



To: Parks, Recreation and Cultural Services
Committee

To Parks, Rec & Culture - Jan 28, 2003
Date: January 24, 2003

From: Cathy Volkering Carlile
General Manager - Parks, Recreation &
Cultural Services

File: 0130-04

Re: **Federal Budget Support for Children's Infrastructure Program
Letters of Support**

Staff Recommendation

That letters supporting the funding of the proposed Children's Infrastructure Program as per Federation of Canadian Municipalities Submission to the Standing Committee on Finance, Recommendation #9: Children's Infrastructure, be forwarded to Joe Peschisolido, Member of Parliament and to the Honourable Gordon Campbell, Premier of British Columbia.

Cathy Volkering Carlile
General Manager - Parks, Recreation & Cultural Services

Staff Report

Origin

The Canadian Parks and Recreation Association (“CPRA”) has been working in partnership with the Federation of Canadian Municipalities (“FCM”) and the National Children’s Alliance (“NCA”) in the development of an FCM Federal Budget proposal for the establishment of a National Children’s Infrastructure and Community Engagement Fund.

Canadian cities have been asked by FCM to support this initiative by sending letters of support to senior levels of government.

Analysis

The FCM, CPRA and NCA have been working in partnership to develop a Federal Budget Proposal for the establishment of a National Children’s Infrastructure and Community Engagement Fund.

As partners, FCM, NCA and CPRA have also developed a joint strategy to advocate with key federal ministers for the need for such a fund and are requesting that each municipality forward letters to MP’s and provincial officials in support of this initiative (Appendix 1).

If successful in the federal budget process, the fund would provide significant federal investment in infrastructure for the development and maintenance of non-exclusive community play, recreation spaces, facilities and family oriented community centres.

The proposal asks for \$300 million over three years, which sum would be increased in future years. Portions of the funds are recommended for allocation to pilot programs for community engagement in recreation and development opportunities associated with spaces and facilities (Appendix 2, Recommendation 9).

If successful, the City of Richmond and local community organizations would be eligible to secure funds through this program.

The City of Richmond is a member of both the CPRA and FCM.

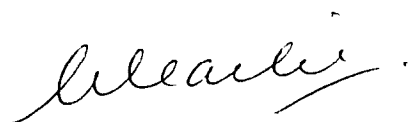
Financial Impact

No direct financial impact would result from drafting a letter of support. Should a fund be established, the City would be eligible to seek funding for facility and open space development.

Conclusion

This request for letters of support (Appendix 3, 4) is in keeping with the City's benefit based approach to parks and recreation services and the City's vision and core strategies.

Strong support from municipalities across the country may influence our senior levels of government to create these fund opportunities. We have been requested to send letters of support to senior levels of government by February 2003.



Cathy Volkering Carlile
General Manager - Parks, Recreation & Cultural Services

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Appendices

1. *Proposal from FCM, CPRA & NCA for funding*
2. *FCM Submission to the Standing Committee on Finance – November 2, 2002*
3. *Draft letter to Joe Peschisolido, MP*
4. *Draft letter to the Honourable Gordon Campbell, Premier*

PUBLIC SPACES, FAMILY PLACES- ESSENTIAL TO CANADA'S CHILDREN AND YOUTH

The Federation of Canadian Municipalities, the National Children's Alliance and the Canadian Parks and Recreation Association agree that quality, safe and accessible recreation opportunities are of vital importance to Canada's children and youth.

The Federal Government's September 2002 Speech from the Throne made an unprecedented statement about the importance of healthy living, physical activity and sport to Canada's health care system for the 21st century.

The National Children's Agenda is a commitment by Canada's governments that Canadian children should have a good start in life.

The United Nations Convention on the Rights of the Child, Article 31, states that children have the right to engage in play and recreational activities.

The new Canadian sport policy, recently endorsed by all 14 Federal-Provincial/Territorial governments, states that "Today, sport (and recreation) are widely accepted as a powerful contributor to personal and social development". Children and youth often face barriers to participating in recreation. The most common barrier is cost, with today's higher fees for programs, sport group membership and admission to recreation centers. Other barriers include transportation, language and culture.

For the increasing number of Canadian children and youth living in poverty, the rate of participation in recreation and physical activity is much lower than for others.

15% of Canadian boys and 11% of girls aged 18 and under say they never have access to after school programs, sporting and recreational activities. (Save the Children Canada, *A Canada Fit For Children*, July 2001).

Children and youth living in poverty face more hurdles to healthy development. Children and youth living in poverty deserve the same opportunity to develop to their full potential through safe, quality accessible recreation programs and services.

A new social inclusion framework embraced by government and the voluntary sector includes the commitment that all children and youth deserve opportunities to become contributing members of Canadian society.

More indoor and outdoor public recreation spaces and family places will help build healthier individuals, families and communities.

Physical inactivity is a serious public health burden. Canada's children and youth are not active enough for healthy growth and development, a key-contributing factor to increased childhood obesity.

Physical activity increases resistance to such diseases as heart disease, cancer, diabetes, osteoporosis, arthritis, obesity and mental health disorders. Some conservative estimates suggest that illness due to physical inactivity is costing the Canadian health care system \$2.1 billion annually in direct health care costs.

Public parks and community centers are good for cities and communities

Parks and centers revitalize urban cores and attract residents, helping to limit urban sprawl. Even small lots, when developed into a public space, can transform a neighborhood.

Opportunities for recreation and play for children help to ease the pressure on families and contribute to healthy relationships and the ability of adults to access training and other services.

Therefore, the Federation of Canadian Municipalities, National Children's Alliance and the Canadian Parks and Recreation propose the establishment of a Children's Infrastructure Program:

- For development and maintenance of non-exclusive community play and recreation spaces and family-oriented community centers;
- To fund pilot programs for community engagement in recreation and development opportunities associated with the spaces and lever private, non-profit and philanthropic support;

- Placing priority on distressed neighborhoods and communities and revitalizing urban cores;
- With an initial investment of \$300 million over 3 years we can make a difference for lifetimes.

Appendix A

The Benefits

Quality leisure lifestyles and environments benefit all Canadians, personally, socially, environmentally, and economically.

While the benefits of participation in recreation and physical activity are much broader, children and youth often cite fun, learning new skills and being with friends as reasons for participation.

Participation in recreation and physical activity is a significant influence in reversing the ever-growing trend childhood obesity.

Youth participation in recreation leads to decreased participation in negative behaviors such as drinking, smoking and use of illicit drugs.

Participating in recreation activities not only improves health but also exposes children to positive role models and develops life long skills.

A 1998 Hamilton project (When the Bough Breaks) demonstrated that increasing access to subsidized recreation for children of single mothers on welfare does not cost society any money but rather leads to savings. 765 mothers on welfare and their 1,330 children and were randomly assigned to receive a range of services which included public health-in-home services, employment re-training, subsidized child-care and **subsidized recreation**. This full service package was compared to public health only, employment re-training only, subsidized child-care only, subsidized recreation only, or our self-directed care.

The effect of proactive subsidized recreation on disordered children was enormously positive. Children with hyperactive emotional disorders were able to maintain their social, vocational, physical, interpersonal and academic competence at the same levels as non-disordered children but, if they had to cope without the recreation program, their competence levels noticeably dropped. We were able to demonstrate, once again, that our study showed that the provision of proactive subsidized recreation does not cost society any more money, it will lead to savings.”¹

Children who participate in recreation are building self-esteem, enhancing social skills and improving their school performance.

¹ Gina Brown et al, 1998

A recent report, "Understanding Youth in Canada – 2002, summarized the benefits of recreation to youth as the following:

Children/youth participation in sport has present and future benefits beyond the obvious but important health benefits. These benefits include:

- better time management,
 - increased self-esteem, and the
 - opportunity to identify with respected coaches and supervisors.
-
- Competence in the arts and sports is shown to be an important factor in protecting children against the occurrence of emotional and behavioural problems where children are at risk for these conditions.

Youth participation in organized recreational activity is linked to:

- more positive experiences with peers and friends
- higher self-esteem
- a greater likelihood of performing better in school
- increased future educational expectations
- better physical and mental health
- decreased participation in negative behaviours such as drinking, smoking and lower levels of television viewing
- there is also a strong correlation between youth staying in school and their participation in extracurricular activities.

"Recreation plays a role in building upon protective factors, assets, and resiliencies by fostering increased interactions with caring adults and friends, increased exposure to positive social values, reinforcement of positive norms of behavior within peer groups, and opportunities to engage in constructive and creative activities within safe settings.... The presence of a caring and supportive adult in a young person's life "seems to make all the difference" for youth." (Witt, 2000).

Appendix B

Benefits of Recreation

The Benefits Catalogue² outlines the positive role recreation can play in the development of individuals and communities. Benefits are summarized under four categories: personal benefits; social benefits; economic benefits; and environmental benefits. Many of these benefits are particularly relevant to children and youth living in poverty, and provide information to assist recreation practitioners working with other community partners.

Personal benefit statements include:

- Physical recreation and fitness contributes to a *full and meaningful life*.
- Regular physical activity is one of the very best methods of *health insurance* for individuals.
- Relaxation, rest and revitalization through the opportunity of leisure is *essential to stress management*.
- Meaningful leisure activity is an essential *source of self-esteem and positive self-image*.
- Leisure provides the opportunity to lead *balanced lives, achieve our full potential and gain life satisfaction*.
- *Children's play is essential to the development process*.
- Leisure opportunities for youth provide *positive lifestyle choices and alternatives* to self-destructive behaviour.
- Parks and open spaces bring beauty to an area while *giving people satisfaction and improving their quality of life*.

Social benefit statements include:

- Leisure provides leadership opportunities that *build strong communities*.
- Community recreation reduces alienation, loneliness and antisocial behaviours.
- Community recreation *promotes ethnic and cultural harmony*.
- Leisure provides opportunities for *community involvement and shared management and ownership of resources*.
- Integrated and accessible leisure services are critical to the quality of life of people with a disability and disadvantaged individuals.
- Leisure opportunities, facilities and the quality of local environment are the *foundations of community pride*.
- Leisure services enrich and complement protective services for *latch-key children* through after-school and other recreational services.

Economic benefit statements include:

- Pay now or pay later! Investment in recreation as a *preventive health service* makes sense.

² The Benefits of Parks and Recreation: A Catalogue. Canadian Parks and Recreation Association (1997)

- A fit work force is a *productive work force*.
- Small investments in recreation yield *big economic returns*.
- Parks and recreation services motivate *business relocation and expansion* in your community.
- Meaningful leisure services *reduce the high cost of vandalism and criminal activity*.
- Recreation and parks services are often the *catalyst for tourism*, a growing sector in our economy.
- *Investments in environmental protection* through provision of parks and open spaces *pay for themselves*.

Environmental benefit statements include:

- Through the provision of parks, open spaces and protected environments, recreation can contribute to the *environmental health* of our communities. This is an essential, life-sustaining role.
- The public is often prepared to pay for *environmental protection and rehabilitation* in their communities and to support parks and recreation organizations that play a lead role in that protection.
- *Investing in the environment* through parks and the provision of open spaces in residential areas, leads to an increase in neighbourhood property values through accessibility to environmentally friendly green spaces and associated recreation opportunities.
- The trend toward natural environment based leisure activities is *insurance for a new and improved environmental future*.

Federation of Canadian Municipalities

A Partnership for
Competitive Cities
and
Healthy Communities

Submission to the
Standing Committee on Finance

Montreal, November 7, 2002

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Mission Statement

The Federation of Canadian Municipalities (FCM) has been the national voice of municipal governments since 1901. FCM is dedicated to improving the quality of life in all communities by promoting strong, effective and accountable municipal government.

Introduction

The growing Canadian consensus on the need for competitive cities and strong communities was echoed in September's Speech from the Throne and in the Prime Minister's response the following day. Federal acknowledgement that the health of our communities is a national concern marked a significant new development in the ongoing efforts by Canada's municipal governments to strike a new intergovernmental framework supportive of this goal.

The pressing nature of the issues faced by municipal governments requires that the Government of Canada now develop a detailed plan to turn those sentiments into action. The upcoming federal budget will provide that opportunity. This submission details FCM's proposals in this regard and explores longer-term avenues open to the Government of Canada.

SUSTAINABLE COMMUNITIES: The Fiscal Challenge¹

FCM is concerned about the health and viability of all communities, large and small, southern and northern, rural and urban. The interdependence of rural and urban Canada must find its expression in federal policy, just as the relation between strong and healthy communities and a strong and prosperous nation must also be recognized.

A sustainable and competitive urban Canada provides a robust market for the agricultural and food products, materials and energy produced in every corner of the country. The vitality of rural Canada depends on the vitality of its urban counterpart just as the opposite is true.

Building vibrant communities contributes to a host of other national priorities: from economic development, to social inclusion and health, to environmental stewardship. One of the most timely examples of this is the contribution that investments in municipal infrastructure can make to meeting Canada's Kyoto targets. It is estimated that investments in non-water municipal infrastructure, such as efficiency retrofits of buildings and facilities, landfill gas capture and utilization as well as urban transit enhancements could contribute up to 25 per cent of Canada's greenhouse gas (GHG) reduction target under the Kyoto protocol.

Yet, today, the sustainability and vitality of our communities is threatened by outdated institutional and fiscal arrangements that have not kept up with changing local, national and global realities.

¹ For more details on the fiscal gap, see "Strengthening Communities: On the Path to Fiscal Sustainability", FCM, October 2002

Municipal Revenues and Responsibilities: A Mismatch

Recent employment growth in Canada has come from robust activity in urban centres. Sixty per cent of Canada's total employment growth in the last four years took place in ten urban regions. The ten largest cities of Canada accounted for about half of Canada's GDP in 2000.

Both slow and rapid urban growth have their downside: investment in new infrastructure is pressing, the social support needs of existing and new urban residents are growing, while at the same time aging core infrastructure is eroding because of insufficient funds to ensure proper and preventative maintenance.

Concomitantly, municipal governments have had to assume more responsibilities as services and programs have been offloaded from other governments. Yet, only 7 per cent of every tax dollar collected in Canada goes to municipal governments.

Simply put, the tax base available to municipal governments in Canada is not adequate to meet their growing responsibilities or contribute to growth and prosperity in this country.

Limited Fiscal Tools

Compared to other orders of government, municipalities have far fewer tools to raise revenue. For example, no municipal government in Canada levies an income tax, sales tax or gas tax.

The fiscal tool kit available to U.S. and other OECD municipal governments is much more generous and flexible than that available to Canadian municipalities.

The importance of the property tax in the U.S. is relatively low compared to Canada (only 27 per cent of municipal revenues compared to 52 per cent in Canada in 1998). Fourteen U.S. states provide for municipal income taxes, and 31 allow local sales taxes. The U.S. government transfers accounted for 3.3 per cent of municipal revenues compared to 1.3 per cent in Canada in 1996. Municipal governments in the U.S. spent twice as much on a per capita basis as their Canadian counterparts (excluding local schools) in 1996-1997.

Municipal income taxes are levied in approximately half of OECD countries. The Value Added Tax (VAT) is commonly used to support municipal governments, and fuel taxes are used to support urban transportation needs.

According to the OECD report on Canada (2002), in comparison to other OECD federations, Canadian municipal

governments have "limited ability to raise and spend money" and suffer from a "fiscal imbalance" relative to the provinces and territories.

The OECD report concludes that the "high degree of reliance on the property tax lies at the origin of the increased fiscal difficulties of the cities." The report also states that Canadian cities have "relatively weak powers and resources" and should be given "some limited access to other types of taxes" to face their increasing responsibilities.

Sustainable Communities: An Area of Manifest National Interest

It has become generally accepted that the benefits of healthy and sustainable communities are felt well beyond municipal boundaries. As the country's primary economic engines, cities create opportunities for innovation and generate wealth and social and human capital. Employment growth is fuelled by large urban centres not only locally, but also in agricultural and resource-based communities that provide essential food, materials and energy.

All Canadians benefit from investments in our communities. In order to be competitive globally, Canada needs cities with a high quality of life—cities where people and goods can be transported reliably, where housing is affordable, where clean water is always available, where community amenities are accessible.

The Government of Canada must develop a suitable response to the fiscal crisis affecting our communities—Canada's continued prosperity lies in the balance.

Domestic and international experience demonstrates that Canadian municipal governments need a fiscally sustainable framework for access to predictable revenue sources, at a minimum through long-term federal programs and ultimately through access to new fiscal resources.

Recommendation # 1: Fiscal Sustainability

FCM urges the Government of Canada to:

- Conduct a public review of revenue-sharing as an option for addressing the fiscal gap that now exists between municipal needs and priorities and their ability to finance them.

SUSTAINABLE COMMUNITIES: Core Recommendations

Bridging the Fiscal Gap

Federal contribution programs can be an effective transition measure in assisting with municipal infrastructure gaps and specific social needs involving populations at risk, such as the homeless, youth and urban aboriginals or helping with the settling of immigrants. However, short-term programs, by definition unstable and unreliable, are ineffective in dealing with long-term capital projects or endemic social issues.

Further, short-term infrastructure programs, while welcome, tend to skew municipal priorities by changing the focus from strategic, long-term community needs toward using the funds on more immediate projects because of the competition for funding. In this respect, the Throne Speech commitment to a long-term infrastructure program is a welcome and overdue development.

In its October 2001 federal budget submission, FCM recommended an appropriate federal contribution to meet a number of pressing needs: infrastructure; integrated multi-modal transportation, including public transit, and affordable housing.

The September 30 Speech from the Throne acknowledges these as being core concerns and adds a further challenge: climate change. Adequate funding for these priorities is part of the solution to the fiscal imbalance affecting the municipal world. Such strategic investments would provide the bridge financing needed as a transition to a more sustainable model of fiscal federalism.

Core Recommendations

Strategic, targeted investments in the sustainability of Canada's communities are needed. These investments will enable municipal governments to meet their immediate and growing responsibilities while at the same time helping the Government of Canada meet its domestic and international obligations, including those under the Kyoto Protocol.

1. Infrastructure

Federal infrastructure programming: basic principles

In order to ensure that federal infrastructure programming meets the needs of Canadian communities and supports the competitiveness, sustainability and quality of life of municipalities, several basic principles must be incorporated in the design and implementation of all federal infrastructure programming. These principles include:

- Make municipal infrastructure projects the principal focus of federal infrastructure programming;
- Make national infrastructure programming permanent by regularly extending and financially replenishing these as they are drawn down;
- Base the governance model for federal infrastructure programming on a tripartite framework with representatives from all three orders of government (federal, provincial/territorial, municipal).

Integrated, multi-modal transportation systems

Highways, local and regional roads, rail, and urban transit systems are critical to competitiveness and provide the foundation upon which innovative communities are built. The Transport Canada Blueprint exercise represents a unique opportunity to address the pressing transportation issues affecting Canadian communities.

Inadequate transportation systems slow the movement of goods, increase greenhouse gas emissions, and create health and safety problems. Efficient transportation strengthens economic growth, competitiveness, and environmental sustainability.

The transportation sector contributes more than one-quarter of Canada's greenhouse gas emissions and a significant component of the pollutants causing smog. The post-Kyoto consultation process identified urban transportation as a major area in which new policies and actions would be needed to help meet greenhouse gas emission reduction targets. Approximately one-third of the reductions identified by the Transportation Table were from urban transport measures in 2010.

According to the Canadian Urban Transit Association (CUTA), federal and provincial funding for municipal transit systems in Canada, as a percentage of both capital and operating costs, constitutes about one-fifth of that in the United States, one of our principle competitors in the race to create liveable communities that attract investment. CUTA estimates that over \$13 billion is needed to meet

Canada's transit infrastructure needs over the next five years. Canada is the only G7 country with no central government funding program for urban transit.

FCM recognizes the real need to invest in the National Highway System as well as in local roads. Properly maintained rural transportation links help ensure safety, economic development, and the sustainable operation of vehicles. Canada's rural population will benefit from partnership programs, such as the Infrastructure Canada Program, the Strategic Highway Infrastructure Program, the Border Infrastructure Fund and the Prairie Grain Roads Program. This funding must be continued to help maintain these transportation links.

The *Canada Transportation Act Review Panel* noted that the gap between annual federal fuel tax revenues (well over \$4 billion a year) and historical annual federal spending on roads (\$200-300 million) is wide. FCM welcomes recent federal-provincial initiatives such as transit investments in Edmonton and Toronto (\$105 million in federal funds), the Border Infrastructure funding in Ontario (\$150 million in federal funds), the Strategic Highways Infrastructure Program (\$600 million of federal funds), and strategic highway projects in Quebec and New Brunswick (\$402 million of federal funds). However, further investments are clearly required.

Recommendation # 2: Integrated, Multi-modal Transportation Systems

FCM urges the Government of Canada to:

- Establish a new permanent program of investments in multi-modal, integrated transportation systems, including urban transit, in collaboration with provincial, territorial and municipal governments (with \$500 million, the first year and increasing to \$1 billion of federal funds per year within five years);
- Consider funding its contribution to such systems by allocating a portion of the fuel tax (starting with 1 cent per litre) and encourage provincial and territorial governments not yet doing so (only British Columbia, Alberta and Quebec do at this time) to match the federal contribution; and
- Support municipal governments' investments in comprehensive transportation management plans, including assessments of financial options, low-cost solutions, user fees, and vehicle and parking restrictions.

Water

The Infrastructure Canada Program (ICP), as introduced in the 2000 federal budget, has been of considerable benefit to municipalities across Canada and has significantly contributed to ensuring access to clean and safe drinking water for Canadians across the country.

Although this and other related programs have been a step in the right direction, more must be done. The water and wastewater infrastructure needs of Canadian municipalities are significant: tens of billions of dollars are needed for upgrades to drinking water treatment facilities and distribution systems. More than 1.5 million Canadians live in communities that dump untreated wastewater into rivers and oceans, and 5 million more live where major improvements are needed to upgrade very basic sewage treatment facilities.

To meet these needs, the implementation of long-term planning processes for municipal water and wastewater infrastructure systems is essential to ensuring their effectiveness and fiscal sustainability. The lack of permanent and predictable funding sources, however, is a critical impediment to such planning. Increased and stable levels of funding are required to support water and wastewater investment in Canada.

In addition to increased and stable funding, a new comprehensive multi-barrier approach to the protection of drinking water, involving investments in treatment facilities, distribution systems and watershed management, is required.

Meeting the challenge of ensuring safe and clean drinking water for Canadians in the future will also require a new approach to the financing of water and wastewater infrastructure. Federal infrastructure programs must recognize the different capacities of rural and urban municipalities and adopt different approaches in meeting their municipal infrastructure needs.

In the case of larger municipalities with a sufficient population base, federal programs must emphasize the gradual phase-in of full-cost pricing in order to provide sufficient funding and move towards sustainable asset management.

Waste diversion, landfill gas, energy infrastructure

The Green Municipal Funds are becoming an environmental dynamo, working with communities to advance innovative green infrastructure projects that matter—analysis now underway suggests the current endowment of \$ 250 million can deliver up to 10 million tons of GHG reductions.

Green infrastructure emphasizes using the environment to provide municipal services: watershed protection for clean

drinking water; more permeable surfaces and green roofs to manage storm water flow; constructed wetlands to polish wastewater; or biomass, landfill gas, wind, and solar to generate electricity.

Performance improvement targets have been set at levels that encourage systems thinking: managing entire water, waste, energy or transportation systems from a pollution prevention perspective. The Green Municipal Funds do not support end-of-pipe solutions.

Systems thinking, pollution prevention, using the environment to provide municipal services are all new concepts for municipal governments. To date, more than 200 projects, pilots and feasibility studies have been approved. Municipal governments have shown an enormous willingness to try new approaches and to learn new ideas.

But if we are to achieve our long-term goals for climate protection, air quality and health protection, we must scale up our efforts. FCM is seeking support for non-water municipal infrastructure investments, such as waste diversion, landfill gas utilization, efficiency retrofits of buildings and facilities, community energy systems, and combined heat/power projects to contribute up to one-quarter of the Kyoto target by 2010.

In addition, an approach is needed that incorporates individual environmental initiatives into community-wide strategies. This approach would create powerful environmental synergies by integrating innovation, climate protection and sustainable community efforts.

Recommendation # 3: Water and Other Environmental Infrastructure

FCM urges the Government of Canada to:

- Gradually increase contributions to water and other environmental infrastructure programming from \$300 million to at least \$1.0 billion annually in the fifth year through grants and revolving funds;
- Invest in waste diversion, landfill gas and energy infrastructure;
- Implement revolving funds offering low- and no-interest loans for large urban communities that can move to full-cost pricing over time;
- Maintain traditional grant funding for small communities without the revenue-generating capacity to support full-cost pricing of water and wastewater infrastructure (and provide for the possible participation of the private sector);
- Develop a comprehensive package of measures aimed at protecting water sources and water quality.

Infrastructure needs of rural and northern communities

In allocating infrastructure funds, the needs and capacities of different provinces/territories and communities must be kept in mind. For northern and rural communities, a new program should be developed to allow for the allocation of funds on the basis of need or capacity. This program should approve projects on a case by case basis and not require municipal governments to provide matching contributions given their limited tax base.

To address the particular needs of northern communities, one per cent of all infrastructure funding should be allocated to each provincial and territorial jurisdiction, with the remaining funding to be allocated according to the existing funding formula under the ICP.

Recommendation # 4: Infrastructure Investment Program for Rural and Northern Communities

FCM urges the Government of Canada to:

- Establish an "Infrastructure Investment Program for Rural and Northern Communities" based on need or capacity, and eliminate the requirement of providing matching funds for those communities with little fiscal capacity; and
- Allocate a minimum one per cent of federal infrastructure funding to each provincial and territorial jurisdiction and distribute the remaining 87 per cent of infrastructure funding according to the formula currently utilized under the ICP.

2. Sustainable Communities and Canada's Commitments Under the Kyoto Protocol

FCM welcomes the Government of Canada's Climate Change Draft Plan and its commitment to meeting FCM's concern that no region of the country bears an unreasonable cost related to reducing greenhouse gas emissions.

Municipal governments are already pursuing greenhouse gas reductions through FCM's Partners for Climate Protection initiative and the Green Municipal Funds. Iqaluit has just become the 100th participant in PCP bringing all of the nation's capitals into the initiative.

PCP communities aim to reduce greenhouse gas emissions from municipal operations at least 20 per cent, and throughout the community by at least six per cent, below 1994 levels within 10 years of joining. Sixty-seven PCP com-

munities are now completing greenhouse gas inventories and projections. The next step is to complete corporate and local action plans. Fewer than 10 communities have already completed local action plans.

The Green Municipal Funds (GMF) already are helping PCP communities complete inventories and local action plans through the Sustainable Community Planning category. GMF Council has also made greenhouse gas reductions a priority for investment and launched a business planning process to identify the most cost-effective greenhouse gas reduction opportunities. The process so far has identified approximately 10 million tonnes of reductions potential from investments in landfill gas capture (currently captured in the estimates of potential for the domestic emissions trading/offsets program), community energy systems, wind power and municipal operations.

GMF Council has also approved, as part of the results-based management framework for the Funds, the use of a greenhouse gas verification system that is also employed by the Government of Canada. The Funds are, therefore, well placed to deliver current estimates of greenhouse gas reductions.

The Government of Canada's Climate Change Draft Plan, however, identifies an additional 10 million tonnes of greenhouse gas reduction potential from actions to be taken by the 100 communities in PCP. This reduction potential exists, particularly if solid waste management focused on organics diversion is pursued. Organics diversion can cut waste going to landfill by half and greenhouse gas emissions by more than 5 million tonnes. FCM will identify in this proposal the investments required to achieve these additional greenhouse gas reductions.

Additional support to implement PCP milestones

The Funds must balance spending among all categories. As a result, about \$1 million a year from the Enabling Fund is currently available to complete inventories, projections and local action plans. The maximum grant from the Enabling Fund is \$100,000. Therefore, 10 communities a year can be supported through the Enabling Fund.

To advance from planning to action requires increased investment in inventory development and local action planning. GMF could aim to support up to 30 PCP participants a year with increased resources so that municipal and community actions could contribute to Canada's commitment under the Kyoto Protocol to show demonstrable action by 2005.

Completing local action plans is essential to advancing to the project implementation stage and participation of the Investment Fund in arranging financing.

Planning for the long term requires an integrated approach

A sustainable community features:

- **An economy** that is innovative, diverse and vibrant with minimum use of non-renewable resources;
- **A society** that is socially stable, includes equitable access to resources, a healthy and educated population, strong citizen participation in decision-making and effective public governance; and
- **An environment** that is healthy and exposed to low levels of pollution and waste.

The greenhouse gas reduction targets in the Kyoto Protocol are the first in a long series of steps leading toward reductions of 60 per cent and more. Canada must use the opportunity of the Kyoto Protocol to build the infrastructure needed for these long-term reductions.

The Green Municipal Funds emphasize investments in green infrastructure to deliver municipal services as part of their sustainable community development strategy and to deliver pollution reductions of at least 35 per cent. Green infrastructure complements traditional bricks and mortar. Efficient use of resources, renewable energy technologies and natural methods to provide municipal services are hallmarks of green infrastructure.

GMF performance improvement targets have been set at levels that encourage systems thinking: managing entire water, waste, energy or transportation systems from a pollution prevention perspective. The Green Municipal Funds do not support end-of-pipe solutions.

Systems thinking, pollution prevention, using the environment to provide municipal services are all new concepts for municipal governments. To date, more than 200 projects, pilots and feasibility studies have been approved. Municipal governments have shown an enormous willingness to try new approaches and to learn new ideas.

If we are to achieve our long-term goals for climate protection, air quality, health protection from toxics and endocrine disrupters, we must scale up our efforts. An approach is needed that combines the individual initiatives into a community-wide holistic approach. We need a Sustainable Communities Demonstration Program that takes a multi-system approach, that treats communities like the integrated systems they are, and that designs community-wide solutions.

Opportunities

The Government of Canada has an opportunity to integrate its innovation strategy with its climate protection and com-

munity agendas through an integrated Sustainable Communities Demonstration Program.

The Program would work as follows:

Each year the Green Municipal Funds would issue a request for proposal for community-wide retrofit initiatives (or neighbourhoods for large cities).

Communities would compete nationally to become a Green Municipal Funds Sustainable Communities Demonstration Program winner.

The Green Municipal Funds would enter into a three-to-five year partnership with winning communities:

- Year one would focus on feasibility analysis of all community systems to determine opportunities. The Enabling Fund and the Pilot Project Program (supported by interest income) would support this phase to a cost-shared maximum yet to be determined.
- Year two would focus on identifying project priorities and development of financing mechanisms for project execution. The Investment Fund, in partnership with other Infrastructure programs and partners, would support this phase.
- Years three and four would focus on project implementation.
- Year five would focus on evaluation, results-based reporting and lessons learned.

Interest income from the current endowment to the Green Municipal Funds covers administration costs to the Federation of Canadian Municipalities (up to \$5 million/year) and the remainder (up to \$13 million/year) is used for Pilot Projects.

GMF Council has approved development of the Sustainable Communities Demonstration Program concept and will consider program design issues at a strategic planning session to be held in late November 2002.

At this time, approximately \$5 million/year could be made available for the Sustainable Communities Demonstration Program. At \$5 million/year, it is anticipated that the Sustainable Communities Demonstration Program could enter into partnerships with two or three communities per year.

Resources would be used to promote the Sustainable Communities Demonstration Program, manage the competitive process and special peer review evaluation requirements; facilitate the application process; financially support additional costs related to feasibility assessment; and support costs related to establishing community stakeholder processes to engage partners and citizens.

Government of Canada options

A number of federal departments have expressed interest in scaling up the proposed Sustainable Communities Demonstration Program to support up to 10 communities per year. There is also interest in ensuring the program would include redevelopment of brownfield sites. This, of course, would be included as the Green Municipal Funds now support brownfield assessments through the Enabling Fund. The Investment Fund is assessing options for financing site clean-up costs and brownfield redevelopment.

To support municipal governments in developing brownfield sites and in reducing greenhouse gas emissions a further 10 million tonnes, the Government of Canada could:

Increase the endowment to the Green Municipal Funds to increase interest income to support the Sustainable Communities Demonstration Program.

A doubling of the endowment to \$500 million would generate up to \$30 million annually in interest income, of which \$15 to \$20 million could be allocated to the Demonstration Program. The aim would be to engage up to 10 communities per year supporting a range of urban/rural regions and approaches. Remaining interest income would be allocated to grants to cover greenhouse gas verification costs and general pilot projects (already approved by GMF Council).

A doubling would bring the allocation to the Enabling Fund to \$100 million and would allow for increased support to PCP and other communities to do inventories, projections and local action plans. By the end of fiscal 2002-2003, the Green Municipal Enabling Fund will have disbursed approximately \$20 million leaving \$80 million for new and expanded initiatives.

A doubling would bring the allocation to the Investment Fund to \$400 million. Increased financing capacity would be used to support project execution in the Sustainable Communities Demonstration Program, brownfield clean-up and redevelopment and current commitments to all categories, but particularly organics diversion, landfill gas capture, community energy systems, municipal operations and renewable energy projects.

The Investment Fund is on track to assigning \$75 million in loans and grants this fiscal year, leaving approximately \$300 million for new activity.

Additional administrative overheads would be used to retain a staff complement of up to three people to manage the Sustainable Communities Demonstration Program and to expand PCP Secretariat support to the up to 125 communities expected to participate in the coming months.

Alternatively, a smaller endowment could be made to the Funds that is set aside for the Sustainable Communities Demonstration Program and increased greenhouse gas reduction activities, including Secretariat support. Under this scenario, \$30 to \$50 million could be made available.

More tonnes need more partners

Community- or neighbourhood-wide retrofits require significant capital investment, likely more than the Investment Fund will have to offer. To engage up to 10 communities per year in the Sustainable Communities Demonstration Program and up to 125 communities in PCP greenhouse gas reduction projects, GMF will need to partner with the Infrastructure Funds and other public and private-sector partners to fully finance community-wide innovative infrastructure projects and retrofits.

The commitment to establishing a 10-year Infrastructure Program provides an opportunity to work with the Green Municipal Funds to explore structures that would facilitate partnerships. Not all worthy projects can be supported through interest-based GMF financing. It is critical that the Infrastructure Program provide for investment in greenhouse gas reduction opportunities, such as landfill gas capture, community energy systems, solid waste management, particularly organics diversion, and renewable energy.

Benefits of working with municipal government

Municipal governments will engage community stakeholders in PCP local action planning and will also do so to execute community-wide retrofit activities under the Sustainable Communities Demonstration Program. In fact, FCM is working to ensure that one stakeholder process is used to develop sustainable community plans to deliver greenhouse gas reductions.

Stakeholder processes engage commercial, residential, institutional, educational and industrial sectors, as well as citizens and non-government community groups. The Sustainable Communities Demonstration Program and PCP's integrated approach would deliver greenhouse gas (and other air, water and soil pollutant reductions) and innovation targets. These stakeholder processes are also an important mechanism for delivering on all elements of the Climate Change Draft Plan: municipal governments can be a national coordinating mechanism for delivering the Kyoto Protocol target.

PCP and Demonstration Program communities will become a focal point for demonstration and innovation, increasing interest of potential public and private-sector partners and the media.

The community-wide approach will deliver significant greenhouse gas, smog precursor and toxic reductions. The results-based reporting system used by the Green Municipal Funds and the requirement to share lessons learned and best practices mean the Demonstration Program and PCP will lever activity beyond those communities participating in the Program.

Recommendation # 5: Green Municipal Funds

FCM urges the Government of Canada to:

- **Double the endowment to the Green Municipal Funds to \$500 million to establish:**
 - a **Sustainable Communities Demonstration Program** for up to 10 communities per year;
 - the **increased capacity needed to support PCP local action planning, project execution and Secretariat services;** and
 - an **Investment Fund financing mechanism for brownfield site clean-up and redevelopment**

3. Community Social Infrastructure

The social health and, hence, vibrancy of communities depends on more than just a strong economy. People need safe, enjoyable communities with adequate housing, recreational and developmental opportunities, especially for their children. All citizens need to share the wealth of the community. FCM proposes the beginning of a “whole community” approach to social needs. Municipal governments, faced with providing much of this support, need stable funding for “social infrastructure”—the material fabric of the community.

The following proposals have gained widespread support from the non-profit sector and from private enterprise, as well as from the municipal sector represented by FCM.

Affordable housing and homelessness

a) Affordable Housing

Canada’s supply of affordable rental housing is rapidly declining as existing units are sacrificed to redevelopment. Further, the private sector has all but abandoned the construction and management of new rental units. In the context of an ever-growing demand from low-income households, strong remedial measures must be taken soon without which Canada faces the dire prospect of a profound social and economic crisis. FCM acknowledges the important steps taken recently by the Government of Canada in

reducing the Goods and Services Tax on affordable rental housing and in proposing a cost-shared capital grants program to the provinces and territories, but asks that this commitment be taken much further.

In particular, FCM urges the federal government to help close the gap between the cost of housing now being built and the amount that the “working poor” can afford. The current Affordable Rental Program, being oriented to producing market rent units, does not achieve this policy goal.

FCM continues to emphasize the need for more assistance to communities for affordable housing and to help house and support the homeless. Continuation of the federal homelessness initiatives, bolstered with significant funding for transitional and supportive housing, is absolutely imperative in the face of mounting homelessness and housing affordability problems across the country. Furthermore, the federal government, with the provinces, territories and communities across Canada, faces an historic opportunity to reverse a decade of neglect and deepen its assistance for affordable housing to low-income households.

This year, therefore, FCM proposes that the federal government double its assistance, along with a renewed proposal for matching of contributions by the provinces and territories, under the Affordable Rental Program, in order to maximize the effectiveness of the program for lower-income households that need assistance and cannot afford market rents. This can be done through additional capital grants, tax credits for shelter costs, rental/shelter assistance, or a combination of these. The goal of this funding would be to enable newly created or renovated units to be targeted to low-income households and, in particular, to families with children who face the worst of the affordable housing crisis.

FCM must emphasize, however, that municipal governments are already fully allocating their available housing and land resources under the current proposal, particularly given that some provinces and territories have identified municipal resources as part of the initial provincial share of costs. Therefore, no further provincial and territorial matching of federal funds should come from municipal sources.

In advance of this initiative, FCM proposes a fast-track multi-stakeholder review of the Affordable Rental Program at the end of the year 2002. The review would ensure that the most effective means of deepening assistance under the program and otherwise improving the design and delivery of the program are identified, taking account of regional factors.

FCM stresses the need to ensure that assistance reaches those in need, including those in provinces and territories not ready or able to participate in a cost-shared program. FCM has advanced detailed proposals for alternative gover-

nance vehicles to ensure that action is possible on the housing crisis within the current federal/provincial/territorial system of jurisdictional responsibilities.

Viable alternatives, fully respecting the Constitution and the Social Union Framework Agreement, include a community-by-community approach (like the Supporting Communities Partnership Initiative) and the funding of financially sustainable investment funds for housing on a regional or municipal basis. FCM proposes that these vehicles for the funding of affordable housing be discussed as part of the recommended review.

To facilitate the partnership of the private sector and non-profit sectors with governments in providing affordable housing, FCM also recommends adoption of a number of changes to tax and mortgage insurance regulations, as set out in FCM's "A National Affordable Housing Strategy." Finally, FCM continues to recommend the adoption of large-scale shelter allowance and rent supplement assistance to assist the approximately 900,000 households now unable to afford their current housing.

b) Homelessness

FCM urges the continuation of the federal homelessness initiatives and further proposes that resources be devoted to constructing supportive transitional housing for the large percentage of the homeless who can be housed, with support, in order to help them climb out of homelessness.

The federal homelessness initiatives, particularly the Supporting Communities Partnership Initiative (SCPI) and the allocation of Residential Rehabilitation Assistance Program (RRAP) funds to rehabilitating shelters, as well as the lesser amounts dedicated to youth and Aboriginal-oriented strategies, have been, after three years of innovation and effort, a success. Community homelessness partnerships, however, are for the most part not ready to carry on without public financial support. More alliances and supports need to be built to produce more sustainable organizations, such as the Calgary Homelessness Foundation.

Recommendation # 6: Affordable Housing and Homelessness

FCM urges the Government of Canada to:

- Ramp-up the Federal/Provincial/Territorial (F/P/T) Affordable Rental Program to allow targeting of the current funds to low-income households or provide equivalent low income tax credits or rent supplements for residents (\$175 million per year over four years);
- Implement changes in tax and mortgage insurance regulations and policies as supported by the F/P/T working group to enable private and non-profit sector provision of affordable housing. The principle tax changes recommended are: further reduction of the GST on rental housing; restoration of Capital Cost Allowance pooling for owners selling rental properties; and creation of investment pools for affordable housing via a tax incentive like the U.S. Low Income Housing Tax Credit;
- Extend the Supporting Communities Partnership Initiative at current yearly funding levels and provide funding for five years to build supportive transitional housing for homeless households (\$150 million per year over five years);
- Extend the Residential Rehabilitation Assistance Program at current funding levels (\$100 million per year over five years) for a Community RRAP Fund to ensure that communities can direct the use of RRAP funds for affordable housing and supportive transitional housing for the homeless.

STRATEGIC INVESTMENTS: Other Opportunities

1. Access to Broadband and Service Delivery Networks

Broadband

The importance of electronic infrastructure to the innovation potential of Canada's rural, remote, and northern communities cannot be overstated. The Government of Canada has recognized that broadband access in particular "will provide the infrastructure needed to develop and deliver advanced applications and services that will bring greater economic and social benefits to these communities" (Achieving Excellence: Investing in people, Knowledge, and Opportunity, 2002).

Much of the economic growth that has taken place in recent years has resulted from the use of broadband networks, in combination with the Internet, to improve productivity, provide new products and services, and support innovation in all sectors of the economy. Many "new economy" scholars have identified a direct correlation between connectivity and community prosperity.

In the summer of 2002, the Government of Canada announced that the \$105 million (over three years) allocated in the December 2001 budget for broadband initiatives would be brought forward to the current year to fund a pilot program. FCM applauds this action and appreciates the government's resolve to work directly with communities that develop their own connectivity plans. This investment, however, is insufficient to accomplish the government's goal of facilitating broadband access to all Canadians by 2005 and stand to benefit primarily those communities that are currently ready to submit strong proposals.

Service delivery networks

The improvement of service delivery to citizens is a key concern for all orders of government. As citizens increasingly demand more responsive, efficient and modern service delivery, governments are compelled to evaluate the framework in which services are being delivered. In the current environment of federal and provincial offloading, municipal governments are expected to deliver a growing number of services without a corresponding increase in resources.

It is estimated that 70-80 per cent of direct government services are provided by municipalities. In addition, municipal governments often serve as the first point of contact between citizens and government—placing an added burden on an under-funded delivery system.

The Government of Canada is presently focused on addressing the service delivery needs of individual Canadians in their respective communities by committing to implement the Government on Line (GOL) program by 2005 and establishing integrated, seamless service delivery through the Modernizing Service for Canadians (MSC) initiative.

Immediate investments in municipal electronic infrastructure are a prerequisite to the success of federal and provincial e-government strategies. Currently, 40 per cent of all municipalities in Canada do not have a Web site. Of those municipalities with an Internet presence, more than 75 per cent fail to offer any form of transactional services on line. Lack of funding, technical expertise and competing priorities are the primary barriers to municipal on-line service delivery and e-government initiatives.

These deficiencies must be addressed if Canadian governments are to be successful in meeting the needs of their

citizens and realizing the ultimate goal of seamless integrated service delivery networks that span various departments and orders of government.

As the national voice of municipal government, FCM, in partnership with provincial and territorial governments as well as the private sector, is ideally positioned to work with municipalities to build community-based capacity for the delivery of integrated, citizen-centred services.

Recommendation # 7: Broadband and Service Delivery Networks

FCM urges the Government of Canada to:

- Build quickly upon the pilot program successes to establish a more comprehensive and inclusive program of (\$120 million per year over five years) to facilitate broadband access to all rural and remote areas that will not be served based on market forces alone. Assistance should be provided to those communities that lack the means to develop viable pilot studies and assessments on their own; and
- Establish a municipal electronic infrastructure enhancement program, to be administered by FCM in conjunction with key stakeholders, to develop community-based capacity for the implementation of a nation-wide service delivery network. The proposed program should be harmonized with GOL and MSC objectives as well as provincial/territorial initiatives.

2. National Guide to Sustainable Municipal Infrastructure

Canadian municipalities spend \$12 to \$15 billion annually on building, repairing and maintaining their infrastructure systems. Eighty per cent of that investment is aimed at system repair, renewal and operation. The technology and practices used to deliver that infrastructure, however, varies from one municipality to the next, with no structured approach to share and learn from each other's successes or failures.

The National Guide to Sustainable Municipal Infrastructure has created a structure to do just that. A joint project between the Federation of Canadian Municipalities and the National Research Council, with initial four-year funding provided through the Infrastructure Canada Program (\$12.5 million), the National Research Council (\$2.5 million), and in-kind contributions from private and public stakeholders to the tune of \$10.7 million, the Guide is designed to be a tool kit of leading-edge technical and decision-making information supplemented by a network of expertise to help municipal governments establish cost-

efficient and sustainable practices. The Guide will assist municipal governments in learning about nationally validated best practices that encourage innovation and support infrastructure decisions and actions that protect and enhance the quality of life of Canadians.

The Guide will, moreover, seek to promote and encourage the development and dissemination of innovative best practices in the delivery and maintenance of sustainable municipal infrastructure.

Recommendation # 8: National Guide to Sustainable Municipal Infrastructure

FCM urges the Government of Canada to:

- Maintain, as part of its new ten-year infrastructure program, financial support for the National Guide to Sustainable Municipal Infrastructure, in order to ensure stability and continuity once the initial four-year funding has been drawn down.

3. Children's Infrastructure Program

Physical activity recreation and quality developmental opportunities have health, social and economic advantages. Recreational activities provide an opportunity for children to build motor and social skills, increase creative and intellectual capacities, increase productivity, and experience improved health.

Moreover, recreational activities, quality care settings and family-oriented community centres provide a setting for children and youth to foster social foundations that increase their self-esteem, learn and reinforce life skills and encourage stronger academic performance. From an economic perspective, supervised recreational activities promote healthy active living and reduce illnesses and injuries thereby reducing health care costs. Recreation and community engagement is also regarded as a proactive method to crime prevention.

Municipal governments have learned that engagement of the community around recreation spaces and community centres oriented towards and involving whole families is important. Opportunities for healthy, safe play for children and youth and for adult learning, such as basic language training, engagement in the community creates a stronger social fabric and a successful community.

FCM recognizes the benefits of recreation and family community engagement as a means to improving the quality of life for children and youth, particularly for those living in poverty. Equally important is the focus on increasing participation of groups that are under-represented in Canadian

sports and recreation, such as children and youth with disabilities, Aboriginal children and youth, and visible minorities. Thus, recreational and development/care facilities need to be made available and accessible for the inclusion and broad participation of communities.

Recommendation # 9: Children's Infrastructure

FCM urges the Government of Canada to:

- Establish, in consultation with provinces and territories, a Children's Infrastructure Fund for development and maintenance of non-exclusive community play and recreation spaces (\$100 million per year over three years); and
- Establish a pilot Community Engagement Fund to facilitate complementary pilot programs for community engagement in recreation opportunities around the new parks and facilities, and to lever development of private sector and municipal support (including modest funding—5% to 20% of the Children's Infrastructure Fund—for the Community Engagement Fund).

4. Drug Strategy

Municipal governments are on the front lines in responding to substance abuse. FCM's Municipal Drug Strategy, which helps municipal governments develop and implement local drug strategies using a multi-sectoral approach, involves a pilot program in nine communities. This project should be expanded to more communities across Canada, for extended periods, in co-operation with the federal government, to more effectively prove and communicate solutions.

Communities need a local strategy that includes promoting healthy living and reducing the risks of substance abuse. A multitude of costs have been associated with substance abuse. These costs not only include the economic costs of lost productivity and law enforcement, but also tremendous health and social costs that affect community safety and well-being. In a crime prevention needs assessment conducted by FCM in 1997, respondents said that members of their community ranked drug offences as the most serious local crime and disorder problem.

Currently, FCM, with the support of the National Crime Prevention Centre, is administering a pilot project that involves nine communities applying a local drug strategy. The model drug strategy is a comprehensive approach that emphasizes the four pillars of prevention, enforcement, treatment and harm reduction, and involves partners from

multiple sectors. With the limited resources from the project, the nine pilot communities have mobilized local stakeholders into developing a local drug policy and action plan. Other communities have expressed the need and interest in participating in such a program.

Given the success of the FCM Municipal Drug Strategy project and requests from other communities for similar assistance, federal funding is requested to expand the project and provide seed money for other communities to build a local drug strategy focused on a balanced approach of prevention, enforcement, treatment and harm reduction.

Recommendation # 10: Drug Strategy

FCM urges the Government of Canada to:

- Expand and extend the FCM Municipal Drug Strategy Pilot Program to mobilize communities in developing comprehensive drug strategies (\$2 million per year over five years).

5. Centre for Community Social Development

There is a need to ensure that the many potential partners in government, the non-profit and private sectors in providing social infrastructure are aware of each other in order to share their approaches and coordinate their work.

While organizations promoting best practices and information exist in most sectors, few are organized to provide a "whole community" perspective on social development and provision of social infrastructure.

Existing organizations tend to focus on one or a few sectors of activity and often provide research and findings which lack proven application. In particular, there is not now an organization integrating community and municipal government parties with other orders of government, non-governmental organizations and the private sector to work on the broad range of social infrastructure needs. Nor is there adequate cross-departmental coordination of policy and practice as it relates to community social issues in the federal government. The realization of such coordination holds the potential to lead to sustainable community solutions, such as is required, for example, for homelessness and affordable housing.

In consultation with these groups, other social policy agencies and with the Laidlaw Foundation, currently funding FCM work on promoting urban social inclusion, FCM has

determined that a municipally driven group identifying and promoting municipal/community practices in providing social infrastructure, such as housing, homeless support, recreation, child care and libraries, and promoting social inclusion would be an important partner to other groups in the sector, delivering significant added value.

Recommendation # 11: Establish a Centre for Community Social Development

FCM urges the Government of Canada to:

- Invest, in collaboration with the private and philanthropic sectors, in an FCM-administered Centre for Community Social Development to identify municipal and community priorities in social inclusion and engagement, connect municipal and community leaders in social infrastructure and development and promote best practices and innovation to communities, government and private and non-profit sectors (\$2 million per year over five years).

6. Innovation

In February 2002, Industry Canada and Human Resources Development Canada launched Canada's Innovation Strategy, which seeks to improve Canada's economic competitiveness by promoting innovation, skills development, learning, and improved governance. A major component of the strategy included the development of economic clusters in communities across Canada.

Federal support in creating and implementing community innovation plans is required to ensure that economic clusters are developed and nurtured in communities across Canada. Federal investment in this regard will contribute to the creation of regional economic clusters, improve the national economy and Canada's global competitiveness.

Recommendation # 12: Innovation

FCM urges the Government of Canada to:

- Invest in the development and implementation of community innovation plans in municipalities across Canada, and to supplement the plans with an investment in skills development for municipal staff.

7. Sharing in the Global Community

Federal program spending should support Canada's role in developing sustainable local communities worldwide. Recent trends, such as decentralization, urbanization and globalization of economic and socio-cultural forces, place enormous stress on local management and service delivery capacities.

In addition, success of the recent G8 initiative aimed at the African continent is directly tied to progress in the area of democratic governance. This is one field where FCM and Canadian municipalities have developed an enviable track record and expertise.

Recommendation # 13: Sharing in the Global Community

FCM urges the Government of Canada to:

- Engage Canadian municipalities as active partners in international co-operation policy development, program design and delivery;
- Develop a national program for municipal international co-operation to fight the devastation of poverty and infectious disease in African municipalities; and
- Significantly increase its current programming budget for sharing Canadian municipal expertise and knowledge with developing world municipalities with an aim to strengthening local leadership, management and service delivery.

FISCAL SUSTAINABILITY: Other Options

GST Rebate

In considering measures to support the fiscal sustainability of the municipal sector, consideration must be given to the additional costs imposed upon the municipal sector by the Government of Canada. For example, municipal governments pay a portion of the GST on the public goods they purchase (e.g., water treatment equipment, fire equipment, engineering services, road maintenance) in providing the services that they are mandated to deliver. Municipal governments also pay the full excise tax imposed on fuels for urban transit.

One measure the Government of Canada could adopt in order to substantially improve the fiscal sustainability of municipal governments and help increase, diversify and stabilize their income streams would be to build upon the current GST rebate to the municipal sector by increasing it from 57.14 per cent to 100 per cent. As an alternative, the Government of Canada could undertake a complete review of the application of GST and Excise Taxes to the municipal sector.

In the case of the overall GST review, the Government of Canada should consider a full taxation model under which virtually all services supplied by the public sector, including the municipal sector, would be considered taxable supplies and municipal governments would be eligible to claim back their input taxes in full. Crucial to assisting municipal governments in this model, however, would be the effective "zero-rating" (no GST) of property taxes and water services.

This streamlined approach to the application of the GST to the municipal sector would also reduce the administrative burden of both the municipal and federal governments primarily through the removal of the so-called public-sector bodies "exemptions" and rebate mechanisms from the GST legislation.

Recommendation # 14: GST Rebate or Full Taxation Model

FCM urges the Government of Canada to:

- Over a period of three years, gradually increase the GST rebate provided to the municipal sector from 57.14 per cent to 100 per cent (the benefit to municipal governments would be about \$400 million per annum at the end of this period); or
- Implement legislative changes that would result in an equivalent benefit through a full taxation model; and
- Eliminate excise taxes on fuels used in providing essential public goods.

DRAFT

January 17, 2003

File: -

Mayor's Office

Telephone: (604) 276-4123

Fax: (604) 276-4332

Joe Peschisolido, Member of Parliament
House of Commons
Parliament Buildings
Ottawa, Ontario K1A 0A6

Dear Mr. Peschisolido:

Re: Federal Budget support for Children's Infrastructure Program

I am writing this letter on behalf of the City of Richmond, to express support of the priorities and commitments made by the Federal government concerning the healthy growth and development of our children and youth. The September 2002 Speech from the Throne made an unprecedented statement about the importance of healthy living, physical activity and sport to Canada's health care system for the 21st century.

The National Children's Agenda is a commitment by Canada's governments that Canadian children should have a good start in life.

The United Nations Convention on the Rights of the Child, Article 31, states that children have the right to engage in play and recreational activities.

The new Canadian sport policy, recently endorsed by all 14 Federal-Provincial/Territorial governments, states that "Today, sport (and recreation) are widely accepted as a powerful contributor to personal and social development".

Regular participation in community recreation plays a critical role in the health and well being of children and youth. Please refer to the attached *Public Spaces, Family Places – Essential to Canada's Children and Youth* for more detail regarding the benefits of regular recreation participation for children and youth.

While I am pleased to hear about the Federal Government's commitment to Canadian children's health and well being, I am concerned how this support will be provided to the community level.

Children and youth often face barriers to participate in recreation. The most common barrier is cost with today's higher fees for programs, sport group membership and admission to recreation centers. Many distressed neighborhoods do not have facilities that promote spontaneous physical activity such as safe parks, trails and play spaces or indoor facilities that are accessible due to barriers including transportation, language and culture.

The Federation of Canadian municipalities (FCM) has recently presented a submission to the Federal Government Standing Committee on Finance. One of the recommendations contained within this submission is the development of *a Children's Infrastructure Program*. This Program would provide funds to municipalities for facility and open space development with a component of the funds going to community engagement projects to facilitate complementary pilot programs. Priority would be given to distressed neighborhoods. I have attached a copy of this Submission and refer you to page 13 for an overview of the proposed program.

According to the Canadian Fitness and Lifestyle Research Institute, Canadians are aware that they need to be fit and that in order to do so, they need to participate in physical activity. One of their major concerns is access to opportunities. FCM is proposing a program that will provide resources to communities to develop spaces and programs in which to recreate. I believe that this type of program will truly improve the access Canadians have to recreation opportunities. I fully support this submission.

As our Member of Parliament, I ask you to reinforce the role of community recreation to your Federal colleagues and to discuss with them, the merits of the FCM submission to ensure that financial support is provided to strengthen the community recreation infrastructure.

I also note that the federal government has committed to holding a national summit related to healthy living and physical activity in 2003. I believe that it is crucial that this initiative recognizes, involves and supports the community recreation system.

Thank you for your attention to this matter. I look forward to your response.

Yours truly,

Malcolm D. Brodie
Mayor

MB:

Att.

pc: Hon. Jean Chretien, Prime Minister
Hon. John Manley, Minister of Finance
Hon. Anne McLellan, Minister of Health
Hon. Sheila Copps, Minister of Heritage
Hon. Ethel Blonding-Andrew, Secretary of State (Children & Youth)
Hon. Paul Devillers, Secretary of State (Amateur Sport)
Alderman John Schmal, President, Federation of Canadian Municipalities
Mr. Dave Saad, President, Canadian Parks and Recreation Association

DRAFT

January 17, 2003

File: -

Mayor's Office

Telephone: (604) 276-4123

Fax: (604) 276-4332

Honourable Gordon Campbell, Premier
Parliament Buildings
Victoria, B.C. V6V 1X4

Dear Premier Campbell:

Re: Federal Budget Support for Children's Infrastructure Program

On behalf of the City of Richmond, I am writing this letter to express my support for the submission made by the Federation of Canadian Municipalities (FCM) to the Federal Government Standing Committee on Finance. One of the recommendations contained within this submission is for the development of *A Children's Infrastructure Program*. This Program would provide funds to municipalities for facility and open space development with a component of the funds going to community engagement projects to facilitate complementary pilot programs. Priority would be given to distressed neighborhoods. I have attached a copy of this submission and refer you to page 13 for an overview of the proposed program.

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According to the Canadian Fitness and Lifestyle Research Institute, Canadians are aware that they need to be fit and that in order to do so; they need to participate in physical activity. One of their major concerns is access to opportunities. FCM is proposing a program that will provide resources to communities to develop spaces and programs in which to recreate. I believe that this type of program will truly improve the access Canadians have to recreation opportunities and fully support this submission.

I ask you to reinforce the role of community recreation and discuss the merits of the FCM submission with your provincial colleagues. In order to ensure the health and well being of children, youth, and their families, I believe it is crucial to provide financial support to strengthen the community recreation infrastructure.

I also note that the federal government has committed to holding a national summit related to healthy living and physical activity in 2003. I believe that it is crucial that this initiative recognizes, involves and supports the community recreation system.

Thank you for your attention to this matter. I look forward to your response to my letter.

Yours truly,

Malcolm D. Brodie
Mayor

MB:
Att.

pc: Joe Peschisolido, Member of Parliament
Hon. Greg Halsey-Brandt, MLA, Richmond Centre
Hon. Linda Reid, MLA, Richmond East
Hon. Geoff Plant, MLA, Richmond Steveston
Hon. Christy Clark, Ministry of Education
Hon. Colin Gordon Hansen, Minister of Health Services
Hon. Gordon J. Hogg, Minister of Children & Family Development
Alderman John Schmal, President, FCM
Councillor Pat Wallace, President, UBCM
Mr. Davd Saad, President, Canadian Parks & Recreation Association
Mr. Ken Kreiger, President, BC Recreation & Parks Association