

**Written Submission for the Pre-Budget  
Consultations in Advance of the 2019  
Budget**

**By: The Federation of Canadian  
Municipalities**

## Recommendations:

- **Recommendation 1:** That the government empower municipalities to better serve Canadians through modernized commitments in Budget 2019.
- **Recommendation 2:** That the government prioritize a conversation around new tools that will enable local governments to make life better and more affordable for Canadians.
- **Recommendation 3:** That the government protect progress and build upon a stronger federal-municipal partnership.

Dear Finance Committee Members:

The Federation of Canadian Municipalities (FCM) and its 2,000 members represent more than 90 percent of Canada's population. Our membership consists of rural, urban, northern and remote communities of all sizes and also includes the Big City Mayors' Caucus, focused on critical issues playing out in Canada's largest cities. On behalf of our membership, I am pleased to share this overview of local priorities ahead of Budget 2019.

This letter outlines principles for making life better and more affordable for Canadians and boosting Canada's economic productivity by strengthening cities and communities nationwide. We look forward to contributing full recommendations to the Committee's pre-budget hearings this fall.

Cities and communities are Canada's hubs of growth and innovation, managing two-thirds of the public infrastructure that supports our economy and Canadians' quality of life. Through effective planning and service delivery, we build livable communities that support the families, workers and businesses Canada needs to thrive.

As the results-driven order of government closest to Canadians' daily lives, municipalities are driving frontline progress nationwide to build tomorrow's Canada. This nation-building role comes with significant new opportunities, but also brings new expectations and responsibilities. Local governments are increasingly called upon to deliver more for Canadians, playing a leading role on issues ranging from tackling gun violence and regulating legalized cannabis, to addressing the opioid crisis and helping newcomers thrive in our communities.

Investing in municipalities is a direct investment in making life better and more affordable for Canadians. It helps the Government of Canada achieve its central objectives: boosting economic growth and productivity; fostering innovation; and creating more inclusive, sustainable environments for its citizens.

Yet, the outdated fiscal and legislative framework in which municipalities operate hasn't changed since it was created and does not reflect the modern and increasingly necessary reality of the role of cities and communities in Canada. Together over the past three years, we have made important progress towards reconciling this reality. The government has delivered historic levels of investment and engaged in unprecedented dialogue with local governments. The past three budgets have forged new tools like the Investing in Canada Plan and the National Housing Strategy, and municipalities are delivering transformative outcomes for Canadians with these new investments. That progress must continue with this budget, and the current reality of the role of cities and communities in making life better for Canadians must be recognized through the forging of more adequate and modern tools.

***Making life easier, better and more affordable***

The significant and long-term federal investments laid out in the Investing in Canada Plan empower municipalities to deliver transformational transit, green and rural infrastructure projects nationwide. Through these investments, we will launch the next era of Canadian public transit, shortening our daily commutes and reducing greenhouse gas emissions. This not only makes life easier and more affordable for Canadians, it can also recover billions of dollars' worth of productivity that Canada is losing to congestion each year, while creating vibrant cities to compete for talent and investment. And while we know that every \$1 billion dollars spent on this

infrastructure generates 18,000 jobs and \$1.6 billion in real growth, these metrics only begin to capture the potential return on investment.

This transit plan's delivery mechanism is as significant as its \$20.1 billion scale. By funding system expansions on an allocation basis, the federal government puts cities in the driver's seat—ready to efficiently and effectively select, design and deliver major projects to serve Canadians locally and deliver on national goals. This progress must be entrenched, protected and built upon, providing reliable, long-term funding and through a proven and modern delivery mechanism that allows municipalities to plan and build for the future.

Reliable and efficient transportation will become even more critical as our communities grow and change. This is why local governments are already exploring the future of transit, including the impact of the sharing economy and automated vehicles on long-term transit planning with higher-order mass transit continuing to serve as critical backbone infrastructure. These are not just questions for our largest cities; transportation needs in rural and remote communities are also evolving. Increasing mobility in and between rural communities and continuing to build and maintain critical road and bridge infrastructure are key priorities in building strong and sustainable rural communities.

Building tomorrow's Canada is also heavily dependent on ensuring strong connectivity between people and communities. Broadband networks contribute significantly to economic growth by improving productivity, providing new services, supporting innovation, and improving market access. Unfortunately, the "broadband gap" remains a reality in many rural and remote communities, as some are without broadband coverage while others remain underserved by insufficient bandwidth and network capacity to meet rapidly evolving user demands. In 2018, reliable internet access is not a nice to have, it is an essential service and recognized as such by the Canadian Radio Television and Telecommunications Commission (CRTC). Canadians in all parts of the country need reliable access to engage job markets, access key services, and remain connected with community. This government's investment of \$500-million over five years to extend and enhance broadband service in rural and remote communities is a good step forward, but more work must be done to ensure universal access to affordable broadband services.

Key to all major infrastructure investments is also ensuring that municipalities have enhanced capacity to do long-term asset management and planning. We have a shared interest in ensuring every dollar invested is spent as wisely as possible on behalf of the Canadians we collectively serve. The partnership between FCM and the Government of Canada on the Municipal Asset Management Program to build local asset management capacity as a complement to infrastructure programs was a wise and successful investment to that end. We are ready and willing partners in building upon that approach. We also share the priority of ensuring that all governments have the data they need to make the most strategic infrastructure investments. Ensuring the National Data Strategy is informed by the local perspective is critical, as is supporting it as required in this upcoming budget.

### ***Affordability, social equality and inclusion***

Secure, affordable housing is the bedrock of strong cities and communities — where people want to live, work, raise their families and start businesses. The launch of the 10-year National Housing Strategy last fall was a breakthrough for communities on the front lines of the housing crisis, responding to many of FCM's recommendations that promote securing and expanding

our housing supply, and protecting those who rely on social housing. As the National Housing Strategy is implemented through bilateral agreements across the country, local governments are already responding to the housing crisis using the tools available to them. That includes encouraging affordable housing development by providing land, expediting permits, and reducing or exempting fees. Together, we are taking real steps forward to turn this opportunity created by the National Housing Strategy into real outcomes for Canadians.

Tackling the greatest social policy challenges now facing Canadians— from housing affordability and homelessness, to mental health, poverty reduction and the opioids crisis – will require doubling down on this collaboration across all orders of government. New resources will be critical to helping communities tackle urgent crises such as mental health, through solutions such as supportive housing and other programs to address addictions and substance use. These new tools must build upon the work already being done by all orders of government, including through the National Housing Strategy.

Cities and communities are also proudly playing an increasing and critical role in welcoming newcomers and refugees. Successful integration to build healthy and inclusive communities is an objective that must be shared by all orders of government. And, while cities are tasked with delivery, it must be correspondingly enabled through increased support from our federal and provincial partners.

### ***Creating more resilient & sustainable communities***

Municipalities influence half of Canada’s GHG emissions, so local solutions are key to meeting Canada’s climate change objectives. And in fact, many municipalities are leading the way on green innovation — from energy retrofits to green fleets to low-GHG waste systems.

The Investing in Canada Plan includes necessary new tools that will empower more municipalities to upgrade water and wastewater systems, and to move forward projects that fight and adapt communities to climate change. To unlock deeper and more innovative GHG reduction initiatives and increase our protection against extreme weather events, scaling up local solutions will be critical. With the right tools and investment, local governments will be ready to build more sustainable, climate-resilient communities – and to play a significant role in the reduction of Canada’s greenhouse gas emissions.

The proven successful partnerships between FCM and the Government of Canada, for example the Green Municipal Fund and the Municipalities for Climate Innovation Program, can also serve as a model for effectively and efficiently targeting and enabling local action. Solutions and innovations through these types of partnerships are scalable and adaptable to emerging environmental priorities, for example dealing with plastics. FCM stands ready to partner with the government on any issue, environmental or beyond, where we can serve as a hub for fostering local innovation.

### ***A strong and modern partnership for a better Canada***

This government’s unprecedented collaboration with municipalities over the past three years recognizes two modern Canadian realities. First, municipalities deliver cost-effective, locally-tuned solutions to national challenges that make life better and more affordable for Canadians. Second, while municipalities possess critical local expertise and capacity, our progress is constrained by an inadequate and outdated fiscal framework.

Municipalities make the most of tools available to respond to national challenges. Forced to rely on a property tax never designed to support this modern reality, and with access to just 10 cents of the Canadian tax dollar, local governments have learned to be efficient. However, with this fiscal limitation, municipalities will continue to rely deeply on variable investment programs for other orders of government. Respecting our constitutional framework doesn't mean we can't innovate within it. We have an accountability to Canadians to work together in the smartest, most efficient way possible to deliver cost-effective solutions that will make a difference in their daily lives.

Moving Canada forward and building the country that citizens deserve will require the federal government to continue deepening its partnership with local governments. This includes consistent municipal engagement in the implementation of Investing in Canada programs, the National Housing Strategy and Canadian Poverty Reduction Strategy. This includes engagement in the full scope of federal policymaking with local implications—from national coordination on welcoming newcomers to Canada and creating environments for them to thrive, to a pan-Canadian response to the opioid crisis, to the development of new trade relationships.

Municipalities form the order of government closest to people's lives. The federal government comes to the table with nation-building priorities and financial weight. Our shared mission is to build a partnership based on our inherent strengths—to build more livable and competitive communities, and a stronger Canada.

FCM and our members have appreciated a heightened level of dialogue with the federal government, to its most senior levels. We look forward to working with you to explore the possibilities that this dialogue holds and together, to look to Budget 2019 with a fresh lens: how can modernized commitments empower municipalities so that together we can better serve Canadians?

**Municipalities are trusted, effective partners.** Municipal leaders have a strong track record of innovation and collaboration. We're ready to work in partnership with all orders of government, and across party lines, to move Canada forward.

Sincerely,



Vicki-May Hamm  
Mairesse, Ville de Magog  
FCM President