

Letters to National Post and Ottawa Citizen Challenge Misconceptions about How Local Governments Are Funded in Canada

The Federation of Canadian Municipalities (FCM) submitted the following letter the editor in response to a Op Ed piece by the Canadian Federation of Independent Business which appeared in the [Ottawa Citizen](#) and [National Post](#). The piece contained misleading information about how Municipalities are financed in Canada.

To the Editor,

Re: "Municipalities are richer than they think", Laura Jones and Queenie Wong (February 24, 2014)

Contrary to the arguments made by Ms. Jones and Wong, the CFIB report "Municipalities Are Richer than They Think" only confirms what's wrong with the way our tax system funds local governments and treats local taxpayers, while ignoring some inconvenient truths.

The report neglects to mention that transfers from other governments can be taken away at any time and often require matching funds from local governments for projects that may or may not match local priorities. Our communities simply cannot go on asking local taxpayers to pick up the bill, especially when user fees and our property tax system are especially hard on families, seniors, and other middle and low-income Canadians.

Beneath all the CFIB's spin, nothing in its report changes the simple fact that only 8 cents of the taxes Canadians pay are collected by local governments, while the other 92 cents are collected by federal, provincial, and territorial government.

The CFIB doesn't want to talk about Canada's broken tax system, nor does it want to acknowledge the critical role of thriving cities and communities to our national economy. Instead the CFIB wants to pretend that the band aid solutions local governments have been forced to rely on are actually a cure. The fact is that federal and provincial governments have a monopoly on all the taxes that grow with our economy, including income and sales taxes, while local governments are forced to rely on a 19th century property tax system to pay for local services and any costs other governments choose to offload.

It's time for the CFIB to admit there's a problem and contribute to solutions. Canadians see crumbling bridges, crowded buses, and chronic homelessness and they know their communities need a fairer share of the taxes collected in this country. Recent investments by Ottawa have helped, but there's still a lot more work to do.

Sincerely,

Claude Dauphin
President
Federation of Canadian Municipalities