Municipal Infrastructure

What's in the budget?

While the government announced a re-commitment to some stimulus funds, this budget does not offer any new funding of substantive value to municipalities or communities. For municipalities and our communities the 2010 municipal budget contains the following:

- $175 million in new funding over 2 years to renew Marine Atlantic's fleet and shore facilities and improve its services.

- $28 million in new funding to ensure Atlantic ferry services continue to operate in a safe and reliable condition.

- $51 in new funding over 2 years to The Jacques Cartier and Champlain Bridges Incorporated to maintain the safety of Montreal's bridges

- The extension of the First Nations Water and Waste Water Plan for 2 years. The funding commitment is undeclared and it appears the government may be considering options other than public financing stating they are looking for "*ways to more effectively support access by First Nations to alternative sources of financing, and approaches to improve the life-cycle management of capital assets*"

- $7.7 billion recommitment to Year 2 stimulus funds as outlined in Canada's Economic Action Plan. To be divided between modernizing infrastructure, support for home ownership and social housing. This is not new funding, 96% of this funding was already committed to in last year's budget.

What does it mean?

Municipalities are facing a public infrastructure deficit of more than $120 billion. The lack of new funds in this budget, beyond those earmarked for specific projects, shows that this government is unlikely to make further progress in this area.

Water and wastewater facilities currently need $31 billion invested for upgrades and repair; funding for new buildings and the incorporation of costs related to new waste water regulations could increase this amount even further (government cost estimates for wastewater regulation are between $10–13 billion). Our national transit strategy alone needs an investment of $40 billion.

Compounded costs associated with infrastructure repair ensure that without proper funding now we will end up paying more for our infrastructure in the future.

While the recommitment to short term recession fighting funds received by municipalities is welcome, these funds will be drying up in 2011 after barely scratching the surface in terms of alleviating the deficit. 96% of this funding has already been committed to specific projects, whether these projects are able to move forward, and whether municipalities are actually able to avail of all these funds remain to be seen.

The permanent Gas Tax is a positive step in the right direction but falls short of addressing the magnitude of the funding shortfall.

Municipalities have been increasingly forced to choose between funding services or repairing their crumbling buildings and roads. Revenue generated by municipalities from property tax and user fees is not sufficient to cover their mounting costs. The matching funds requirement for infrastructure projects is difficult for many municipalities.

Funding public infrastructure is an important way to create jobs, stimulate our economy and ensuring its continued growth. For every $1 billion invested in new infrastructure 11,000 jobs are created, combined with local procurement policies it could represent an important way of ensuring economic growth and prosperity. A $1 investment in public infrastructure generates approximately 17 cents in private sector cost savings.

Government support for PPP Canada Inc. and P3s are not a solution. Our communities are increasingly proving privatization and P3s to be a more risky, more costly, and less transparent way of funding infrastructure. The fact that this Budget has included $10 million to support legal, financial and technical work required to push through the Windsor–Detroit P3 bridge proves this point further as administrative costs are a major way P3s waste our tax dollars.

What would be better choices?

Use this budget as an opportunity to lay a foundation for a strategic, long term funding plan that continues to stimulate our national economy and local economic development, supporting green initiatives and creating good jobs.

Use the 2009 stimulus funds as the foundation of a national strategy to eliminate the $123 billion deficit. Increased funds could be allocated through the existing Gas Tax transfer mechanism.

The Gas Tax could be indexed to ensure this revenue source is not eroded by inflation and population growth in the future.

Increase the GST from 5% to 6% and dedicate the increased revenue to improving local infrastructure. A recent study by the Federation of Canadian Municipalities revealed that Canadians would support this measure.

Seize the opportunity to implement a national green investment plan as stimulus funds are directed to new and upgraded infrastructure projects. This is a huge opportunity lost as infrastructure decisions made today will have a lasting impact for future generations.

For more information, visit http://cupe.ca/budget

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