DEC 13 2011

His Worship Bob Bratina
Mayor
The City of Hamilton
71 Main Street West, 2nd Floor
Hamilton, ON L8P 4Y5

Dear Mayor Bratina:

Thank you for your correspondence of December 20, 2010, which was referred by the Office of the Prime Minister, the Right Honourable Stephen Harper, regarding an item approved by Hamilton City Council concerning the municipal tax burden. Please excuse the delay in replying.

As federal Finance Minister, I appreciate the fiscal challenges faced by all levels of government, especially during the difficult economic times we have faced as a country over the last few years.

The four major transfers of the Government of Canada – the Canada Health Transfer, the Canada Social Transfer, the Equalization program and Territorial Formula Financing – are made directly to provinces. There are, however, important cooperative ventures between all three levels of government that significantly benefit cities. For example, Infrastructure Canada’s Gas Tax Fund, a key component of the Building Canada infrastructure plan, is helping to build Canada’s communities by providing predictable and long-term funding in support of municipal infrastructure. Every municipality in Canada receives a portion of the Gas Tax Fund with the allocation based on a per capita formula. In response to ongoing requests for stable, long-term funding, Budget 2008 announced that the Gas Tax Fund would become a permanent measure. This will let the City of Hamilton and all other Canadian municipalities better plan and finance their long-term infrastructure needs.

I would also like to highlight the Goods and Services Tax (GST) rebate which was increased from 57 percent to 100 percent for municipalities in 2007. This, together with the GST rate reduction, represents a significant benefit to Canadian municipalities.

Our Government has invested considerably in these, and other important infrastructure programs, and has also tackled other needs and priorities that benefit Canadian cities,
including Hamilton, such as investments in innovation and knowledge, the environment, security and crime prevention.

Thank you for communicating City Council’s concerns.

Sincerely,

James M. Flaherty