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# *News Release*

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## **CANADA AND YUKON ANNOUNCE NEW DEAL AGREEMENT FOR YUKON COMMUNITIES**

**May 26, 2005, WHITEHORSE** – Larry Bagnell, MP for Yukon and Parliamentary Secretary to the Minister of Natural Resources, on behalf of Minister of Infrastructure and Communities John Godfrey, joined Yukon’s Minister of Community Services Glenn Hart today in announcing an agreement under the New Deal for Cities and Communities that will result in the transfer of funds from the federal gas tax to cities and communities in the Yukon. Representatives of Yukon First Nations and of the Association of Yukon Communities (AYC) attended the ceremonial signing event.

“Today, we are delivering on our commitment to flow \$37.5 million in gas tax funding over the next five years to benefit all Yukoners. These funds will ramp up to \$15 million in year five, continuing at that level thereafter,” said Mr. Bagnell. “Through this initiative, the Government of Canada is keeping its promise to help municipalities secure the stable, predictable funding they require. The New Deal is about federal, provincial and territorial governments working in partnership with First Nations, municipalities and municipal associations, and about providing them with a seat at the table and a voice in decisions that affect them.”

“This Agreement represents a new, co-operative way of doing business in the Yukon,” said Minister Hart. “With the support of the Government of Canada, the Council for Yukon First Nations and the Association of Yukon Communities, and the hard work of everyone involved, I’m very pleased that we can move forward together to make decisions on the allocation of gas tax funding in the territory and set the priorities for investment for the benefit of all Yukoners.”

Yukon received a targeted allocation in excess of a per capita amount, recognizing the need for less populated jurisdictions to have sufficient funds for significant infrastructure investments and the increased costs associated with infrastructure in Northern and remote areas.

Gas tax funds will support environmentally sustainable municipal infrastructure to help ensure cleaner air, cleaner water and reduced greenhouse gas emissions. Eligible project categories include water and wastewater management, solid waste management, community energy systems, public transit, and active transportation infrastructure (like bike lanes), local roads, bridges and tunnels that enhance sustainability outcomes. Funding can also be used to help municipalities build the capacity to plan more sustainable communities.

A joint Committee with representation from Yukon First Nations, the AYC, and the Yukon and Canadian Governments will be established to oversee the funds. With assistance from the Yukon Government, communities will work toward developing Integrated Community Sustainability Plans prior to being able to access project funds. The requirement for joint planning will see that funds for First Nations and municipal projects are spent on shared projects, wherever possible.

The Agreement provides for 68% of the funding to be allocated to municipalities based on consensus reached by the Association of Yukon Communities. . In addition, 25% will be allocated to the Yukon First Nations based on the allocation formula set out in Chapter 19 – Schedule A of the Umbrella Final Agreement. Lastly, 7% of the funding will be allocated to unincorporated communities. Their intra-allocation will be determined on behalf of Yukon based on priority and need, identified from a regional sustainability plan for those communities.

Today's announcement reflects the hard work and negotiations taking place between the Government of Canada and all provincial and territorial governments for the benefit of Canada's cities and communities. Canada's commitment to share \$5 billion in gas tax funds over the next five years – ramping up to \$2 billion in year five and indefinitely thereafter – complements \$12 billion in federal funding committed over the last decade to other infrastructure investment programs, including the Canada Strategic Infrastructure Fund, the Municipal Rural Infrastructure Fund, which Yukon signed in January 2005, and the Border Infrastructure Fund. In Budget 2005, the Government of Canada committed to renewing these funds. Budget 2005 builds on the achievements of Budget 2004 – which gave municipalities the Goods and Services Tax (GST) rebate worth \$7 billion over 10 years, and accelerated the \$1-billion Municipal Rural Infrastructure Fund.

This is the latest gas tax deal to be signed, following on agreements with British Columbia and Alberta. In the coming weeks, the Government of Canada will be signing a series of agreements from coast to coast to coast.

See attached backgrounder for further details.

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# Background

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## The New Deal for Cities and Communities in the Yukon

The Governments of Canada and the Yukon have been working together with the Association of Yukon Communities (AYC) and Yukon First Nations to develop a consensus around how to use federal gas tax funds in a way that responds to the needs of Yukon communities. This has resulted in the development of a new co-operative relationship between all the parties.

The Governments of Canada and the Yukon recognize that local governments, First Nations and unincorporated communities need to participate in addressing their infrastructure challenges. This agreement provides for decisions to be made at the local level within certain parameters that have been agreed to, such as environment sustainability. Predictable, stable funding for municipalities – which is a key element of this agreement – is very important for communities so they can engage in long-term planning.

*In the last Speech from the Throne, Prime Minister Paul Martin announced \$5 billion in new, stable funding to be provided over five years through sharing of federal gas tax revenue with municipalities. Starting in 2005, the Yukon's overall share of the \$5 billion over five years from federal gas tax revenues, for distribution to municipalities, will be \$37.5 million. When fully ramped up in year 5, the territory can expect to receive \$15 million, continuing at that rate each year thereafter. This is in addition to existing infrastructure programs.*

This agreement will see the federal and territorial governments working together with communities, unincorporated communities and First Nations to ensure they have the capacity to plan for a more sustainable future. The agreement is transformative because, unlike other federal programs, a portion of the gas tax funds are being flowed to the cities and communities up front, to enhance their ability to properly plan for environmentally sustainable municipal infrastructure projects pursuant to long-term, integrated community sustainability plans.

Gas tax funds will support environmentally sustainable municipal infrastructure to help ensure cleaner air, cleaner water and reduced greenhouse gas emissions. Eligible project categories include public transit, water and wastewater management, solid waste management, community energy systems and active transportation infrastructure (like bike lanes), local roads, bridges and tunnels that enhance sustainability outcomes. Funding can also be used to help municipalities build the capacity to plan more sustainable communities. Gas tax investments will not require matching funding by the territory or the municipality. The Yukon will work with the AYC as well as Yukon First Nations representatives to deliver project-specific funding to all Yukon communities. The

AYC will determine an intra-allocation, through a consensus among municipalities, by November 1, 2005. The First Nations portion of the gas tax funds will be based on the allocation model set out in the Umbrella Final Agreement. In the case of unincorporated communities, Yukon will allocate funds based on a needs and priority basis.

### **Proposed Delivery Mechanism**

The intra-territorial allocation of the funding will be:

- AYC/Municipalities – 68%
- Yukon First Nations – 25%
- Yukon on behalf of unincorporated communities – 7%

Two complementary programs, a Planning and Capacity Building Fund and a Community Works Fund, will be established to distribute the gas tax fund among Local Governments, Yukon First Nations and Yukon on behalf of unincorporated communities. An Oversight Committee with representation from each of the parties will oversee both project funds.

### **Other important achievements under the New Deal**

- The Prime Minister created the Infrastructure and Communities Portfolio, demonstrating the priority the Government of Canada places on the cities and communities agenda.
- Minister of State (Infrastructure and Communities) John Godfrey has met with hundreds of mayors, officials and stakeholders from communities large and small – in all 3 territories and 10 provinces. He joined Finance Minister Ralph Goodale in formal pre-budget consultations with municipal leaders from across the country. As part of the New Deal’s pledge to build stronger partnerships, the Government committed to make this a permanent feature of the federal budget development process.
- The Prime Minister’s External Advisory Committee on Cities and Communities was formed with a mandate to define a 30-year vision for cities and communities in Canada.
- The new Canada-Yukon Municipal Rural Infrastructure Program was opened in January for applications with a \$16-million federal funding component that, once matched, will have a \$48-million impact in Yukon communities. First projects were announced in mid-May.
- The Government of Canada has committed up to \$11 million toward the Whitehorse and Carcross waterfront development projects. This is from the Canada Strategic Infrastructure Fund. These projects will bring long-term benefits to the communities – environmentally, socially, culturally and economically.
- Yukon has received \$2.5 million in federal funding for projects through the Infrastructure Canada Program (ICP). More than 50% are “green” municipal

projects. As well, infrastructure funds support tourism, cultural and recreational facilities; local transportation; telecommunications; and other projects with economic impact.

For more information, visit [www.infrastructure.gc.ca](http://www.infrastructure.gc.ca)

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