

Budget Consultation Submission of  
**The Association of  
Manitoba  
Municipalities**



to

The Honourable Greg Selinger

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Minister of Finance

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# 1. Manitoba Aboriginal and Northern Affairs

## **TLE Compensation Package to Municipalities**

Manitoba's treaty land entitlement (TLE) process is intended to facilitate the provision of land promised to First Nations in Treaties. However, the selection and conversion of Reserve land in Manitoba has been time-consuming, delaying economic and community development for municipalities and First Nations. For the TLE process to be more efficient, it must not penalize municipalities, however the rate of compensation for Manitoba municipalities offers no incentive to work expeditiously towards the transfer of land.

The Southern Chiefs' Organization Inc. released a report comparing Manitoba and Saskatchewan's TLE implementation processes. It highlights the lack of parity in compensation amounts between the two provinces. Manitoba municipalities receive compensation equivalent to five times the annual net tax loss at the time of conversion. Saskatchewan rural municipalities receive compensation equivalent to 90% of 25 times the previous year's tax loss to a maximum of \$25 million. They also receive a sum equivalent to 70% of 25 times the school taxes levied in the previous year, also to a maximum of \$25 million. Urban municipalities in Saskatchewan receive compensation equivalent to what the municipality has always been getting through tax from the land. This level of compensation means that Saskatchewan municipalities face no disincentive to the conversion of entitlement land. The disparity in amounts is apparent, as is the lack of compensation for education tax loss in Manitoba. Perhaps most notable however, is the amount of compensation to urban municipalities. In Saskatchewan, this amount continues in perpetuity, whereas in Manitoba this amount is limited to the one-time sum set at five times the annual tax loss. This low amount does more to discourage municipal participation than encourage it and a realistic formula must be renegotiated for the TLE process to function fairly.

## **Legal Costs of Negotiating TLE Agreements**

Another obstacle delaying the TLE process in Manitoba is the high legal costs incurred by municipalities in negotiating agreements. One of the major cost drivers is the necessity to hire lawyers trained or experienced in conducting negotiations. As discussed earlier, the

AMM is appreciative of the Provincial Government's commitment to provide some compensation to municipalities for property tax loss following negotiations. We are also pleased the Province has developed the Guide to Municipal Development and Service Agreement (MDSA) to aid municipalities through the negotiation process. However, the costs associated with these agreements are prohibitive for communities. The additional time involved in researching these cases adds further costs, as does the Province's decision to expand the retail sales tax (RST) to include legal services.

To aid municipalities in accessing lawyers already trained in TLE agreements, the AMM has provided municipalities with a list of Manitoba lawyers trained and/or experienced in these negotiations. However, further assistance with the actual costs of retaining lawyer services is needed. The AMM urges the Province to assist municipalities in defraying the costs of retaining legal services for this purpose. The AMM would be pleased to work with the Province in exploring a manageable solution to finance this necessary expense.

## 2. Manitoba Conservation

### **Recycling**

Reducing waste is a growing priority for Manitobans, as demonstrated in the successes of the Manitoba Product Stewardship Corporation (MPSC) and the ongoing interest from AMM members in establishing permanent recycling programs for all products. At our recent Convention, recycling needs were clearly an important issue that stimulated much debate on what municipalities need to be effective environmental stewards. The Province recently announced the establishment of Green Manitoba Eco-Solutions (GMES), a one-stop agency for all recycling solutions across the province. The AMM encourages the Province to commit the financial resources necessary to enable GMES to operate effectively, so that it can create sustainable solutions for some of the critical recycling needs in the province. These needs include building on the successes of the MPSC and the continuation of its successful 80:20 funding formula and the permanent recycling of all tires, including off-road and oversize tires. Additionally, the need for a permanent household hazardous waste program remains a province-wide necessity. Financial incentives need to be in place to encourage the recycling

of all tires in areas with distant markets, and Manitoba municipalities request that the sales tax on the tire levy be reinstated to the Tire Stewardship Board.

Without sufficient funding for these significant initiatives, GMES will not be successful in achieving its mandate. Therefore, the Province must ensure that its new environmental strategy is carried out through the provision of adequate funding for this important agency.

Another issue that has emerged recently is the lack of market for corrugated cardboard. As a result of this, cardboard is piling up in many communities and the loss of this market now means that many of the programs in Manitoba are no longer funded at the 80:20 target. The AMM would like to see some sort of bridge funding program for this material until such a time as a new market can be found.

### 3. Manitoba Culture, Heritage and Tourism

#### **Funding for Libraries**

Manitoba's public libraries provide extensive and beneficial services to citizens throughout the province. Libraries act as a valuable educational resource and municipalities consistently raise the importance of this resource with the AMM. However, the state of the library system is an ongoing issue and key changes are required.

In particular, the need to review the rural public library funding formula has been identified by municipalities for several years. Municipalities are attempting to keep up with increased demand for services by increasing their per capita levies. At the same time, there is mounting concern that the funding formula will be adjusted based on population. This would result in reductions to library funding due to declining population in many rural areas. Yet, libraries remain valuable to residents for the promotion of information and literacy, which are essential parts of early development and ongoing learning. Libraries are also in demand for their supply of new materials and advanced technological information services. There is a high cost associated with providing such services due to the need for knowledgeable support staff and special collections, therefore patrons are requiring an increased investment in libraries across Manitoba. The increasing pressure on municipal libraries to provide more

services and to keep up with technological advances requires sustained additional funding over the long term. Municipalities are attempting to meet these critical demands, but require the support of the Provincial Government through increased funding to the per capita libraries grant.

The AMM is pleased to participate in the Provincial Government's Public Library Review and is confident that the funding needs of libraries across the Province will be illustrated through this process. It is necessary to assess the changing roles of library services and to allocate funding on that basis. Municipalities have been appreciative of the recent increases to Provincial library funding, such as the additional \$125,000 in the 2004 Budget and the \$80,000 increase to the library grants available in 2005. To keep pace with the changing information needs of communities, the AMM urges the Provincial Government to continue to provide resources that improve public libraries across Manitoba.

## 4. Manitoba Education, Citizenship and Youth

### **Removing Education Tax from Property**

Extensive changes have taken place in Manitoba since the provincial system of education funding was first established. Taxing property was once an equitable and efficient mechanism to fund education, since land ownership was more evenly distributed among the population. However, it has been decades since this mechanism could be categorized as equitable, due to the changing patterns of land ownership. The inequity of this system and its effect on all municipalities has led the AMM to identify education funding as its top priority for several consecutive years. This issue will remain a priority until municipalities are empowered to control the level of local property taxation without having to use this mechanism for Provincial purposes such as education.

The AMM recognizes that increasing the Provincial share of education funding is a complex process and that the Provincial Government has begun to address this issue by reducing education taxes on certain classes of property. Phasing out the residential Education Support Levy (ESL) is an essential part of this initiative and the \$30 million reduction for 2005 was

certainly beneficial to residential landowners. Furthermore, the rebates on farmland education taxes have assisted agricultural producers in dealing with several years of poor environmental and economic conditions. Renewing this commitment for 2006 with an increased rebate of 60 per cent provides much-needed support for all producers and makes a crucial change to the education funding system. However, reductions in education tax should be available to all property owners since it is incongruous for education funding to be associated with property. Furthermore reductions in farmland education taxes should not result in shifting taxation across property classes. The intention is to reduce the reliance on all classes of property, not to shift the taxation burden to any particular property class. The Provincial Government has repeatedly committed to work on this issue and with the five-year ESL phase-out nearly complete, it is time to begin articulating other methods of reducing the reliance on property taxes to fund education.

During the summer, the AMM conducted a survey of 50 municipalities to track the property taxation trends over the past ten years. Although some reductions were certainly evident in 2005, municipalities have still expressed concerns regarding this issue. This was substantiated by the resolution passed at the 2005 AMM Convention, which identifies education funding as a core Provincial responsibility and the current taxation system as unacceptable. Municipalities are committed to supporting high quality education and are not advocating an overall reduction in education spending. On the contrary, this important service must be funded equitably by all Manitobans based on a shift away from property taxation. The Provincial Government must take the opportunity presented by Budget 2006 to take further steps towards reducing education taxation on all classes of property and the AMM is looking forward to continuing dialogue with the Provincial Government to resolve this issue.

## 5. Manitoba Emergency Measures

### **Disaster Financial Assistance**

This year, over 130 municipalities in Manitoba are requesting disaster assistance due to extensive flooding throughout the majority of the province. This has been the largest

summer flood on record for the Red River and is worse than the 1997 flood both in terms of damage to the City of Winnipeg and the extent of damage across the province. These difficult circumstances highlight the need for effective disaster response systems and considerable financial resources for municipalities as they respond to disaster situations.

Through a series of consultative sessions with the AMM, municipalities have repeated the same messages regarding flood damage and disaster assistance programming, including issues the AMM has continually lobbied to resolve. For instance, the current compensation rates have consistently been identified as inadequate for certain aspects of disaster financial assistance. Throughout the AMM's consultative sessions, municipalities raised the concern that the current rates are a disincentive to use the most efficient methods to respond to serious damages. Municipalities often have the necessary equipment and labour in place and can act quickly to repair damaged roads and infrastructure. However, municipal equipment used in an emergency is compensated at only 16 per cent of the cost and municipal labour is compensated only for overtime. In contrast, when contracted (non-municipal) labour and equipment costs are incurred, 100 per cent of the costs are eligible for compensation. This policy penalizes municipalities for doing their own work, even though all orders of government would benefit from cost savings as a result. Incentives to minimize the costs of disaster recovery while providing a timely response must include increasing the rate of compensation for using municipal equipment and labour from 16 to 65 per cent. This will better reflect the true costs incurred by municipalities when using their own equipment and labour and will reduce the total cost of disaster recovery.

Another wide-ranging issue is the need for disaster financial assistance to fund permanent preventive measures, rather than exclusively focusing on temporary, ad hoc initiatives. For example, an emergency dyke was built at Rall's Island to protect residents and property in the Rural Municipality of Kelsey and the Town of The Pas. These communities have been seeking funding for a permanent dyke for several years, due to the yearly threat of flooding. The municipalities were appreciative of the federal funding to construct the emergency dyke, however program criteria dictate that the dyke must be removed. Constructing a permanent dyke would have been less costly in the long run and provided ongoing security for residents. Instead, federal funding was spent to destroy the dyke and is very likely to be required in the

future, given the history of flooding in the area. Municipalities are aware that Disaster Financial Assistance is not intended to fund permanent structures, however mechanisms should be established to evaluate ongoing flood-proofing needs and consider long-term cost implications.

To further illustrate municipal concerns, the review of disaster financial assistance should include representation of a municipal voice. If municipalities continue to hold the primary responsibility for direct assistance, they must be consulted as the terms of disaster financial assistance programming are defined. As a primary stakeholder in local disaster recovery, municipalities should be represented in the review process through the Federation of Canadian Municipalities (FCM). Since FCM has already undertaken extensive research on the topic of disaster assistance, the organization is well-equipped to provide insight into the financial needs of municipalities responding to disaster situations. This municipal voice should not be neglected, since municipalities are directly responsible to their residents in disaster situations and can provide insight into challenges and opportunities regarding existing programming.

The severity of this year's damage illustrates the urgency of enhancing existing programs to provide timely access to disaster programming. When disasters are so extensive all orders of government must coordinate efforts to return communities to pre-disaster conditions. It is unfortunate that it has taken such an extensive disaster to demonstrate the need for better disaster response in Manitoba. However, the current situation presents an opportunity for the Provincial Government to focus on key improvements to disaster financial assistance.

## **Community Hostings**

A more localized aspect of disaster assistance occurs when highways close for several days due to extreme weather conditions, stranding travelers in small communities along major routes. Although such circumstances do not occur frequently throughout the winter, the impacts on certain areas of the province are acute. A resolution passed at the recent AMM Convention demonstrates that the membership is supportive of the need for Provincial Government funding to cover the costs of community hostings.

In these emergency situations, the Provincial Government should extend its goodwill and recognize the contribution of municipalities to the safety and well-being of travelers during winter storms. When severe weather conditions cause the Provincial Government to close major highways, municipalities are prepared to provide food and shelter to those in need. Volunteers come forward to prepare community facilities, cook meals, supervise overnight visitors and clean up afterwards. The AMM has found that Provincial contributions to these disaster efforts would not require a major financial investment and would have amounted to only \$12,000 between 1995 and 2000. It is difficult for municipalities to bear the full cost of this emergency response, particularly since it is impossible to predict how often hosting services will be required and how long highways will be closed. Therefore, Provincial assistance would be greatly appreciated in these instances.

It has been six years since the AMM first met with EMO representatives to develop guidelines for reimbursing municipalities assisting stranded travelers. A mutually agreeable policy was recommended, whereby municipalities would receive assistance when required to activate their emergency management plans due to highway closures. The process also defined criteria to apply for reimbursement, recognizing that municipalities would be called upon to look after stranded individuals in severe weather conditions and some costs would be incurred. No action has been taken on this matter and it is imperative that municipal contributions to emergency response be acknowledged through funding support for community hostings.

## 6. Manitoba Energy, Science and Technology

### **Funding for Renewable Energy**

The AMM is pleased with the Provincial Government's commitment to the development of renewable energy sources in the Province, among them ethanol and biodiesel. The AMM encourages the Province to continue investing in the development of renewable energy, as it is clear that demand for alternative energy will continue to increase in the future and will help to diversify rural economies.

## *Biodiesel*

The AMM was an active participant on the Biodiesel Advisory Council, which released its report to the Province in February of this year. The Council made numerous recommendations that include developing biodiesel production plants, considering options for fair and equitable support programs for stakeholders and encouraging local ownership opportunities. The AMM appreciates the response to these recommendations from the Province with the recent announcement of an action plan to develop biodiesel in Manitoba. Halting the collection of fuel tax on biodiesel will increase preference for its use, and the federal and provincial commitment to provide a \$1.5 million request for proposals (RFP) support package is critical to aid producers to start or increase biodiesel production. The AMM is pleased to be part of the RFP Selection Committee as a representative of the municipal voice.

Biodiesel production can operate effectively on a small scale and many communities in Manitoba are already working on this initiative. The positive effects that will arise from fostering this burgeoning industry are many. In addition to attracting other businesses as well as staff and their families, developing industry helps build community through economic development. Additionally, health and environmental benefits are significant and include reduced carcinogens, carbon monoxide and unburned hydrocarbons and particulate matter. Investing in biodiesel can be an investment in communities across Manitoba and an opportunity to develop the economy.

## *Ethanol*

The establishment of the Manitoba Ethanol Office has been a positive move for the Province to guide the expansion of ethanol in Manitoba. Manitoba is in an ideal position to capitalize on this growing industry, and ethanol production will have a positive economic impact throughout the Province. In July, Husky Oil received over ten million dollars in federal funding to build an ethanol plant in Minnedosa, an investment that will increase Manitoba's ethanol production from 10 million to 130 million litres a year. However, Manitoba requires approximately fifteen times this 10 million litres to meet the ten per cent mandated by the *Biofuels Act*. The AMM believes this target can be achieved through incentives, financial assistance, and an education campaign targeted at agricultural producers that would increase

the supply of feed grains, corn, straw and other raw materials needed to produce more ethanol.

An investment in ethanol is an investment in Manitoba's future and should be spread out across Manitoba so that many communities will benefit from this growing industry. The environmental benefits of ethanol cannot be overstated; ethanol blended gasoline burns cleaner than pure gasoline, reduces greenhouse gas, tailpipe emissions and carbon dioxide emissions by up to 25%, and is helping Canada to meet its Kyoto commitments.

Ethanol production requires new financial investment because it requires a large operation to be viable. The AMM views the expansion of ethanol production plants, particularly in rural areas of the Province, as major economic development opportunities, and hopes the Province will work to maximize their impact in all areas of Manitoba.

## 7. Manitoba Family Services and Housing

### **Affordable Housing in Rural Manitoba**

There are innumerable community benefits when all residents have access to safe, quality affordable housing in rural and urban areas. Although there are diverse housing needs throughout these areas based on local demographics, there are also commonalities in terms of the need for greater investment in alternative housing systems for low-income individuals and families. When determining methods of allocating funding for housing, the Provincial Government should ensure that all communities have sufficient opportunity to qualify for program funding and there are several ways that this process can be facilitated.

There are several housing programs in Manitoba that demonstrate the Provincial Government's ability to develop and fund effective housing projects. However, there are inherent geographical restrictions that severely limit funding beyond Manitoba's largest urban centres of Winnipeg, Brandon and Thompson. Such restrictions are evident in the Affordable Housing Initiative's Homebuyer Down Payment Assistance Program and Homeownership Supply Program. Some programs that are available to all communities can

still favour urban municipalities due to the nature of program requirements. In some cases, formal program announcements have been made within weeks of the program deadline and this does not allow some municipalities to prepare applications within the short time frame. This concern also raises the need to ensure that municipalities can submit adequate applications using existing resources. The complexity of some application processes can deter some municipalities from applying and efforts should be made to improve the accessibility of program funding to accommodate the resource base of diverse municipalities. Municipalities are appreciative of the Proposal Development Funding that is designed to assist with the preparation of applications, however, short timelines and other barriers result in limited access to these funds. Furthermore, municipalities that have been approved for program support are experiencing considerable delays in receiving funding. Therefore, this program is creating disincentives for municipalities to pursue housing projects that provide much-needed support for low-income households.

During the past year, the Federal and Provincial Governments signed an agreement for Phase II of the Canada-Manitoba Affordable Housing Initiative, generating an additional \$23.08 million in funding and extending the life of the program for another year. This agreement is critical to the ongoing development of affordable housing in Manitoba and should provide opportunities for various communities to access funding. The announcement of Phase II referred to new programs for low-income renters and homeowners and it is crucial for these programs to build on past successes while extending benefits across the Province. Several rural communities received funding for affordable housing projects in 2005 and this trend must continue, thereby acknowledging the need for affordable housing outside of Manitoba's largest urban centres. Many smaller communities are thriving yet need to provide affordable options for low-income residents. Low-income individuals and families should not be limited to residing in large urban centres in order to access affordable housing, and Provincially-funded options should be available to all communities regardless of size or location.

## 8. Manitoba Finance

### **Municipal Exemption from Provincial Sales Tax**

Manitoba's municipalities have made considerable strides in recent years regarding taxation rebates from the Federal Government. The 100 per cent GST rebate for municipalities and the recent signing of the New Deal agreement for Manitoba provide important new sources of funding for municipal services. Through the GST rebate, municipalities experience a savings of 7 cents on every dollar spent. This results in significant savings for municipalities, given the high cost of most infrastructure projects. The Federal Government's GST rebate also demonstrates that it is inappropriate to tax another order of government, particularly when municipalities are in need of additional financial resources.

To build on these new funding supports for municipalities, the Provincial Government should not require municipalities to pay Provincial Sales Tax (PST). The AMM is appreciative of the progress made by the Provincial Government's Gas Tax Accountability Act and its other municipal funding resources. A further improvement would be to extend additional support by providing an exemption on PST for all municipalities. This would allow municipalities to keep financial resources in their communities, without waiting for grants to be distributed by the Provincial Government. Furthermore, municipalities would have access to greater funding for key projects, similar to the current gains achieved through the GST rebate. The existing process is inefficient since municipalities must apply for grants to fund critical projects, and then return 7 per cent of those same funds to the Provincial Government through the PST. Therefore, the Provincial Government must seriously consider exempting all municipalities from paying PST. Such a change would benefit all municipalities by leaving more money in local communities, thereby enhancing their ability to invest in major infrastructure projects and provide a variety of municipal services.

### **Survey Monument Restoration Program**

The increased funding for the Survey Monument Restoration Program in Budget 2005 represented an important source of funding for many municipalities. The demand for this program had risen to a point where the level of funding was insufficient to reimburse all

applicants for their survey replacement projects. With the enhanced funding, the program has proved more effective in meeting municipal needs and the AMM is confident that municipalities will receive program funds in a timely manner. The demonstrated improvement in this program during 2005 indicates a need to maintain high levels of funding for this important program. The integrity of the survey system is very important to municipalities and continuing with elevated funding will support this objective. As more development is encouraged throughout Manitoba, there will continue to be demand for replaced monuments and the Provincial Government must maintain sufficient financial assistance through the Survey Monument Restoration Program.

## 9. Manitoba Health and Healthy Living

### **Interfacility Patient Transfers**

Health care is consistently cited as a major concern for all Canadians and efficient access to health services is a vital part of this issue. Manitoba's health services are localized in large urban centres, and this is particularly apparent with specialized medical equipment and procedures. Therefore, rural and remote patients requiring specialized services must be transported outside the local Regional Health Authority (RHA). This transportation is an essential component of ensuring access to high quality health care and the advanced medical procedures for all Manitobans.

As an integral part of health care services in this province, patients should not be subjected to additional health care costs when they must be transported across RHA jurisdictional boundaries for more than 24 hours. Not only are patients facing the burden of traveling large distances to access medical care, but health insurance does not cover these lengthy trips, which results in costs higher than individuals can bear. This extends beyond patient transfers as well, since some patients are being charged for ambulance service simply to see a physician at a hospital. In many cases, the communities of origin have the facilities needed but their emergency rooms have been closed and services have been discontinued. Given the current structure of health services in Manitoba, the role ambulances play in providing basic care must be acknowledged through financial support from the Provincial Government. The

present system downloads essential health care costs to individuals, who are unfairly penalized based on place of residence. Manitobans deserve equal access to health care and our health insurance system should promote this equality.

The AMM is aware that the Provincial Emergency Medical Services Framework Steering Committee has been reviewing this issue. Minister Sale has also publicly indicated his support for changing this aspect of financing ambulance costs due to the increasing role of ambulances in treatment procedures, rather than simply as modes of transportation. Furthermore, the recent Throne Speech indicated that the Provincial Government will be acting to address issues of fairness and equity regarding ambulance costs. With this evidence of broad support for eliminating the individual costs of interfacility patient transfers, the AMM looks forward to increased insurance coverage for these costs.

## 10. Manitoba Industry, Economic Development and Mines

### **Cleanup of Orphaned and Abandoned Sites**

The remediation of orphaned and abandoned fuel storage sites and mines is an increasingly important issue for Manitobans and one that falls under both the Department of Industry, Economic Development and Mines and the Department of Conservation. As indicated by the recently released Auditor General's report on this issue, the Province has identified close to five hundred sites as requiring remediation. Early estimates to remediate the 250 fuel storage sites are at \$13.75 million, and the 225 mine sites are anticipated to cost \$61.5 million. The impacts of these sites on the environment are potentially detrimental to the community's health as well as the soil and groundwater nearby. The potential immediate and long-term risks are great and need to be addressed and in the absence of a responsible party, the Province must be responsible for remediation.

Industry, Economic Development and Mines requested an increase to its 2005 budget of \$2 million over two years to inspect the 225 identified sites and continue remediation at two of the five high risk sites. Although this amount was not provided at the time, the AMM urges the Province to invest this amount. The remaining sites need to be properly assessed and the

sites already assessed as high risk must be remediated in an efficient manner both for the safety of adjacent municipalities and to protect the groundwater that may be impacted.

## 11. Manitoba Intergovernmental Affairs and Trade

### **Expanding the Neighbourhoods Alive! Program**

Essential funding for community-driven renewal initiatives and economic development strategies in Winnipeg, Brandon and Thompson has been obtained through Neighbourhoods Alive! Focusing on areas such as housing and physical improvements, employment and training, education and recreation, safety and crime prevention represents a valuable contribution to fostering positive change in these communities.

It is also necessary to recognize that the need for neighbourhood renewal and housing improvement is not exclusive to Manitoba's three largest cities. There is certainly a strong demand in these areas for targeted revitalization efforts and affordable housing investment and the AMM does not suggest a reduction in funding to these communities. Nevertheless, increased attention to affordable housing needs in more of Manitoba's communities is required and the expansion of the housing component of the Neighbourhoods Alive! program would provide such attention.

The AMM is appreciative of the additional \$300,000 that Neighbourhoods Alive! received in Budget 2005. This allocation will represent an important injection of funding to more of Winnipeg's inner-city communities in distress, yet the program remains limited to Winnipeg, Brandon and Thompson. Residents in other communities would greatly appreciate the extension of similar programming that would target revitalization efforts in smaller urban centres. Therefore, the AMM urges the Provincial Government to promote broader economic development and neighbourhood revitalization by providing more communities in Manitoba with access to funding through the Neighbourhoods Alive! Program.

## **Increased Funding for Recreational Infrastructure**

Frequent physical activity is known to be an effective preventive measure that lowers health risks, thereby reducing pressure on the health care system and alleviating costs associated with health care. As well, providing recreational opportunities has proven to be a successful crime prevention method and can therefore reduce the cost of policing at the local level. However many of Manitoba's municipalities have neither the funding to invest in new facilities nor the resources to fund the repair of cultural and recreational facilities. These investments cannot be made unless municipalities obtain additional resources and the Provincial Government is a key stakeholder in this process. Municipalities want to upgrade recreational facilities by contributing to a tri-partite program and the Provincial Government should also be working to advance this initiative.

The Province of Manitoba has demonstrated a commitment to promoting recreation as an integral part of healthy communities by the report of the Healthy Kids, Healthy Futures Task Force. This issue is not isolated to Manitoba. With the support of municipalities across Canada, the Federation of Canadian Municipalities (FCM) has continually raised the need for recreation funding at the federal level. In its 2005 federal budget submission, FCM asked that \$30 million in new money be set aside from infrastructure funds to finance community/municipally managed social infrastructure initiatives including parks, play spaces, community facilities and libraries. However, even with this nation-wide concern and the clear connection between improved recreation and lower health care costs, the Federal Government has not increased funding for recreational infrastructure. The Province has supported the concept of a tripartite recreational infrastructure program and should raise this issue at the federal level. The program would target the repair, upgrading and building of recreational facilities in municipalities throughout Manitoba and Canada. Greater pressure on the Federal Government is required in order for recreational infrastructure investment to become a priority and the AMM is seeking support from the Province to this end.

At the local level, the AMM is appreciative of the support in place through the Community Places Program. As one of the few existing programs that assists with the renovation, replacement or construction of recreational facilities, it is the main vehicle that provides funds to assist Manitoba communities wanting to upgrade their recreational infrastructure.

This program can assist several communities since many of Manitoba's recreational facilities are aging and in desperate need of repair. Recreational infrastructure forms the basis for program development that promotes greater physical activity and helps sustain healthy communities. The Provincial Government is a key stakeholder in recreation initiatives and therefore has a responsibility to ensure municipalities can make suitable investments in recreational facilities and programming. However, there is consistently far greater demand than can be met by the current funding allocation even with the additional funding provided in the 2005 Provincial Budget. A potential solution is to increase the maximum Provincial contribution beyond \$50,000. Given the high cost of many recreational infrastructure projects, limiting Provincial funding in this manner could delay or deter municipal investment. The Provincial Government should therefore support the wide-ranging benefits of recreation and physical activity by sustaining the increased funding for the Community Places Program provided in 2005 and by eliminating the maximum Provincial contribution of \$50,000.

Recreational infrastructure is not only a key factor in the competitiveness of Manitoba's municipalities, but also has the potential to impact health care and policing expenditures across the Province. Therefore, the Provincial Government should promote increased recreational programming by enhancing funding mechanisms through the Community Places Program and advancing a tripartite national recreational infrastructure program.

## 12. Manitoba Justice

### **Policing**

The inefficiencies of service provision and escalating costs are the primary municipal concerns related to policing. These issues are inherently linked since municipalities have little influence over the level of policing service obtained yet are required to provide funding as determined by the RCMP. Providing a safe environment for residents and enhancing crime prevention strategies are vital priorities for maintaining vibrant communities and the Provincial Government must support municipalities in this effort.

Prior attempts to increase the efficiency of police service provision have resulted in major municipal concerns regarding costs, levels of service, response times and policing priorities. With the changes to service provision resulting from the 'D' - Division Report, evaluation mechanisms must be established to assess the effectiveness of police services in areas that have lost officers. As well, the cost effectiveness of the new system must be reviewed to ensure that changing services will not place an additional financial burden on municipalities. Municipalities are willing to work on community safety priorities by engaging in consultations with the RCMP. The Town of Stonewall was the first municipality to use a model of community consultation to work collaboratively on addressing local issues and several municipalities have followed this example. These processes demonstrate that municipalities are committed to the principles of enhancing police services, however municipal budgets cannot support the increasing costs of these services. Therefore, improved policing efforts will not be sustainable over the long term if there is a heavy reliance on municipalities to provide funding and the Provincial Government must mitigate these financial impacts.

The AMM has also been working with the Large Urban Policing Working Group to highlight the policing concerns of seven large urban centres in Manitoba. The increasing cost of providing police services is a major concern for these municipalities since the majority of these costs are not under local control. Although these municipalities are eager to enhance community safety, the lack of control over increasing salaries is discouraging. Salaries and accommodations typically account for over 80 per cent of policing costs in large urban centres and municipalities have no control over these amounts. The AMM is aware that the RCMP is aiming to have among the top three highest officer salaries in Canada, however this goal should not be achieved at the expense of other municipal services. As well, the seven communities are concerned that the initiation of criminal activity occurs beyond the boundaries of large urban municipalities. In many of these communities a disproportionate number of crimes are committed by non-residents, yet these non-residents do not contribute to the urban municipality's tax base and therefore do not help to fund the increasing costs of police services in these communities. Municipal budgets are not increasing at the same rate as rising police costs, which hinders municipal councils in funding all local priorities and municipal services, including alternative crime reduction measures. The present system does

not consider the new challenges that municipalities face, therefore the Large Urban Policing Working Group is seeking new funding mechanisms for policing in these communities.

Overall, the cost of policing has become more than municipalities can bear. Therefore, the Provincial Government must take action to reduce crime without deterring municipalities in their efforts to provide a wide range of services to their residents.

## 13. Manitoba Public Insurance Corporation

### **Compensation for Municipal Response to Motor Vehicle Accidents**

Manitoba's emergency response procedures on provincial roadways continue to elicit concerns from AMM members. Financial compensation municipal fire departments are eligible to receive from the Manitoba Public Insurance Corporation (MPIC) for responding to vehicle fires and accidents is one specific concern, and the AMM is pleased some progress has been made to date regarding the rate of compensation. Outstanding issues that need to be addressed are in regards to traffic control.

Traffic control is not a municipal responsibility rather it falls under the purview of the RCMP. Oftentimes however, municipal fire personnel are requested to assist police and medical staff with traffic control. This requires both training and compensation for the time spent conducting traffic control in emergency situations. The current provision of traffic control training is appreciated, however it indicates a shift in responsibility from the RCMP to municipal fire departments. The increasing reliance on firefighters must be acknowledged and formalized by including traffic control among the services MPIC compensates.

## 14. Manitoba Transportation and Government Services

### **Highways Capital Budget**

Manitoba's transportation infrastructure deficit was estimated at \$3.4 billion in 2004. This figure has no doubt increased substantially since this figure was released. This year, Manitoba is entering into its final year of the Province's five-year highway capital program.

Although the Province has continued to increase its investment in its highways, Manitoba needs an enhanced commitment and continued investment beyond the \$145 million committed this past year. To sufficiently address the needs, the Province needs to commit to a ten-year plan investing \$340 million per year.

The significance of a well-maintained and safe highway system extends to all municipalities, through tourism and personal travel, and through the transportation of goods for trade and services. The positive effects this system will have throughout the province are significant as the trucking industry often selects to travel through the United States because of the well-maintained Interstate System designed to meet this industry's needs. The resultant economic benefits that relate to commercial transport by vehicle, including room and board, vehicle repairs and purchase of fuel, therefore remain in the United States. The AMM encourages the Province to further its investment in the Province's Highways Capital Budget so that Manitoba's highways will be developed and/or restored, and maintained to a safe, adequate level.

### **Sufficient Funding for Urban Highways**

Manitoba's highway system runs through numerous urban centres across the province. In recent years there has been a significant increase in vehicle and truck traffic on these roads and the result is increasingly unacceptable road conditions. Safety concerns stem from the condition of these roads and they are in need of repair. The Province is responsible for these roads yet is not adequately attending to their maintenance and upgrading.

Urban municipalities should not be left to maintain and upgrade these roads, as they are a Provincial responsibility. Municipal budgets are over-extended and municipal governments are not in the position to take on additional costs and responsibilities. Municipalities rely upon current available programs, such as grant-in-aid programs, to upgrade streets and roads in urban centres. However, the funding available from this program is limited at \$1.3 million, which is insufficient to address the reconstruction and upgrading needed.

## **Reinstate the Manitoba Airports Capital Assistance Program (MACAP) and the Bridge Co-Operative Program**

A trend that has caused some alarm for Municipal Governments has been the decision of the Provincial Government to terminate needed transportation financial assistance programs. Municipal airports have, until recently, relied heavily upon the assistance of MACAP and municipalities are disappointed with the Provincial Government's decision to reduce funding for this program. Airport services are a vital part of municipal economies and meet the needs of the surrounding communities. The Province cancelled MACAP in the summer of 2004 and without its assistance, airport owners/operators have been struggling under the financial pressures. Municipal airports are in need of permanent funding for ongoing capital and operating investments. An inability to make such investments will certainly result in a declining level of airport services. Furthermore, the AMM is concerned that the Province is devolving itself of Manitoba's municipal airports. The AMM was pleased to hear Transportation and Government Services Minister Ron Lemieux's commitment at the 2004 AMM Convention to revisit the removal of capital funding through MACAP in light of the numerous concerns raised by municipalities. This is a valuable program and the AMM urges the Province to fully reinstate MACAP immediately.

Municipalities were equally concerned with the decision to terminate the Bridge Co-Operative Program. Bridge repairs and maintenance can be expensive due to higher engineering costs and municipalities find maintaining, repairing and constructing bridges difficult. Municipalities are faced with a number of added costs in doing work on municipal bridges. These include higher engineering costs due to Federal Department of Fisheries and Oceans requirements and the added retail sales tax, which is now applicable to some engineering work. With these additional new costs, municipalities require programs like this more than ever. Consequently, the AMM would like to see a commitment in this budget to reinstating these programs to provide assistance to municipalities.

## 15. Manitoba Water Stewardship

### **Water and Wastewater Operator Exam Fees**

The mandatory certification of water and wastewater operators is an important water-related issue for Manitoba municipalities. The need for the highest water quality possible cannot be exaggerated. Certification of operators involves taking courses to prepare for the exam, followed by the actual examination. Both the course and exam are costly in terms of financial expense and time involved. In addition to facility maintenance and operator certification costs, utilities face impending increases in the costs to retain certified operators which will no doubt be a concern until there are enough operators certified for levels III and IV facilities. To help small utilities keep utility rates at a manageable level, the AMM encourages the Province to waive the \$350.00 examination fee for successful applicants.

### **Water and Wastewater Operator Training Opportunities Needed In-Province**

The September 2006 deadline for certified operators is looming and there remains a dire need for operators certified for levels III and IV facilities. Courses available in Manitoba continue to be limited to levels I and II, leaving municipalities with the undesirable and expensive options of sending operators out of province or country to take courses, or taking courses online. These challenging and costly exams necessitate in-class instruction to adequately prepare however the Province continues to impose unrealistic expectations and deadlines on operators. The Provincial Government must provide adequate and accessible training opportunities within the province to ensure there are enough qualified operators to meet the new Provincial requirements.

### **Impacts of Water Legislation on Municipalities**

The Province has supported a number of water-related initiatives recently. This includes the *Drinking Water Safety Act* that was proclaimed in 2004 but to date no regulations have been passed. The Water and Wastewater Facility Operator's Regulation has recently been

amended and the *Water Protection Act* was passed this spring and its regulations are currently being developed.

All of this important legislation has consequential impacts on municipalities. Securing safe and reliable water sources is a necessity and the AMM is pleased the Government has committed itself to this cause. Manitoba's water resources are great and ensuring they remain healthy is critical. Municipalities recognize that they have a role in this effort, however it is essential that the potentially high costs and responsibilities not be downloaded to municipalities. It is important that the AMM continue to be consulted in the creation of the regulations, and that Budget 2006 ensures adequate financial and human resources are in place to support the implementation of the Acts and their regulations without overburdening Manitoba's municipalities.

### **Tripartite Water Funding Program**

Manitoba's water supplies are great, with freshwater comprising 15 per cent of the total provincial area. Despite this massive supply, Manitoba has had difficulty establishing the infrastructure necessary to harness this resource. Many communities across the province are under boil water orders, continually without potable water. In some northern and rural areas, even boiling and chlorination are not suitable for making the water safe to drink. The tragic consequences of unsafe drinking water supplies are continually demonstrated across Canada and the Provincial Government must prevent a similar fate from occurring in Manitoba. It is unacceptable that some communities continue to face the extreme health concerns associated with unsafe stores of drinking water. An additional concern for many communities is wastewater treatment. The high cost of this infrastructure can deter the investment necessary to protect the health of both residents and the environment. These issues require further attention to safe water supplies and wastewater treatment across Manitoba.

The National Water Supply Expansion Program (NWSEP) provided a necessary source of funding to water infrastructure projects over four years and contributed to several important initiatives. Communities that received funding appreciated the tripartite investment. However, this program is nearing completion and by the end of this fiscal year, Manitoba will require a new long-term investment to continue to develop its water supplies.

In anticipation of the program's end, the AMM met with provincial government representatives who committed to dedicate funding to water infrastructure that will match any new federal funding for this purpose. This commitment is necessary to continue the excellent beginning Manitoba initiated through the NWSEP. Clean drinking water is a necessity and the Province is obligated to provide safe, potable water for all of its residents. The Provincial Government must initiate this endeavour and develop a tripartite funding agreement with the Federal and Municipal Governments to ensure access to safe water and wastewater treatment across the province.

### **AMM Flood Report Findings**

There are also several deficiencies with the current water management system that were highlighted during the AMM's consultative sessions on the 2005 summer flooding. A water management policy for times of excess moisture or severe drought is an important aspect of an effective water strategy for Manitoba. Although some suggestions focused on improvements to the provincial drainage system, the recommendations advocate a long-term water retention policy that would include more than just drainage strategies. With a greater investment in preventative measures, some of the damages incurred during the 2005 flooding would have been avoided. Budget 2006 should work towards correcting the current water management deficiencies and establishing more preventive disaster programming, rather than continuing to rely on reactive disaster response measures.

Municipalities are aware that the Department of Water Stewardship is working to ensure the sustainability of Manitoba's water resources. However, the commitment to these principles must be supported with sufficient financial resources to implement the strategic actions that will accomplish these goals. For this reason, the AMM's flood report recommends that greater funding be allocated to the Department of Water Stewardship to effectively carry out its mandate, including improving water management in Manitoba. Specifically, funding must be allocated for drainage infrastructure throughout Manitoba. The wet conditions experienced in 2005 demonstrated the inadequacies of the existing infrastructure and the need for significant drainage investment. This funding should also include an allocation to increase the number of staff available to process drainage license applications since the current delays are creating major obstacles for project completion and in some cases

increasing project costs. Furthermore, the drainage system cannot function without dedicated maintenance funding and this also should be included in Budget 2006.

These specific objectives cannot be met without developing a long-term water retention policy for Manitoba. Such a policy would outline an action plan for both flooding and drought conditions, thereby enhancing response to disaster conditions. This will require that all stakeholders work together on water management, which includes other Provincial departments beyond Water Stewardship. Through a coordinated effort, Manitoba's water issues can begin to be addressed and the province can be more adequately prepared in the event of future water-related disasters. Therefore, the Provincial Government must augment its focus on water management issues by increasing funding for these key initiatives.

### **Conservation Districts**

The Provincial Government, through the Manitoba Water Strategy and the Water Protection Act, has made it clear that conservation districts are the preferred method of water management. Conservation districts have been mandated a number of responsibilities and are continually taking on greater and greater roles in the management of Manitoba's water system. This is particularly true if integrated watershed management will be done through conservation districts. Despite the increase in responsibilities and, at the urging of the Province, the growth in the number of conservation districts, funding has not seen a corresponding increase. The result is a greater number of conservation districts with increased responsibilities are getting fewer and fewer funds from the Province limiting the ability of conservation districts to meet their increasing mandates. It is critical that funding for established and new conservation districts be maintained at a 3:1 ratio for conservation districts.

## 16. Summary

**TLE Compensation Package to Municipalities** – The Province should redevelop its compensation program for municipalities to be more comparable to Saskatchewan’s compensation package and to reduce the time involved in negotiating TLE agreements.

**Legal Costs of Negotiating TLE Agreements** – A cost-sharing program to assist municipalities in paying the legal costs involved in negotiating agreements should be developed.

**Recycling** – Green Manitoba Eco Solutions requires adequate and sustained funding and support to address the numerous recycling needs across the Province. In particular, Manitoba Product Stewardship Corporation’s 80:20 funding formula must remain intact. The AMM would also like to see a permanent household hazardous waste program in place as well as increased funding for tire recycling. The AMM would also like to see bridge funding for cardboard recycling until such time as a new market for this product is found.

**Funding for Libraries** – The Provincial Government should increase library funding to municipalities by increasing the amount available through the per capita libraries grant.

**Education Tax on Property** – The Provincial Government must make a greater commitment to education funding to help remove the reliance on property to fund education.

**Disaster Financial Assistance** – Program criteria must adequately address municipal issues by increasing the rate of compensation for municipal labour and equipment used for disaster response and providing funding for permanent flood-protection structures where damage has occurred for consecutive years.

**Community Hostings** – In times of inclement weather, the Provincial Government should cover the costs of hosting stranded travelers when municipal facilities are required.

**Funding for Renewable Energy** – The Province must continue investing in the development of renewable energy, as it is clear that demand for alternative energy will continue to increase in the future and will help to diversify rural economies.

**Affordable Housing in Rural Manitoba** – The Provincial Government has a responsibility to fund affordable housing and all areas of Manitoba require access to greater funding for this purpose.

**Municipal Exemption from PST** – The Provincial Government must consider providing new funding resources to municipalities through an exemption from the Provincial Sales Tax.

**Survey Monument Restoration Program** – The Provincial Government should maintain the increased level of funding for this program.

**Interfacility Patient Transfers** – The full cost of interfacility patient transfers should be covered by the healthcare system and the 24-hour rule should be eliminated.

**Cleanup of Orphaned and Abandoned Sites** – Mine and fuel storage sites that have been orphaned or abandoned need to be prioritized and adequately funded for the health of the populations around it, and to reduce contamination to the soil and water.

**Expanding the Neighbourhoods Alive! Program** – Communities other than Winnipeg, Brandon and Thompson should be eligible to receive funding under Neighbourhoods Alive!

**Increased Funding for Recreational Infrastructure** – The Provincial Government should provide greater support for recreational infrastructure by increasing the maximum grant under the Community Places Program and maintaining its increased funding. Provincial support should also include working to establish a tripartite national infrastructure program.

**Policing** – The Provincial Government should provide greater funding for policing, particularly for the large urban centres in the province that have experienced the greatest increases in policing costs, while ensuring that efficient police services are available throughout Manitoba.

**Compensation for Municipal Response to Motor Vehicle Accidents** – Although it is not their responsibility, municipal fire departments are regularly called upon to provide traffic control services when there has been an accident on provincial highways. This service must be recognized as such by Manitoba Public Insurance, and adequate training must continue to be provided.

**Highways Capital Budget** – A long term, sustainable funding plan must be put in place to maintain Manitoba's highway system.

**Sufficient Funding for Urban Highways** – Provincial highways through Manitoba's municipalities need to be adequately funded so these heavily utilized roads are maintained to a safe standard.

**Reinstate the Manitoba Airports Capital Assistance Program (MACAP) and the Bridge Co-Operative Program** – Reinstating MACAP and the Bridge Co-Operative Program is critical to assisting municipalities operate their airports and maintain their heavily utilized infrastructure.

**Water and Wastewater Operator Exam Fees** – To help small utilities keep utility rates at a manageable level, the Province should waive the \$350.00 examination fee for successful applicants.

**Water and Wastewater Operator Training Opportunities Needed In-Province** – The Provincial Government must provide adequate and accessible training opportunities within the province to ensure there are enough qualified operators to meet the new Provincial requirements.

**Impacts of Water Legislation on Municipalities** – With the introduction of important water legislation, it is important that the Province continue to consult with the AMM in the creation of the regulations, and that adequate financial and human resources are in place to support

the implementation of the Acts and their regulations without overburdening Manitoba's municipalities.

**Tripartite Water Funding Program** – The Provincial Government must initiate a tripartite funding agreement with the Federal and municipal governments to ensure safe drinking water and wastewater treatment across the province.

**AMM Flood Report Findings** – The Provincial Government should establish a comprehensive water management strategy with a focus on correcting existing deficiencies and establishing more preventative disaster programming. Greater funding for drainage infrastructure is also required across the province.

**Conservation Districts** – The 3:1 funding ratio for conservation districts need to be maintained, particularly in light of the increasing responsibilities being assigned to them.