



**For Immediate Release
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PEI's 2016 Budget has slashed a \$1.8 million Provincial Infrastructure Fund and Island municipalities and their residents will bear the brunt of this unexpected action.

When the HST was implemented in 2013, the provincial government introduced a \$1.8 million Provincial Infrastructure Fund for municipalities. This fund was intended to help compensate for rebates and exemptions for municipalities that were lost in the transition from PST to HST. This prevented those increased costs from being passed on to citizens through increases to municipal taxes or fees, or cuts to local services.

In Budget 2016, the Province eliminated the \$1.8 million fund for municipalities. According to FPEIM President Bruce MacDougall, "this is another blow to municipal finances that we just can't afford. It's being done after our budgets have been adopted and without consultation."

"Other provinces that have the HST provide a rebate to municipalities, and that's what should be done here," said MacDougall. "The Government of Canada provides a 100 percent GST rebate to provinces and municipalities," he added.

"Strong municipalities are better positioned to create local conditions that grow the economy and contribute to a more prosperous province," continued MacDougall. "In the recent Speech from the Throne, the Province shared its desire to keep Islanders here and bring others back home." MacDougall explained that "ensuring our municipal governments are strong will help the Province achieve that objective, because municipal governments provide the local infrastructure, services and amenities that make the places we call home great places to live."

"Last year, the Province committed to having a new and long-awaited revenue framework in place for municipalities in 2017," he concluded. "We must meet that deadline, but this decision certainly sends the wrong message as we move into important discussions on the future of municipalities."

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For further information contact:

John Dewey, Executive Director
Federation of PEI Municipalities
jdewey@fpeim.ca
Tel: (902) 566-1493