

Our File/N/Réf.            02-97-0008  
Your File/V/Réf.

DATE                        4 February 1997

TO/DEST.                 Chair and Members of Council

FROM/EXP.                Chief Administrative Officer

SUBJECT/OBJET          **FCM MEMBERSHIP - BENEFITS TO RMOC**

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As requested during budget discussions at Corporate Services and Economic Development Committee, I attach for your information copy of a letter dated 3 February, 1997 from the Federation of Canadian Municipalities identifying the benefits derived by the Regional Municipality of Ottawa-Carleton through its membership in FCM.

*Approved by  
C.M. Beckstead*

Attach. ( 1 )

/np



Federation of Canadian Municipalities  
Fédération canadienne des municipalités

February 3, 1997

Councillor **Bryon Wilfert**  
Richmond Hill, Ontario  
President  
Président

Deputy Mayor **Jae Eadie**  
Winnipeg, Manitoba  
First Vice-President  
Premier vice-président

Maire suppléant **Claude Cantin**  
Québec (Québec)  
Deuxième vice-président  
Second Vice-President

Mayor **Léopold Belliveau**  
Moncton, New Brunswick  
Third Vice-President  
Troisième vice-président

Mayor **John Les**  
Chilliwack, British Columbia  
Past President  
Président sortant

**James W. Knight**  
Executive Director  
Directeur général

**Ms. Judy Barbeau**  
Director of Corporate Programs  
and Administration  
Office of the Chief Administrative Officer  
Regional Municipality of Ottawa-Carleton  
111 Lisgar Street  
Ottawa, Ontario  
K2P 2L7

Dear Ms. Barbeau:

This is in response to your telephone enquiry about benefits derived by the Regional Municipality of Ottawa-Carleton through its membership in the Federation of Canadian Municipalities.

The prime mission of FCM is to advance municipal interests at the federal level, pursuing the common policy objectives of Canada's municipal governments. At a time when all governments are reducing expenditures, it is vital that Canada's municipalities maintain a strong presence in the national capital. FCM is that presence.

All major Canadian regional governments and cities are members of FCM. The number of municipal members has tripled over the past decade and now embraces 615 municipalities and 80% of the Canadian population. One hundred and twenty-nine (129) of these are in Ontario.

FCM's membership continues to grow. With growing membership, FCM has been able to increase its programs while keeping fees constant. The *per capita* fee of 9.6 cents has remained constant since 1990, when it was reduced from 10.6 cents.



Much of our work has resulted in benefits which can be measured by individual municipal governments, including Ottawa-Carleton. For example:

Payments-in-Lieu of Taxes

- As a result of a lengthy campaign by FCM in the 1940s and 1950s, property taxes both on departmental and Crown corporation property are paid by the federal government despite its constitutional exemption from municipal taxation. The federal government now pays some \$600 million annually to 2,250 municipalities across Canada. Ottawa-Carleton receives over \$45 million annually in federal payments-in-lieu of taxes (PILs), while its constituent municipalities receive \$85 million.
- FCM's strong response to the 1992-94 freeze on PILs provided municipal governments with over \$50 million in revenues which the federal government would otherwise not have paid.
- During the 1993 federal election, FCM contacted all parties drawing attention to deficiencies in the PIL Program. Subsequently, the new government agreed to negotiate improvements with FCM. Over the past two years, we have worked intensively with federal officials to make the payment of taxes on federal property as similar as possible to the regime applicable to private owners.
- Agreement in principle has been reached on numerous reforms, including:
  - a name change from "grants" to "payments-in-lieu of taxes" to underline Canada's statutory obligation to pay;
  - improved assurance of payment amounts;
  - early consultation on disputed properties;
  - greater timeliness of payments;
  - interest on late payments; and
  - a fairer appeal process to which Crown corporations will be subject for the first time.

- Individual municipalities could not have achieved these program improvements on their own. Only by municipalities working together through FCM did PILs come into being in the first place and was further progress made in respect to the fairness of the system.
- Negotiations on improvements to the PIL system were conducted with the support of FCM's Technical Committee on PILs, on which Ottawa-Carleton is represented by Mr. Kent Kirkpatrick, Deputy Treasurer. The Cities of Gloucester and Ottawa are also represented. As the largest recipients of PILs in Canada, Ottawa-Carleton and its constituent municipalities are prime beneficiaries of FCM's work in this area.
- With the massive restructuring of provincial-municipal finances in Ontario, municipal governments must continue to protect their interests on Parliament Hill through FCM. The abolition of the business occupancy tax (from which the federal government is exempt) and potential subsequent increases in commercial mill rates could significantly increase federal PIL costs in Ottawa-Carleton and elsewhere in Ontario. There is no assurance at this time that the federal government is prepared to assume tens of millions of dollars in additional costs resulting from restructuring in Ontario. FCM's expertise and support will be critical in the coming year to ensure that the federal government continues to respect the local tax regime.

#### Canada Infrastructure Works Program

- The \$6 billion Canada Infrastructure Works Program owes its existence to FCM's relentless ten-year campaign to obtain federal and provincial recognition that all orders of government must cooperate to renew municipal infrastructure. The Program allowed the Regional Municipality of Ottawa-Carleton to undertake \$73 million in capital investments while its constituent municipalities initiated a further \$59 million.

- FCM worked intensively over the past year toward renewal of the Canada Infrastructure Works Program. Last month, the federal government agreed to extend the program for the 1997 construction season on the same terms as before. FCM is now working to secure acceptance of the federal offer by provincial and territorial governments. This extension, with matching funding, will provide for \$1.8 billion of projects nation-wide, exceeding the average of the past five years.

#### GST Rebate

- Through FCM's efforts, municipal governments receive a rebate of 57% of their GST costs. In 1996, GST reform proposals posed a serious threat to the municipal rebates which total \$500 million annually. The House of Commons Finance Committee explored their elimination.
- On the eve of announcing the harmonized sales tax in the Atlantic provinces last April, Minister of Finance Paul Martin telephoned FCM's President from Washington, D.C. to confirm that the \$500 million municipal rebate would be maintained and that the principle of no greater burden would be applied in future harmonization agreements with provinces and territories. The call culminated an aggressive lobby in which solidarity of our FCM members was a major factor. Ottawa-Carleton's Finance Department would be in a position to calculate the Region's annual GST rebate benefits.
- Bill C-70, currently before Parliament, represents the broadest package of technical amendments to the GST since its inception. FCM is fighting several measures in the bill which may have a major negative impact on municipalities. These include an amendment which would deny municipalities input tax credits on municipal recycling operations and commercial garbage collection. FCM is strongly opposing the move to make the provision of electricity, gas, steam or telecommunications services from a paramunicipal body (eg.

Ottawa Hydro) to its parent municipal government taxable. FCM presented a strong case in defence of municipal members before the House of Commons Finance Committee on January 21, 1997. FCM continues to work hard to ensure that the municipal perspective on GST amendments is understood by the Ministers of Finance and National Revenue.

#### International Municipal Cooperation

- FCM manages substantial CIDA programs whereby funds are made available to municipal members pursuing international interests and linkages. We note that Ottawa-Carleton has yet to take advantage of these programs. However, the Regional Municipality has recently requested information about FCM's Chinese Open Cities Program. Funding available can be significant. FCM International programs can reap substantial economic dividends for participating municipalities.
- The FCM Chinese Open Cities Program has supported cooperation between Ottawa and Beijing. The three-day visit of Beijing Mayor Li Qiyang to Ottawa-Carleton in 1996 and associated activities were underwritten by the program.

#### Transportation

- The Canada Transportation Act came into effect on July 1, 1996. The Act has completely changed the procedures and rules governing discontinuance and abandonment of rail lines. In its original form as Bill C-101, the existence of regional municipalities and their interest in acquiring rail rights-of-way were completely ignored. As a result of FCM's intervention before the House of Commons Transport Committee, amendments were made which gave regional municipalities the right to be notified of rail line discontinuances and to purchase abandoned rights-of-way. Further, FCM succeeded in having the time period for the municipal right of first refusal doubled from 15 to 30 days. These amendments, which were developed in consultation with RMOC's Transportation Department, will help Ottawa-Carleton make full use of transportation and utility corridors that become available as a result of rail rationalization.

- The National Airports Policy (NAP), announced in 1994, will result in the federal withdrawal from funding and operation of airports. Though larger National Airport System (NAS) airports such as Macdonald-Cartier International are expected to be viable, this is not necessarily the case for smaller airports. Questions such as how runways and other airport infrastructure can be financed and who will be responsible for environmental cleanup remain. The maintenance of small airports, such as the West Carleton Airport in Ottawa-Carleton, is proving particularly difficult. FCM is pleased that Ottawa-Carleton received \$700,000 from the Canada Infrastructure Works Program for capital improvements to the West Carleton Airport.

FCM is working to make Small airports eligible for federal capital assistance under the Airports Capital Assistance Program (ACAP). FCM has obtained greater flexibility in the type of projects that will be eligible and continues to press Transport Canada to make funds available for a broader range of airports. FCM is pressing the federal government to provide municipal governments with funding for airport feasibility studies.

- The Joint FCM-Transport Canada Committee on Air Transportation has become a valuable forum for identifying and addressing common municipal concerns respecting federal airports and aviation policy. Ottawa-Carleton is well represented on this committee by Mr. Eric Johnston and Ms. Kelly McGee.

#### Environmental Issues

- Through such initiatives as its 20% Club on greenhouse gases and the Municipal Action Plan on Packaging Waste Reduction, FCM promotes the environmental interests of municipal governments, and fosters leadership from other stakeholders such as industry and other orders of government. FCM and the Regional Municipality of Ottawa-Carleton were instrumental last year in ensuring that municipal waste management concerns received serious consideration by the federal and

provincial governments. We facilitated the secondment of a senior official from Ottawa-Carleton to Environment Canada to oversee packaging waste reduction initiatives which will result in tangible cost savings for municipal governments.

#### Crime Prevention

- Since the early 1990s, FCM has supported community based efforts in crime prevention through research, workshops and other initiatives on youth violence, violence against women, youth gangs, and prostitution. FCM contributes to federal legislative initiatives in crime prevention and criminal justice such as the review currently underway of the Young Offenders Act. FCM has submitted two briefs to the House of Commons committee examining the legislation. FCM and the National Crime Prevention Council, the federal government's policy advisory group, are partners on a two-year initiative to support municipal crime prevention efforts.

#### Annual Conference

- FCM looks forward to its 60th Anniversary Annual Conference to be hosted by the Regional Municipality of Ottawa-Carleton in June 1997. FCM conferences attract 1,500 participants, including delegates, partners, observers, staff and media representatives. FCM conferences generate significant business for the host community.

#### FCM Secretariat

- As a major national association, FCM houses its 50 employees in its building at 24 Clarence Street in Ottawa. As the building owner, FCM pays \$43,000 annually in property taxes to the City of Ottawa and the Regional Municipality of Ottawa-Carleton.

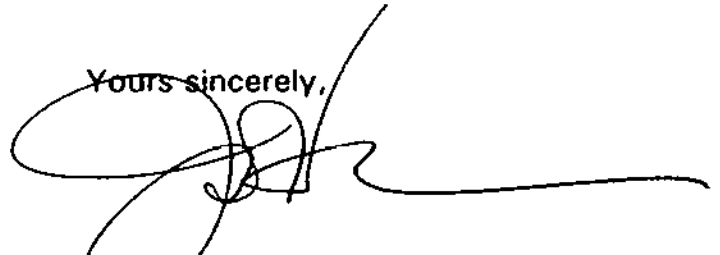
In a nutshell, FCM has gone from success to success and continues to enjoy an expanding membership even in these difficult times. This success derives from the simple fact that we offer excellent value for each membership dollar. Additional documentation is attached for your information.



We look forward to continued participation from the Regional Municipality of Ottawa-Carleton which has been a continuous member of FCM since the Region's inception in 1969.

With best wishes,

Yours sincerely,



James W. Knight  
Executive Director

JWK:sg

c. Councillor David Pratt