



FOR IMMEDIATE RELEASE

UMQ PRESIDENT'S REGIONAL TOUR

\$115 million loss looms as QST hike impacts Montreal area municipalities

Montreal, September 28, 2010 – Union of Quebec Municipalities (UMQ) president Marc Gascon, mayor of Sainte-Jérôme, together with Westmount Mayor Peter F. Trent, chairman of the UMQ Montreal regional caucus, today met with municipal representatives from the Montreal area as part of the UMQ 2010 province-wide President's Tour. In keeping with the tour's theme of "Autonomy in management, resources and action," the meeting raised several major municipal issues currently at stake, including the financial impact on municipalities of the Quebec sales tax (QST) increase, the consequences of the inflexible March 31, 2011 deadline for municipal infrastructure programs, the need for 100% compensation for municipal segregated waste collection and the revision of the Urban Land Use and Planning Act.

"With a gaping \$1 billion hole in municipal coffers, it's going to be a tough fall ahead. On the issue of the sales tax hike alone, the announced increase, coming at a time of accelerated investment by municipalities, will result in an additional \$83 million in municipal expenses in 2011 and almost \$500 million by 2014. We urgently need to sit down with the Quebec government and find a solution to this situation, which will inevitably impact on taxpayers. Which is why the UMQ is demanding compensatory measures by 2011," Gascon said.

QUEBEC SALES TAX (QST)

The Fiscal and Financial Partnership Agreement provides QST refunds to municipalities on purchases of goods and services. The refund is supposed to reach 100% by 2014. However, the 2010–2011 budget brought down by the Quebec government includes a 1% increase in QST in 2011 and a further 1% in 2012 for a total of 9.5%.

"The UMQ has been proactive on this issue. In February 2010, our board of directors adopted a resolution demanding that the Quebec government not attempt to re-balance the provincial budget on the backs of municipalities, and that some compensatory measure must be introduced to cancel municipal losses due to the sales tax hike. For the Montreal area we estimate the financial impact will be \$115 million. That's \$1.4 million for the City of Westmount alone," Mayor Trent said.

COMPENSATION FOR SELECTIVE WASTE COLLECTION

The Fiscal and Financial Partnership agreement also provides for 100% reimbursement of the cost of municipal segregated waste collection by 2010. However, Bill 88, introduced in the National Assembly last March, which amends the regulation on residual materials management and compensation for municipal services, does not meet this commitment.

A detailed financial analysis by the UMQ has shown that the rate of compensation for municipal segregated waste collection based on the terms of Bill 88 will be much less than 100%. In 2010 only 36% of municipal costs would be reimbursed, and the rate would reach 66.5% at most by 2015. The total cost to municipalities, which municipal taxpayers will have to cover, will increase very substantially compared to present costs. The UMQ estimates the cumulative shortfall for municipalities will be close to \$509 million by 2015.

MUNICIPAL INFRASTRUCTURE PROGRAM

In its 2001-2010 budget, the federal government announced \$4 billion worth of investments for municipal, provincial and territorial infrastructure through various economic stimulus measures under its Economic Action Plan. To obtain government aid, municipalities must have finished their projects by the following deadlines:

- December 31, 2010, for Quebec's Recreational Infrastructure Program (PIL) and Water Lines and Sewers Upgrade Program (PRECO)
- March 31, 2011, for the Building Canada – Quebec Fund (FCCQ) and the Infrastructure Stimulus Fund (ISF)

