

**A Presentation**

**by**

**The Association of Manitoba  
Municipalities**

**to**

**Premier Gary Doer  
and the  
Provincial Cabinet**

**July 9, 2002**

Premier Doer, members of Cabinet, on behalf of the Association of Manitoba Municipalities, I would like to express our appreciation for this opportunity to

meet with you once again to discuss the issues and concerns that are at the top of the AMM's agenda and most pressing for our membership.

Our association is pleased with the progress that has been made in the last year on some of the issues we have brought to your attention. I would like to start by specifically thanking the Deputy Premier and Minister of Intergovernmental Affairs, the Honourable Jean Friesen, for her cooperation and help, and the assistance of her department staff. The AMM places a great deal of importance on our relationship with the Deputy Premier, and we are grateful for her attention to our concerns.

Our presentation today will cover a variety of issues, some more complex than others, but all crucial to building strong municipalities and a strong Manitoba.

### **Single Tier Social Assistance**

For the last two years, the AMM has been attempting to address the need to bring the rural social assistance system under one single service provider, run and administered by the Province. We appreciate your government's attention to this matter, and the work done so far by the Minister of Family Services and Housing, the Honourable Tim Sale, and his staff.

From the outset we have emphasized that any agreement must be cost-neutral for both the Province and municipalities, while maintaining the existing level of social assistance. At present, municipalities still administer social assistance benefits, but openly admit that they neither have the resources nor the expertise to provide professional service for individual case assessments. Individuals could be falling through the cracks of the social assistance system and that is of great concern to us, and we hope to your government.

Our members, who must be financially accountable to their ratepayers, strongly support our work on this matter. Since the fiscal year of 1994/1995, social

assistance costs have been in decline and indications are that these costs will continue to decline. The AMM believes that this factor cannot be ignored when attempting to arrive at an agreement on the future municipal share of costs of any provincially administered assistance program.

The AMM has been patient in the negotiation process. We first proposed that the municipal share of costs be based on the municipal cost average for the year 2000. This was rejected and we have since proposed a three-year average based on municipal social assistance costs from 1998-2000.

The AMM is prepared to explore other options, but we will not support an option that will significantly increase existing municipal social assistance costs for municipalities. We hope that the Province is willing to compromise on this issue. The AMM has invested much time and effort in this process, and it has been a long two years. However, we are as determined as ever to arrive at an agreement and would encourage your government to support the same. A one-tier social assistance system is not only good for municipalities, but it is the right, fair, and equitable policy for the recipients of social assistance in Manitoba.

## **AMM Task Force on Education Funding and University Property Tax Exemptions**

No issue is heard on the doorstep more often than the issue of high property taxes, particularly the amount of property taxes dedicated to funding education. The decision by the government to phase out the Education Support Levy over the next five years is welcomed and we commend your government for this decision, as it will partly assist in reducing the tax burden.

The AMM is pleased that the working group appointed to review the recommendations of the AMM Task Force on Education Funding is conducting regular meetings and intends to issue an interim report by late October 2002. We would like to thank the Minister of Education, Training and Youth, the

Honourable Drew Caldwell, for starting this process and we appreciate his desire to reduce education's reliance on property taxes.

We encourage your government to move toward the position established by our task force, namely to establish a stable and sustainable education funding ratio of 80% provincial general revenues and 20% property tax revenue levied by local school boards. In return for this, municipalities are open to looking at various trade-offs so that provincial dollars are re-directed to funding education and municipalities assume greater control of their budgets. For this to happen the reform of education funding must be substantive and fair and we pledge to do our part in finding solutions to this complex issue.

On a related issue, we were disappointed with the decision to exempt universities from paying property taxes without providing an offsetting grant-in-lieu to municipalities, to account for these lost revenues. We live in a competitive economic environment and municipalities cannot afford to lose revenues. Property taxes are the main source of revenue to municipalities. Even though we have witnessed strong economic growth, the property tax revenue stream has not seen the same growth rates as provincial and federal revenue sources. The Federation of Canadian Municipalities understands this, and has been lobbying extensively for a new deal that would dedicate new revenue streams to municipal budgets.

For this reason, municipalities view the university property tax exemption as a dangerous precedent that could lead to other properties being made property tax exempt, either by this government or future governments. We are opposed to any move to reduce or restrict our revenue sources. The AMM would like to take this opportunity to once again call on the government to either reverse this decision, or failing that, provide a grant-in-lieu for the university property tax exemption.

## **Intensive Livestock Operations (ILOs) and municipal authority over land**

## **use decisions**

Our association has also been working with your government to find a solution to provide for sustainable economic growth in Manitoba's livestock industry. The AMM welcomed the opportunity to participate in the work of the Livestock Stewardship Panel. In September 2001 we met with the Honourable Jean Friesen and the Honourable Rosanne Wowchuk, and the ministers requested that the AMM prioritize the report's recommendations in the order of importance to municipalities.

Let me preface my remarks by stating the fact that the livestock industry has grown by 17 per cent in the last year, and there are municipalities that would welcome ILO development. We believe the industry needs to grow, but it must be done in a coordinated effort between the Province, municipalities, and industry, so that future conflict may be kept to a minimum.

The AMM agrees with the recommendation by the Livestock Stewardship Initiative Report that municipalities must have control over land use planning decisions, and that there should be no appeal of municipal decisions. We have been consistent in that message, and believe municipalities should retain local control over such decisions. Having said that, we recognize that the Province has the expertise on the health and environment issues. Based on fair farm practices guidelines, the Province is in the best position to provide the necessary information for a reasonable debate. Therefore, the Province must accept its responsibilities with regard to the environment and health issues.

We then foresee an ILO approval process that has two separate, but parallel approaches. One would be the municipal decision over land use. The other would be the provincial decision with regard to the environmental permit or licence. Both would allow for public hearings and both would be required for an application to obtain approval. A negative decision by either the municipality or the Province, or both, would represent a declined application.

The AMM emphasizes the need for both processes to be public. The municipal land use process already offers an opportunity for public hearings. And since municipalities neither possess the environmental nor health expertise, the provincial hearing would be crucial for addressing such concerns. As well, the Province must ensure that any recommendations coming out of an environmental hearing must be monitored and enforced. Only then will the livestock approval process begin to receive public confidence and acceptance.

We thank Ministers Friesen, Lathlin, and Wowchuk for listening to our concerns. Municipalities ask that both the Province and municipalities share in the responsibility for the stewardship of this industry, while preserving the right for local input.

## **Natural Gas Expansion and the National Infrastructure Program**

As agriculture is important to community economic development, so too is the ability to provide necessary infrastructure to encourage new industries and business opportunity. Natural gas expansion is key to developing the Manitoba economy. Until rural Manitoba benefits equally in this resource, inequalities will continue to exist between regions, allowing one community to have a competitive advantage over another.

Natural gas pipeline expansion is in the best interest of the province. We encourage the Minister of Finance, the Honourable Greg Selinger, to consider a new financial commitment to rural natural gasification. In the *Joint Task Force Report of the AMM and Rural Gas Interdepartmental Team*, the committee, made up of AMM, Manitoba Hydro, Centra Gas, and government representatives, identified areas for future natural gas development and funding. We have recognized where opportunity exists, and hope the government will move quickly and develop Manitoba's potential for economic diversification.

Natural gas represents but one element of building a strong infrastructure for

industry and communities. Our association welcomes the ongoing commitment by both the Province and the federal government to fund the Canada-Manitoba Infrastructure Program (CMIP). However, our nation and province are still not meeting the basic infrastructure funding requirements necessary to maintain our existing infrastructure, let alone investing in the future.

So far, in only two application intake rounds of the second national infrastructure program, the CMIP has received a total of 423 applications, with total project costs of \$772 million. The total program funding is \$180 million over six years, and as of now \$127 million in program funding has already been allocated. Of that amount, 335 applications were for rural and northern infrastructure projects, with total project costs of \$323 million. Only \$54 million was dedicated to rural and northern infrastructure in the CMIP, and out of that amount, the Rural and Northern Selection Committee has already allocated \$36 million. It should be pointed out that in the next intake round the balance of funds will most likely be used up, leaving three years to implement previously approved projects and no resources for new projects.

We recently encouraged the Honourable Rey Pagtakhan, Manitoba's federal minister, to move away from one-time infrastructure programs and adopt a policy of an ongoing national infrastructure program. This would ensure funding stability, allow for provinces and municipalities to better plan for the future, and guarantee a federal role in this important area. The AMM encourages you to support the concept of an ongoing national infrastructure program, and to actively lobby the federal government on this matter.

## **Transportation Funding and the Highways Capital Budget**

We would like to take this opportunity to thank your government for increasing the Province's highway capital budget to \$120 million a year. This was a badly needed injection of funding. Based on cautious estimates, to maintain the province's highway transportation system, a minimum of \$240 million is required annually. The AMM has consistently called on the Province to phase in such a

funding increase over five years, from 2001 to 2005/06. We strongly encourage your government to follow this year's increase with another increase for next year's highways capital budget. In other words, we hope that the \$120 million commitment is only the beginning of a higher level of funding.

The AMM also welcomed the government's move to provide for a five-year capital budget planning process. As you are well aware, such a process makes planning easier for both government and industry. The decision by the government to proceed with *2020 – Manitoba's Transport Vision*, formerly known as Vision 2020, was a positive inclusive step to get grassroots input in transportation planning. We hope that this is a permanent and meaningful process, as municipalities have provided strong support for this initiative.

## **Federal Review of the Disaster Financial Assistance Arrangements**

A good example of positive provincial-municipal cooperation was when the AMM was notified by the Province of the federal government's plan to conduct a review of the Disaster Financial Assistance Arrangements (DFAA). Thanks to Minister Ashton's early notification that the federal government is considering changing their funding formula for the DFAA, the AMM was able to provide prompt notice to the Federation of Canadian Municipalities (FCM). The FCM, a powerful lobby group for municipalities in Ottawa, has now placed this matter at the top of their lobbying agenda. That, combined with your government's efforts to ensure that municipalities are consulted prior to any changes, will hopefully produce positive results.

Let us not underestimate the impact of any DFAA funding formula change on Manitoba. Presently, the per-capita threshold is \$1, ensuring that DFAA compensation kicks in at \$1.1 million, and eventually covers up to 90 per cent of disaster costs. The DFAA review proposes a number of possible changes, including raising the per-capita threshold by a factor of four and capping costs at 75 per cent. Manitoba is one of the largest users of the program, and even

though these are preliminary proposals, they would have a substantial financial impact on Manitoba and our municipalities. With the new Minister of National Defence, the Honourable John McCallum, the AMM hopes that the willingness to include municipalities in the review will improve.

One example of how important disaster assistance has become for Manitoba communities can be found in your government's recent decision to supply \$675,000 in compensation to the municipalities affected by the summer storms of 2001. These claims had been previously turned down, and it was only due to the strong cooperation between Minister Ashton and the AMM that a major dispute was avoided.

The AMM welcomed the appointment of the new executive coordinator of the Manitoba Emergency Measures Organization (MEMO), and has already had an opportunity to meet with him. The work done to date by MEMO in the recent floods has been positive, and we encourage your government to continue reforming MEMO, as was recommended in the report submitted to your government last year by the three-person panel.

## **The Manitoba Water Strategy and Funding for Drainage**

Water issues and the Manitoba Water Strategy have been high priorities for the Association of Manitoba Municipalities. We have invested much time and energy on both the steering and advisory committees that have been reviewing the discussion paper released by Manitoba Conservation in October 2001, entitled *Water: A Proposed Strategic Plan for Manitoba*.

We would like to take this opportunity to encourage you to adopt and act upon the final draft of the strategy and the recommendations for implementation made by the steering committee to the Honourable Oscar Lathlin, Minister of Conservation.

The Association worked closely with Conservation department staff on the water strategy out of a belief that it is of fundamental importance to the future of Manitobans and their most precious natural resource. The AMM has long urged the Province to establish a system of effective, integrated water management on a watershed basis. The Consultation on Sustainable Development Initiative (COSDI) Report also recommended that larger area planning be done via watersheds. From this process has emerged a strong consensus of moving towards planning based on watershed districts. The success of the Whitemud Watershed Conservation District has reinforced our belief in watershed management.

Moreover, municipalities have repeatedly expressed a willingness to work with the Province and other stakeholders to address pressing needs in such areas as water quality and supply, conservation, flood control and drainage.

In implementing the strategy, we urge the Province to show leadership and establish a fairly financed approach to water management. The strategy recommends setting up three task teams to deal with the legislative framework, financial underpinnings and watershed management planning. The AMM looks forward to having representation on these committees.

The AMM has called for a clearly defined timeline for the establishment of watershed districts and the development of watershed management plans. In our view, March 31, 2005 would be a realistic target date for watershed districts to be up and running with watershed plans in place. Our Association has taken this issue to our membership twice in the last five months, and we have received strong support for our efforts and for your willingness as a government to deal with this issue. We encourage you to start the implementation phase of the process as soon as possible.

Adding to the urgency of this issue has been the reductions in funding for drain maintenance and reconstruction throughout the 1990's. While we appreciate your increase in drainage funding, the amount of funding is not near the required

levels. And while the effects of this neglect were not so noticeable during the dry years of the 1980s and early 1990s, the advent of wetter conditions in recent years has brought this issue to the forefront. The solution is relatively simple: increase the funding for drainage. A benefit from increased funding for drainage would be a reduction in crop insurance and Disaster Financial Assistance claims.

The Manitoba Water Strategy will never effectively work if this problem is not addressed, or if the water strategy turns into an exercise for offloading responsibility of provincial drains to under-funded watershed districts. The government must therefore increase its funding for provincial drainage.

## **Rural Water Infrastructure**

Water and access to water is crucial when working to build a strong economy across the province. It is now time that we as a province took the next step in our evolution of development and build a rural water infrastructure that guarantees clean drinking water for Manitobans and access to water for industrial growth.

In 2001, the AMM Task Force on Rural Water Funding found an immediate demand of \$90 million for rural water distribution infrastructure and an additional \$90 million for community water and wastewater treatment infrastructure. This represents a total demand of \$180 million for rural water distribution systems and water and wastewater treatment systems that provide for good, clean potable water for rural Manitobans.

To put these figures in perspective, the Canada-Manitoba Infrastructure Program (CMIP) has to date received a total of 171 rural and northern water and wastewater project applications, with a total construction value of \$222 million. With the entire CMIP worth \$180 million, there is clearly a need for more resources.

The AMM task force called for a special 10 year tripartite program worth \$180

million, under which the federal, provincial, and municipal governments would contribute \$6 million each annually, for a total of \$18 million a year, or \$180 million over the next 10 years. The task force also recommended that the existing staff and structure of the Prairie Farm Rehabilitation Administration (PFRA) and the Manitoba Water Services Board be used for the delivery of these new rural water infrastructure dollars. As you are well aware, never before has the provision of clean water been such a high public priority. Given that access to water is crucial for rural economic diversification, as illustrated by the new Simplot plant in Portage la Prairie, the AMM encourages your government to initiate the negotiations for a new tripartite agreement in this area.

### **Office of Rural and Northern Health**

If clean water is a major health concern to Manitobans, so is the shortage of rural and remote physicians. We thank your government for the recent announcement to proceed with the Office of Rural and Northern Health (ORNH). The expectations for results are high. Rural and Northern Manitobans are eager to find solutions to alleviate doctor shortages, and we thank the Minister of Health for taking this first step. The Minister has also indicated to us that other stages will soon follow as you work towards the full development of the ORNH. We look forward to those developments and will continue to monitor its progress.

### **Lost Revenues and Legal Costs from the Treaty Land Entitlement Process**

Municipalities are pleased that the government has expressed a willingness to provide funding to cover municipal legal costs from the negotiation of Municipal Development and Services Agreements (MDSA). We recognize that Manitoba Aboriginal and Northern Affairs has already given substantial technical support to municipalities negotiating MDSAs. However, in light of the fact that a land selection or acquisition can still go ahead without a municipality and Entitlement First Nation having reached agreement on an MDSA, the AMM believes that it is all the more important to provide adequate financial assistance to cover the legal

costs incurred by municipalities during these negotiations.

The AMM also urges the Province to provide compensation to municipalities for lost tax and grant-in-lieu revenues due to Treaty Land Entitlements. Under the TLE Framework Agreement, an Entitlement First Nation negotiating an MDSA is under no obligation to accept a fee structure equivalent to lost municipal revenue. Instead it can negotiate for a lower fee in exchange for more limited municipal services, or simply walk away and still achieve the setting apart of land within a municipality in the absence of an MDSA. To aid in the MDSA process and help promote good relations between municipal governments and First Nations, we encourage your government to provide compensation to affected municipalities.

The AMM would like to thank Minister Robinson for his efforts in organizing a meeting between the AMM and the Assembly of Manitoba Chiefs. Though this meeting has yet to occur, the AMM looks forward to this opportunity and places much importance on the cooperation between Manitoba's municipal and First Nation leadership.

## **Municipal Efficiency Checklist**

Municipalities, aware that they must deliver value for tax dollars to their ratepayers, are constantly looking for ways to reduce costs, while at the same time meeting service expectations. Indeed, this is a challenge to all levels of government, and it is the very reason the AMM requested and has received assistance from the department of Intergovernmental Affairs in developing what we call a checklist for municipal efficiencies. The AMM hopes that this checklist will be ready in time for consideration by council members following the 2002 municipal elections. It should serve as a guide for municipalities looking to explore bilateral or multilateral tax sharing or service sharing agreements.

## **The AMM Task Force on Economic Development in Manitoba**

Municipalities are also eager to find new systems or refine existing methods of delivering services that facilitate community economic development. To that end, the Association of Manitoba Municipalities has struck a special task force on economic development in Manitoba.

The objectives of the task force are to encourage a coordinated, community driven, economic development strategy in Manitoba by consulting with stakeholders to find ways to streamline and/or recognize efficiencies in existing economic development systems. Important to the task force is for any economic development strategy to be flexible and adaptable to accommodate the community and regional economic diversity of Manitoba.

By the time the task force's work has been completed, we hope to be able to provide policy recommendations, compatible with municipal objectives, for both the provincial and federal governments.

### **Affordable and Reliable Housing**

Another AMM initiative is being driven by the demand in many communities for affordable and reliable housing. In cooperation with the Canada Mortgage and Housing Corporation (CMHC) and Manitoba Housing, the AMM will be hosting a housing conference in early 2003. The conference will be an opportunity for municipal officials to come together, and through facilitated workshops, identify the housing problems in their communities and begin to map out solutions appropriate for Manitoba's future.

The challenges faced in housing vary from community to community, as housing issues in The Pas may be completely different to those in Steinbach. It is for this reason that we welcomed the November 30, 2001 federal/provincial framework agreement on housing. The AMM and our membership look forward to the finalization and program delivery of Manitoba's share of the agreement. It is our

hope that the \$50 million investment will be allocated fairly across the province.

## **Conclusion**

These are just a few of the many issues facing municipalities. The AMM is also working with your government to improve the municipal by-law enforcement system, and eagerly awaits the results of that committee. We would also like to take this opportunity to encourage your government to dedicate more funding for regional libraries, as they contribute positively to Manitoba's quality of life. Another aspect of improving our quality of life, and the environment, is the need to deal with household hazardous wastes (HHW). There is no doubt that the public is demanding an expanded HHW program, and we look forward to this soon to be announced initiative.

Manitoba is a province of some 1.1 million inhabitants. Most of these residents live in one urban centre, Winnipeg. We therefore face special challenges, such as being able to balance regional demands that come from a diverse economy spread out over a vast geographic area.

The AMM is cognizant of this challenge, and we realize that the Province has limited resources and must make tough decisions when it comes to setting priorities. If at times you may think the AMM is taking a strong stand, even a public stand, on a specific issue or concern, please be assured that we do so out of a conviction that it is important to our membership. We do not operate on the basis of partisan lines. When the AMM meets with ministers and provincial staff, we do so with the knowledge that they are just as committed as we are to the task of making Manitoba a better place to live for everyone.

Therefore, in conclusion, we appreciate the relationship we have with your government and believe that, no matter what our differences may be from time to time, together we must always strive to maintain a positive working relationship for the betterment of all the people of Manitoba.

Thank you.

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