



Saturday, September 18, 2004

The mayors of Vancouver, Calgary, Edmonton, Regina, Winnipeg, Toronto, Ottawa, Montreal, Quebec City and Halifax Regional Municipality applaud the Government of Canada for beginning to recognize, in word and deed, the significance of Canada's major urban centres to the nation's prosperity and well-being.

In particular, we commend the Government of Canada's decision to:

- Provide a down payment on the New Deal for Canada's cities by rebating 100% of the GST paid by municipalities.
- Provide a voice for the interests and needs of Canada's cities at the Cabinet table by appointing the Hon. John Godfrey as the Minister of State for Infrastructure and Communities.

We are similarly encouraged by Prime Minister Paul Martin's commitment to invest in children, families and affordable housing.

Yet much more work must be done if Canadians are to secure the full benefits of a New Deal that appropriately realigns the resources, responsibilities and roles of the Federal, provincial and municipal governments.

It is essential for the New Deal to reflect the distinct contribution that Canada's largest cities make to the nation's well-being as dynamic centres of economic growth, culture and innovation. Stronger government-to-government-to-government partnerships between the nation's major hub cities and the Federal and Provincial governments are needed to strengthen Canada's position in a highly competitive global economy.

To this end:

### **FUEL TAX (GAS and DIESEL)**

We call on the Federal government, in the upcoming Speech from the Throne and 2005 Budget, to provide Canada's municipalities with five (5) cents per litre of the federal fuel excise tax. A schedule for sharing the fuel tax revenue must be set out in the Speech from the Throne, with at least 2.5 cents/litre in 2005 (approximately \$1.25 billion), ramping up to the full 5 cents/litre (\$2.5 billion) by 2007.

- Agreement(s) on sharing federal fuel tax revenues with municipalities must be finalized by the end of 2004. This timeline is consistent with Prime Minister Paul Martin's May 28, 2004 speech to the Federation of Canadian Municipalities and his June 11, 2004 remarks at the National Forum on Economic Growth of the Big Cities in Canada.

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- Federal fuel tax revenue sharing agreements must enhance local autonomy, support long-term planning, provide municipalities with a new source of revenue in line with the demands placed on their local transit and road systems, and recognize the unique costs Canada's largest cities face in maintaining sustainable infrastructure networks (e.g. transit, transportation and water) of regional, provincial and national significance.
- The allocation of federal fuel tax revenues should reflect the following six (6) principles:
  1. **New revenue source:** Federal fuel tax revenue is a net new source of funding for Canada's municipalities. There can be no claw-back of funds that would otherwise be made available to municipalities. The Federal government should provide on-going strategic infrastructure programs.
  2. **Enhance local autonomy:** Municipalities may use fuel tax revenues to address local sustainable infrastructure priorities, primarily public transit and transportation infrastructure.
  3. **Respect provincial jurisdiction** and government-to-government-to-government partnership agreements. Respecting provincial jurisdiction, allocation mechanisms accommodate existing or future government-to-government-to-government partnership agreements. Each Province's share of fuel tax funds shall be held in trust until its agreement with the Federal and Municipal governments is concluded.
  4. **Demand-based:** The federal allocation of fuel tax revenue to the provinces should be based 75% on fuel consumption and 25% on transit ridership. At least 25% of each province's share should be dedicated to public transit infrastructure, where identified as a municipal priority.
  5. **Strategic Investment:** Sustainable municipal infrastructure (e.g. public transit, transportation and water systems) of regional, provincial and national significance is funded with fuel tax revenues in a strategic manner.
  6. **Equity:** Provincial and regional disparities in Canada should be addressed through equalization grants, not through the allocation of federal fuel tax revenues.

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## LOW-COST, HIGH IMPACT ACTIONS THE FEDERAL GOVERNMENT CAN TAKE TO STRENGTHEN CANADA'S CITIES:

We also urge the Federal government to implement a series of low-cost, high impact measures to immediately strengthen the social, environmental, economic and cultural foundations of Canada's cities:

Policy Domain	Target Program Area	Recommended Action
Environmental	Public Transit	Amend the federal <i>Income Tax Act</i> to make employer-provided transit passes a tax-exempt benefit.
Environmental	Solid Waste Management	Implement national packaging regulations to minimize solid waste and support healthier, cleaner, greener municipalities
Social	Affordable Housing	Under the Federal affordable housing program, increase the amount of money available to non-profit groups for project development funding
Social	Affordable Housing	Direct CMHC to be more flexible in providing mortgage insurance for developments on brownfield sites
Social	Seniors	Automatically enrol eligible seniors for GIS and maintain GIS benefits based on income tax returns
Economic	Municipal Finance	Direct CRTC to eliminate restrictions on municipalities charging utility and telecom companies rent/fee for use of municipal property
Cultural	Heritage Properties	Convert the Commercial Heritage Properties Incentive Fund to a tax credit program

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## **WHAT THE MAYORS WILL DO:**

To demonstrate our commitment to working in partnership with the Federal and Provincial governments to build a more prosperous, innovative, sustainable and caring nation, the mayors of Vancouver, Calgary, Edmonton, Regina, Winnipeg, Toronto, Ottawa, Montreal, Quebec City and Halifax Regional Municipality agree to:

- Ensure that local residents and businesses understand how municipal financial and legislative arrangements established by the Federal and Provincial governments impact the quality of life and competitiveness of their city.
- Focus public and political attention on the need for Canada's cities to retain a share of tax revenues that grow with the economy.
- Improve intergovernmental collaboration in each of Canada's major urban centres by convening, at regular intervals, meetings of Federal, Provincial and local elected officials. A key objective of such meetings will be to assess and support the development of government-to-government-to-government partnership agreements.
- Report to local residents and the Federal and Provincial governments, at regular intervals, on how funds obtained through our cities' participation in fuel tax revenue sharing agreements supports the attainment of national and provincial sustainability objectives.
- With our colleagues in the Big City Mayors Caucus (BCMC), establish inter-municipal working groups on (I) growth tax revenue sharing (II) affordable housing, (III) public transit, and (IV) immigration, with a mandate to:
  - develop meaningful benchmarks and share best practices and information to ensure that Canada's largest cities learn from each other and make the best possible use of existing resources
  - commission research to assist comprehensive policy development and effective implementation
  - provide federal and provincial officials with a responsive, representative, focused contact point through which to engage the perspectives of Canada's major urban centres when developing policies, programs and budgets that impact the nation's largest cities