

# Municipalities feeling the COVID-19 crunch

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## OPINION

As we move into year two of the COVID-19 pandemic, municipalities have remained on the front lines, keeping local communities safe by continuing to deliver essential services.

This sombre anniversary provides an opportunity for all orders of government to take stock and reflect on COVID-19's impacts as we chart our collective recovery. That is why the Association of Manitoba Municipalities (AMM) developed two separate COVID-19 surveys to learn about the impacts and fiscal pressures municipalities have experienced due to the ongoing pandemic.

The overall goal of these surveys is to provide guidance to the provincial and federal governments as they contemplate additional financial assistance to municipalities in their 2021 budgets.

While the AMM appreciates the federal government doubling the gas tax transfer and providing \$106 million for municipalities under the Safe Restart Agreement (SRA), our members are bracing for more financial pain in 2021 since 85 per cent of our members indicated that code-red restrictions have financially impacted their municipalities. The city of Winnipeg alone is forecasting a \$42.5-million shortfall this coming fiscal year.

Seventy-one per cent of municipalities also noted the single largest financial hit has been due to the closure of community recreation centres. This statistic is not surprising, as provincial restrictions have shuttered recreation facilities for months.

When asked how long it will take to financially recover to pre-crisis COVID-19 levels, the majority of survey respondents indicated more than two years, with some responses indicating as long as five to eight years.

In 2020, the Manitoba government provided a larger share of municipal operating funding earlier in the year, which was appreciated by our members as it allowed them to

more effectively respond to the pandemic — so we hope this measure will be repeated this year. However, to be clear, municipalities require additional funds over and above existing levels to offset the expected operating shortfalls in 2021.

Municipalities are now facing even more uncertainty as they finalize their own budgets for the coming year given the uptick in COVID-19 cases and threats posed by new variants. Without the provision of additional emergency operating funding, municipalities will be forced to consider capital project deferrals as well as job or services cuts which will undermine our province's economic recovery.

Therefore, our overall reaction to the province's 2021 budget will be based on the level of assistance to municipalities and plan to build on the SRA, especially since the Manitoba government did not formally match federal funds under this agreement. Based on ongoing discussions with the province, it is our understanding that mostly existing funding support to municipalities was counted as Manitoba's share, while provinces such as British Columbia, Alberta and Ontario did match federal contributions under the SRA by allocating an additional \$212.5M, \$203M and \$695M, respectively, in new funding to support municipal operating costs.

The economic slowdown has also increasingly highlighted the digital divide between communities. As more Manitobans are working and learning from home while businesses have shifted to e-commerce platforms, better broadband connectivity is now more critical than ever. The AMM continues to call on the province to expedite its overall broadband strategy as well as pursue partnerships with municipalities and the private sector for connectivity projects, especially in rural Manitoba.

It is essential that available funds to support broadband connectivity, including funds under the Universal Broadband Fund (UBF), are fully maximized to support projects in local communities. After all, reliable broadband connectivity will be key to future productivity growth and economic development as municipalities look to recover from the COVID-19 pandemic.

Additionally, our members want to see funding flow under the Investing in Canada Infrastructure Program (ICIP) so communities can move forward with shovel-ready growth projects to boost our economy. We know municipalities are in the best position to determine local infrastructure priorities, and they should be empowered to meet those priorities to ensure growth continues.

Our members are anxious to start these projects, since nobody wants to miss out on another construction season like they did last year due to not receiving approvals from the provincial and federal governments. To get our economy moving, further approval delays must be avoided and program funds must begin to flow.

Moving forward, the AMM will continue to call on the provincial and federal governments to ensure municipalities receive all necessary supports, including increased funding to offset operating losses and expedited approvals for shovel-ready infrastructure projects.

Local communities are the backbone of our province and country, so any recovery plan must include and support all municipalities by providing immediate financial and economic relief. We also believe that our province can recover more quickly from COVID-19 through a more engaged, informed and participatory process with elected municipal officials and administrators who are the eyes and ears on the ground in local communities.

All Manitobans have felt the impacts of this pandemic. By working collaboratively, we will ensure our economy is ready for a robust recovery as we aim to build a more prosperous, resilient and connected province.

Kam Blight is president of the Association of Manitoba Municipalities.

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