

September 18, 2009

The Honourable Stephen Harper, P.C., M.P.
Prime Minister of Canada
Office of the Prime Minister
80 Wellington Street
Ottawa, Ontario
K1A 0A2

Dear Prime Minister:

FCM supports the proposed new federal regulations for the treatment of wastewater. However, we are deeply concerned that the costs of implementing these regulations will be offloaded on to local property tax payers. We are calling on your government to commit to a national, cost-shared plan to implement the regulations and help municipalities protect Canada's water resources.

By the federal government's own estimates, upgrading wastewater facilities across the country to meet the new regulations will cost at least \$12 billion over the next 20 years. Municipalities who receive just eight cents of every tax dollar collected in Canada cannot absorb these expenses on their own.

In a recent speech, Environment Minister Prentice suggested that municipalities should apply to existing cost-shared infrastructure programs to pay these costs, but current federal funding is clearly inadequate. The federal government has allocated all but approximately \$1.5 billion from the Building Canada Fund (BCF), the only major cost-shared infrastructure program available. The BCF was designed for investing in a range of strategic projects, including roads, bridges, public transit, cultural facilities, and local airports. The fund has neither the focus nor the money to underwrite a multi-billion dollar overhaul of the nation's wastewater facilities.

In the absence of a sustainable, national funding plan, paying for these regulations will fall on the backs of property tax payers. This is offloading, pure and simple. It is reminiscent of the 1990s, when federal, provincial and territorial governments pushed deficits off of their balance sheets and into local streets, fueling growth in the \$123-billion municipal infrastructure deficit. Without a national funding plan, the new standards will add at least 10 per cent to that figure with a stroke of a pen.

.../2

Canadians have seen the destructive impact of offloading where they live and work — they don't want to go back. As we emerge from the global recession, and confront a new wave of federal deficits, they want to hear that the federal government will not rely on offloading to pay for national wastewater standards or other national objectives.

This national challenge requires a national plan. For its part, the federal government must put soon-to-expire, cost-shared infrastructure funding programs on a permanent footing. This will lay the foundation for the long-term investments that all orders of government will need to make to upgrade Canada's wastewater infrastructure.

Canadians understand that offloading is no way to protect our environment, build our communities, or strengthen our economy. We have been there before and it does not work. Let's not go back.

We look forward to working with you in the future to ensure continuing support and investment for Canada's cities and communities.

Sincerely,

A handwritten signature in black ink, appearing to read "Basil Stewart". The signature is fluid and cursive, with a prominent initial "B" and a long, sweeping underline.

Basil L. Stewart
President of FCM
Mayor, City of Summerside
Prince Edward Island
Canada

BS/gm:sd

- c: The Honourable John Baird, Minister of Transport, Infrastructure and Communities
- c: The Honourable John Prentice, Minister of the Environment