

## **Creating Fiscal Balance/ 4Rs**

- Again this year the AMM Board of Directors has identified the need to review how government works in Manitoba as a top priority.
- What we are really talking about is making sure that the Province and municipalities have what they need to do what is expected of them.
- In the past we have called this the Municipal Agenda, creating fiscal balance or the 4Rs – roles, responsibilities, resources and relationships.
- What we are really talking about is finding a new way of governance in the province where municipalities have the appropriate level of responsibilities and the corresponding access to the resources needed to meet those responsibilities.
- The AMM has been actively laying out the case for why this review is necessary.

### **Infrastructure Deficit**

- Perhaps the most striking example of why this overall review is needed is the current infrastructure deficit that exists.
- By now everyone has seen the FCM report done by Professor Mirza – Danger Ahead: The Coming Collapse of Canada's Municipal Infrastructure.

- In this report he shows Canada is facing a \$123 billion municipal infrastructure deficit, with another \$115 billion need for new investment.
- Equally alarming is the rate at which this deficit is growing – it more than doubled over a four year period.
- Municipalities cannot be left alone with property taxes to fix this problem.

### **Need for new Revenues**

- Not only is the problem the infrastructure deficit, but also the continual downloading of responsibility to municipalities, almost always without corresponding revenues attached.
- This is further increasing the burden on municipalities and drives home the need to review the responsibilities and revenues of municipalities.
- We have seen some positive steps over the last few years:
  - GST rebate for municipalities
  - Gas Tax Fund
  - Building Canada Fund
  - Building Manitoba Fund
- These are positive steps, but clearly not enough.

- The AMM is currently pushing the Province to provide municipalities with 1 percent of the current PST. A similar commitment was made in Saskatchewan and we believe the same should be done here.
- We are also asking for the Province to make municipalities exempt from the PST.
- The AMM is also lobbying the Federal Government to remit 1 percent of the GST to municipalities.
- We have made it clear to the Province that we are willing to work together on this issue, we need to work together.

## **Education Tax**

- Another issue that is closely related to municipal revenues is the reliance on funding education from property tax.
- This is a municipal issue because as it currently stands property tax is the principal source of revenue for municipalities.
- But education taxation is taking up half of this tax base.
- Without a change, education tax will continue to be a financial barrier for municipalities as they attempt to deliver services.
- The AMM is lobbying the Province to fund 80% of the operating costs of education from Provincial revenues.

- The Province has made some moves in this direction, with the announcement a few years ago of increasing the rebate on farmland and the commitment to fund 80% of the overall costs of education, however they are still short of the 80:20 split on operating we are looking for.