

## **The Federal Budget**

**March 21, 2013**

Today the Honourable Jim Flaherty tabled the Government of Canada's 2013-2014 Budget, [\*2013 Economic Action Plan\*](#). In it, the government seeks to promote job creation and economic growth while remaining committed to returning to budgetary surplus by 2015.

Among the measures of significance to Ontario municipalities, the 2013 Budget focuses on infrastructure as a key foundation to economic growth. Accordingly, the government has reaffirmed its commitment to be a partner in building provincial and municipal infrastructure. This is done through the expansion of Canada's Gas Tax Fund and a 10-year Building Canada Fund.

The government also has committed to enhancing employment by reforming skills training, support for manufacturing and businesses as well as investments in affordable housing.

### *Canada's Gas Tax Fund*

The government has committed to enhancing Canada's Gas Tax Fund by expanding the number of eligible categories so that municipalities have additional flexibility when planning and investing in infrastructure. Specifically, municipalities will be able to invest Canada's Gas Tax Funds in culture, tourism, sport and recreations facilities. This will assist municipalities as they plan for, and implement, their asset management plans. AMO is pleased that the government has recognized that municipal councils are best suited to determining their local infrastructure priorities and that all types of municipal infrastructure contribute to the quality of life and economic productivity of our communities. AMO will seek clarification on the details around this announcement, for example:

- How a two percent index in \$100-million increments will be defined?
- What will be Ontario's indexed allocation?

AMO looks forward to working with the Federal Government on a renewed Gas Tax Fund Agreement that will implement this commitment by March 31, 2014.

### *The Building Canada Fund*

The government also announced a 10-year Building Canada Fund. The Fund replaces the expiring Building Canada Plan. The \$10 billion Fund is the same envelope of funding as the expiring plan over 10 years with broader categories for investment and will support

provincial, territorial and municipal infrastructure. This is a direct result of the discussions that occurred over 2012 between the federal government and its stakeholders -including AMO and the Federation of Canadian Municipalities. In Ontario, the Building Canada Plan saw municipal infrastructure as the highest priority, AMO will seek clarification on the details around this announcement, for example:

- What are the specific design features of the program?
- Will municipal infrastructure continue to be the highest priority?

AMO has long advocated for long-term sustainable infrastructure funding and we are pleased to see some of [our recommendations](#) implemented. While they remain focussed on deficit reduction, AMO is encouraged that the federal government will continue to be a partner in the building of our communities. We look forward to working with the province and the federal government to ensure that municipalities can get shovels in the ground in time for the 2014 construction season.

### *Other Budget Measures*

Other measures introduced in the budget include:

- New skills training program Canada Job Grant to better match skills with local labour market needs;
- A commitment to support manufacturers and business to compete in the global economy including \$920 million to renew the Federal Economic Development Agency for Southern Ontario (FedDev Ontario) for five years and \$200 million for a new Advanced Manufacturing Fund in Ontario for five years, starting on April 1, 2014, funded from the renewed FedDev Ontario; and,
- Renewal of two housing program agreements with the provinces and territories beyond 2014 that flow critically needed funds to municipalities. The renewal of the Homelessness Partnering Strategy and the Investment in Affordable Housing agreements will enable municipalities receiving this funding the means to continue providing specialized housing and homelessness programs to vulnerable populations in their communities.

Over the coming weeks, AMO will seek additional information and review the Budget Bill and monitor its progress.

For additional information, see the analysis completed by the [Federation of Canadian Municipalities](#). AMO will continue to assess the Federal Budget for its impact on Ontario's municipalities and will update members accordingly.

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