



Government
of Canada

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Ottawa, Canada
K1A 0G5



FEB 13 2012

Councillor Berry Vrbanovic
President
Federation of Canadian Municipalities
24 Clarence Street
Ottawa, Ontario K1N 5P3

Dear Mr. Vrbanovic:

The Government of Canada understands the importance of public infrastructure in making our cities and communities more vibrant, competitive and prosperous. Supporting municipal infrastructure that contributes to national objectives continues to be a key priority of this government.

We are proud that over 10,000 projects have received funding to date through the Gas Tax Fund—projects that have contributed to making stronger and more vibrant communities, and that ensure a high quality of life for all Canadians. We have heard from cities and communities across the country about the importance of the Gas Tax Fund in helping municipalities move forward on their infrastructure priorities.

In 2007, this government increased the Gas Tax Fund as part of the \$33-billion Building Canada plan. The Fund was doubled to a record \$2 billion a year beginning in 2009–10. By 2014, a total of \$13 billion will have been provided to Canadian municipalities through the Gas Tax Fund.

On December 15, 2011, the bill entitled *Keeping Canada's Economy and Jobs Growing Act* (Bill C-13) received Royal Assent, thereby delivering on the Budget 2011 commitment to legislate a permanent annual investment in municipal infrastructure, delivered through the Gas Tax Fund, providing long-term sustainable funding at \$2 billion per year.

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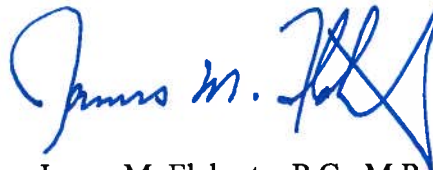
By delivering on this commitment well in advance of the expiry of the current Gas Tax Fund agreements, the Government of Canada is taking the steps needed to ensure that the Gas Tax Fund remains a source of stable and predictable funding for municipalities. This allows municipalities to borrow against their allocation to leverage additional funding to assist in their capital planning and expenditures. Because municipalities would have an assured flow of funding from the federal government, they could then borrow larger sums of capital, from a variety of sources, the repayments for which could be serviced by their annual Gas Tax Fund appropriation.

We were very pleased that you were able to join our Government on November 30, 2011 for the launch of the engagement strategy that delivers on the Budget 2011 commitment to work with our partners and stakeholders to develop a long-term plan for public infrastructure. The next round of funding agreements for the Gas Tax Fund will be informed by this process.

Yours sincerely,



Denis Lebel, P.C., M.P.



James M. Flaherty, P.C., M.P.