

Delivering on Commitments

# Budget

2005



A New Deal for  
Canada's  
Communities

February 23, 2005

Canada 

## **Working Together for Strong Communities**

Budget 2005 delivers long-term, stable and predictable funding as part of the Government of Canada's commitment to a New Deal for Cities and Communities. Under the New Deal, federal, provincial, territorial and municipal governments will work together with other stakeholders to develop long-term strategies for improving our communities.

The Government of Canada is doing its part. In combination with full rebate of the goods and services tax introduced last year, the measures announced in Budget 2005 will provide Canadian communities with more than \$9 billion in funding over the next five years.

## **Budget 2005—Delivering on Commitments**

Budget 2005 delivers on the Government of Canada's New Deal for Cities and Communities commitment by:

- 1** Providing municipalities with a share of gas tax revenues
- 2** Renewing existing infrastructure programs as necessary
- 3** Increasing contributions to the Green Municipal Funds

### **1 Gas Tax Revenue Sharing**

Over the next five years, the Government of Canada will provide \$5 billion to municipalities to support environmentally sustainable infrastructure projects such as public transit, water and wastewater treatment, community energy systems and the handling of solid waste.

Effective in 2005–06, Canada’s cities and communities will receive a share of federal gas tax revenues worth \$600 million. This funding will increase until it reaches \$2 billion annually, equivalent to 5 cents per litre of gas tax revenues, by 2009–10. Specifically:

- 2005–06: \$600 million
- 2006–07: \$600 million
- 2007–08: \$800 million
- 2008–09: \$1 billion
- 2009–10: \$2 billion

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

Province/Territory/ First Nations	Total Over Five Years
	(\$M)
Newfoundland and Labrador	82.3
Prince Edward Island	37.5
Nova Scotia	145.2
New Brunswick	116.1
Quebec	1,151.0
Ontario	1,865.5
Manitoba	167.3
Saskatchewan	147.7
Alberta	476.9
British Columbia	635.6
Yukon	37.5
Northwest Territories	37.5
Nunavut	37.5
First Nations	62.5
<b>Total</b>	<b>\$5 billion</b>

## **2 Renewing Existing Infrastructure Programs**

In addition to gas tax revenue sharing, Budget 2005 commits to renewing the Canada Strategic Infrastructure Fund, the Municipal Rural Infrastructure Fund and the Border Infrastructure Fund. Further details on the extension of these programs will be announced in future budgets.

## **3 Green Municipal Funds**

Budget 2005 more than doubles funding for the Green Municipal Funds with new funding of \$300 million. These funds, which are administered by the Federation of Canadian Municipalities, provide grants, low-interest loans and innovative financing to increase investment in infrastructure projects that deliver cleaner air, water and soil, and climate protection.

### **Examples of Federal Contributions to Infrastructure Projects**

- Halifax Harbour cleanup:  
\$60 million
- Upgrade of Montréal's metro system:  
\$103 million
- Modernizing and expanding Toronto's transit system:  
\$350 million
- Twinning Trans-Canada Highway routes in Saskatchewan:  
\$77 million
- Improving Canada–U.S. border crossings in British Columbia:  
\$90 million
- Corridors for Canada highway infrastructure development in the Northwest Territories:  
\$65 million

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## **A Voice at the National Table**

The Government is consistently seeking new ways to involve Canada's municipal governments in the decision-making process on national issues that directly affect their interests.

The proposed new Department of Infrastructure and Communities will be the Government of Canada's primary contact for municipal issues. In addition, the Minister of Finance has formally met with municipal decision-makers as part of his pre-budget consultations and is committed to do so again for future budgets.

The Government will continue to seek further opportunities for dialogue with municipal leaders, while respecting provincial and territorial jurisdiction.

## **Building on Previous Commitments**

The first steps in delivering on the New Deal came in Budget 2004. At that time, the Government committed to:

- Provide municipalities with a 100-per-cent rebate of the goods and services tax and the federal portion of the harmonized sales tax. This will provide municipalities with \$7 billion in funding over 10 years.
  - Accelerate spending under the Municipal Rural Infrastructure Fund so that the \$1 billion in funding is spent over 5 years, rather than 10.
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The Government of Canada has provided more than \$12 billion in infrastructure program funding since the mid-1990s, which is expected to leverage more than \$30 billion in total infrastructure investment.

## **How Can I Get More Information on Budget 2005?**

Information is available on the Internet at [www.fin.gc.ca](http://www.fin.gc.ca) or by phoning:

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1 800 465-7735 (TTY for the speech  
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