



ASSOCIATION OF
MANITOBA
MUNICIPALITIES

**AMM Submission
Pre-Budget 2019 Consultations
Government of Canada**

2019

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INTRODUCTION

- ❖ The Association of Manitoba Municipalities (AMM) is pleased to present its pre-Budget 2019 submission to the Government of Canada as well as appreciates the opportunity to submit our recommendations during federal budget consultations on behalf of all Manitoba municipalities.
- ❖ The AMM urges the Government of Canada to consider new and existing challenges facing municipalities in its upcoming budget.
- ❖ AMM funding priorities include federal funding for municipal infrastructure, improvements to the Disaster Financial Assistance Arrangements (DFAA) Program and flood mitigation measures, reliable wireless and broadband Internet connectivity, community policing costs and services, cannabis taxation revenue-sharing, and affordable and seniors' housing.

FEDERAL FUNDING FOR MUNICIPAL INFRASTRUCTURE

The AMM recommends the government:

- ❖ *Allocate the majority of Phase 2 funding available under the Investing in Canada plan to municipal infrastructure priorities;*
- ❖ *Simplify application and approval processes as well as streamline reporting requirements for all Investing in Canada funding streams; and*
- ❖ *Ensure fairness and flexibility through the Public Transit Infrastructure Fund for smaller communities pursuing handi-van and active transportation projects.*

Municipalities manage 60 per cent of Canada’s public infrastructure, yet they collect less than 10 cents of every tax dollar. Meanwhile, the Canadian municipal infrastructure deficit has been estimated at more than \$123 billion for required upgrades and maintenance of existing infrastructure and more than \$115 billion needed for new infrastructure.

The AMM welcomes the signing of the Canada-Manitoba Integrated Bilateral Agreement that will provide more than \$1.17 billion in federal funding over the next decade for our province. Increased federal support for local communities dealing with aging municipal infrastructure is urgently needed, as improving local roads, bridges, public transit, and water systems is one of the best ways to create jobs and generate economic growth. We urge the federal government to simplify application and approval processes as well as streamline reporting requirements for all *Investing in Canada* funding streams so local communities can take advantage of the short construction season.

The AMM appreciates the opportunity to be the only municipal association in Canada working alongside federal and provincial partners to help select important public infrastructure projects financed under the Small Communities Fund. Public transit is also important to Manitoba municipalities throughout the province, and therefore we encourage the federal government to continue providing funding and ensure fairness and flexibility through the Public Transit Infrastructure Fund for smaller communities pursuing handi-van and active transportation projects.

DISASTER FINANCIAL ASSISTANCE & FLOOD MITIGATION

The AMM recommends the government:

- ❖ *Reverse changes to the Disaster Financial Assistance Arrangements (DFAA) cost-sharing formula that came into effect in February 2015;*
- ❖ *Engage local communities on expanding federal national disaster mitigation strategies;*
and
- ❖ *Increase investment in flood prevention and mitigation infrastructure.*

Extreme weather events are expected to cost Canadians on average \$5 billion annually by 2020 and upwards of \$43 billion by per year by 2050. The Office of the Parliamentary Budget Officer also estimates the DFAA program should expect claims totaling more than \$900 million, including nearly \$675 million for floods, over the next five years.

Every dollar invested in adaptation and climate-resilient infrastructure will yield anywhere from \$9 to \$38 in avoided damages in the future. Therefore, increased investment in flood protection and mitigation infrastructure could prevent millions, possibly billions, of dollars in damages.

The previous federal government enacted changes to the DFAA program's cost-sharing formula, which significantly increased the federal funding thresholds for small and medium disasters or extreme weather events. These changes came into effect in February 2015 and have resulted in the downloading of federal responsibilities to provincial governments, which results in additional pressures on municipalities.

The AMM strongly urges the Government of Canada to immediately reverse these changes in order to not jeopardize the safety of all Manitobans in the event of a disaster or extreme weather event, as Manitoba is the second largest user of the DFAA program. Helping municipalities better prepare their communities would not only save money, but improve the lives of Canadians, and avoid the downloading of disaster costs to municipalities.

Additionally, the AMM supports the Federation of Canadian Municipalities (FCM) call to increase funding for the National Disaster Mitigation Program (NDMP) to ensure local adaptation projects continue to move forward without interruption, particularly in rural, remote and northern communities that are particularly vulnerable to extreme weather.

WIRELESS & BROADBAND INTERNET CONNECTIVITY

The AMM recommends the government:

- ❖ *Facilitate discussions with cell carriers and other stakeholders to explore options to expand cellular coverage and broadband Internet access; and*
- ❖ *Work with municipalities to develop solutions to ensure public safety and protect local communities through reliable communications technology.*

Greater wireless and broadband Internet access has the power to transform rural Canada, as connectivity is now as important as building and maintaining roads and bridges in rural, remote, and northern communities.

However, the digital divide between Manitoba communities remains a major challenge since only 29 per cent of rural residents have access to Internet download speeds between 16 and 25 mbps, compared to near universal access in medium and large urban centres.

The AMM appreciates the Canadian Radio-television and Telecommunications Commission's (CRTC) decision declaring broadband Internet access a basic service across Canada as well as its commitment to fund projects in areas that currently do not meet new target download speeds. In June 2017, the AMM was also pleased to provide comments regarding the CRTC's new broadband funding regime, which establishes a new, five-year \$750 million fund to build or upgrade infrastructure for fixed and mobile broadband Internet access services.

Additionally, the AMM also appreciates the Government of Canada's *Connect to Innovate* program, which commits \$500-million by 2021 to bring high-speed Internet service to rural and remote communities across Canada.

The AMM encourages the Government of Canada to continue its consultations and partnerships with the Province of Manitoba, municipalities, and the private sector to improve both wireless and broadband Internet access in rural and northern Manitoba.

Partnerships with the private sector and increased federal investment in Canada's digital economy that support network infrastructure are key to any future productivity growth and economic development. Sustained digital network infrastructure upgrades will improve the competitiveness of Canadian businesses and maximize job opportunities in rural and remote areas of the country.

COMMUNITY POLICING COSTS & SERVICES

The AMM recommends the government:

- ❖ *Assist municipalities with rapidly increasing, unsustainable policing costs;*
- ❖ *Ensure Manitoba communities are not negatively impacted by the right of RCMP officers to collective bargaining.*

According to FCM statistics, municipalities now cover more than 60 per cent of Canada's policing costs, including \$600 million worth of downloaded federal policing around border security, international drug trafficking, and cyber crime.

Policing and public safety is the fastest-growing cost for municipalities and now exceeds 20 per cent of spending. Without a new approach, these costs will push property ratepayers to the breaking point and restrict the delivery of other essential services in local communities.

Even though overall incarceration rates are in decline in Canada, Manitoba continues to experience the highest incarceration rates for both adults and youth in the country. As such, community safety and crime prevention are among the top priorities of Manitoban communities, yet the costs of fighting crime are rising and increasingly becoming unsustainable.

In addition, with the possibility of RCMP officer unionization and challenges posed by cannabis legalization, policing costs will assuredly rise. Presumably, the right to unionize may lead to changes and potential financial pressures for many municipalities with RCMP contracts, including the possibility of considerable increases to wages and benefits for RCMP officers. Preparing Canada's police forces to enforce new cannabis rules—with appropriate training, systems and resources—will also be a costly undertaking.

Therefore, the AMM urges the Government of Canada to increase its support for community policing services in order to properly address local public safety priorities and help local governments manage increasing public safety costs.

CANNABIS TAXATION REVENUE-SHARING

The AMM recommends the government:

- ❖ *Ensure municipalities receive a fair share of federal cannabis excise tax revenues; and*
- ❖ *Proactively provide tools and resources to municipalities to help local communities respond to legalization challenges and increased costs.*

As local governments are on the front lines of cannabis legalization, municipal concerns must be seriously considered so that municipalities can effectively manage, educate, and enforce new regulations.

Specifically to support new municipal costs, the federal government released an additional 25 per cent of cannabis excise tax revenues to the Province of Manitoba—but more than a year later, no funding support has been provided to Manitoba municipalities.

According to FCM cost projections, municipal administration and local policing costs will total \$3-4.75 million per 500,000 residents, representing a range of approximately \$210-335 million per year in costs incurred by municipalities across Canada.

These costs must not be downloaded onto municipalities, and therefore the AMM believes that municipalities must be meaningful participants in revenue-sharing conversations while a revenue-sharing model must be co-developed that respects municipal authority. Tools and resources must also be provided to municipalities to help local communities respond to the challenges posed by cannabis legalization.

AFFORDABLE & SENIORS' HOUSING

The AMM recommends the government:

- ❖ *Optimize federal investments in affordable housing by continuing to work with FCM, municipalities, and provincial governments to strengthen Canada's housing system.*

Public investment in housing is one of the best means to grow Canada's economy, as for every dollar invested in housing Canada earns \$1.40 in GDP.

Canada's social housing, however, is straining under its capital repair deficit. Inflating operating costs and investment in capital renewal have resulted in annual aggregate costs that are expected to total roughly \$4 billion by 2023.

Moreover, the population of seniors in Canada is expected to double over the next twenty years, yet affordable housing is in short supply while the social and renting housing systems are experiencing a lack of affordable housing options.

Federal investments in social housing and creating incentives to increase rental housing will help keep vulnerable seniors in their homes and out of the health care system, ease the serious strain on our social housing system, and make housing more affordable for the one-third of Canadians who rent. These incentives will also take the pressure off the housing market and household debt.

Federal components of the National Housing Strategy must be accessible and municipal expertise must be leveraged to meet pressing and evolving local needs.