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Halifax Regional Council
July 4, 2006

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY: 
Jennifer Church/Intergovernmental Affairs

DATE: June 26, 2006

SUBJECT: Transit Implications of 2006 Federal Budget

INFORMATION REPORT

ORIGIN

May 9, 2006 Halifax Regional Council request for a report regarding transit implications of 2006 Federal Budget.

BACKGROUND

The Government of Canada tabled the 2006 Budget on May 2, 2006. The Budget as tabled proposed some direct and indirect support for transit.

DISCUSSION

Public Transit Fund

A Public Transit Funding Program was announced in the 2006 Federal Budget which includes a \$400 million Public Transit Fund and a \$900 million Public Transit Capital Fund for a total amount of \$1.3 billion..

Nova Scotia could potentially realize approximately \$38 million over four years from this program. It is anticipated that allocation will be predominantly based on transit ridership, suggesting that HRM will be the beneficiary of the majority of the NS allocation. For the first year, a Federal/Provincial Agreement needs to be signed to enable cash flow. For the remainder, a one time payment is being made into a third-party trust, contingent on sufficient funds being available from the 2005/06 surplus in excess of \$2 billion.

Public Transit Tax Credit

An individual tax credit for monthly transit passes was proposed in the Budget, effective July 1, 2006. The measure is intended to encourage public transit use and all users qualify. Additional information on how to claim the tax credit for public transit passes will be posted on the Canada Revenue Agency Web site.

Gas Tax

Public transit is an eligible expenditure under the Federal Gas Tax Program. Halifax Regional Council has established a process to allocate Gas Tax funds internally. For 2005/2006, the fund is being used as increased capital capacity and has been allocated retroactively. For 2005/2006 conventional transit expansion has been allocated approximately \$3m and Access-A-Bus expansion \$120,000. For future years, projects will be discussed and approved by Regional Council.

Municipal Rural Infrastructure Fund (MRIF)

An additional \$2 billion over five years has been announced as part of the 2006 Federal budget. The MRIF program has been structured to provide a balanced response to local infrastructure needs in urban and rural Canada, and ensure that all Canadians, whether they live in large, small or remote communities, will share in the benefits of infrastructure investments. It builds on past successes in partnership infrastructure funding of over 3,000 projects that have directly benefited Canadians. Public transit is an eligible expenditure under the Federal/Provincial MRIF Program. HRM Council has approved application to the Program for three new transit buses.

Canada Strategic Infrastructure Program

The Canada Strategic Infrastructure Fund (CSIF), announced in the 2001 Federal Budget, responds to the need for funding of large scale infrastructure projects that are beyond the scope and capacity of existing programs. Re-investment was announced in 2003 and most recently the 2006 Federal Budget included an additional \$2 billion. HRM staff, in anticipation of additional CSIF investment being made available have prepared project briefs on two potential initiatives for CSIF consideration. The HarbourLink project is being suggested as a transit focussed project under this program. (See June 13, 2006 Council Information Report).

BUDGET IMPLICATIONS

None at this time, information only.

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

ALTERNATIVES

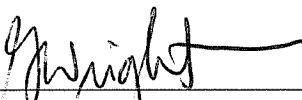
None - information only.

ATTACHMENTS

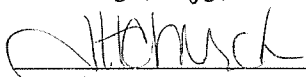
None.

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by :

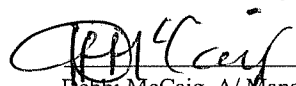


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