



MEMBER ADVISORY

FEDERAL BUDGET 2009

January 28, 2009 – Budget 2009 was released in Ottawa late yesterday afternoon. The Federation of Canadian Municipalities (FCM) has provided us with a detailed analysis that will be expanded and updated as the budget bill moves through Parliament. The budget includes over \$10 billion in new funding over the next two years to municipal priority issues, including:

- ✓ **\$4-billion Infrastructure Stimulus Fund.** This fund will provide funding to municipal and provincial-territorial infrastructure rehabilitation projects over two years. Projects must begin construction in 2009 or 2010 to qualify. The budget states that the federal government will approve “project plans”, and cover “up to 50 per cent of eligible costs.”
- ✓ **\$500-million top-up for Building Canada Fund (BCF) Communities Component.** This provides additional new funding to boost investments for smaller municipalities under the BCF’s Communities Component. Projects are cost shared under this program.
- ✓ **\$500 million for recreational infrastructure.** This provides new funding over two years to upgrade and renew community recreational facilities, with the federal government covering up to 50 per cent of project costs. Funding will be allocated through regional economic development agencies on the basis of “merit and project readiness.” The federal government has also committed to accelerate existing funding within the original \$1.1- billion BCF Communities Component this year.
- ✓ **\$2 billion federal-municipal loan program.** This program will make up to \$2 billion worth of low interest loans available to municipalities for affordable housing and infrastructure programs. Municipalities can use these funds to pay their portion of cost-shared federal infrastructure programs. The program will be administered by the Canada Mortgage and Housing Corporation.
- ✓ **\$1-billion Green Infrastructure Fund.** This five-year fund is expected to focus on sustainable energy projects - municipal infrastructure projects with environmental benefits are also expected to be eligible. These projects will be funded on a cost-shared basis.

Overall, these are significant and welcome investments in much needed municipal infrastructure priorities, and these new funds will go a long way to alleviating the pressure facing communities.

However, there are important questions that must be addressed regarding the rollout of these new infrastructure funds. The AMM is anxious to know how this money will flow to municipalities, as strict cost-sharing requirements and drawn-out application procedures would be roadblocks to getting work started on many worthwhile projects.

Further, it is imperative that there be a municipal voice in the selection process. We also remain concerned with the tight deadline for submitting applications, and with the ability for some communities to obtain their share of financing over a short time period.

We await further information and will keep our members informed as details become available to us.