



For Immediate Release

Monday, December 10, 2007

City Council calls on federal government to invest the Equivalent of one cent of the GST into Canadian municipalities

KITCHENER - Earlier this afternoon Kitchener city council unanimously passed a motion calling on the federal government to provide Canadian municipalities with the equivalent of one cent of the GST annually.

Aimed at providing cities with a reliable and dedicated source of revenue that grows with the economy, receiving the equivalent of one cent of the GST would help to fix Canada's municipal fiscal imbalance and give cities the revenue they need to fund important municipal infrastructure and services - without relying solely on increased property taxes and user fees.

The City of Kitchener's share of the federal investment could mean an additional \$16 million a year to help fund increased demands for municipal infrastructure and services.

Municipal Fiscal Imbalance:

"While the federal and provincial governments receive 92 cents of every tax dollar Canadians spend, it is municipalities that are responsible for the infrastructure and services that residents use more than any other level of government," said Mayor Car Zehr, a member of the Federation of Canadian Municipalities (FCM) Big City Mayors Caucus (BCMC).

In addition, providing important municipal services, over the past 50 years municipalities' share of infrastructure costs have more than doubled while the federal government's share has shrunk to less than half.

Municipal Infrastructure Deficit:

According to a recent survey conducted by the Federation of Canadian Municipalities (FCM) and McGill University's Dr. Saeed Mirza, Canadian municipalities are struggling to address a rapidly growing \$123 billion infrastructure deficit.

"We know that municipal infrastructure across this country is aging and deteriorating rapidly," noted Councillor Berry Vrbanovic, chair of the city's finance and corporate services committee and Vice-president: At-large of the Federation of Canadian Municipalities. "The cost of the bill is just too high to put the burden solely on our property tax bills and local user fees. At a time when the federal government has been collecting record surpluses year after year, they have the capacity to make this investment and fix the fiscal imbalance - without having to increase taxes."

Locally, in 2004 the City of Kitchener began to implement an Accelerated Infrastructure Renewal Program to replace its aging watermains, sewers and roads. At that time, it was estimated that the City would need to spend a minimum of approximately \$1.5 billion over a sixty-year period (an average of \$25 million per year) to replace its current and aging infrastructure.

At a special meeting of Kitchener's Finance and Corporate Services Committee that was held earlier today to review the City's capital budget, members of council were told that even with the municipality's Accelerated Infrastructure Renewal Program, more funds will be needed in the coming years to meet the programs demands.

In addition to passing a motion in support of the revenue-sharing proposal, City council directed the Mayor to write to the Prime Minister, the Minister of Finance and the Minister of Transport, Infrastructure and Communities. Council also directed the Mayor to write to Regional council and all local municipalities to encourage them to show their vocal support for the proposal.

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A copy of the motion approved by city council is attached.

For more information:

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Kitchener City Council endorses the following motion:

WHEREAS Canadian municipalities play a vital role in: (1) promoting the quality of life and health of our citizens, (2) strengthening our national economy, and (3) protecting our global environment.

WHEREAS Canadian municipalities have doubled their share of infrastructure costs over the past 50 years while the federal government's share has shrunk to less than half without providing

adequate funding to cities to help them fund this costly shift in responsibilities.

WHEREAS the municipal infrastructure deficit is estimated to have grown to \$123 billion just to replace current and aging infrastructure, such as water and waste water systems; transportation systems; transit, solid-waste management, and community, recreational, cultural and social infrastructure.

WHEREAS municipalities currently receive only 8 cents of every tax dollar paid by Canadians, our cities are home to over 80% of the country's population, and they provide the services residents use on a day-to-day basis more than those of the federal and provincial governments.

WHEREAS Cities are the economic engines of the Canadian economy and investments in municipalities by the federal government will serve to strengthen the national economy, thereby growing its own revenues.

WHEREAS the federal government has enjoyed tens of billions of dollars in budgetary surpluses over the past ten years (\$13.8 billion in 2006-07 alone) and it is forecast to continue to produce surpluses in the future.

WHEREAS Canadian municipalities require a reliable and dedicated source of revenue that grows with the economy to significantly reduce the need for ongoing and unsustainable increases to property taxes, user fees and, water and sewer rates.

BE IT RESOLVED that Kitchener City Council endorses the proposal of the Federation of Canadian Municipalities and calls on the federal government to provide Canadian municipalities with the equivalent of one cent of the GST on an annual basis to help them fund important municipal services and infrastructure to a growing population.