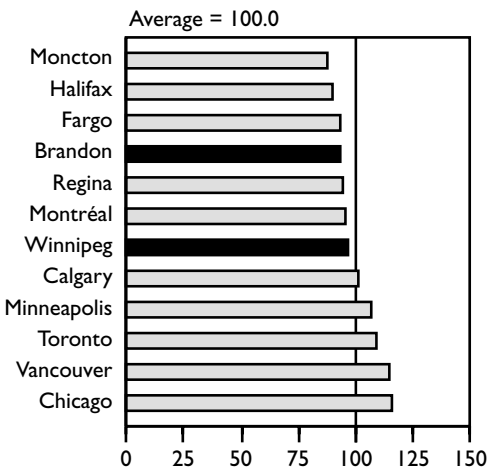
- net cost of investment, or start-up costs (including applicable taxes);
- pre-tax net income;
- effective tax rates; and
- internal rates of return.

This analysis uses a variable cost model and calculates net revenue and cash flow, including start-up costs, based on the operating costs in each location. The results for each city are compared to the overall average of all cities for each of the indicators, and are presented in the charts that follow.

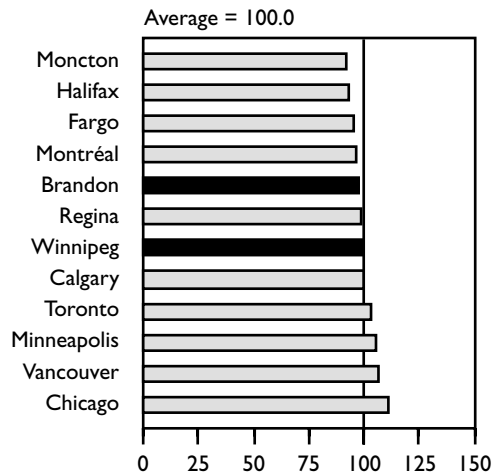
Net Cost of Investment

The costs of starting a manufacturing plant (land, buildings and machinery and equipment) are lower in Manitoba than the average for all cities. The net cost of investment for larger metropolitan centres tends to be higher than the overall average, primarily because of the higher cost of land.

Net Cost of Investment Small Manufacturing Firm



Net Cost of Investment Larger Manufacturing Firm



Pre-Tax Net Income

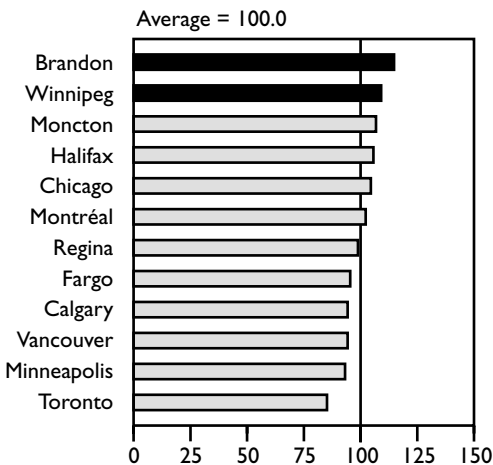
The model calculates pre-tax net income by subtracting from a common level of revenue the following location-sensitive operating costs:

- average manufacturing wages;
- local utility charges (electricity and telephone);
- interest costs; and
- capital depreciation.

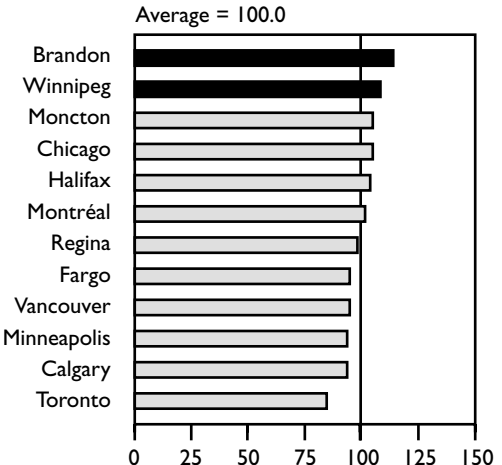
Pre-tax net income is used to compare Manitoba’s cost competitiveness to the other locations. A higher pre-tax income indicates lower operating costs in a given jurisdiction. The sales figures used in the simulation model are fixed across the cities, \$4 million for the small firm and \$45 million for the larger firm for years five through twenty. Production material costs are expressed as a percentage of sales and are also fixed across jurisdictions.

Brandon and Winnipeg yield the highest pre-tax net income for both the small and larger manufacturing firms. A talented, well-educated and productive labour force, low utility costs and lower than average start-up costs contribute to the cost advantages of operating a manufacturing plant in Manitoba.

Pre-Tax Net Income Small Manufacturing Firm



Pre-Tax Net Income Larger Manufacturing Firm



Effective Tax Rates

Effective tax rates are generated by computing gross taxes as a proportion of pre-tax net income over the 20-year period.

The following operating taxes are included in the analysis:

- corporation income taxes;
- local property and business taxes;
- corporation capital and U.S. franchise taxes;
- payroll taxes;
- workers' compensation premiums;
- statutory pension and unemployment insurance premiums; and
- employer-paid health premiums.

The following tax expenditures that benefit the manufacturing sector are also taken into account:

- investment tax credits;
- tax holidays;
- accelerated capital cost allowances; and
- preferential tax rates.

Not included in the model are the enterprise zones, grants, and other forms of governmental and third-party financial assistance programs.

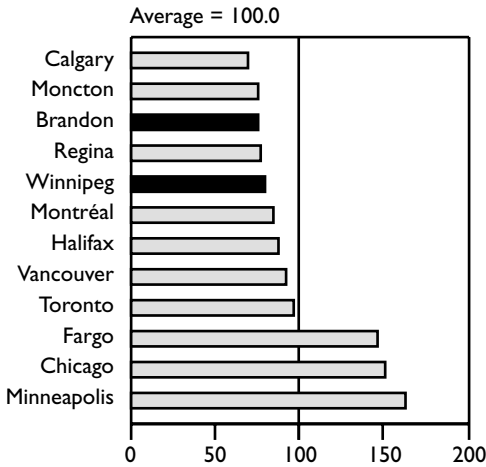
The effective tax rates in Manitoba are lower than the overall average. Among Canadian cities, Manitoba cities have lower than average effective tax rates among small manufacturing firms. They are about average for larger firms.

Overall Competitiveness

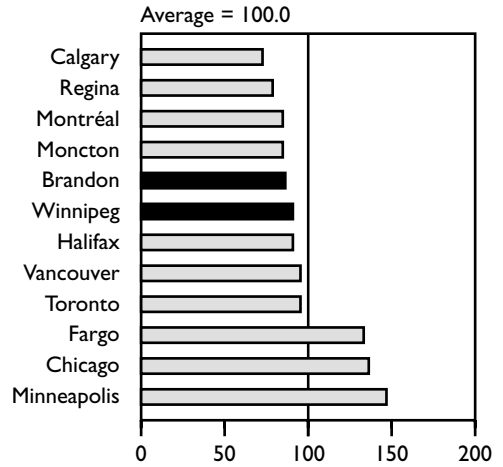
Overall competitiveness is measured by comparing internal rates of return. The internal rate of return is often used for business investment and location decision making. The following charts illustrate the combined effect of taxes and costs on the internal rates of return for the representative small and larger manufacturing corporations in the selected jurisdictions.

The internal rates of return for both Winnipeg and Brandon are better than the overall average of the cities included in the study.

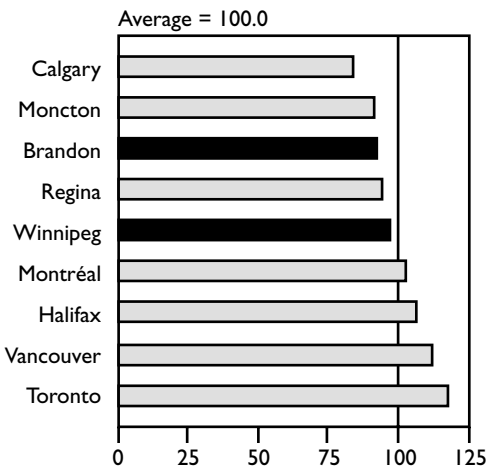
**Effective Tax Rates
Small Manufacturing Firm**



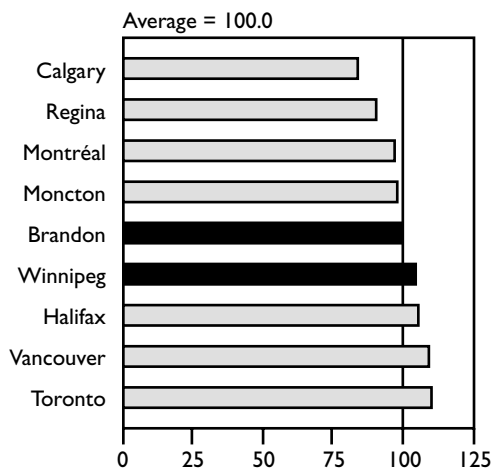
**Effective Tax Rates
Larger Manufacturing Firm**



**Effective Tax Rates
Small Manufacturing Firm
Canadian Cities**

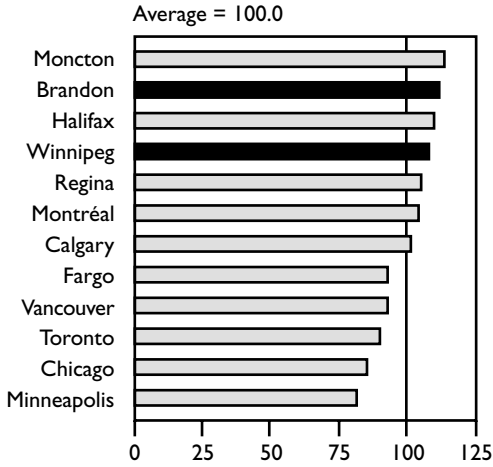


**Effective Tax Rates
Larger Manufacturing Firm
Canadian Cities**

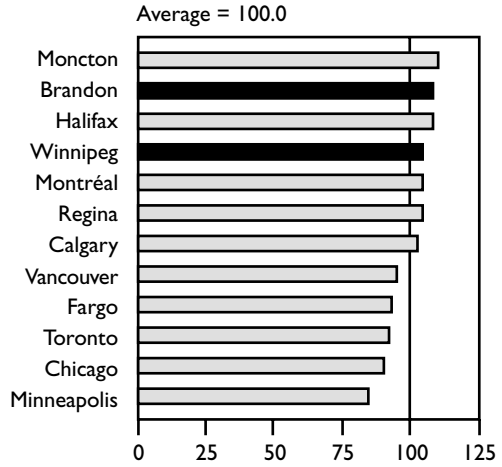


Brandon has the second-highest rate of return among all cities for both the small and larger manufacturing firms. Among cities with populations over 500,000, Montréal and Winnipeg have the highest internal rate of return for larger manufacturing firms, and Winnipeg has the highest rate of return for a small manufacturing firm.

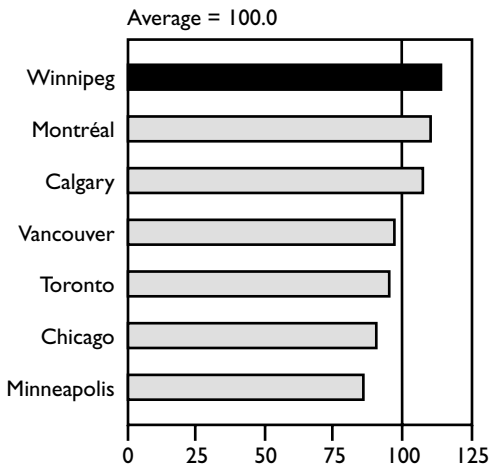
Internal Rates of Return Small Manufacturing Firm



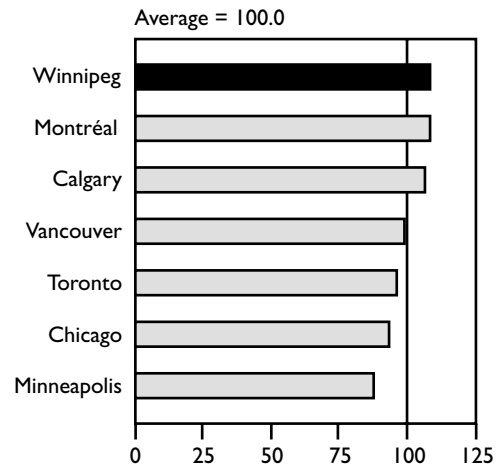
Internal Rates of Return Larger Manufacturing Firm



Internal Rates of Return Small Manufacturing Firm in Cities over 500,000



Internal Rates of Return Larger Manufacturing Firm in Cities over 500,000



■ Conclusion

The above results are consistent with those shown in previous Budgets. Manitoba continues to maintain a highly competitive cost and taxation environment for both small and larger firms engaged in manufacturing and processing.

Appendix 2:

2002 INTERPROVINCIAL COMPARISON OF ANNUAL PERSONAL COSTS AND TAXES

Over the last three years, Manitoba's overall provincial rankings for personal costs and taxes have improved.

Across the board, Manitoba's performance has been quite strong. Manitoba's total cost advantage versus Alberta, Ontario and Nova Scotia improved in every one of the six representative family types; while its total cost advantage versus Prince Edward Island improved in five out of the six representative family types; and its total cost advantage versus British Columbia improved in four out of the six representative family types.

The 2001 Manitoba Budget introduced a revised interprovincial comparison of personal costs and taxes. To reflect Manitoba's changing family structure, the income used for the single-person comparison was changed to \$30,000 and three new tables were added, showing costs for a single-parent family of two at \$30,000 in income, a two-earner family of four at \$60,000, and a two-earner family of five at \$75,000 in income.

As well, for the first time, child care expenses were included in the living costs comparisons because these costs are a real and significant expense for families where both parents work, and because the level of child care fees is directly related to the level of government support.

The 2002 Interprovincial Comparison retains the improvements made in 2001. As well, the retail sales tax estimates have been recalculated, using the *2000 Survey of Household Expenditures* (Statistics Canada). Previous estimates were based on 1992 data. As a result of the recalculation, retail sales tax estimates across Canada have decreased.

Manitoba's top marginal tax rate is the fourth-lowest in Canada. Also, Manitoba's sales tax rate of 7% is still the second-lowest of all provinces that levy a retail sales tax.

The following charts show that Manitoba remains one of the most affordable provinces to live in Canada. The Manitoba Advantage includes moderate overall taxation levels, affordable housing, and low child-care, electricity and automobile insurance costs.

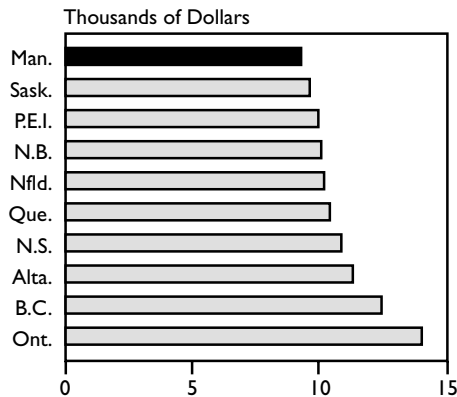
Low living costs* and personal taxes mean that all Manitobans are able to enjoy a high standard of living in relation to other parts of the country. This makes Manitoba a more competitive and attractive location for both new and expanding businesses.

A superior quality of living with lower personal costs and taxes is clearly an important part of The Manitoba Advantage.

* Includes rent or mortgage costs, property taxes, public transit costs or auto insurance, child care, telephone service, electricity and heating.

A single Manitoba taxpayer earning \$30,000 pays the third-lowest provincial levies and the lowest combined taxes and living costs in the country.

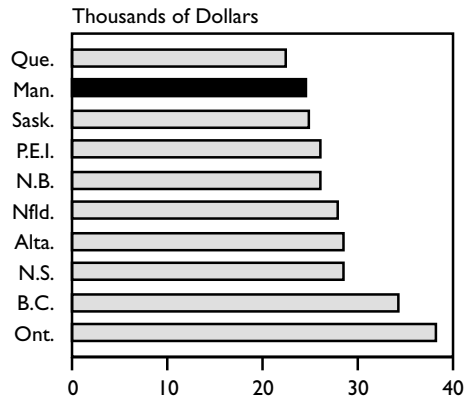
Annual Personal Costs and Taxes Single Person Earning \$30,000*



*Includes income, retail sales tax, health premiums, rent, public transit costs, telephone service, electricity and heating.

A married couple with two dependent children earning \$60,000 between them has the third-lowest provincial levies and the second-lowest combined taxes and living costs in the country.

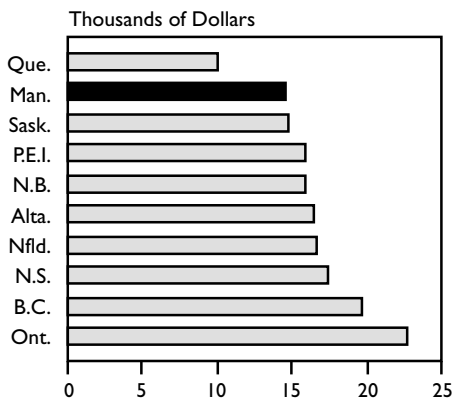
Annual Personal Costs and Taxes Two-Earner Family of Four Earning \$60,000*



*Includes income, retail sales and gasoline taxes, health premiums, mortgage costs, child care, auto insurance, telephone service, electricity, heating and property taxes.

A single parent with one dependent child earning \$30,000 has the fourth-lowest provincial levies and the second-lowest combined taxes and living costs in the country.

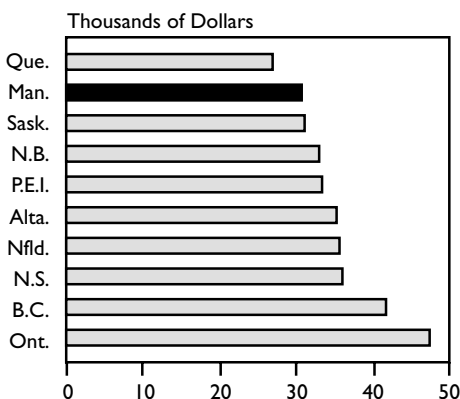
Annual Personal Costs and Taxes Single Parent with One Child Earning \$30,000*



*Includes income, retail sales and gasoline taxes, health premiums, rent, auto insurance, telephone service, electricity, heating and child care.

A married couple with three dependent children earning \$75,000 between them has the fifth-lowest provincial levies and the second-lowest combined taxes and living costs in the country.

Annual Personal Costs and Taxes Two-Earner Family of Five Earning \$75,000*

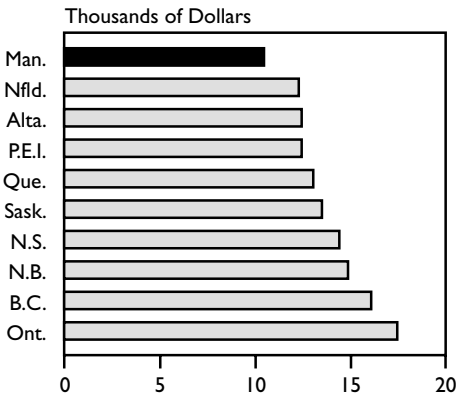


*Includes income, retail sales and gasoline taxes, health premiums, mortgage costs, child care, auto insurance, telephone service, electricity, heating and property taxes.

A married taxpayer earning \$40,000 with a dependent spouse and two dependent children has the second-lowest provincial levies and the lowest combined taxes and living costs in the country.

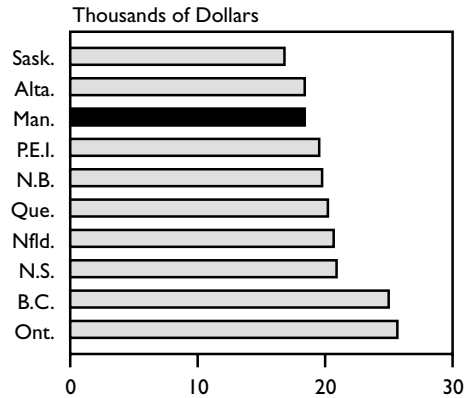
A married taxpayer earning \$60,000 with a dependent spouse and two dependent children has the fifth-lowest provincial levies and the third-lowest combined taxes and living costs in the country.

**Annual Personal Costs and Taxes
Single-Earner Family of Four
Earning \$40,000***



*Includes income, retail sales and gasoline taxes, health premiums, mortgage costs, auto insurance, telephone service, electricity, heating and property taxes.

**Annual Personal Costs and Taxes
Single-Earner Family of Four
Earning \$60,000***



*Includes income, retail sales and gasoline taxes, health premiums, mortgage costs, auto insurance, telephone service, electricity, heating and property taxes.

2002 Comparison of Annual Personal Costs and Taxes

Single Person: \$30,000	B.C.	Alta.	Sask.	Man.	Ont.
Provincial Income Tax	1,206	1,476	2,211	1,830	1,235
Health Premiums	648	528	0	0	0
<u>Subtotal PIT and Premiums</u>	<u>1,854</u>	<u>2,004</u>	<u>2,211</u>	<u>1,830</u>	<u>1,235</u>
Retail Sales Tax	446	0	322	393	498
<u>Provincial Levies</u>	<u>2,300</u>	<u>2,004</u>	<u>2,533</u>	<u>2,223</u>	<u>1,733</u>
Rent	8,712	7,788	5,712	5,712	10,392
Electricity	301	610	516	320	555
Transit Fares	756	660	576	763	1,122
Telephone	329	285	264	300	283
<u>Living Costs</u>	<u>10,098</u>	<u>9,343</u>	<u>7,068</u>	<u>7,095</u>	<u>12,352</u>
Total Costs	<u>12,398</u>	<u>11,347</u>	<u>9,600</u>	<u>9,318</u>	<u>14,085</u>
Single Parent One Child: \$30,000	B.C.	Alta.	Sask.	Man.	Ont.
Provincial Income Tax	446	0	737	268	(215)
Health Premiums	0	634	0	0	0
<u>Subtotal PIT and Premiums</u>	<u>446</u>	<u>634</u>	<u>737</u>	<u>268</u>	<u>(215)</u>
Child Benefits	(179)	(484)	0	0	(1,070)
Retail Sales Tax	580	0	419	511	648
Gasoline Tax	340	180	300	230	294
<u>Provincial Levies</u>	<u>1,187</u>	<u>330</u>	<u>1,456</u>	<u>1,009</u>	<u>(343)</u>
Rent	11,028	9,360	6,816	7,260	12,324
Child Care	5,560	4,598	4,680	4,680	8,006
Electricity	388	746	635	398	683
Auto Insurance	1,144	1,049	876	850	1,695
Telephone	329	285	264	300	283
<u>Living Costs</u>	<u>18,448</u>	<u>16,038</u>	<u>13,271</u>	<u>13,488</u>	<u>22,991</u>
Total Costs	<u>19,635</u>	<u>16,368</u>	<u>14,727</u>	<u>14,497</u>	<u>22,647</u>

Sums may not add due to rounding.

Que.	N.B.	N.S.	P.E.I.	Nfld.	Single Person: \$30,000
2,881	1,981	2,060	2,027	2,209	Provincial Income Tax
0	0	0	0	0	Health Premiums
<u>2,881</u>	<u>1,981</u>	<u>2,060</u>	<u>2,027</u>	<u>2,209</u>	<u>Subtotal PIT and Premiums</u>
576	676	650	704	669	Retail Sales Tax
<u>3,457</u>	<u>2,657</u>	<u>2,709</u>	<u>2,731</u>	<u>2,878</u>	<u>Provincial Levies</u>
5,760	6,060	6,648	5,595	5,868	Rent
356	530	502	609	497	Electricity
600	624	684	720	660	Transit Fares
283	264	300	293	263	Telephone
<u>6,999</u>	<u>7,477</u>	<u>8,134</u>	<u>7,217</u>	<u>7,288</u>	<u>Living Costs</u>
<u>10,455</u>	<u>10,134</u>	<u>10,843</u>	<u>9,948</u>	<u>10,166</u>	Total Costs
					Single Parent One Child: \$30,000
Que.	N.B.	N.S.	P.E.I.	Nfld.	Provincial Income Tax
(140)	884	782	926	969	Health Premiums
0	0	0	0	0	
<u>(140)</u>	<u>884</u>	<u>782</u>	<u>926</u>	<u>969</u>	<u>Subtotal PIT and Premiums</u>
(80)	(159)	0	0	0	Child Benefit
748	879	845	915	869	Retail Sales Tax
334	260	310	280	330	Gasoline Tax
<u>863</u>	<u>1,864</u>	<u>1,937</u>	<u>2,121</u>	<u>2,168</u>	<u>Provincial Levies</u>
6,360	7,409	8,076	7,023	6,900	Rent
1,300	4,843	5,460	4,940	5,460	Child Care
427	643	627	739	598	Electricity
797	943	943	715	1,187	Auto Insurance
283	264	300	293	263	Telephone
<u>9,167</u>	<u>14,101</u>	<u>15,406</u>	<u>13,710</u>	<u>14,408</u>	<u>Living Costs</u>
<u>10,030</u>	<u>15,965</u>	<u>17,343</u>	<u>15,832</u>	<u>16,576</u>	Total Costs

2002 Comparison of Annual Personal Costs and Taxes

Single-Earner

Family of 4: \$40,000

	B.C.	Alta.	Sask.	Man.	Ont.
Provincial Income Tax	1,625	1,079	2,165	2,291	1,658
Health Premiums	1,037	1,056	0	0	0
<u>Subtotal PIT and Premiums</u>	<u>2,662</u>	<u>2,135</u>	<u>2,165</u>	<u>2,291</u>	<u>1,658</u>
Child Benefits	0	(400)	0	0	0
Property Tax Credits	(470)	0	0	(400)	0
Retail Sales Tax	1,054	0	844	964	1,292
Gasoline Tax	340	180	300	230	294
<u>Provincial Levies</u>	<u>3,586</u>	<u>1,915</u>	<u>3,309</u>	<u>3,085</u>	<u>3,244</u>
Mortgage Costs	7,712	6,170	4,848	2,918	8,153
Property Tax	1,545	1,200	2,300	1,647	2,000
Home Heating	910	676	753	842	904
Electricity	561	1,018	873	552	939
Auto Insurance	1,352	1,186	1,084	1,043	1,920
Telephone	329	285	264	300	283
<u>Living Costs</u>	<u>12,409</u>	<u>10,535</u>	<u>10,122</u>	<u>7,302</u>	<u>14,199</u>
Total Costs	<u>15,995</u>	<u>12,450</u>	<u>13,431</u>	<u>10,386</u>	<u>17,443</u>

Single-Earner

Family of 4: \$60,000

	B.C.	Alta.	Sask.	Man.	Ont.
Provincial Income Tax	3,455	3,079	4,815	5,601	3,488
Health Premiums	1,296	1,056	0	0	0
<u>Subtotal PIT and Premiums</u>	<u>4,751</u>	<u>4,135</u>	<u>4,815</u>	<u>5,601</u>	<u>3,488</u>
Child Benefits	0	0	0	0	0
Property Tax Credits	(470)	0	0	(400)	0
Retail Sales Tax	1,339	0	1,054	1,279	1,692
Gasoline Tax	340	180	300	230	294
<u>Provincial Levies</u>	<u>5,960</u>	<u>4,315</u>	<u>6,169</u>	<u>6,710</u>	<u>5,474</u>
Mortgage Costs	12,913	8,594	4,914	5,487	12,626
Property Tax	2,397	1,800	2,250	3,000	2,900
Home Heating	1,305	928	1,066	1,202	1,147
Electricity	734	1,290	1,112	707	1,195
Auto Insurance	1,352	1,186	1,084	1,043	1,920
Telephone	329	285	264	300	283
<u>Living Costs</u>	<u>19,030</u>	<u>14,083</u>	<u>10,690</u>	<u>11,740</u>	<u>20,071</u>
Total Costs	<u>24,990</u>	<u>18,398</u>	<u>16,859</u>	<u>18,450</u>	<u>25,546</u>

Sums may not add due to rounding.

Que.	N.B.	N.S.	P.E.I.	Nfld.	Single-Earner Family of 4: \$40,000
1,567	2,688	2,894	2,699	3,119	Provincial Income Tax
0	0	0	0	0	Health Premiums
<u>1,567</u>	<u>2,688</u>	<u>2,894</u>	<u>2,699</u>	<u>3,119</u>	<u>Subtotal PIT and Premiums</u>
(160)	0	0	0	0	Child Benefits
0	0	0	0	0	Property Tax Credits
1,467	1,667	1,620	1,571	1,739	Retail Sales Tax
334	260	310	280	330	Gasoline Tax
<u>3,208</u>	<u>4,615</u>	<u>4,824</u>	<u>4,550</u>	<u>5,188</u>	<u>Provincial Levies</u>
4,407	5,289	4,976	3,526	3,107	Mortgage Costs
2,162	1,687	1,390	1,300	650	Property Tax
1,117	967	894	916	942	Home Heating
569	870	878	1,000	799	Electricity
1,283	1,056	1,114	890	1,304	Auto Insurance
283	264	300	293	263	Telephone
<u>9,821</u>	<u>10,132</u>	<u>9,551</u>	<u>7,925</u>	<u>7,065</u>	<u>Living Costs</u>
<u>13,028</u>	<u>14,748</u>	<u>14,375</u>	<u>12,475</u>	<u>12,254</u>	Total Costs

Que.	N.B.	N.S.	P.E.I.	Nfld.	Single-Earner Family of 4: \$60,000
5,705	5,652	5,898	5,484	6,366	Provincial Income Tax
0	0	0	0	0	Health Premiums
<u>5,705</u>	<u>5,652</u>	<u>5,898</u>	<u>5,484</u>	<u>6,366</u>	<u>Subtotal PIT and Premiums</u>
0	0	0	0	0	Child Benefits
0	0	0	0	0	Property Tax Credits
2,004	2,382	2,099	2,074	2,260	Retail Sales Tax
334	260	310	280	330	Gasoline Tax
<u>8,043</u>	<u>8,294</u>	<u>8,307</u>	<u>7,838</u>	<u>8,956</u>	<u>Provincial Levies</u>
5,795	5,685	6,390	5,950	6,537	Mortgage Costs
2,350	1,831	2,200	1,800	1,233	Property Tax
1,675	1,450	1,341	1,374	1,412	Home Heating
724	1,097	1,128	1,261	1,001	Electricity
1,283	1,056	1,114	890	1,304	Auto Insurance
283	264	300	293	263	Telephone
<u>12,111</u>	<u>11,382</u>	<u>12,473</u>	<u>11,568</u>	<u>11,751</u>	<u>Living Costs</u>
<u>20,153</u>	<u>19,677</u>	<u>20,779</u>	<u>19,406</u>	<u>20,708</u>	Total Costs

2002 Comparison of Annual Personal Costs and Taxes

Two-Earner

Family of 4: \$60,000

	B.C.	Alta.	Sask.	Man.	Ont.
Provincial Income Tax	1,996	2,034	3,239	3,409	1,851
Health Premiums	1,296	1,056	0	0	0
<u>Subtotal PIT and Premiums</u>	<u>3,292</u>	<u>3,090</u>	<u>3,239</u>	<u>3,409</u>	<u>1,851</u>
Child Benefits	0	0	0	0	0
Property Tax Credits	(470)	0	0	(400)	0
Retail Sales Tax	1,339	0	1,054	1,279	1,692
Gasoline Tax	510	270	450	345	441
<u>Provincial Levies</u>	<u>4,671</u>	<u>3,360</u>	<u>4,743</u>	<u>4,633</u>	<u>3,984</u>
Mortgage Costs	12,913	8,594	4,914	5,487	12,626
Property Tax	2,397	1,800	2,250	3,000	2,900
Child Care	9,360	9,705	8,463	7,118	12,419
Home Heating	1,305	928	1,066	1,202	1,147
Electricity	734	1,290	1,112	707	1,195
Auto Insurance	2,496	2,235	1,960	1,893	3,615
Telephone	329	285	264	300	283
<u>Living Costs</u>	<u>29,534</u>	<u>24,837</u>	<u>20,029</u>	<u>19,708</u>	<u>34,186</u>
Total Costs	<u>34,205</u>	<u>28,197</u>	<u>24,772</u>	<u>24,341</u>	<u>38,169</u>

Two-Earner

Family of 5: \$75,000

	B.C.	Alta.	Sask.	Man.	Ont.
Provincial Income Tax	2,759	2,913	4,258	4,674	2,511
Health Premiums	1,296	1,056	0	0	0
<u>Subtotal PIT and Premiums</u>	<u>4,055</u>	<u>3,969</u>	<u>4,258</u>	<u>4,674</u>	<u>2,511</u>
Child Benefits	0	0	0	0	0
Property Tax Credits	(470)	0	0	(400)	0
Retail Sales Tax	1,674	0	1,430	1,677	2,013
Gasoline Tax	510	270	450	345	441
<u>Provincial Levies</u>	<u>5,768</u>	<u>4,239</u>	<u>6,138</u>	<u>6,296</u>	<u>4,965</u>
Mortgage Costs	12,913	8,594	4,914	5,487	12,626
Property Tax	2,397	1,800	2,250	3,000	2,900
Child Care	15,740	15,735	13,383	11,798	20,425
Home Heating	1,305	928	1,066	1,202	1,147
Electricity	734	1,290	1,112	707	1,195
Auto Insurance	2,496	2,235	1,960	1,893	3,615
Telephone	329	285	264	300	283
<u>Living Costs</u>	<u>35,914</u>	<u>30,867</u>	<u>24,949</u>	<u>24,388</u>	<u>42,192</u>
Total Costs	<u>41,682</u>	<u>35,106</u>	<u>31,086</u>	<u>30,684</u>	<u>47,156</u>

Sums may not add due to rounding.

Que.	N.B.	N.S.	P.E.I.	Nfld.	Two-Earner Family of 4: \$60,000
4,593	3,453	3,532	3,501	3,858	Provincial Income Tax
0	0	0	0	0	Health Premiums
<u>4,593</u>	<u>3,453</u>	<u>3,532</u>	<u>3,501</u>	<u>3,858</u>	<u>Subtotal PIT and Premiums</u>
0	0	0	0	0	Child Benefits
0	0	0	0	0	Property Tax Credits
2,004	2,382	2,099	2,074	2,260	Retail Sales Tax
501	390	465	420	495	Gasoline Tax
<u>7,098</u>	<u>6,225</u>	<u>6,096</u>	<u>5,995</u>	<u>6,613</u>	<u>Provincial Levies</u>
5,795	5,685	6,390	5,950	6,537	Mortgage Costs
2,350	1,831	2,200	1,800	1,233	Property Tax
2,505	7,544	8,970	7,781	8,260	Child Care
1,675	1,450	1,341	1,374	1,412	Home Heating
724	1,097	1,128	1,261	1,001	Electricity
2,080	1,999	2,057	1,605	2,491	Auto Insurance
283	264	300	293	263	Telephone
<u>15,413</u>	<u>19,869</u>	<u>22,386</u>	<u>20,064</u>	<u>21,198</u>	<u>Living Costs</u>
<u>22,510</u>	<u>26,094</u>	<u>28,482</u>	<u>26,059</u>	<u>27,811</u>	Total Costs

Que.	N.B.	N.S.	P.E.I.	Nfld.	Two-Earner Family of 5: \$75,000
6,882	4,838	4,870	4,786	5,303	Provincial Income Tax
0	0	0	0	0	Health Premiums
<u>6,882</u>	<u>4,838</u>	<u>4,870</u>	<u>4,786</u>	<u>5,303</u>	<u>Subtotal PIT and Premiums</u>
0	0	0	0	0	Child Benefits
0	0	0	0	0	Property Tax Credits
2,615	2,900	2,740	2,881	3,043	Retail Sales Tax
501	390	465	420	495	Gasoline Tax
<u>9,999</u>	<u>8,128</u>	<u>8,074</u>	<u>8,087</u>	<u>8,841</u>	<u>Provincial Levies</u>
5,795	5,685	6,390	5,950	6,537	Mortgage Costs
2,350	1,831	2,200	1,800	1,233	Property Tax
3,805	12,386	14,430	12,721	13,720	Child Care
1,675	1,450	1,341	1,374	1,412	Home Heating
724	1,097	1,128	1,261	1,001	Electricity
2,080	1,999	2,057	1,605	2,491	Auto Insurance
283	264	300	293	263	Telephone
<u>16,713</u>	<u>24,711</u>	<u>27,846</u>	<u>25,004</u>	<u>26,658</u>	<u>Living Costs</u>
<u>26,711</u>	<u>32,839</u>	<u>35,920</u>	<u>33,091</u>	<u>35,500</u>	Total Costs

NOTES

Taxes, charges and living costs are based on information available on April 4, 2002, for the following major urban centres in each province: Vancouver, Calgary, Regina, Winnipeg, Toronto, Montréal, Fredericton, Halifax, Charlottetown and St. John's.

Provincial Income Tax is calculated for a single renter with \$30,000 earned income, a single parent with one child who rents and has \$30,000 in earned income, and four homeowners with \$40,000, \$60,000 and \$75,000 of earned income, respectively. The homeowner families include one income earner, a spouse and two dependent children (ages 3 and 7); two income earners and two dependent children (ages 3 and 7); or two income earners and three dependent children (ages 3, 5 and 7). For two-earner families, one spouse is assumed to earn 60% of the family income, while the other spouse earns 40%. Personal non-refundable credits used include the CPP/QPP and EI contribution credits. For the single parent, child-care costs unique to each province have been deducted from income. For two-earner families, child-care costs unique to each province have been deducted from the income of the spouse with the lower income. Gross Quebec Personal Income Tax has been reduced by the 16.5% abatement from federal income tax. Refundable sales tax credits and provincial tax reductions have been deducted from income tax payable. Rental credits are included in income tax, but property tax credits are shown as a separate line.

Child Benefits represent provincial programs comparable to the Canada Child Tax Benefit and include earned income supplements where applicable.

Retail Sales Tax is based upon an average expenditure basket at the selected gross income levels from the *2000 Survey of Household Expenditures* (Statistics Canada), inflated to 2002 values and adjusted for family size.

Gasoline Tax is based on annual consumption of 2,000 litres for single-vehicle families, and 3,000 litres for the two-earner families at \$60,000 and \$75,000; this includes the 6.0 cents per litre transit levy imposed in Vancouver, and the 1.5 cents per litre levy imposed in Montréal.

Health Premiums are annual premiums for hospital insurance and medical services in provinces which levy them (Alberta and British Columbia).

Mortgage Costs are based on one-half the average home prices for a standard townhouse for families with \$40,000 of income, or a standard two-storey for families with \$60,000 and \$75,000 of income, per the Royal LePage *Survey of Canadian House Prices*, Fourth Quarter 2001, for a 25-year term, amortized at a five-year interest rate of 7.30%.

Property Taxes are based on the average gross property taxes for a standard townhouse for families with \$40,000 of income, or a standard two-storey for families with \$60,000 and \$75,000 of income, per the Royal LePage *Survey of Canadian House Prices*, Fourth Quarter 2001.

Rent is from Canada Mortgage and Housing Corporation's *Rental Market Survey*, October 2001, and is based on average one-bedroom apartment rents for each urban centre for the single person, and average two-bedroom apartment rents for the single-parent family.

Child Care is based on average fees for full-time preschool care for the three-year old and the five-year old, before and after school care for the seven-year old, and six weeks of summer day camp for the seven-year old. Quebec figures are based on the \$5 per day child-care program. Average fees

were based on *Early Childhood Care and Education in Canada: Provinces and Territories* (Childcare Resource and Research Unit), and were updated by a telephone and Internet survey of different cities.

Auto Insurance for two-parent families is based on a 2000 Ford Taurus LX. Coverage includes \$1 million third-party liability, and \$200 all-perils deductible in British Columbia, Saskatchewan and Manitoba; \$250 all-perils deductible in Alberta, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador; \$300 all-perils deductible in Ontario. The driver is married, age 30 and has been accident-free for seven or more years; the auto is driven to work (15 km, one way). The two-earner families with \$60,000 and \$75,000 of income also insure a 1996 Chevrolet Cavalier, with identical coverage and driver risk rating as the Ford Taurus. The single-parent family is based on the 1996 Chevrolet Cavalier. Rates for British Columbia, Saskatchewan and Manitoba are supplied by Manitoba Public Insurance; rates in other urban centres are the average of between 8 and 12 of the larger insurers.

Transit Fares are based on adult (single zone) monthly pass rates in effect in April 2002. The Charlottetown fare is based on adult tickets for 240 working days.

Home Heating charges are based on annual consumption of 2,300 cubic metres of natural gas for the standard townhouse, and 3,450 cubic metres of natural gas for the standard two-storey. For the Atlantic Provinces, the figures represent the BTU equivalent consumption of heating fuel oil.

Electricity charges are based on annual consumption of 9,000 kWh for the two-parent family at \$40,000; 12,000 kWh for the two-parent family at \$60,000 and \$75,000 of income; 6,000 kWh for the single-parent family; and 4,500 kWh of usage for the tenant. Rates do not include municipal taxes or charges, and are based on residential rates in effect from April 2002.

Telephone Charges are the basic service rates for individual residences.