

HALIFAX

**2012 Submission to the House of Commons  
Standing Committee on Finance**

**Submitted to:**

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## **Executive Summary**

Building partnerships and aligning priorities between all levels of government is the key to maximizing economic benefit. Halifax Regional Municipality is committed to an open and collaborative working relationship with the Federal government, and is pleased at the successes we have jointly realized in recent years.

Revitalizing Canada's urban centres will allow cities, provinces and the country as a whole to strengthen its competitive edge in increasing innovation, building businesses and attracting people. In order for municipalities to assist in this to the best of their ability, they need strong infrastructure systems that form the foundation of attractive, livable cities. Accordingly, HRM's 2011-12 budget submission to the federal government focuses on the following areas:

- Infrastructure
- CCME Wastewater Regulations
- Public Transit

## **Introduction**

Halifax Regional Municipality is the business and financial capital of Atlantic Canada, supporting a \$13 billion economy. With a population of 403,000 it is home to 42% of Nova Scotia's population – and 17% of Atlantic Canada's. HRM is Canada's largest municipality geographically, covering almost 5600 square kilometers - an area larger than Prince Edward Island. It contains the urban centre of Atlantic Canada, growing suburban areas, and many rural communities. HRM has a stable and diversified economy including defence, government, education, healthcare, finance, IT and service sectors. Greater Halifax has one of the best-educated workforces in Canada with 68% of the population possessing a post-secondary degree or diploma.

In 2007, the Conference Board of Canada named Halifax as one of nine "hub cities in Canada"— a city acting as the economic engine for its province or, in the case of Halifax, for the entire region. HRM is projected to grow by 100,000 people over the next 25 years, and as the economic influence of HRM grows, so do the economies of all Nova Scotia and Atlantic Canada. This situation is mirrored throughout Canada. Urban centres are magnets for investment, innovation and talent. Focusing on our cities is key to growing Canada's economy. The Federal government has already taken steps toward this by confirming the permanent Gas Tax in legislation, thus providing municipalities with stable and dependable funding in the years to come.

HRM has been working actively with the Provincial and Federal governments to strengthen its urban core in order to attract businesses and people and strengthen the economy. The new downtown Convention Centre, which received federal funding support in August, is one of the most important factors for downtown Halifax's future success. HRM is very pleased that the Federal government has demonstrated its commitment to this project and will be a partner in the initiative.

## **Infrastructure**

Streets and roads, water and wastewater systems, recreation facilities, libraries, public transit: these are the foundation of all cities. In order for cities to function and grow, infrastructure must be maintained in a sustainable manner. The Infrastructure Stimulus Fund allowed municipalities to repair and upgrade their infrastructure systems, expanding vital services for our population and building a greener, more sustainable Canada. The economic impact of such initiatives is felt immediately through job creation and improved productivity. Public investment in infrastructure projects spurs private sector growth – the key to sustained economic improvements.

Infrastructure projects such as the Convention Centre, the Central Library, street and sidewalk paving, park maintenance, and fire station construction, not only improve the ability of cities to serve their residents; they also put people to work and stimulate the economy through the purchase of goods and services. The Infrastructure Stimulus Fund was a clear example of how funding infrastructure through partnerships with Provincial and Municipal governments strengthened Canada's economy during the recent recession. Canada emerged from the recession with a stronger and more resilient economy than any other G8 country. As economic turmoil continues throughout the world, HRM urges the federal government to develop a similar stimulus program should the need arise.

## **CCME Wastewater Regulations**

A major infrastructure project facing municipalities now is compliance with the Canadian Council of Ministers of Environment (CCME) regulations for wastewater systems. In February 2009, the Federal and Provincial Environment Ministers signed the Canada-wide Strategy for the Management of Municipal Wastewater. The Strategy defines national performance standards for treated wastewater effluent, and defines national goals for combined sewer overflows (CSOs) and sanitary sewer overflows (SSOs). In March 2010, federal draft regulations for the Strategy were released for comment. The draft regulations appeared to depart from the CCME-approved Strategy in several areas, and also had a lack of clarity. A Federal-Provincial-Municipal working group was struck and a regulation redraft is underway, with final regulations expected in fall 2011.

However, a funding strategy that will allow municipalities to meet the new wastewater regulations is still outstanding. HRM supports the Wastewater Strategy, and its goal of improving wastewater treatment and protection of Canada's rivers, lakes and oceans. However a cost-shared funding strategy is crucial for success. Municipalities simply do not have the financial capacity to undertake the upgrades on their own. HRM has done an estimate of the cost required to align its own systems with the CCME-approved Strategy and regulations and arrived at a total of \$2 billion. Although the total cost would be amortized over a 20- or 30-year lifespan, it would still require an increase of almost \$1000 per household for HRM to bear the cost on its own. This is clearly not realistic.

HRM is encouraged that Environment Canada worked with provinces and municipalities to resolve issues around the draft regulations. HRM urges the Federal government to commit to a cost-shared funding plan that will enable the Wastewater Strategy goals to be met.

## **Public Transit**

Transit services are a key component of a sustainable, green city, and increasingly they something which residents are coming to expect as a core service – across all areas of the municipality. Transit is a key factor in attracting people and businesses to the region, which would enhance our economic sustainability. Public transit comes with long-term benefits to environmental and health issues, which in turn alleviate pressures on the government budgets for roads and healthcare.

Availability of public transit impacts both the economy and the environment. The transportation sector accounts for 30 per cent of Canada's greenhouse gas emissions, and passenger vehicles are the highest contributor of emissions in the transportation sector at 70 per cent of emissions. At the same time, a 2006 estimate of the cost of commute times, traffic delays and gridlock put the cost at more than \$5 billion a year. There is growing evidence that today's cost is much higher. The average Canadian commuter spends the equivalent of 32 working days a year commuting to and from work, facing some of the worst commute times in the developed world.

Canadian cities do not have the fiscal capacity to build, maintain and operate comprehensive transit systems while providing other essential local services. In HRM, public transit is one of the municipality's biggest budget expenses, at more than 10% of HRM's total annual budget of \$757.9 million (2011-12). Demand for transit services continues to increase and it is one of the largest growth areas municipally. Yet there is little in the way of dedicated government transfers for public transit. The federal government committed to working with municipalities to develop a long-term infrastructure investment plan for our cities and communities. Support for transit and a national public transit strategy must be part of that plan.

## **Conclusion**

Sustainable, long-term funding is key to the future of municipalities across Canada. Municipal governments have inadequate fiscal tools and little control over their cost drivers, which are largely determined by other levels of government. Yet municipalities are responsible for almost all of the basic services communities rely upon on a daily basis. The recognition of the importance of the municipal role will allow the three levels of government to align priorities and best leverage available funding for the good of all citizens. HRM looks forward to continuing the partnership the federal government is developing with municipalities and working on the priorities outlined in this submission. All levels of government working together on common goals will strengthen Canada's economy and improve the quality of life for all citizens.