

TOP ISSUES FOR 2008

Fiscal Balance

The need to achieve a fiscal balance for municipal revenue guided much of the AMM's lobbying efforts during 2007 and 2008. This issue was explored at the AMM's 2007 Annual Convention through Enid Slack's plenary session on Municipal Roles, Responsibilities, Resources and Relationships (the 4 Rs). As well, the AMM raised the fiscal balance at the annual meeting with Finance Minister Greg Selinger, the Cabinet meeting and Lobby Days.

The core of this issue is that municipalities do not have the resources required to meet expectations for municipal services. Current revenue mechanisms are insufficient and municipalities across Canada are seeking new sources of funding to deliver the necessary level of service.

The Federation of Canadian Municipalities (FCM) demonstrated this nationwide problem through a report released in November 2007: *Danger Ahead – The Coming Collapse of Canada's Municipal Infrastructure*. The report defines the value of Canada's national municipal infrastructure deficit as \$123 billion. It further identifies an additional \$115 billion is required to meet Canada's demand for new infrastructure.

The demand for funding points directly to the need for new revenue sources for Manitoba municipalities. Some progress was made over the past year through the Province's seven per cent increase in the Building Manitoba Fund. The Province also committed to work with the AMM towards a review of the 4 Rs to develop new approaches to municipal financing. In addition, the September 2008 signing of the Building Canada Fund framework agreement for Manitoba provides access to additional funding for infrastructure projects.

However, there is certainly more work to be done to achieve a fiscal balance. The AMM advocates for a shift in education taxes off property to allow greater flexibility for municipal income generation. As well, the AMM is seeking a PST rebate for municipalities, similar to the existing GST rebate from the Federal Government. This would significantly reduce the costs of many major infrastructure projects, thereby freeing up funding for other areas of need. Such changes would initiate a shift away from the current tax and return system toward a new system that allows municipalities to retain resources for local needs.

The AMM is ready to move forward on the 4 Rs review with the Provincial Government and will continue to work with FCM towards fiscal balance for all municipalities.

Water

In December 2007, the AMM's focus turned to water issues following the release of the Provincial Government's discussion document *Framework for the Future*. This document outlined changes to the responsibilities and funding mechanisms currently in place for conservation districts (CDs) in Manitoba. The AMM raised concerns with the implementation of this strategy at every Provincial Cabinet Minister meeting and at the 2008 Lobby Days.

Municipalities agree with the high level goals and visions proposed for the CD program. However, it is how the Province will move forward in arriving at these goals that raises concerns for municipalities. The crucial problem with existing water management structures is that the expectations for CDs go far beyond the available funding capacity. *Framework for the Future* compounds this problem by advocating for a scenario where the Province provides little additional funding, yet substantially increases requirements for CDs.

One of the AMM's main concerns is to preserve the existing local authority, which has been one of the greatest strengths of CDs in Manitoba. CD boards are comprised of local residents who make decisions based on local priorities. However, the proposed funding mechanism neglects local priorities and ultimately leads to the erosion of local authority.

The AMM met with Water Stewardship Minister Christine Melnick to discuss these concerns. She indicated that the Province is committed to taking as much time as needed to ensure that the CD strategy addresses issues raised by the AMM and the Manitoba Conservation Districts Association (MCDA). Manitoba Water Stewardship held public consultations in February 2008 and encouraged municipalities to make written submissions outlining any concerns with the discussion document. The Province published a follow-up document in June, which highlighted municipalities' collective concerns with the proposed framework.

Since that time, the AMM has engaged in a facilitated process with MCDA and Manitoba Water Stewardship to reach consensus on a vision for CDs in Manitoba. This process began in August and results are expected by the end of 2008.

The AMM will continue to raise the need for adequate funding for CDs and the need to preserve local authority as this process continues.