

2004 FEDERAL BUDGET UPDATE

Recommendation

The Commissioner of Finance & Corporate Services recommends:

That the following report with respect to the recent Federal Budget be received for information purposes.

Purpose

The purpose of the report is to advise Members of Council of the budget highlights which more directly impact municipalities.

Background - Analysis and Options

The Federal Budget was tabled on March 23, 2004. This budget is the seventh consecutive balanced budget and includes as a forecast, balanced budgets for the next two fiscal years. The Minister of Finance has included additional funding for health, enhanced funding for learning, knowledge development, communities and internal affairs. The budget has virtually no personal tax relief. In addition, over this three year period there is no significant reduction of the Federal accumulated debt.

The following are highlights which directly affect municipalities.

Municipal Impact – Highlights

- GST - As of February 1, 2004 municipalities will be rebated 100% of the GST from the current 57%. The City of Vaughan's impact is approximately \$1.9 million for Operating, Capital, Water and Wastewater budgets. The operating budget impact represents the largest portion at \$900,000.
- Infrastructure Funding – The \$1 Billion set aside in last year's federal budget for the Municipal Rural Infrastructure Fund has now been accelerated. These funds will be spent over 5 years as opposed to 10 years as originally proposed.
- Gas Tax Sharing – The Budget did not include any sharing of the Gas Tax Revenue, however in the budget speech it was indicated that the Federal Government will be in discussions with municipalities regarding this issue in the near future.
- New Deal for Municipalities – The Federal Government has made a commitment to draft a new deal for Canada's communities including the creation of an External Advisory Committee on Cities and Communities.

A copy of "The Budget in Brief 2004" and "A New Deal for Communities" issued by the Department of Finance Canada is attached for the benefit of the Members of Council.

Conclusion

Staff has included a provision in the draft 2004 Operating Budget for the GST Rebate referred to above. The Federal Government has committed to a new deal for communities of all sizes. Staff as included a provision in the draft 2004 Operating Budget for the GST Rebate referred to above and will continue to monitor the "New Deal" as additional information becomes available.

Attachments

Attachment 1 – The Budget in Brief 2004

Attachment 2 – A New Deal for Communities
(Available in the Clerk's Department)

Respectfully submitted,

Clayton D. Harris, CA
Commissioner of Finance & Corporate Services