However, a recent analysis of government finances conducted by Desjardins indicated these two levels of government saw improvements in their 2021-22 deficit estimates due to higher inflation and growth.

As a result, by the end of the 2022-23 fiscal year, six provinces (as well as three in 2021-22) are expected to have budget surpluses[148]. But how these funds have been used may vary.

Even with the Canada Community-Building Fund (formerly known as the Gas Tax Fund) in place to transfer funds to municipalities of all sizes, estimated at more than $2 billion annually for local priorities[149], it may not be sufficient to deal with a growing number of issues facing municipalities today.

While calls for an overhaul of our current tax system, which has not been reviewed since 1967, from various groups including the Canadian Chamber of Commerce continuing, this could be viewed only the first step towards a much larger review.

Municipalities, which are not recognized in the Constitution Act, 1867, and were established under provincial/territorial authority, need to be granted more legislative controls to assist them in ensuring they can provide the best local solutions to create economically healthier communities in order to create a solid base for businesses to succeed.

Recommendations

That the Government of Canada:

Work with provincial and municipal governments to review funding mechanisms to ensure municipalities have the ability to fund needs, including providing physical and social infrastructure that can assist in setting the stage for a robust and vibrant economic path that can help businesses to flourish. This formal review should include tax point transfers to provinces and direct funding to municipalities.

Endorsements

The Economics & Taxation Committee supports this resolution.

Submitted By: Cambridge Chamber of Commerce

Supporting Organizations: Greater Kitchener Waterloo Chamber of Commerce