

Infrastructure and Canada’s Municipalities

FAST FACTS

- Canada’s Municipalities are responsible for close to 60% of the country’s public infrastructure.
- 1/3 of that infrastructure is in need of immediate repair and maintenance.
- \$1 billion in infrastructure investments creates an estimated 18,000 jobs.
- Every \$1.00 invested in infrastructure generates \$1.64 in economic growth.

Canada’s governments working together to strengthen communities and build a nation

Canada’s municipalities provide the most direct service to residents and their families. Building, maintaining, and repairing infrastructure is crucial to providing the strong communities Canadians expect and deserve. Local governments are ready with “shovel-worthy” transit, housing, and water projects that will create jobs and improve quality of life for residents. They also are helping address the impact of climate change in communities.

Good roads and transit ease traffic and improve productivity. Adequate and affordable housing attracts and retains the young people, families, seniors, and others that make up a livable and vibrant community. Modern clean water and wastewater systems provide the quality of life and clean environment that make for an enjoyable hometown.

The federal government’s commitment to invest \$120 billion dollars on infrastructure over the next decade will help build those communities and by extent, the nation.

Ottawa’s 2-phased approach to infrastructure investment is a smart plan. Phase 1 will give municipalities the flexibility and resources needed to fix and maintain core infrastructure and to plan for the future by:

- Increasing the federal contribution for major projects to 50%.
- Expanding the eligible categories for funding to include costs associate with planning, design, and engineering.
- Allowing municipalities to consider the financing options that work best for them, by removing the mandatory P3 screen.

Canada’s municipalities are working with their federal partners to develop funding models for long term investments in Phase 2 of the infrastructure plans. Among the resources being made available for that task is a separate \$50 million fund to be delivered by FCM to improve asset management capacity in municipalities across Canada.

Predictable transfers build on local asset management and long-term capital planning and allow funding to reach municipalities quickly and efficiently while allowing for clear, measurable accountability.

Transit

Investment in Canada's transit systems decreases traffic congestion and increases productivity. That congestion costs the Canadian economy an estimated \$10 billion annually in lost productivity. Transit ridership has increased by 21% between 2006 and 2012. Smart investment will allow transit systems to keep up with demand and expand rapid transit networks while maintaining and improving quality of service.

Measures in Federal Budget 2016 aimed at improving transit:

- \$3.4B in new dedicated funding over three years, as part of a first phase to upgrade and improve transit systems.
- Investment is part of the first phase of the 10-year plan to invest in cost effective, sustainable, integrated transportation networks.
- The federal government will fund up to 50 per cent of eligible costs including repair and refurbishment of existing systems and planning for expansion projects.

Housing

Quality affordable housing is crucial to both economic and community development. Currently the average age of Canada's 600,000 social housing units is around 40 years old. Budget 2016 commits \$1.278 billion over the next 2 years to capital repairs which will help repair and retrofit existing units, and build more affordable housing, including for Canada's seniors.

Benefits of smart investment in affordable housing:

- Every \$1 billion invested in housing will grow the economy by \$1.4 billion and generate up to 13,000 jobs.
- \$1.40 in economic growth generated per \$1.00 invested in housing.
- In Toronto, 400 social housing units sit empty because of the work that needs to be done. Without federal investment, Toronto estimates that they will lose 7,500 units by 2023.
- In Vancouver there are 4,000 Single Room Occupancy units that require immediate investment, plus the City has identified municipal land that can be developed right away with federal funding.
- Federal stimulus investments in social housing were delivered quickly and effectively following the 2008 economic downturn. Municipalities and other social housing providers were able to make \$1 billion worth of repairs and retrofits within two years.

Clean water

Modern water, stormwater and wastewater infrastructure are essential to building healthy and livable communities

Many systems across Canada require major upgrades in order to meet new federal wastewater regulations. Other communities have an urgent need to reinvest in aging treatment and distribution systems.

- 106 wastewater treatment systems across Canada need to be upgraded over the next four years at an estimated cost of \$3.5 billion.

The 2016 Federal budget provides an opportunity to carry out these crucial projects

- Budget 2016 has committed \$2 billion dollars over the next 2 years to finance clean water, stormwater and wastewater system upgrades.
- Many water treatment upgrade projects are ready or nearly ready to move ahead with many municipalities having already completed their planning phases.
- Vancouver and St. John's for example are all undertaking major water system upgrades and will be ready to move forward immediately once the Federal program funding details are finalized.

Climate change

Municipalities are driving solutions to climate change by innovating in local renewable energy, efficient transit systems, low emissions buildings, cutting edge waste management and the highest quality water and wastewater treatment.

Communities are also on the front lines of managing and responding to the natural disasters caused by increasingly frequent extreme weather conditions brought on by climate change.

- Local communities influence about 50% of Canada's greenhouse gas emissions.
- Smart investment in local greenhouse gas emission projects can reduce GHG emissions by between 20-55 megatonnes.
- Annual cost of extreme weather events is projected to reach \$5 billion by 2020.

FCM's Green Municipal Fund (GMF) plays a vital role in developing the capacity of municipalities to tackle climate change.

The GMF supports feasibility studies and provides loans for capital projects aimed at reducing greenhouse gas emissions, improving water treatment, and reclaiming previously unusable land.

In its 15 year existence GMF has...

- Reduced GHG emissions by 271,000 tons a year
- Reduced air contaminant emissions by 453,000 kilograms a year
- Diverted 151,000 tonnes of waste from landfills a year
- Treated 159,000,000 cubic metres of waste water a year
- Reduced water consumption by 325,000 cubic metres a year

Fighting climate change and meeting GHG reduction targets set during the COP21 climate conference in Paris require a solid partnership between all orders of government in Canada.

Budget 2016 builds on that partnership by investing:

- \$125 million over the next two years toward the Green Municipal Fund to provide grants and loans to communities to improve community sustainability and environmental performance.
- \$75 million for climate change mitigation and adaptation programming for municipalities, building resilient, sustainable communities, to be delivered through FCM.
- These funds will help foster innovation at the municipal level and lay the groundwork for local communities to work in partnership with all orders of government to meet Canada's GHG reduction targets.

Additional resources

Canada's Infrastructure Report Card 2016

<http://canadainfrastructure.ca/en/index.html>

FCM's 2016 Budget Submission

<http://www.fcm.ca/Documents/reports/2016-FCM-FedBudgetSubmission-EN.pdf>

FCM's 2016 Federal Budget Highlights

http://www.fcm.ca/Documents/issues/Budget_2016_Highlights_EN.pdf

FCM is the national voice of municipal government. In leading the municipal movement, FCM works to align federal and local priorities, recognizing that strong hometowns make for a strong Canada.