



ASSOCIATION OF MANITOBA MUNICIPALITIES BUDGET SUBMISSION – MARCH 3, 2022

| Pre-Budget Consultation | Government of Canada |

The AMM is pleased to present its pre-Budget 2022 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.

TOP POLICY IMPLICATIONS

- Municipalities in Manitoba collectively experienced an estimated **\$91.8 million** operating loss in 2021 while an additional **\$53.3 million** shortfall has been forecasted for 2022. Municipalities have also incurred **\$7.3 million** in pandemic-related costs related to staffing needs, purchasing PPE, and enforcing public health orders.
- While the AMM appreciates the \$106 million for municipalities under the Safe Restart Agreement (SRA), **89%** of municipalities have experienced further operating losses since the flow of SRA funding.
- As **52%** of our members are projecting 2-8 years to financially recover to pre-crisis COVID-19 levels, it is critical that municipalities are properly equipped to continue delivering essential services during and after this pandemic.
- Finalizing municipal budgets is extremely difficult given the ongoing uncertainty and unpredictability of the pandemic and its impact on their finances. Many municipalities were forced to reduce services given their legal obligation to not run deficits.
- As municipalities are in the best position to determine local infrastructure priorities, strengthening the Canada Community-Building Fund (CCBF) would be welcomed by Manitoba municipalities.

MUNICIPAL PRIORITY

1. COVID-19 MUNICIPAL SUPPORT

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.

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 as well as expedited approvals for shovel-worthy infrastructure projects.

The AMM recommends the government:

- ❖ *Work with the Province of Manitoba to make available greater funding to offset increased operating expenses due to facility closures and public health restrictions; and*
- ❖ *Permanently double the CCBF transfer to provide municipalities with long-term predictable funding.*

TOP POLICY IMPLICATIONS

- 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.
- While the AMM welcomed the federally approved ICIP projects announced in July and August 2021, demand far outpaces provincial and federal dollars as municipalities have identified more than **\$702 million** to upgrade or construct water and wastewater treatment facilities as well as sewer infrastructure across Manitoba.
- 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 applications and approval processes as well as streamline reporting requirements for all ICIP funding streams so local communities can take advantage of our short construction season.

MUNICIPAL PRIORITY

2. INVESTING IN CANADA INFRASTRUCTURE PROGRAM (ICIP)

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.

Public transit is also important to Manitoba municipalities throughout the province, and therefore we encourage the federal government to ensure fairness and flexibility through the Public Transit Infrastructure Stream for smaller communities pursuing Handi-van and active transportation projects.

The AMM recommends the government:

- ❖ *Expedite approvals for municipal applications under ICIP as well as streamline reporting requirements for all streams;*
- ❖ *Make available greater funding for water and wastewater treatment facilities under the Green Infrastructure stream to municipalities; and*
- ❖ *Ensure fairness and flexibility through the Public Transit stream for smaller communities pursuing Handi-van and active transportation projects.*

TOP POLICY IMPLICATIONS

- The 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.
- The AMM welcomed 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 launched of the Universal Broadband Fund (UBF), which commits to \$2.75 billion to bring high-speed Internet service to rural and remote communities across Canada.
- 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.
- We continue to urge the federal government to partner with the Province of Manitoba, municipalities and the private sector to improve connectivity 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.

MUNICIPAL PRIORITY

3. WIRELESS AND BROADBAND INTERNET CONNECTIVITY

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.

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 recommends the government:

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

TOP POLICY IMPLICATIONS

- Despite being a paying contract partner, municipalities were completely shut out of the RCMP collective bargaining process between the federal government and National Police Federation.
- While municipalities respect the right to collective bargaining, we believe downloading these costs onto municipalities is both unreasonable and unfair.
- Salary increases equating to 23.7% is much higher than the national recommendation communicated to some municipalities to set aside 2.5% annually.
- Municipalities are already facing tremendous financial pressures due to the ongoing pandemic and are not in a position to absorb any significant costs resulting from the RCMP collective bargaining agreement.
- It is imperative that municipalities are not negatively impacted by these changes, and we continue to urge the federal government to absorb all retroactive pay increases.

MUNICIPAL PRIORITY

4. RCMP UNIONIZATION

In Manitoba, there are 21 municipalities across the province with direct federal RCMP contracts and 18 municipalities with contracts via the Province. Although, structural reforms to RCMP contracts may encourage other police forces to re-examine their own pay scales in the future which could result in nationwide impacts for all municipalities.

The AMM recommends the government:

- ❖ ***Absorb all retroactive costs associated with the implementation of the new RCMP labour relations regime.***

TOP POLICY IMPLICATIONS

- Under Canada’s broader federal carbon program, the Climate Action Incentive Fund (CAIF) exists as a vehicle to return funds to the four “backstop” provinces, including Manitoba.
- Our members were disappointed to see 100 per cent of the Municipalities, Universities, Schools and Hospitals (MUSH) Retrofit stream funding go directly to schools, despite a promise to fund the entire MUSH sector in previous discussions.
- While we appreciate the needs of schools, municipalities have many infrastructure projects in need of funding, including many that would contribute to cost-effective, low carbon, and climate resilient local communities.
- The lack of communication about CAIF rebates for 2020-21 and 2021-22 is problematic and concerning to municipalities in dire need of financial assistance.
- The timing, eligibility, or even if it will be available as originally promised with the announcement of the federal backstop remains unclear.
- The Government of Canada is legally obligated to return these funds to their province of origin as well as previously committed to share these revenues with municipalities to assist with advancing climate-related projects.

MUNICIPAL PRIORITY

5. CLIMATE ACTION INCENTIVE FUND

Municipalities are frontline stewards of the environment, and many local communities are innovating to reduce emissions while investing in climate-resilient infrastructure.

The AMM recommends the government:

- ❖ ***Consult with the AMM regarding the status of CAIF given the federal government’s legal obligation to return carbon pricing revenues to their province of origin;***
- ❖ ***Flow remaining CAIF funds directly to municipalities to assist with lowering energy costs in recreational and other public buildings; and***
- ❖ ***Allow municipalities to utilize these promised funds through unrestrictive grants to reduce red tape and hasten a quicker COVID-19 recovery.***