

February 1, 2005

GOVERNMENT ON TRACK TO DELIVER NEW DEAL FOR CITIES AND COMMUNITIES

Ottawa, Ontario - Infrastructure and Communities Minister John Godfrey has outlined to his provincial and territorial counterparts the details of how he will negotiate the New Deal for Cities and Communities with each jurisdiction. This includes each province and territory's share of \$5 billion in federal gas tax funding over five years, which will be made available to municipalities starting in 2005. This is a major step forward in the implementation of the New Deal for Cities and Communities.

With \$5 billion from the gas tax slated to benefit municipalities over a five-year period starting in 2005, the Minister told his provincial and territorial counterparts, the Federation of Canadian Municipalities (FCM), as well as a representative of First Nations that allocation is based on a per capita distribution, with a targeted allocation for Nunavut, the Northwest Territories, the Yukon and Prince Edward Island. This recognizes 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.

"A number of different approaches were put forward for allocating the gas tax among provinces and territories; we chose a balanced approach that is comparable to that recommended by the FCM and which will benefit all cities and communities," concluded Minister Godfrey.

The allocation benefiting First Nations communities will be delivered in consultation with the Minister of Indian and Northern Affairs and First Nations stakeholders. In addition, bilateral agreements with the territories will include provisions for First Nations in the North.

Funds from the gas tax will be directed at environmentally sustainable municipal infrastructure, such as public transit, water and wastewater systems, community energy systems, solid waste management, rehabilitation of roads and bridges, and capacity building. These investments will help Canada's cities and communities improve the quality of the environment, through reduced greenhouse gas emissions and cleaner air and water.

The gas tax funding is in addition to the Goods and Services Tax (GST) rebate announced in the 2004 Budget, which provided municipalities with \$7 billion over 10 years. The Government of Canada is also delivering on the \$1-billion Municipal-Rural Infrastructure Fund for smaller communities and the \$4-billion Canada Strategic Infrastructure Fund.

A number of provinces and territories have developed their positions on the New Deal and have signalled their readiness to move ahead quickly to conclude the negotiation of bilateral agreements. "Our officials are working hard with their provincial and territorial counterparts as we speak," said Minister Godfrey.

Minister Godfrey also joined Finance Minister Ralph Goodale at pre-Budget consultations with the FCM and municipal stakeholders in Regina last week. The meeting clearly demonstrates this government's commitment to recognize municipal governments as partners in implementing Canada's national agenda. It builds on Minister Godfrey's extensive consultations with provincial and territorial ministers responsible for local government, mayors, municipal leaders and stakeholders, and Aboriginal representatives from coast to coast to coast.

"These pre-budget meetings reflect the New Deal commitment to give municipalities a voice in decisions that affect them," Minister Godfrey said. "This is what the New Deal is about – more than just money – it is about new relationships and a new way of doing business through partnerships."

ALLOCATION TO THE PROVINCES, TERRITORIES AND FIRST NATIONS OF \$5 BILLION OVER 5 YEARS (2005-2010)

Provinces, territories and First Nations	Total over five years (\$ Millions)	Yearly funding as of year 5
Newfoundland and Labrador	82.3	32.9
Prince Edward Island	37.5	15.0
Nova Scotia	145.2	58.1
New Brunswick	116.1	46.4
Québec	1151.0	460.4

Ontario	1865.5	746.2
Manitoba	167.3	66.9
Saskatchewan	147.7	59.1
Alberta	476.9	190.8
British Columbia	635.6	254.2
Yukon	37.5	15.0
Northwest Territories	37.5	15.0
Nunavut	37.5	15.0
First Nations	62.5	25.0
TOTAL	5000.0	2000.0

The amount that each province and territory will receive in Year 1 will be announced by the Minister of Finance in his next Budget. The intra-jurisdictional allocation will be determined through bilateral negotiations with the provinces and territories.

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