



Federal Budget Highlights

The first budget of the new federal government was delivered today. Budget 2006 - Focusing on Priorities covered four areas: accountability, opportunity, families and communities and security.

The following provides some highlights of interest to local government.

Public Transit

- Confirms \$52.5 million payment for BC for a public transit agreement (Bill C-68). This agreement has been recently signed between UBCM, Canada and BC.
- Creates a \$900 million Public Transit Capital Trust if sufficient funds (\$2 billion) are available in the 2005/06 federal surplus (to be known in the fall. At this time the federal surplus is currently estimated at \$8 billion, based on monthly financial information through February 2006. The final result will reflect developments in March and year-end accrual adjustments). The Trust will be allocated over 3 years. BC's share would be \$119.3 million. This is \$66.8 more for BC than was anticipated when the program was announced by the previous administration. The Public Transit Capital Trust will support capital investments in public transit infrastructure including rapid transit, transit buses, intelligent transportation systems and other investments including high occupancy vehicle and bicycle lanes.

The Government expects that provinces and territories will take transit ridership into account when the funds are disbursed.

- Introduction of a tax credit for the purchase of monthly public transit passes, effective July 1, 2006. For example, an individual who purchases passes costing \$80 per month throughout the year will receive about \$150 federal tax relief for the year.

Affordable Housing

- Confirming up to \$800 million to provinces and territories to address immediate pressures in affordable housing.

Infrastructure Investments

- \$5.5 billion over four years for a new Highways and Border Infrastructure Fund, Canada's Pacific Gateway Initiative, the Canada Strategic Infrastructure Fund, the Municipal Rural Infrastructure Fund and a Public Transit Capital Trust.

This includes:

- an additional \$2.2 billion over five years for the Municipal Rural Infrastructure Fund.

- an additional \$2 billion for the Canada Strategic Infrastructure Fund.
- \$2.4 billion for cost sharing with provinces on the core national highway system.
- \$591 million over eight years for Canada's Pacific Gateway.

The budget also confirms gas tax revenue sharing agreements will remain funded. The Government has also proposed development of a new framework for long-term funding support for infrastructure programs.

Cracking Down on Crime

The Budget provides:

- \$161 million for 1,000 more RCMP officers and federal prosecutors to focus on such law-enforcement priorities as drugs, corruption and border security (including gun smuggling).
- \$37 million for the RCMP to expand its National Training Academy (Depot) to accommodate these new offices and build the capacity to train more officers in the future.
- \$20 million for communities to prevent youth crime with a focus on guns, gangs and drugs.

Preparing for Emergencies

- \$460 million (\$1 billion over five years) to further improve Canada's pandemic preparedness.
- \$19 million per year to Public Safety and Emergency Preparedness Canada to enhance our capacity to deal with catastrophes and emergencies.

Pine Beetle

- \$400 million over two years to combat the pine beetle infestation, strengthen the long term competitiveness of the forestry sector and support worker adjustment.

Forestry Bioenergy

- Budget proposes to implement the previously announced incentive for cogeneration systems in the pulp and paper industry that produce both thermal energy and electricity using a biomass residue from the pulping process.