



# ASSOCIATION OF MANITOBA MUNICIPALITIES BUDGET SUBMISSION – January 10, 2023

| Pre-Budget Consultation | Government of Canada |

*The AMM is pleased to present its pre-Budget 2023 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 have collectively experienced **\$91.8** million in further operating losses since the distribution of the Safe Restart Agreement (SRA), **\$7.3 million** in pandemic related costs and **\$53.3** million in forecasted financial losses for 2022.
- While the AMM appreciates the \$106 million for municipalities under the SRA, **89%** of municipalities have experienced further operating losses since the flow of SRA funding.
- Moreover, 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 that Manitobans depend on.
- COVID-19 operating losses coupled with soaring inflation and supply-chain challenges have made finalizing municipal budgets extremely difficult. Without greater support, municipalities will be forced to reduce services or increase taxes, 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

*It is vital that all orders of government continue to work together to ensure municipalities receive all necessary support, including increased funding to offset pandemic operating losses.*

## **The AMM recommends the government:**

- ❖ ***Work with the Province of Manitoba to make available greater funding to offset operating losses due to the pandemic; and***
- ❖ ***Permanently double the CCBF transfer to provide municipalities with long-term predictable funding.***

## TOP POLICY IMPLICATIONS

- 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 welcomes recent announcements for wastewater and water management projects in Manitoba, demand far outpaces provincial and federal dollars as municipalities have identified more than **\$752 million** to upgrade or construct water and wastewater treatment facilities as well as sewer infrastructure across Manitoba (276 projects). This cost increased by over **\$50 million** compared to projected costs in 2021.
- To date, there have been several challenges with current federal infrastructure funding programs. For instance, municipalities across Manitoba continue to experience marketplace pressures and the need for additional infrastructure dollars due to provincial and federal delays announcing *Investing in Canada Infrastructure Program (ICIP)* projects.
- As many federal funding programs are over-subscribed and reaching expiration, it is critical that next generation programming is reflective of the needs and demands of municipal Manitoba.
- Moreover, Manitoba municipalities are often overlooked due to federal definitions of the term 'rural.' Future funding programs need to better address the needs of all provinces.
- We urge the federal government to simplify applications and approval processes as well as streamline reporting requirements so local communities can take advantage of our short construction season.
- Building on existing infrastructure-related programs will be key to build a stronger network of municipal infrastructure across Manitoba.

### **The AMM recommends the government:**

- ❖ ***Establish a new federal program for water and wastewater infrastructure to ensure municipalities can respond to priorities and fuel economic development; and***
- ❖ ***Modernize public transit funding programs to ensure smaller communities pursuing Handi-van and active transportation projects are eligible.***

## MUNICIPAL PRIORITY

### 2. INFRASTRUCTURE PRIORITIES AND NEXT GENERATION FUNDING

***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. While the AMM welcomes the federal government flowing \$20.7 million for transit systems in Manitoba, there is a greater need for transit solutions that meet the requirements of all local communities. Therefore, we strongly encourage the federal government ensure fairness and flexibility through next generation transit funding programs.***

## TOP POLICY IMPLICATIONS

- In April 2022, the AMM developed a survey to better understand public safety challenges throughout local communities.
- Policing and public safety is the fastest-growing cost for municipalities and now exceeds 20 per cent of spending.
- Meanwhile, municipalities have been ringing the alarm on increasing crime rates in their communities since the Prairie Provinces experience higher rates of rural crime compared to other areas of the country.
- In fact, **92%** of respondents noted that they are concerned about the lack of police presence throughout their communities and **64%** of respondents feel that their municipality does not have enough police officers.
- Moreover, the revolving door of criminals being released back into local communities due to amendments within Bill C-75 contributes to rising crime rates throughout Manitoba municipalities.
- As community safety and crime prevention are among the top priorities of municipalities, the AMM encourages the Government of Canada to increase support for community police forces to address increasing rates of rural crime.
- Despite being a paying contract partner, municipalities were completely shut out of the RCMP collective bargaining process between the federal government and NPF.
- While municipalities respect the right to collective bargaining, we believe downloading these costs onto municipalities is both unreasonable and unfair.
- 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.
- While we appreciate the Government of Canada pausing invoices to municipalities, the federal government needs to find an immediate solution to retroactive policing bills.

## MUNICIPAL PRIORITY

### 3. PUBLIC SAFETY AND POLICING COSTS

### 4. RCMP UNIONIZATION

*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.*

*In Manitoba, there are 21 municipalities across the province with direct federal RCMP contracts and 18+1 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:**

- ❖ **Assist municipalities with rapidly increasing, unsustainable policing costs;**
- ❖ **Ensure municipalities are properly consulted regarding RCMP equipment upgrades; and**
- ❖ **Fully absorb all retroactive RCMP salary pay increases and costs related to Body Worn Cameras (BWC) to ensure local communities are not negatively affected by these changes.**

## TOP POLICY IMPLICATIONS

- 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.
- Moreover, if there is a major flood event in Manitoba, the current DFAA cost-sharing formula will have devastating impacts on municipalities, particularly for smaller municipalities due to increased thresholds.
- 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.
- The AMM strongly urges the Government of Canada to immediately reverse these changes 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.
- 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.

## MUNICIPAL PRIORITY

### 5. DISASTER FINANCIAL ASSISTANCE ARRANGEMENTS (DFAA)

*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 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.*

## TOP POLICY IMPLICATIONS

- The AMM understands that the Government of Canada recently conducted a legislative review of *The Cannabis Act*.
- As municipalities are on the front lines of cannabis legalization, municipal concerns must be seriously considered so that local communities can effectively enforce, educate, and manage cannabis operations.
- While the federal government committed to sharing 75 per cent of the excise tax with provinces and territories, the AMM understands that the Province of Manitoba is not a signatory of the Coordinated Cannabis Taxation Agreement and therefore does not receive a share of the federal cannabis excise tax.
- This is problematic given that the Province of Manitoba has imposed its own taxes and fees while Manitoba Liquor and Lotteries consistently reports revenues from cannabis operations year-over-year, including a 74 per cent increase compared to last year.
- Additionally, the AMM supports the FCM's position in calling on the federal government to ensure adequate revenue-sharing plans are in place and municipalities can share in the proceeds of this new federal policy.
- Since costs should not be downloaded to municipalities, it is imperative that municipalities be included as meaningful participants in revenue-sharing conversations while a revenue-sharing model must be co-developed that respects municipal authority.

## MUNICIPAL PRIORITY

### 6. CANNABIS TAXATION

*Since 2018, municipalities have been doing their part to support the safe and effective implementation of cannabis legalization in Manitoba, which is a shared responsibility among all orders of government.*

### **The AMM recommends the government:**

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