

The Path to Prosperity

Meaningful changes that would help put Canada's municipal governments back on the right path

Submitted jointly by:

Association of Manitoba Municipalities President Doug Dobrowolski
Alberta Association of Municipal Districts & Counties President Donald W. Johnson
Saskatchewan Association of Rural Municipalities President David Marit

The pioneers of municipal government would be astonished to see today's council agenda. Elected officials are doing everything from recruiting doctors from around the world to providing operating funding for daycares. Gone are the days of simply clearing the streets and collecting the garbage. These new responsibilities—some readily taken on by municipalities and some a result of federal and provincial “downloads”—bring new challenges to our municipal governments.

Some communities in Western Canada are experiencing the pains of rapid growth, trying to play catch-up with population explosions resulting in a lack of adequate infrastructure. Others are simply trying to maintain decent levels of service as the economy struggles and populations decline. Whichever camp your municipality falls into, they both share one thing in common—the need for more support.

It is no secret that municipalities are facing huge infrastructure challenges. We only need to look around our communities to see the deteriorating state of our infrastructure: roads nearly impassable due to potholes, drafty libraries with crippling heating bills; recreation centres with leaking roofs, and water and sewer treatment plants running beyond capacity. These are the very foundation of a community, yet their current state leaves communities with little hope for prosperity. These swelling infrastructure challenges must be addressed.

Here are the hard numbers: in Canada, the municipal infrastructure deficit is in excess of \$123 billion for current needs. Alarming, this number has doubled over the last five

years. Equally alarming, the \$123 billion is only for the upgrade and repair of current municipal infrastructure. Another \$115 billion is required for new infrastructure.

In Manitoba alone, the Association of Manitoba Municipalities (AMM) estimates the total municipal infrastructure deficit to be in excess of \$11 billion. To put it into perspective, this is over **\$10,000** per Manitoban.

Alberta and Saskatchewan face similarly staggering numbers. The Province of Saskatchewan has boosted funding for bridges from \$3 million to \$10 million. However, a 2008 study by Associated Engineering found that \$82 million is needed to address immediate and near-future bridge repair and maintenance needs alone. That is a hole of roughly \$70 million, and this is just for bridges; roads and other infrastructure are another matter altogether. And in Alberta, a 2006 report by Acton Consulting studied data on roads, bridges, and culverts. Only the bridges were found to be at or above their accepted optimum life—a \$300 million dollar infrastructure deficit was found in the annual rural road system.

The federal government has taken positive steps to help municipalities, most notably the Gas Tax Agreement and more recently the Building Canada Fund. However, when evaluated in comparison to the overall municipal infrastructure deficit, there is much more work needed. The piecemeal approach to funding—a grant here, a pot of money there—simply is not working.

Of course, there is not any one program that will fix such a dire situation, nor is it going to be fixed overnight. What is needed is a long-term, coordinated approach from all three orders of government. To truly avert a national crisis, the federal government must work with the provincial/territorial and municipal governments to create a strategy to meet the challenges of this ballooning municipal infrastructure deficit. Municipalities cannot meet this challenge on their own, nor can the provinces.

Another way to relieve the pressure on municipal governments is to put an end to the offloading of responsibilities. Too often municipalities are left to deal with responsibilities that have never *been* municipal responsibilities, such as health care and policing. For example, across Canada the federal share of the cost of RCMP contract services was 50 per cent in 1976. It dropped to 10 to 30 per cent by 1990 and to zero for all municipal contracts signed after 1992.

Another concern for municipalities is the practice of developing new requirements and mandates for municipalities without accompanying financial support. An example of this is the federal government's intention to implement new regulations for the management of municipal wastewater across Canada. Although it is estimated that the regulation will impact 4,000 wastewater treatment facilities, there was no mention of any new funding to offset the substantial costs such a regulation imposes on municipalities. Who will pay for this?

In every infrastructure funding program in Manitoba, demand has far outstripped available funding. There simply is not enough money in current programs to handle the added costs new regulations will bring. The net result is a further financial burden on municipalities.

Finally, the federal government could address some of these issues by developing a new portfolio specifically tasked with championing the issues of small rural communities. Far too often the unique needs of small rural municipalities are either dismissed or completely overlooked in discussions of how to solve the issues facing municipalities.

Rural Canada accounts for 50 per cent of Canada's exports (everything from natural resources and energy to agricultural products), but it is not seeing the growth experienced in urban areas, with average household incomes \$10,000 lower than in urban centres. For the first time in Canadian history, rural Canada's share of the national population fell below 20 percent. This has left municipalities with shrinking tax bases, limited revenue sources and aging infrastructure. Rural Canada needs a champion at the cabinet table.

The challenges facing our communities are steep. The \$123 billion municipal infrastructure deficit is quickly becoming insurmountable. However, community leaders have the will to fix these problems. Municipal officials live in their communities, often having grown up in them. Municipal government is truly the order of government closest to the people, and mayors, reeves and councillors know what it will take to make their communities strong. It is not a lack of vision at the community level holding them back—it is a lack of support.

The ideas here—working together more, downloading less, and giving voice to rural Canadians—cannot be implemented overnight. They will take time, effort and vision. But they have the power to start Canada on a new prosperous path toward strong, vibrant communities that will once again be the backbone of a strong Canadian economy and a vibrant nation.