

*Attachment # 3*  
*FCM 2023 Budget*  
*Recommendations*



FEDERATION  
OF CANADIAN  
MUNICIPALITIES

FÉDÉRATION  
CANADIENNE DES  
MUNICIPALITÉS

# A better life for all Canadians

Municipalities are known for turning shared federal-municipal aspirations into action on the ground. We're renewing job-creating infrastructure and retrofitting buildings to cut emissions. We're making this country more resilient to extreme weather. We're working to enhance community wellbeing by promoting housing affordability and fostering inclusivity.

**We're doing all of this and more in ways that are efficient, cost-effective and that make life better in this country.**

As the national voice for Canada's local governments, FCM is ready to advance real solutions that raise the quality of life of Canadians across the country.

**Here is a brief summary of our priorities for Budget 2023.**

## A resilient quality of life



From fires to storms and floods, communities are on the front lines of extreme weather. FCM has led the charge in calling for action and investment to protect communities from extreme weather events and build towards adaptation and resilience. The federal government responded with a vision for a more climate resilient society, and in November 2022 published the first National Adaptation Strategy to implement this approach. The next steps that FCM are advocating include:

- Building on the progress demonstrated through the National Adaptation Strategy's top-up to the **Disaster Mitigation and Adaptation Fund (DMAF)**, and emphasizing the importance of long-term, predictable funding for climate resilient infrastructure.
- Municipalities are expecting to see new investments in Budget 2023, including an immediate increase to the **Disaster Mitigation and Adaptation Fund (DMAF)** totaling \$2 billion in 2022-2023 and at least **\$1 billion per year over ten years** for disaster mitigation infrastructure.



## We are FCM

FCM is the national voice of municipal government since 1901. We unite more than 2,100 cities and communities of all sizes, from big cities to rural and northern communities, as well as provincial and territorial municipal associations. Together we represent more than 92 percent of Canadians. That gives us an unparalleled ability to convene Canada's on-the-ground leaders, and to help design and deliver federal initiatives that build better lives for Canadians.

Municipalities in Canada are constrained by an outdated fiscal framework that limits the potential of our communities. Through all of our advocacy, FCM and our members are committed to working with our federal, provincial, and territorial government partners to develop a modernized fiscal framework for municipalities so local governments can continue to lead with ambition.

## An affordable quality of life



Municipalities have a critical role to play in addressing housing affordability. Like so many national policy challenges of our time, Canada's housing crisis requires local governments to dedicate more resources than ever before to deliver solutions across the country. But no order of government can do it alone. Municipalities are urging the federal government to:

- Prioritize a swift and effective rollout of the Housing Accelerator Fund, working closely with municipalities to ensure that a highly effective and results-oriented funding tool is ready to begin unlocking supply immediately.
- Rapidly advance the Budget 2022 commitment to co-develop the **Urban, Rural and Northern Indigenous Housing Strategy** in partnership and meaningful engagement with Indigenous housing providers and partners across Canada, and immediately commit at least \$3 billion over the next five years for new Indigenous housing units.
- Optimize and continue to invest in critical National Housing Strategy programs such as the **National Housing Co-Investment Fund** and **Rental Construction Financing Initiative** to preserve and create more affordable rental supply, deliver deeper market and non-market affordability and review grant to loan ratios to ensure they respond to market changes and allow for project completions.
- Continue investments in the successful **Rapid Housing Initiative** to end chronic homelessness by committing to long-term funding. Scale up **Reaching Home** to provide ongoing homelessness funding for wraparound supports needed for vulnerable populations, as well as additional social services and options for those residing in encampments.

## A growing quality of life



So many national challenges, including increasing housing supply in a context of accelerated population growth, depend on core infrastructure being in good condition. Yet according to Statistics Canada's Core Public Infrastructure Survey, 14% of municipal waste and water infrastructure and 12% of municipal transportation infrastructure is currently in "poor" or "very poor" condition. FCM has estimated that the cost of addressing all municipal assets currently in "poor" and "very poor" condition is more than \$175 billion. As current infrastructure programs end or renew, FCM is advancing recommendations for the future of federal infrastructure funding. We are looking to Budget 2023 to advance key priorities such as:

- Ensure clean water for Canadians nationwide by creating a **new dedicated water infrastructure fund** and investing at least \$1 billion annually for the next 10 years over and above **Canada Community Building Fund (CCBF)** investment. Crucial to support population growth and increasing housing supply, this would deliver much-needed potable water, stormwater, and wastewater infrastructure in both urban centers and rural communities.
- Invest at least \$500 million annually in **municipal community, culture and recreational infrastructure** for the next 10 years starting in 2024-25. These essential public amenities are needed to service growing populations in municipalities. Creating vibrant, walkable, transit-oriented neighborhoods where people want to live, work, and play is key to post-pandemic downtown renewal and achieving our net-zero goals.
- Permanently double the proven **Canada Community Building Fund** (formerly known as the Gas Tax Fund) to \$4.4 billion per year and increasing the annual index from 2% to 3.5% to renew core municipal infrastructure.

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- Enshrine the **Permanent Public Transit Fund** in legislation in 2023–24 with new funding available for planning and design costs and a mechanism to approve projects for capital funding. Starting in 2026/27, the PPTF should provide no less than \$3 billion per year for a full range of eligible capital expenses and should be indexed at 3.5% per year.
- Implement a comprehensive plan for inter-community transit that builds on existing federal programs such as the **Rural Transit Solutions Fund** to create a national approach that includes a sustainable funding model in partnership with provinces and territories.
- Bolster **rural and northern infrastructure** by adding a needs-based stream to the **Universal Broadband Fund**; investing in rural infrastructure like water systems, roads and bridges, ports and airports by providing at least \$250 million annually in new funding for 10 years starting in 2024–25; and through a targeted increase to the CCBF for local governments in the territories.
- Close the **Indigenous infrastructure** gap to improve quality of life for Indigenous communities, including prioritizing safe drinking water as a human right by ending boil water advisories and providing long-term water certainty.

## A secure quality of life

Community wellbeing is the foundation of livable cities and municipalities. There are critical steps the federal and municipal orders of government can take together to keep communities safe, healthy and inclusive for all Canadians. In Budget 2023, we're looking to make progress to:

- Prevent serious repercussions on community services with a federal commitment to absorb all **retroactive costs** associated with the signing of the new RCMP bargaining agreement.
- Tackle the opioid crisis by building on Health Canada's Substance Use and Addictions Program, **supporting access to pharmaceutical alternatives** to the illegal drug supply, and moving toward more stable, long-term funding.
- Renew and expand FCM's successful **CanWILL program** so municipalities can play a leading role in helping to implement Canada's National Action Plan to End Gender-Based Violence—including by addressing the growing harassment of elected officials and candidates for public office.
- Increase access to **mental health and addictions services** in communities of all sizes across Canada, and engage municipalities in a national conversation on mental health.



**FCM**

Let's work together to ensure all Canadians experience a better quality of life in our communities.

For more information on FCM and local government priorities, visit our website at [fcm.ca](https://www.fcm.ca) or **contact us**.