

September 2, 2010



**City Council
Committee Report**

To: Mayor & Council

Fr: Paul Derouard Budget/Auditor General

Re: HST and Infrastructure Deficit

Recommendation:

Whereas the Government of Ontario has entered into an agreement with the Government of Canada to implement the Harmonized Goods and Services Tax (HST);

And Whereas the HST will add 8% to many goods and services where currently only the 5% GST is charged, including gasoline and diesel fuel, resulting in increased tax revenues for the Government of Ontario;

And Whereas the majority of public infrastructure in Ontario is municipal infrastructure, and includes roads and highways, bridges, and transit systems;

And Whereas there exists an infrastructure deficit in Ontario and it's estimated at more than \$100 billion;

And Whereas Ontario municipalities struggle to pay for needed repairs and maintenance to such infrastructure;

And Whereas the Government of Canada, through its Federal Gas Tax Fund, provides municipalities with a portion of federal gas tax revenue for investments in environmentally sustainable infrastructure;

And Whereas the Federal Gas Tax Funding is up-front and predictable, increasing the capacity of municipalities to address local infrastructure investment priorities and plan for the long term;

And Whereas investing in infrastructure is crucial component of a strong economy and part of the Government of Ontario's strategy for jobs and growth in Ontario;

Now Therefore Be It Resolved That Council of the City of Kenora requests the Government of Ontario to provide municipalities with a portion of HST generated through the sale of gasoline and diesel fuel in order to enable municipalities to

address current infrastructure deficits and continue to invest in environmentally sustainable infrastructure; and

That this resolution be forwarded with a request for action to: the Ontario Ministry of Transportation, Kenora District MPP's and MP's, the Premier's Office, and the Association for Municipalities of Ontario (AMO).

Background:

The City has received a letter from the Township of Malahide's dated 23 July 2010 to Minister Kathleen Wynne (Transportation) regarding HST implementation and petitioning the use of a portion of federal gas tax revenue for investments in infrastructure. A copy of the letter has been attached for your reference.

While recent infrastructure funding programs, such as Build Canada and Investing in Ontario, have provided municipalities with the ability to address some infrastructure related issues, it must be emphasized that there is so much more that needs to be addressed. Municipalities across the Province are facing significant infrastructure deficits and do not have the ability to adequately address the problem. It is critical that a committed, ongoing infrastructure funding program be established and made available to municipalities. In lieu of this, the Province needs to take back responsibility for this infrastructure.

Auditor General's report for 2009 noted that municipalities have responsibility for 80% of Ontario's bridges and Ontario municipalities own more infrastructure assets than any other order of government in the Province.

On July 1st with the implementation of the HST the price for Gasoline and Diesel increased by 8%. This increase in tax revenue for the government has the ability to provide municipalities with funding to address the current infrastructure deficit.

Budget:

N/A

Communication Plan/Notice By-law Requirements:

A copy of the resolution will be sent to the Ontario Ministry of Transportation, Kenora District MPP's and MP's, the Premier's Office, and the Association for Municipalities of Ontario (AMO).