

## Municipal cost impacts

# RCMP collective bargaining agreement

### Issue summary

In August 2021, a first-ever collective bargaining was announced between the federal government and National Police Federation, representing nearly 20,000 RCMP officers across Canada. The agreement includes a significant increase in pay for RCMP officers and retroactive pay going back to 2017, which will have a substantial national financial impact on municipalities that use contract RCMP police services. Municipalities pay a growing share of policing costs but were not consulted and have limited financial tools to absorb these costs.

FCM is calling on the federal government to (1) absorb all retroactive costs associated with implementation and 2) commit to ensuring municipalities are properly consulted on measures that would impact local fiscal sustainability and ability to maintain effective levels of police services.

### Background

The new RCMP collective agreement covers a period of six years beginning on April 1, 2017 and includes an economic increase to salaries of 1.75 per cent each year. It also includes market adjustments, distributed over the course of the six-year contract, valued at 11.53 per cent, to address wage differences between RCMP members and reservists and other police services across Canada.

The RCMP provides contract policing services to communities across Canada, which operate under Police Service Agreements, or contracts, signed by all three orders of government. Presently, contract policing covers 75% of Canada's geography, including much of rural Canada, all the Canadian north, and many towns and urban areas in contract provinces. Apart from Ontario and Quebec, each of which has its own police service, every province and territory participates in contract policing—as do the 153 municipalities that have direct contracts with the RCMP.

### Key challenges

- ▶ **Municipalities were not consulted at any stage—prior to or during the collective bargaining process—despite the outcome of these negotiations having a direct impact on municipal operations.** Understandably, many local governments, especially rural municipalities who are disproportionately impacted by this change are now concerned about how they are supposed to pay for these significant, unbudgeted costs.
- ▶ **The cost estimates that were given to municipalities turned out to be far too low.** Where municipalities were advised to prepare, estimates of 2.5% per year increases turned out to be far below the final agreement's 23.7% increase over six years, with retroactive pay going back to 2017.

- ▶ **Municipalities do not have the tools to absorb new, significant and unbudgeted increases to the costs of policing.** Local governments continue to pay a rapidly growing share of policing costs, but they have no ability to run deficits, and the revenue generation tools at their disposal are limited and inflexible.
- ▶ **Municipalities could be forced to make difficult choices – such as making cuts to essential services or passing on increases in property taxes to local residents.** Some notable examples from [recent media](#):
  - The City of Airdrie, AB estimates that the new collective agreement will have a financial impact of \$3.5 - \$4 million on local budget, which is equivalent to a five per cent tax increase for its population of 68,000 residents.
  - The City of Richmond, BC estimates the retroactive pay lump sum will cost between \$9 million and \$11 million, in addition to the annual pay increase itself, which translates into a one-time 2.5 to 3.5 per cent tax increase for their 216,000 residents.
  - Similar municipal cost estimates are emerging across the country.
- ▶ Without support from other orders of governments, a significant increase in pay and unbudgeted retroactive payments for RCMP officers will impact residents and increase financial pressures on local governments at a time when primary focus needs to be on economic recovery from the COVID-19 pandemic.

## FCM solutions

As the new RCMP labour relations framework is implemented, FCM is calling on the federal government to:

1. **Absorb all retroactive costs associated with the implementation of the new RCMP labour relations regime.**
2. **Commit to ensuring municipalities are properly consulted prior to implementation of measures that impact local fiscal sustainability and ability to maintain effective levels of police services in communities.**

Going forward, municipalities are eager to work more closely with the federal and provincial governments and RCMP on critical issues including contract policing. By strengthening our partnership on public safety across orders of government we can better ensure the financial sustainability of contract policing services and maintain the service levels necessary for community safety.