

2001 BRIEF TO CABINET

Premier Doer, members of Cabinet, today marks the second official meeting between our Association and your Cabinet. We would like to express our appreciation for the opportunity to meet with you once again to discuss a number of issues of concern to our member municipalities. Over the past year we were pleased to see the progress on some issues we brought to your attention last year. At the same time, there are certain issues that have not progressed as quickly as our Association would have hoped for over the past year. Our brief touches on a variety of these issues and brings forward some new issues since our last presentation to you on April 19, 2000. Our brief reflects the growth in both the number and complexity of issues on the municipal agenda as we enter the 21st century.

INFRASTRUCTURE ISSUES

National Infrastructure Program

Infrastructure renewal remains one of the highest priorities for Manitoba municipalities. On October 11, 2000, the Province and the federal government signed the second Canada-Manitoba Infrastructure Program. The program will run until March 31, 2007 and will see \$180 million invested in Manitoba's infrastructure. Although we believe that this program will bring much-needed infrastructure dollars into our communities, our Association would like to once again express our disappointment with certain aspects of the program. These include not having our Association represented on the Management Committee of the program, the funding allocations between the Provincial Strategic Fund and municipalities, and finally the fact that northern communities under the jurisdiction of Manitoba Aboriginal and Northern Affairs are having to compete with our member municipalities for the very limited infrastructure dollars

allocated for this program. We want to make it clear that the AMM is not opposed to a portion of infrastructure money being allocated to northern communities. Recognizing that there was also a great need for infrastructure dollars in the northern communities, the AMM proposed that the \$54 million allocation for communities outside of the City of Winnipeg be split on a pre-determined formula that provided for more money going into northern communities based on their population. We felt that our proposal would recognize the need for northern communities to receive a larger percentage of the program dollars than would be the case based on their population and secondly, this pre-determined split of the money would prevent incorporated municipalities from competing with northern communities for the same scarce infrastructure dollars. Although our proposal was turned down, we are committed to making the infrastructure program a success like the last program and bringing lasting benefits to all communities in Manitoba.

Expansion of Natural Gas

Another infrastructure priority for municipalities and a fundamental building block of our economy is the need to expand natural gas service to more areas of Manitoba. A growing number of municipalities in Manitoba are receiving natural gas or are examining options to extend natural gas to their communities. It is becoming increasingly important for communities to have access to natural gas in order to attract the value added processing and agri-business development that will contribute to the long-term stability of rural communities. Now that Saskatchewan and Alberta have nearly completed gasification in their provinces, communities in Manitoba find themselves at a competitive disadvantage in trying to attract new industry when communities in our neighboring prairie provinces have access to natural gas.

One of the significant challenges faced by communities in trying to secure natural gas service is the high cost and time-consuming nature of regulatory requirements put in place by the Public Utilities Board (PUB). We want to make it clear that the PUB has served Manitoba exceptionally well over the years as it relates to Manitoba Hydro and electrical rates and contributed to Manitoba having one of the lowest rates in the world. However, now that Manitoba Hydro has purchased Centra Gas, the AMM believes that the time is right to have the PUB provide this same service to the natural gas side of Manitoba Hydro. It is becoming increasingly clear that the intense level of scrutiny that is currently placed on Centra Gas is not required now that Manitoba Hydro owns Centra Gas and the profits are remaining in Manitoba. It is our understanding that a number of tests are required by the PUB in order to receive approval of natural gas applications. It appears some of these tests may be too restrictive resulting in good projects for the community not being considered by the PUB due to these restrictive tests imposed by the PUB. We would urge the Province to work with Manitoba Hydro and the PUB to examine more reasonable tests for gas projects that could be implemented by the PUB, which would facilitate the expansion of natural gas into Manitoba.

The other challenge communities face in trying to secure natural gas is funding. Our Association is currently working with the Province and Manitoba Hydro in developing a provincial energy strategy that would have as one of its goals the provision of cost effective sources of energy for the Province, one of which would be natural gas. Although our work with the Province and Manitoba Hydro is not completed, we would urge the Province to seriously consider our recommendations when they are available and assist us in securing the necessary funding from various sources to bring natural gas service to more areas of Manitoba.

Transportation Funding

One of the most urgent infrastructure needs facing all governments is highway repair and maintenance. As you are aware, the federal government has announced there will be transitional funding for a Prairie Grain Roads Program. The program is a federal contribution towards the issue of increased grain truck traffic on rural roads that has occurred and will continue to occur as a result of the grain handling and transportation reforms of the federal government. The program will be a 5-year, \$175 million program, with Manitoba receiving \$33.8 million over the next 5 years. We would like to express our sincere appreciation to your government for agreeing to our position that 50% of the Prairie Grain Roads Program dollars should be directed to municipal roads that were impacted by the grain handling and transportation reforms. This program and the decision by municipalities and the Province to match funding will result in more kilometers of much needed work being done on our rural road system and allow for a fairer distribution of funds throughout Manitoba. We will shortly be signing an agreement with the Province and the federal government on this program. We believe the Prairie Grain Roads Program demonstrates that by having municipalities, the federal government and the Province working together in a cooperative manner, we can accomplish a great deal for our communities and our residents.

Although many of the impacts on Manitoba's highways are a result of federal decisions related to agriculture and transportation policy, and the federal government has partially addressed this issue through the Prairie Grain Roads Program, one of the most urgent infrastructure needs facing the Province is highway repair and maintenance. Many municipalities have expressed concern that some provincial roads have been allowed to deteriorate due to less money for maintenance and restoration of these roads. In some cases, it

was felt that the roads were becoming a safety hazard to the traveling public. The AMM believes that with provincial finances in better shape today, there is now the opportunity to discuss a fundamental transportation issue and important building block of our economy, namely the provincial highways capital budget. The next highways capital budget should usher in a new era of sustained increases. It is a challenge the Province should accept and make every effort to tackle. The highways capital budget has remained relatively static over the years, averaging \$104 million annually from 1991-2000 inclusive. At current levels of investment, Manitobans will experience a dramatic decline in the quality of Manitoba's highways. Municipalities are increasingly aware that transportation investment is a key component in the movement of people, resources and goods, and is vital in achieving Manitoba's economic goals. The AMM was disappointed that last year the Manitoba highways capital budget dropped by \$10 million. We would request that the upcoming highways capital budget begin with a minimum of \$110 million as its base, and annually increase thereafter with a target of \$180 million annually by 2005. We believe this investment into our highway system will improve Manitoba's future financial and economic prospects and slow down the rate of road deterioration.

The final transportation funding issue is the highways component of the National Infrastructure Program. We were encouraged that the federal government recognized the need for work to be done on our highway system by adding a highways component to the National Infrastructure Program. Our understanding is that the federal government has allocated \$150 million per year in years 3 through 6 of the National Infrastructure Program for highways. Although Manitoba will only receive a percentage of the \$150 million per year, and the need is far greater than the dollars allocated, this money will have some impact on the quality of Manitoba's highway system. We hope that this money will be spent on Manitoba's highway

system and that you will consult with municipalities on where these dollars should be allocated through the Vision 2020 initiative.

WATER ISSUES

Premier Doer, our Association was pleased to see you proclaim March 22, 2001 as World Water Day in Manitoba in recognition of the importance and value of water for humans and the environment. Our Association also recognizes the importance and value of water and therefore we would like to bring 4 water issues of concern to municipalities to your government's attention.

Funding For Provincial Drains

One of the most urgent water issues facing Manitoba's municipalities is the issue of funding for provincial drains. Over the last 10 years, the capital budget for Water Resources has declined and as a result of this withdrawal of funding, essential drainage projects have been neglected. This has had a detrimental impact on the overall drainage system in Manitoba. As a result of the heavy rains in southeastern Manitoba last fall and the potential for serious flooding this spring, the need for provincial action on this issue has become considerably more urgent. It has also come to our attention that funding for the maintenance of provincial drains has declined over the last 10 years. This has resulted in sedimentation and brush growth that has plugged provincial drains throughout Manitoba. In many cases the amount of water being drained is reduced to a trickle, or nothing at all. The heavy rains in many regions of Manitoba over the last few years have drawn attention to a problem that has been allowed to grow for many years. Several of the newer crops being grown in Manitoba are particularly sensitive to standing water.

Producers are growing pulse crops and potatoes across Manitoba in attempts to diversify our agricultural sector, and we stand to lose the economic benefits of these crops if we cannot solve the drainage issues that have led to the problem of standing water on fields. We urge the Province to allocate the necessary funding to deal with this important water issue in Manitoba.

Water Management

Although funding for provincial drains would alleviate the drainage problem in the short term, a long term and comprehensive land drainage and water management strategy is still required for Manitoba. When the AMM supported Bill 15, Amendments to the Water Rights Act, during the last session of the Legislature, we indicated our support was qualified by two conditions. First, we asked that amendments be made to the Municipal Act to clarify the confusion between the Water Rights Act and the Municipal Act. The second condition was that the Province should introduce new legislation that would provide for a long-term and comprehensive water management strategy based on the concept of watershed districts. Our Association agreed that the Province should have the ultimate authority over water management and we were pleased that Bill 15 gave this authority back to the Province. You may recall that at our meeting with Cabinet last year, we presented a summary of our position paper on drainage and water management issues. We believe that we have a great deal of common ground with the Province on the issue of long-term water management and our paper identified a number of key water management issues and made practical and comprehensive recommendations. We believe that now is the time for the Province to conduct a thorough review of the Water Rights Act and other water-related legislation. Our Association put a great deal of trust in the Province by supporting Bill 15 and we hope this trust will be recognized by the Province by introducing new legislation that would provide for a more harmonized approach to water management involving

the province and municipalities, as you indicated in a news release of April 12, 2000. It has been one year since we presented our position paper to your government and we believe the time to act has come. We urge you to undertake a comprehensive review of the Water Rights Act that will allow for a thorough discussion of water management issues.

Mandatory Certification of Water and Wastewater Plant Operators

Mandatory certification of water and wastewater plant operators is another important water issue to our membership, especially in light of the tragedy in Walkerton, Ontario last year. Our member municipalities are obligated from both a public safety aspect, as well as concerns over legal liability to ensure that the drinking water in Manitoba communities is free from the type of contamination that cost several people their lives in Walkerton. Our Association has been involved with the Department of Conservation in developing the regulation under the Environment Act to require the mandatory certification of water and wastewater plant operators. Although we support this initiative by the Province, we would like to make you aware of a few concerns with respect to the regulation. The first is that since municipalities own most of the water and wastewater treatment plants in Manitoba, we believe that the AMM should be represented on the Certification Board. Secondly, we also have several concerns about the educational component of this initiative. It appears these concerns are being addressed through a special committee of all the stakeholders. Finally, the AMM believes that the costs associated with the certification of water and wastewater operators should be borne by the Province as part of a provincial water quality strategy, especially since certification will be made mandatory when the regulation is put in place. We hope that the Province will take all of these concerns into consideration before the proposed regulation under the Environment Act is put into effect.

Rural Water Infrastructure

The other water issue of concern to our membership is the lack of adequate funding for water and sewer infrastructure projects. Water services are essential to the quality of life in rural Manitoba as well as being important for attracting economic development. The AMM established a Task Force on Rural Water Funding comprised of AMM representatives and other municipal officials. The role of the Task Force was to identify and secure more funding from the Province and the federal government for rural water infrastructure projects. The Task Force identified a demand of \$90 million for rural water distribution infrastructure and \$90 million for community water and wastewater infrastructure in Manitoba for a total rural water infrastructure package of \$180 million. We believe this funding could be allocated over a 10-year period. We believe these dollars should be separate from the National Infrastructure Program dollars. Since the infrastructure program will be funding rural water infrastructure projects, our Association has decided to wait until we have a better idea how many rural water infrastructure projects are approved under the infrastructure program. We will then be in a better position to highlight this issue in more detail with both the Province and the federal government.

SOCIAL ISSUES

Education Funding

Funding for education has been a long-standing issue for municipalities concerned about the percentage of education funding coming from property taxes and the level of taxes levied by school divisions. Due to their role as tax collectors for school divisions, municipalities are the level of government that receives feedback from residents unhappy about education costs. We believe the Province should strive for a more equitable balance between funding education from property taxes and from general revenue. Although we appreciate the fact that in the last provincial budget, the Province lowered property taxes through a \$75 increase to the Property

Tax Credit for all Manitoba households and increased funding for education by 4.5%, the AMM believes that more aggressive measures need to be taken. In response to the interest municipalities have expressed in this issue, and to assist the Province in finding solutions to this problem, the AMM established a Task Force on Education Funding to look into this issue in greater detail. The Task Force was made up of stakeholders representing both municipal and educational interests and included representatives from the AMM, Manitoba Association of School Trustees (MAST), Manitoba Municipal Administrators Association (MMAA), Manitoba Association of School Business Officials (MASBO) and the City of Winnipeg. In addition, the Province committed staff from the Departments of Education, Intergovernmental Affairs, and Finance. We would like to thank your government for the staff you provided. They were very helpful to the Task Force. The Task Force has now completed its report and will be meeting with the Minister of Education shortly to provide him with our recommendations. We would urge the Province to seriously consider the recommendations in the report, which we believe will reduce the education system's reliance on property taxes and have the education system funded to a greater extent out of general revenue.

Single Tier Social Assistance System

At the 1999 AMM annual convention Resolution 33/99 was passed calling on the Province to administer all social assistance in Manitoba. On March 8, 2000 we met with representatives of the Department of Family Services and the Manitoba Municipal Administrators Association (MMAA) to begin negotiations on the implementation of the resolution. At the request of the department, the AMM surveyed those municipalities with the heaviest caseloads and we provided the results of the survey to the department in May of 2000. The survey indicated that the majority of those municipalities that were surveyed supported the

Province assuming responsibility for the administration of social assistance. In September of 2000, the Minister of Family Services sent a letter to all municipalities requesting the same information the AMM already provided to his department. The response to the Minister's letter indicated support by municipalities for a single tier social assistance system. On November 21, 2000, the AMM met with the Minister of Family Services to inquire about the status of this issue and we were advised that he would be going to Cabinet for authorization to negotiate with the AMM on a single tier social assistance system and he hoped to have approval by January of 2001. To date, we have not heard back from the Minister. The AMM would like to assure the Province that we wish to negotiate a proposal that we can present to our membership. At the same time, our Association has become frustrated with this issue since it has been over a year since the resolution passed our convention and we still have not reached the stage of commencing negotiations with the Department of Family Services. We urge the Province to begin negotiations with our Association on developing a single tier social assistance system.

HEALTH ISSUES

Communities across Manitoba continue to face a number of challenges in the area of health care. In fact, more than ever before, municipalities are being asked to become more involved in health care issues ranging from community contributions to emergency medical services.

Community Contributions for Health Capital Projects

Of growing concern to municipal governments is the issue of community contributions for health capital projects. While we are aware that Manitoba has one of the lowest community contribution levels, we believe that municipalities should not be required to pay for health capital projects. In addition, until the policy regarding contributions can be eliminated, we also believe

that clarifications are needed on the current policy. We have heard that there is a lack of clear information regarding criteria guidelines and in at least one instance there was an apparent change in the eligibility of a contribution in the middle of the project's development. We are also aware of other cases where the cost of the project, and therefore the community contribution, was increased after the start of the project. These are only a few examples, but they point to problems with the seemingly ad hoc nature of these guidelines. We would urge the Province to provide greater clarity on the current policy for community contributions for health projects in the short term, and secondly work towards eliminating the community contribution requirement for health capital projects altogether as part of the Province's reform of the health care system.

Emergency Medical Services

The AMM would like to express our appreciation to the government for agreeing to put the consolidated dispatch system for ambulances in the 911 center in Brandon. We believe this will enhance service within the various RHA regions in Manitoba.

One issue that does not seem resolved is the development of a radio system that would allow communication between fire and ambulance services in Manitoba. We understand the trial test did not produce the desired results and that other options would be investigated. We urge the Province to develop a radio system that would allow communication between fire and ambulance services in Manitoba in the most effective manner possible.

We would also like to express a concern coming from many of our member municipalities that the RHAs are pushing the need to have increased training standards for volunteer emergency workers, which is discouraging volunteers from staying as emergency workers. The AMM recognizes the importance of well-trained emergency workers, however,

many municipalities believe their communities will no longer be able to identify and recruit the volunteers necessary to maintain an ambulance service. In addition, the training standards for emergency workers seem to vary greatly from one RHA to another. We would urge the Province to standardize training requirements for emergency workers throughout the province and ensure that measures are taken so that the volunteer base for emergency workers is not eroded in communities throughout Manitoba.

AGRICULTURE ISSUES

Rural Community Crisis

As you are aware, the financial crisis in agriculture is having a very real impact on producers and rural communities. While our Association is not a farm lobby group, our member municipalities are feeling the impact of the weak state of the farm economy. We have just completed a two-week tour of rural and urban communities across the province, and community leaders have been unanimous in emphasizing the severity of the current situation. They have been telling us that this is not just an agricultural crisis anymore; this is a community crisis that threatens the social fabric of rural Canada. An immediate infusion of financial assistance to farmers was clearly needed in the short-term and we are appreciative of the additional \$500 million announced by the federal government earlier this month to partially address the short-term problem. However, it is not enough to fix the problem, even in the short-term. The federal government must provide a greater financial contribution to help solve the problem in the short-term. We acknowledge and appreciate the financial commitment of the Province, Mr. Premier, and also the recent letter you sent to the Prime Minister requesting additional federal support for Manitoba producers. In addition to dealing with the crisis in the short-term, an effective long-term strategy needs to be developed to ensure healthy farms and, more importantly, to ensure the

long-term sustainability of rural communities for future generations. In this regard, our Association recently sent a letter to the Prime Minister requesting an emergency meeting to discuss the impact that the farm crisis is having on our rural communities. We urge the Province to support our request for a meeting with the Prime Minister in order to make the federal government fully aware that if decisive action is not taken soon, rural areas of Canada will never be the same. Only the federal government has the resources to make an impact on the agriculture crisis that is devastating the rural economy throughout Canada.

Sustainable Livestock Development in Manitoba

The other major agriculture issue is the challenge facing Manitoba with the expansion of the livestock industry. The AMM appreciates the consultation the Province has undertaken with our Association on this issue. The Province recently released the report prepared by the Livestock Stewardship Panel entitled Finding Common Ground. Our Association is currently in the process of reviewing the Panel's recommendations and developing a final position on the report. In the Minister of Agriculture's news release dated January 22, 2001, the Minister indicated that the Province would consult with stakeholder groups about the panel's recommendations and future directions under the Province's livestock stewardship initiative. Our Association looks forward to working further with the Province on this issue in the coming months and we are confident that solutions can be found that will make livestock expansion in Manitoba both economically and environmentally sustainable.

OTHER MUNICIPAL ISSUES

Treaty Land Entitlements

An issue of increasing importance to many municipalities is Treaty Land Entitlements. In addition to this issue being very new for many municipalities, there is not an established

relationship in place between municipalities and First Nations. We will need to work together to build bridges between two different cultures with very different experiences. As the Treaty Land Entitlement process develops, we need to be aware that the interests of municipalities and First Nations may not always be the same. We trust the initiatives the Province has undertaken will help to create a better understanding of the issues involved with Treaty Land Entitlements. There are two main financial issues municipalities are concerned with when dealing with Treaty Land Entitlements. First, municipalities are concerned about the loss of property tax revenue when land acquired by First Nations obtains Reserve status. Second, municipalities are concerned with the high legal costs incurred by municipalities in negotiating service agreements for the affected lands. The AMM has discussed these two financial issues with the Minister of Aboriginal and Northern Affairs and he has indicated that these two issues are under consideration by the Province. We urge the Province to provide some form of financial assistance to municipalities in order to help them deal with the loss of property tax revenue and legal costs associated with Treaty Land Entitlements.

Civic Addressing

Over the last year, our Association has been working with the Province to develop a provincial civic addressing standard. Last year a standard was developed for addressing properties on north/south roads commencing at the Ontario border and we were hopeful that this standard would be acceptable to municipalities across Manitoba. However, at our recent Annual Convention, our membership overwhelmingly adopted a resolution supporting a provincial civic addressing standard that uses the Principal Meridian as the starting point for numbering north/south roads. We are currently working with the Province and other stakeholders in re-drafting the standard using the Principal Meridian as the starting point. It is our intention to

receive final approval from our membership for the standard at our June District meetings. We believe it is crucial that the Province continue to work with us as full partners in this project until a solution is found to this important issue to municipalities. We urge the Province to continue to work with our Association in order to facilitate the development of a province-wide civic addressing standard that is acceptable to the Province and our membership.

CONCLUSION

We have highlighted a number of priority issues for municipalities. We believe that municipalities are poised to seize the opportunities of the 21st century if we continue to work together in a cooperative fashion. We would like to express our appreciation to your government for the excellent working relationship you have established with our Association, particularly in consulting with our Association on issues affecting municipalities. Although we have not agreed on every issue, our ultimate goal is the same – to build healthy, strong and sustainable communities throughout Manitoba. We look forward to continuing to work with your government over the next year in order to achieve strong and effective municipal government in Manitoba.