



March 17, 2011

UMQ RESPONSE TO QUEBEC BUDGET: No solid measures to help municipal sector

The Union of Quebec Municipalities (UMQ) views with concern the fact that Finance Minister Raymond Bachand's budget for 2011-2012 contains no really solid measures for the municipal sector in Quebec. "There are just a few provisions in support of the municipal sector, such as the sports infrastructure program and compensation for shale gas. However, the challenges facing municipalities are much, much bigger: sustainable public transit, financing of municipal pension funds, and having to pick up an \$83 million tab this year for the hike in the QST. There are no clear steps in this budget to promote a provincial-municipal partnership in Quebec," said UMQ president Éric Forest, mayor of Rimouski.

The UMQ is disappointed that there are no measures to compensate for the QST increase. Nor has the government responded to our demand for the progressive increase in fuel tax. "This new source of revenue based on the user-pays principle would have the effect relieving pressure on municipalities and restoring more stable financing for transportation infrastructure. A tax of this sort would have helped finance our needs for improvements to public transit and road networks," Mayor Forest said.

Infrastructure

The additional \$50 million earmarked for the creation of soccer fields, sports centres and swimming pools under the Sports Infrastructure Program is certainly welcome as a response to UMQ demands. This money will make it possible to build sports and recreational facilities in Quebec municipalities. The UMQ also wants to see prompt implementation of the replacement program for ice refrigeration systems in hockey arenas – a program where municipalities would pay half the cost.

With regard to a comprehensive reassessment of the amounts necessary for retiring the deficit due to

infrastructure maintenance, the UMQ will have to be part of the process for the municipal sector. The UMQ remains concerned about the declining investment in the Quebec Infrastructure Plan (PQI) and by the ability of municipalities to continue investing in infrastructure at present levels, particularly given the increasing debt, which now totals \$20.6 billion.

The UMQ is pleased, however, that municipalities will be eligible for a rebate on purchases or leasing of hybrid or electric vehicles.

Shale gas

Compensation to municipalities, including \$100,000 per gas well put into production, and a new legal framework to facilitate agreements between gas companies and landowners, are good news. However, the UMQ regrets that any royalty sharing with municipalities has been taken off the table. Nor are the mining rights reforms expected to benefit local communities.

Support for seniors

The government has responded to UMQ demands by doubling allocations to the *Municipalité amie des aînés* (MADA) process over the next 5 years. This "senior-friendly cities" project will provide financial support for infrastructure and urban development projects that meet the needs of senior citizens.

Public housing

The UMQ feels positive over the additional \$140 million to be invested this year for creating 2000 new public and community housing units under the *AccèsLogis* program.

Regional development

The deferral of reimbursements to local investment funds for a period of 3 years meets one of the UMQ demands. Also appropriate in terms of regional development are the supports announced today for the Northern Plan, forests (\$19 million for silviculture projects), entrepreneurship and tourism partnership agreements.

The UMQ is still waiting to see a strategy and comprehensive law on land use, occupancy and future vitality. We also want to see a further \$14.6 million in credits for the digital economy by 2014,

including measures to introduce high-speed internet everywhere in Quebec.

Participation by municipalities in efforts to fight tax evasion

Last but not least, the government can count on UMQ support as a partner in its efforts to fight tax evasion. However, the government must bear in mind that the measures announced today could entail a heavier administrative load for municipalities – including appropriation of the amount of the fines levied against tobacco smugglers and the requirement, effective January 1, 2012, of a certificate from the Ministry of Revenue in order to be awarded public contracts from municipalities and municipal organizations.

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