

# ASSOCIATION OF MANITOBA MUNICIPALITIES BUDGET SUBMISSION

PRE-BUDGET CONSULTATION | GOVERNMENT OF CANADA | FEBRUARY 16, 2021



ASSOCIATION OF  
MANITOBA  
MUNICIPALITIES

The Association of Manitoba Municipalities (AMM) is pleased to present its pre-Budget 2021 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 the fiscal impacts of the COVID-19 pandemic on municipalities as well as existing challenges facing local governments in its upcoming budget.

## PRIORITY ITEMS:

COVID-19  
MUNICIPAL SUPPORT

INVESTING IN  
CANADA  
INFRASTRUCTURE  
PROGRAM (ICIP)

DISASTER FINANCIAL  
ASSISTANCE &  
FLOOD MITIGATION

BROADBAND  
CONNECTIVITY

COMMUNITY POLICING  
COSTS & SERVICES

FEDERAL GRADE  
CROSSINGS

CANNABIS  
TAXATION

## Priority Item #1:

### COVID-19 Municipal Support

The AMM recommends the government:

- ✓ ***Work with the Province of Manitoba to flow timely funding support to municipalities to cover operating losses in 2021;***
- ✓ ***Provide municipalities with long-term, predictable funding through strengthening the Gas Tax Fund (GTF) by increasing its annual escalator from 2 to 3.5 percent and phasing in a permanent doubling of the GTF transfer.***

Since the outbreak of COVID-19, municipalities across Manitoba have remained on the front lines of the pandemic as they continue to deliver essential services to Manitobans such as fire protection, police services, water filtration, and waste management.

Municipalities have also been working diligently to proactively find efficiencies and cost saving measures within their budgets to help protect local communities and ensure the delivery of essential services continues. Supporting all residents, strengthening the local economy, and maintaining health and safety remain top priorities for local Councils.

However, the economic slowdown due to COVID-19 has exacerbated the financial pressures on municipalities. For instance, recreation centers are closed or are operating at reduced capacity, public transit ridership and user fees have decreased significantly, and many Councils have allowed residents to defer property taxes and other civic fees – the main source of municipal revenue. In fact, 85% of municipalities have been financially impacted by provincial Code Red restrictions in Manitoba and 71% of our members noted the single largest financial hit has been due to the closure of community recreation facilities. It is critical that municipalities are properly equipped to continue delivering essential services during and after this pandemic.

While the AMM appreciates the \$106 million for municipalities under the Safe Restart Agreement (SRA), our members are bracing for more financial pain in 2021, especially since the COVID-19 pandemic shows no sign of stopping and relief funds from the SRA was intended to cover operating losses in 2020. Many municipalities are also in the process of planning their 2021 budgets, which is an extremely difficult task given the ongoing uncertainty and unpredictability of the pandemic and its impact on their finances. As municipalities are in the best position to determine local infrastructure priorities, strengthening the GTF would be welcomed by Manitoba municipalities.

It is vital that all orders of government continue to work together to ensure municipalities receive all necessary support, including increased funding to offset operating losses in 2021 as well as expedited approvals for shovel-worthy infrastructure projects.

## Priority Item #2:

### Investing in Canada Infrastructure Program (ICIP)

The AMM recommends the government:

- ✓ ***Expedite approvals for municipal applications under ICIP as well as streamline reporting requirements for all streams;***
- ✓ ***Allocate the majority of Phase 2 funding to municipal infrastructure priorities, particularly under the Green stream; and***
- ✓ ***Ensure fairness and flexibility through the Public Transit stream for smaller communities pursuing Handi-van and active transportation projects.***

Municipalities manage 60 per cent of Canada's core public infrastructure yet collect less than 10 cents of every tax dollar. The Canadian municipal infrastructure deficit has been estimated at more than \$238 billion for maintenance of both existing and new infrastructure.

The AMM welcomed 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.

However, to date there have been several challenges with current federal infrastructure funding programs, and we believe that we need to build on existing infrastructure-related programs to build a stronger network of municipal infrastructure across Manitoba. It is critical that federal approvals of municipal ICIP applications be accelerated and that ICIP funds are fully utilized by implementing flexible funding streams. We urge the federal government to simplify application and approval processes as well as streamline reporting requirements for all ICIP funding streams so local communities can take advantage of the short construction season.

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 Stream for smaller communities pursuing Handi-van and active transportation projects.

## Priority Item #3:

### Disaster Financial Assistance and 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 and increase investments in flood prevention infrastructure.***

The average cost per disaster has jumped 1250% since the 1970s. A typical storm or flood that cost roughly \$8 million in the early 1970's now costs over \$110 million. According to the Office of the Parliamentary Budget Officer (PBO), it is estimated that the DFAA program could expect claims totaling more than \$900 million.

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.

In 2015, changes to the DFAA program's cost-sharing formula significantly increased the federal funding thresholds for small and medium disasters or extreme weather events. These changes 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.

## Priority Item #4:

### Wireless and Broadband Internet Connectivity

The AMM recommends the government:

- ✓ ***Continue to increase investments in broadband Internet and cellular services to improve connectivity for all Canadians.***

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.

The COVID-19 pandemic has heightened the digital divide between Manitoba communities as well as the need for better broadband access, so all residents have equal access to high-quality Internet. While the pandemic has resulted in a greater push for e-services, Manitoba continues to experience some of the slowest internet download speeds in the country and 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.

Additionally, the AMM welcomed the launch of the Universal Broadband Fund (UBF), which commits \$1.75 billion to bring high-speed Internet service to rural and remote communities across Canada. While we can understand the urgency to distribute funding, we appreciate the extension to the application deadline under the main UBF stream as well as urge the federal government to offer a second application intake and increase funding under this vital program.

It is essential that all orders of government work together to ensure available funds to support broadband connectivity, including funds under the UBF, are fully maximized to support projects in local communities. The AMM encourages the federal government 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. Reliable broadband connectivity will be key to future productivity growth and economic development as municipalities look to recover from the COVID-19 pandemic.

## Priority Item #5:

### Community Policing Costs and Services

The AMM recommends the government:

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

According to FCM statistics, local Councils continue to pay roughly 60 per cent of all policing costs in Canada, including costs for federally mandated responsibilities.

Policing and public safety is the fastest-growing cost for municipalities and now exceeds 20 per cent of spending. Without a new approach, municipal budgets will continue to be severely strained while depriving other essential services and programs since the costs of fighting crime are rising and increasingly becoming unsustainable.

Meanwhile, municipalities have been ringing the alarm on increasing crime rates in their communities. Research conducted by Statistics Canada related to police-reported crime statistics indicates that at a national level, rural areas have higher crime rates than urban areas. In fact, according to some reports, the crime rate in rural areas is a staggering 30 per cent higher than in urban areas.

Additionally, even though overall incarceration rates are in decline in Canada, Manitoba continues to experience some of the highest incarceration rates for both adults and youth in the country. As such, community safety and crime prevention are top of mind for many local communities.

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

Lastly, RCMP unionization 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.

More frequent updates and regular reminders to municipalities regarding how to prepare would certainly be welcomed given the financial pressures we are already facing. The AMM also continues to call on the federal government to ensure local communities are not negatively affected by these changes.

## Priority Item #6:

### Federal Grade Crossings

The AMM recommends the government:

- ✓ ***Expand the Rail Safety Improvement Program (RSIP) to support grade crossing improvements in municipalities;***
- ✓ ***Work with railway companies to improve communication and information sharing with municipalities to better inform planning processes; and***
- ✓ ***Postpone the November 2021 compliance deadline due to significant compliance costs and exacerbated fiscal municipal pressures resulting from COVID-19.***

Municipalities understand the importance of ensuring grade crossings adhere to compliance regulations to help support crossing safety improvements since more than 60 per cent of Manitoba's 2,100+ crossings are located within their boundaries.

However, due to the significant compliance costs associated with the federal Grade Crossings Regulations coupled with the economic slowdown due to the COVID-19 pandemic, local governments are currently experiencing tremendous financial strain. We therefore continue to urge the federal government to expand the Rail Safety Improvement Program (RSIP) and make funding available on a long-term predictable basis to support crossing improvements in municipalities.

In addition, to date there has been poor or inconsistent information coming from railway companies to municipalities. In many cases, municipalities across our province have received substantial invoices from railway companies demanding immediate payment from the local government. It is imperative that municipalities are properly informed of plans to upgrade crossings to allow municipal officials the opportunity to adequately budget in order to comply with these regulations. Thus, we urge Transport Canada to work with railways to improve communication with municipalities and residents to better inform planning processes.

Given the abovementioned issues, we have urged the federal government to postpone the November 2021 compliance deadline so that local governments can focus on their post-pandemic recovery and dedicate resources to comply with these regulations in partnership with the federal government and railway companies.

In direct response to the concerns raised by our members, the AMM welcomes and supports the proposed tiered, risk-based approach to changing the regulations by Transport Canada.

## Priority Item #7:

### Cannabis Taxation Revenue-Sharing

The AMM recommends the government:

- ✓ ***Ensure municipalities receive a fair share of federal cannabis excise tax revenues.***

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.

The AMM welcomed the federal government's release of an additional 25 per cent of cannabis excise tax revenues to the Province of Manitoba to support municipalities. However, the AMM understands that the Province of Manitoba is not a signatory of the Coordinated Cannabis Taxation Agreement (CCTA), and therefore does not receive the provincial share of the federal cannabis excise tax.

Meanwhile, 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.

The AMM understands the cannabis excise tax framework is up for a mandatory federal review. We hope this review will provide greater clarity to municipalities regarding the sharing of excise tax revenues. Overall, costs must not be downloaded onto municipalities and 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.





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