



Federal Budget Highlights

"What we will do is make important investments in such key areas as health care, communities and learning, for these are the social foundations upon which Canadians will build better lives."

The Hon. Ralph Goodale, Minister of Finance, 2004 Budget Speech

THE NEW DEAL

"For this government, the need for a New Deal is clear, the benefits compelling and the time is now."

The Hon. Ralph Goodale, 2004 Budget Speech

Objectives of the New Deal

- Ensure Canada's communities have reliable and predictable long-term funding;
- Provide more effective program support for pressing infrastructure and social priorities in communities;
- Help equip communities to develop local solutions to local problems; and
- Give communities a stronger voice in the decisions that affect them.

The Government recognizes that the long term success of the New Deal depends on close partnerships with communities, provincial and territorial governments, as well as with the private and non-profit sectors.

Key points:

GST/HST Relief for Local Government

- \$7 billion in full GST/HST relief for municipalities of all sizes over the next 10 years (effective February 1, 2004). This includes \$100 million for two months of 2003-04, \$580 million for 2004-05, and \$605 million in 2005-06.

- All municipalities will be eligible for the increased rebate. This includes:
 - incorporated municipal bodies such as cities, towns, villages and metropolitan authorities;
 - local authorities such as transit commissions and public libraries that perform municipal functions and that are determined by the Minister of National Revenue to be a municipality; and
 - entities designated by the Minister of National Revenue in respect of their delivery of municipal services, such as non-profit social housing corporations that provide residential accommodation on a rent-g geared-to-income basis.

Gas Tax Sharing

Further, as the Speech from the Throne stated, the Government will work with provinces to share with municipalities a portion of the gas tax revenues or determine other fiscal mechanisms that achieve the same goals. Over the coming months, the Government will launch these discussions with provincial and territorial governments and will continue to consult with municipalities.

The New Deal (cont.)

Infrastructure

- Acceleration of the \$1 billion Municipal Rural Infrastructure Fund, with spending over the next 5 years instead of 10.

Other Measures Relevant to Local Government Interests

- A stronger voice for municipalities in the federal decisions that affect them. Reference is made to appointment of Parliamentary Secretary for the New Deal, External Advisory Committee lead by Mike Harcourt. **The Minister of Finance has also agreed to consult formally with municipal representatives prior to every federal budget.** The first such consultation took place on Feb. 19, 2004.
- Doubling to \$50 million support for the Urban Aboriginal Strategy which helps communities develop new approaches to local aboriginal issues; and investment of \$125 million over five years for the Aboriginal Human Resources Development Strategy, which provides access to training and employment.
- Funding of \$4 billion over 10 years to clean up contaminated sites:
 - \$3.5 billion for major multi-year clean up on federal contaminated sites – over 3,800 federal sites in Canada are contaminated
 - remaining \$500 million is for remediation of certain other sites (i.e., tar ponds in Sydney, NS)
- Previous federal budgets committed more than \$2 billion over the six year period between 2002-03 and 2007-08 for affordable housing and homelessness initiatives. There is no new money committed in this budget for these purposes. FCM advises that the Government has committed to put the affordable housing funds to work quickly and to follow with additional investments, if fiscal conditions permit.

HEALTH CARE

“No other priority speaks so directly to the decisions we have made as a country about how we live as a society.” *The Hon. Ralph Goodale, 2004 Budget Speech*

- Confirmation of an additional \$2 billion in health care funding for the provinces and territories bringing to \$36.8 billion the funding provided under the February 2003 First Ministers Accord on Health Care Renewal.
- Establishment of a new \$400 million Canada Public Health Agency as a national focal point for disease control and emergency response. The funding will be transferred from Health Canada.
- The Government will also appoint a Chief Public Health Officer for Canada, who will be the head of the new agency and will be actively involved in the design and creation of it, in close consultation with the Government of Canada, the provinces, territories and other stakeholders.
- Immediate funding of \$665 million in this fiscal year and over the next 10 years to improve Canada’s readiness to deal with Public Health emergencies. FCM is also advocating that the Government follow this with a national strategy for preparedness and response related to all forms of emergencies.

OTHER MEASURES OF INTEREST

- New funding of \$15 million annually in support of enhanced language training to reduce labour market barriers faced by immigrants.
- The bulk of the money from the \$995 million relief package for Canadian agriculture producers announced on Monday, March 22nd will go directly to cattle producers.

Federal Budget Documents available at :
<http://www.fin.gc.ca/budtoce/2004/budliste.htm>

Other Measures of Interest (cont.)

- New funding (\$1 billion over 7 years) to support the development and commercialization of new environmental technologies, reflecting the sale of Petro-Canada.
- Provision is also made for \$90 million over five years to support a Northern Strategy for economic development.
- More effective tax rules for registered charities and ongoing support for the Voluntary Sector Initiative.
- Extends small business programs and helps establish capital funds and other sources of lending to benefit social economy enterprises.
- Accelerating implementation of the agreement with the provinces and territories to improve access to affordable, quality early learning and child care programs.
- Extending the education tax credit to employees who pursue career-related studies.

“But we also know that Canadians do not live in markets nor raise their children in economies; they do so in neighbourhoods, in communities.

It is here that public policy meets private lives. It is here that the decisions we make affect the lives of Canadians lead.

Communities are the front lines for social issues and the engines for economic growth, attracting talent from around the world and forming the foundation for dynamic high tech clusters.”

The Hon. Ralph Goodale, 2004 Budget Speech