

## **Federation of Canadian Municipalities**

### **Responses**

#### **1. Economic Recovery and Growth**

*Given the current climate of federal and global fiscal restraint, what specific federal measures do you feel are needed for a sustained economic recovery and enhanced economic growth in Canada?*

Municipal infrastructure is the foundation of Canada's economy. Our small businesses need quality roads and bridges to deliver goods and services. Workers need fast, efficient public transit to connect them to jobs. And growing companies count on high-quality community services – from libraries to hockey rinks – to attract skilled workers. In Budgets 2011 and 2012, the federal government committed to develop a new long-term infrastructure plan. More recently, the government has said it will develop and implement the new plan in time to support infrastructure projects during the 2014 construction season, when the current Building Canada Plan expires. Budget 2013 must turn those words into action, and lead to a long-term plan that achieves the following objectives:

- Securing Our Economic Foundations: The new plan must ensure that our cities and communities can build and repair the transportation networks, water systems, and community facilities that Canada needs to support a growing economy. That means taking a fair share of the taxes that Canadians pay and reinvesting them in the communities where Canadians live. It also means that the new plan must allow for the design of flexible funding programs that recognize the distinct needs of urban, rural, remote and northern communities.
- Protecting recent gains: The federal government has worked closely with provincial, territorial and local governments to fight the global recession and start repairing the country's core infrastructure. The new infrastructure plan must build on these gains by replacing nearly \$2 billion per year in federal funding set to expire in 2014; indexing federal investments, most notably the permanent Gas Tax Fund, to protect their long-term value; and designing longer-lasting funding programs.
- Meeting new and growing challenges: The long-term infrastructure plan must confront new and growing challenges that are a threat to Canada's economy and quality of life, including: the estimated \$20-billion-plus cost of meeting new federal wastewater standards; growing traffic gridlock and inadequate public transit; and adapting municipal roads, bridges and water systems to a changing climate.

#### **2. Job Creation**

*As Canadian companies face pressures resulting from such factors as uncertainty about the U.S. economic recovery, a sovereign debt crisis in Europe, and competition from a number of developed and developing countries, what specific federal actions do you believe should be taken to promote job creation in Canada, including that which occurs as a result of enhanced internal and international trade?*

As uncertainty continues to threaten world markets, the Government of Canada must continue working with cities and communities to create jobs and strengthen our economic foundations. Canada must build on the Economic Action Plan's (EAP's) successes. The EAP overcame barriers to common sense cooperation that too often keep governments from working together. By the end of 2011, local governments had built and helped pay for \$10 billion in EAP projects. In doing so, our cities and communities helped create 100,000 jobs and meet 50 per cent of the plan's total jobs target. Investing in municipal infrastructure is a powerful short-term job creator. For every one billion dollars invested in municipal infrastructure, governments directly create more than 10,000 jobs in construction, engineering, manufacturing and related industries. In Budget 2013 the federal government must act on

its commitment to develop and implement a new long-term infrastructure plan. In addition to creating hundreds of thousands of new jobs, the federal government's new long-term infrastructure plan can put an end to the long decline in Canada's municipal infrastructure, fight traffic gridlock, and secure the physical foundations for Canada to compete in a global economy.

### **3. Demographic Change**

*What specific federal measures do you think should be implemented to help the country address the consequences of, and challenges associated with, the aging of the Canadian population and of skills shortages?*

N/A

### **4. Productivity**

*With labour market challenges arising in part as a result of the aging of Canada's population and an ongoing focus on the actions needed for competitiveness, what specific federal initiatives are needed in order to increase productivity in Canada?*

As the global race for talent, investment and jobs intensifies, Canada will need cities and communities with modern water systems, world class transportation networks, and a high quality of life. Wherever municipal infrastructure is overstretched or underfunded, productivity will suffer, profits will fall, and jobs will be lost. According to a 2011 study, Canada needs to substantially increase its long-term infrastructure investments. Otherwise, our economy will under-perform. This will cost new workers an average of \$50,000 in lost income over their careers. As well, it will cost the average business 20 per cent of its profits. In a country desperate to improve its productivity, traffic congestion is slowing the movement of goods, services and people to a standstill. A lack of long-term funding and coordination among governments has allowed traffic gridlock to spiral out of control and critical gaps to form in Canada's transportation networks. Today the average Canadian commuter spends the equivalent of 32 working days a year traveling to and from work. The Greater Toronto Area and Metro Montréal have average daily commute times that are among the worst in the developed world. Many other urban regions, including Ottawa, Calgary, and Vancouver, need major investments to fight growing gridlock. The challenge is not confined to large cities. In many rural, remote, and northern areas, communities lack the bridges, highways, and airport infrastructure to support families and industry, or stay reliably connected to urban markets. The federal government's new long-term infrastructure plan must help fight the traffic gridlock choking our economy and fill critical gaps in the road and public transit systems that Canada's businesses, workers and families rely on every day.

### **5. Other Challenges**

*With some Canadian individuals, businesses and communities facing particular challenges at this time, in your view, who is facing the most challenges, what are the challenges that are being faced and what specific federal actions are needed to address these challenges?*

For decades, municipalities have struggled to meet growing responsibilities, including those offloaded by other governments for affordable housing, immigrant settlement, environmental protection, and policing and public safety. Without a share of the income and sales taxes generated by new growth, communities have often been forced to cut core services, delay infrastructure repairs, and raise property taxes. The property tax is a 19th century tool not intended to support a growing, modern economy. The property tax is also a regressive tax, and local governments – unlike their federal and provincial counterparts – have little ability to protect those who can least afford to pay. These include working families, senior citizens, new businesses and low-income Canadians. In the last few years, the Government of Canada has helped local governments reverse some of the damage done to our cities

and communities by decades of offloading. The federal government has invested in local roads, water systems, public transit and affordable housing. These gains must be protected. Canada can't afford to let its communities slide backward again. Budget 2013 must build on the spirit of partnership that brought all governments together to fight the global recession and begin to rebuild our crumbling infrastructure. An essential piece of this partnership is putting an end to offloading, whether it's the result of legislation that shifts unfunded responsibilities onto local governments or local governments having to fill the void when another government fails to fulfill its own front-line duties.