

Meeting of the

Association of Manitoba Municipalities



with

Premier Gary Doer
and the Provincial Cabinet

TABLE OF CONTENTS

SECTION 1 – FISCAL BALANCE ISSUES	4
SECTION 2 – WATER AND PLANNING ISSUES	8
SECTION 3 – GENERAL ISSUES	11
Manitoba Aboriginal and Northern Affairs	11
Treaty Land Entitlements and Municipalities	11
Legal Costs of Negotiating TLE Agreements	12
Manitoba Education, Citizenship and Youth	12
Education Tax	12
Manitoba Conservation	14
Recycling	14
Water and Wastewater Operator Training Opportunities Needed In-Province	15
Manitoba Culture, Heritage and Tourism	16
Increased Funding for Recreational Infrastructure	16
Funding for Libraries	19
Manitoba Emergency Measures	20
Disaster Financial Assistance	20
Community Hosting / Stranded Travelers	22
Artificial Flooding	22
Manitoba Family Services and Housing	23
Affordable Housing in Rural Manitoba	23
Manitoba Finance	24
Municipal Exemption from Provincial Sales Tax	24
Manitoba Health and Healthy Living	25
Interfacility Patient Transfers	25
Physician Recruitment, Retention and Training	25

Manitoba Transportation and Government Services	28
Highways Capital Budget	28
Sufficient Funding for Urban Highways	29
Reinstate the Manitoba Airports Capital Assistance Program (MACAP) and the Bridge Co-Operative Program	30
Rocky Mountain Doubles	30
Manitoba Justice	31
Crime in Communities	31
Policing Costs for Municipalities	31
Manitoba Energy, Science and Technology	33
Funding for Renewable Energy	33
Manitoba Water Stewardship	35
Impacts of Water Legislation on Municipalities	35
Tripartite Water Funding Program	35
Drainage	36
Conservation Districts	36
SUMMARY	37

Section 1 – Fiscal Balance Issues

Money is the life's blood of governments. If the flow of financial resources among Canada's government is constrained or distorted, or if the channels that feed resources to part of the system become blocked, the health of the country is compromised. Canada's system of fiscal federalism has fallen into disrepair. Left unreformed, it will be a growing irritant among federal, provincial, and territorial governments. The friction produced will in time begin to shape the attitudes of Canadians and heighten the tensions among Canada's regions and communities. Perhaps it has done so already. Left unattended, the deficiencies we identify below will compromise the contributions that Canadians and their governments might otherwise make to our collective well-being; they will stunt our national economic capacity and our international competitiveness.¹

The time has come for a change in intergovernmental relationships in Canada. The days of simple textbook federalism are gone and have given way to a more complex, sometimes convoluted form of government where Federal/Provincial responsibilities and Provincial/Municipal responsibilities are blurred. The recent Council of the Federation report confesses this new reality and identifies the need for a new Federal/Provincial relationship.

While the Council of the Federation has been advancing a new relationship between the provinces and the Federal Government, municipal officials across Canada have seen the need for a new relationship between all three levels of government for some time. Much of this work has culminated in the various reports that have been released recently that underscore the need for a new, improved relationship between all three orders of government. The Province of Manitoba is looking for a new relationship with the Federal Government and this is what municipalities in Manitoba need from the Manitoba Government.

Municipal governments in Manitoba have enjoyed a strong working relationship with the Province, with some of the more innovative approaches to funding, like the Provincial Municipal Tax Sharing Agreement, being held up as a model for other provinces. However you only need to take a look around Manitoba communities to know that the work done so far is not enough.

In recent years we have seen some remarkable advances in other provinces, as there is a growing recognition that communities need help. While Alberta has seen an abundance of wealth due to

¹ Introduction to Chapter One: Canadian Fiscal Federalism at Risk of Reconciling the Irreconcilable: Addressing Canada's Fiscal Imbalance

oil revenues, the Alberta Government has prioritized investing in communities and created a \$3 billion municipal infrastructure fund to address the needs of Alberta communities. This is in addition to the work being done to review the roles, responsibilities, resources and relationships of governments in Alberta to find the best way to deliver services. Ontario recently announced they will be undertaking a serious examination of this issue as well. Mirroring the GST refund the Federal Government enacted, Quebec recently returned the provincial sales tax to municipalities, recognizing that communities need more resources. The Province of Saskatchewan has also made a commitment to take a look at the needs of communities in that province.

While the AMM certainly feels more is needed from the Provincial Government, our organization does recognize that internally municipalities need to make improvements. Municipalities will be moving to the more transparent Public Sector Accounting Board principles, which will give a much truer picture of the municipal environment. In conjunction with the Province, the Tools for Change initiative has been introduced which urges municipal governments to ask the hard questions about how they administer and deliver services to their residents. We have seen many great ideas submitted as part of the AMM Municipal Innovation Awards and will continue to work with municipalities to maximize their efforts.

While there are efficiencies to be gained, this alone will not resolve the infrastructure deficit that exists in our communities. Roads are crumbling and recreation centres are closing as communities struggle to balance infrastructure needs with competing priorities and limited resources. Municipalities have become masters of maximizing resources, however the stark reality is that there are not enough resources to deal with the ever-increasing responsibilities of municipal government in Manitoba.

It is for this reason that the AMM feels the time has come for a serious examination of the roles, responsibilities and resources of municipal government in Manitoba. Other provinces have forged ahead with similar initiatives and it is time for Manitoba to move ahead as well.

Municipalities need greater assistance to meet the demands and expectations placed on them by the province and citizens within the communities. Eight cents of every tax dollar is not enough

to meet these demands and it is not sustainable for municipalities to continually look to other orders of government for funding.

While there are short-term fixes that need to be implemented, municipalities need more than simple one-time transfers. One time funding helps address immediate needs, but for the long-term municipalities need to have sustainable, predictable funding sources. Only with this will municipalities be able to establish long-term plans and tackle key priorities and objectives.

A new system is needed in Manitoba. However, looking at only a single area such as resources does not provide the complete picture. There also needs to be a serious examination of the role of municipal government in Manitoba and the responsibilities of municipalities, both those laid out in legislation and those responsibilities municipalities have taken on out of necessity. Just as we have been working with municipalities to find internal improvements, there is ample opportunity to improve the way services are delivered and identify areas of overlap between municipalities and the province to revamp the system to ensure services are delivered by the most appropriate order of government.

This is exactly what was done with the move to a single-tier social assistance program in Manitoba. It is inefficient to have both the Province and municipalities delivering this service and the reality was in many cases municipalities were not equipped to properly deliver the service. By moving the delivery of service to the provincial system that has appropriately trained support staff to properly deliver the service, everyone is better off.

While this is a case of responsibilities moving to the provincial level, we are completely open to responsibilities moving the other way and in fact expect this to occur as in some cases municipalities are better equipped to deal with certain responsibilities. In fact, the recent report released by the AMM identified secondary provincial roads, drainage and conservation initiatives as possible areas where service delivery could be transferred to municipalities. All issues and possibilities need to be put on the table for this to be successful, and must be looked at in conjunction with a review of the funding available to each level of government. It is only through an encompassing review that a truly efficient system can be created where each level of government has the proper resources to deliver the services it is best equipped to deliver.

There is no doubt that everyone has the same goal, as strong communities are the foundation of a strong province and a strong Canada. The time has come to take a serious look at how to make the improvements necessary to strengthen our communities and province. We hear firsthand the challenges communities are facing and we all see the implications of not having the resources and ability to meet the most basic needs. The time has come for a change to intergovernmental relationships in Manitoba and the time has come to take a serious look at the roles, responsibilities and resources of municipal government in Manitoba.

Section 2 – Water and Planning Issues

Water protection has become one of the most important issues for all Manitobans, and as such, it is critical that all levels of government, and all stakeholders, work together to ensure Manitoba's water is protected. Municipal Government will be a key partner in any water protection initiative and municipalities are willing to work with the Province to protect Manitoba's water for the benefit of all Manitobans.

The Province has taken a leadership role on this issue, working in consultation with key stakeholders to develop the Manitoba Water Strategy. As a result of this work, the new department of Water Stewardship was created and the Province introduced and passed the Water Protection Act. Municipalities are supportive of the concepts that drove the creation of the Act and the AMM was generally supportive of the Act at the Legislative Committee hearing. While the AMM agrees with many of the concepts and ideas identified in the new Act, how the Act will be implemented remains to be determined. Much of this will be done through the regulation process and we have started to see some of the regulations already. The AMM has submitted its concerns on the specific regulations, however we also feel it is necessary to take a look at the bigger picture and some of the general outstanding issues that still exist. The AMM has identified a number of issues that must be addressed.

The first issue highlighted is the need for meaningful stakeholder input into the development of the provincial water policy. There is no doubt that municipalities and conservation districts (CDs) will be key partners in the implementation of any plan, so it is imperative that they are consulted throughout the process. The expectation is for meaningful consultation beyond simply sharing the plan with municipalities once it is developed internally.

The second issue is the need for a long-term plan that municipalities and CDs can work in conjunction with in order to meet mutually beneficial objectives. The success of the entire water management system rests on this plan, so it is critical that it is developed quickly in conjunction with municipalities and CDs.

The third issue is the financial costs of water initiatives. Municipalities cannot be seen as the funding agencies for Provincial water objectives and it is essential that the financial implications of these policies be considered during development. Municipal budgets are stretched too thin, and no matter how effective a plan may be it will be useless unless it can be implemented.

The fourth issue is Integrated Watershed Management Plans (IWMP) and the need to address those groups that are not part of conservation districts, including crown lands, First Nations and non-participating municipalities. Watersheds are certainly the most logical basis for water planning, however conservation districts are not based on watersheds so this discrepancy needs to be taken into consideration.

Municipalities and CDs are prepared to do their part to protect Manitoba's water quality but many are hesitant to move forward until there is a clear direction. This direction can only be suitably developed through consulting with key stakeholders from the outset. And once developed, it is essential that this direction be clearly communicated to municipalities and conservation districts to ensure everyone is working toward the same clear goal. Without a long-term water management plan with clear benchmarks to measure performance, water protection efforts will continue to falter. The plan itself must be realistic and include careful analysis of the impact of its requirement on those that will be mandated to implement them. The associated timelines must also be realistic and allow for proper consideration of the proposed initiatives.

Municipalities and conservation districts have been active partners throughout the Province's water protection initiatives, from the original Consultation on Sustainable Development Initiative (COSDI) report, through the Water Strategy development and up until today. Municipalities will continue to work with the Province to advance water protection initiatives, however to do this correctly, the issues identified in this paper must be addressed.

However the water initiatives must also fit within the planning work that is already well underway in Manitoba. The work municipalities have done in coordinated, regional land-use planning is leading the way in Western Canada and it is imperative that this progress is not lost.

A key concern throughout this process has been how the land-use planning process will interact with the water protection initiatives being proposed. This has been a perplexing puzzle so far, and the recent announcement by the Province to put a pause on hog development in Manitoba until the Clean Environment Commission reviews the industry's sustainability only further muddies the water.

One of the central tenets of the new planning process in Manitoba has been the entrenchment of upfront, clear development plans that take the uncertainty out of the planning process. While the final result certainly was not exactly what anyone wanted, it is no doubt the very best compromise available. Municipalities and Planning Districts have embraced the new process, and many of them have been actively working to meet the deadlines outlined in the new Act. There is concern now that we have returned to a period of uncertainty in Manitoba until the sustainability of the hog industry is decided.

As a result, it is imperative that this process is resolved quickly in order to return some degree of certainty to the planning process in Manitoba.

Section 3 – General Issues

Manitoba Aboriginal and Northern Affairs

Treaty Land Entitlements and 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. The AMM is willing to collaborate with the Province to examine solutions that would increase the efficiency and speed of the TLE process.

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. 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.

Manitoba Education, Citizenship and Youth

Education Tax

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 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 a top priority for several consecutive years. Again at this year's Convention, education tax was a central concern with a resolution passed indicating that the Province should restore the local education funding level of 80 per cent of school operating costs. Over and over again municipalities have made it clear that education funding is a core Provincial responsibility and the current taxation system is

unsustainable. The recent resolution was entirely consistent with the AMM's previous resolutions since they identified the need to continue reducing the reliance on property taxation to fund education. There is little doubt that education tax effectively crowds out municipal tax space, which is detrimental to all other services provided by the municipality. Education tax places an unfair burden on property owners while municipalities are hindered in their ability to provide necessary services with limited revenue tools.

Municipalities want to work cooperatively with the Province to address this important matter. Education taxation 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 municipal governments appreciate the valuable first steps that the Provincial Government has taken to address this issue by reducing education taxes on certain classes of property. The elimination of the residential Education Support Levy (ESL) has been an essential part of this initiative and the final reduction of \$34 million for 2006 will certainly be 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 the increased rebate of 60 per cent provides much-needed support for all producers. 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 AMM's objective 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 complete, it is time to identify other methods of reducing the reliance on property taxes to fund education.

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. Such a substantial change must be achieved by developing long-term solutions.

The AMM urges the Provincial Government to articulate a comprehensive five-year strategy to increase its share of funding for education, thereby reducing the current reliance on property taxes.

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 establishment of Green Manitoba Eco-Solutions (GMES) in 2003 was created as 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.

Household Hazardous Waste (HHW)

The need for a permanent household hazardous waste program remains a province-wide necessity. The budget of \$740,000 in 2005/2006 is commendable, but does not fulfill the demand for HHW programming in the province. Increased funding is required to develop a long-term and province-wide solution. The AMM is interested in collaborating with GMES to ensure that programming will be appropriate for municipalities.

Electronic Waste Disposal

Mirroring the concerns with household hazardous waste, Municipalities in Manitoba recently passed a resolution at the 2006 AMM Convention to lobby the Province to create a program for

the disposal of electronic waste. The AMM encourages the Province to continue working to create an Electronic Waste Disposal Program that will satisfy the needs on Manitobans. The AMM would be willing to work with the Province to develop an effective and efficient province-wide strategy, and there are certainly opportunities for coordinate this approach with the other recycling initiatives being undertaken.

Tire Recycling

Tire recycling is an important issue in Manitoba and there is a need for a permanent recycling program for all tires, including off-road and oversize tires. 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. The AMM will continue to promote and utilize GMES's tire recycling program, but urge the Province to ensure that adequate funding is available.

Plastic Bag Recycling

Recycling plastic bags is another important issue that the AMM is addressing. Plastic bag waste is an ongoing concern for municipalities as they deal with increasing trash quantity. A strategy and program, to deal with this waste stream, are necessary to ensure that municipalities are acting as environmental stewards. The AMM urges the Province to plan for increasing plastic waste.

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.

Water and Wastewater Operator Training Opportunities Needed In-Province

The protection of Manitoba's water supplies is a necessity that cannot be downplayed. The AMM recognizes the importance of proper operator certification and plant classification, however it is also necessary that these strategies be enacted properly. To do this, municipalities need to be involved in the process and be aware of and understand the regulations. The Province has been working with Manitoba's municipalities to do this, through the AMM's representation

on the Certification of Waste Water Operators Review Committee and by making presentations to municipalities at the 2005 AMM Convention and at some of the 2005 June District Meetings.

The September 2006 deadline for certified operators has come and gone 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. For the certification process to be reasonable, it is necessary that plant operators have opportunities in the province to meet the standards. It is unreasonable to demand certification levels beyond the training capabilities of our own province. The Provincial Government must provide adequate and accessible training opportunities within the province to ensure there are enough qualified operators to meet the Provincial requirements.

Current statistics indicate that 71 per cent of water and wastewater treatment facilities have been issued classifications regardless of the January 2006 deadline. As well, only 26 per cent of operators who have applied for certifications have been certified to date despite the September 2006 deadline. These numbers signify that the current process for classifying facilities and certifying operators is not optimal given the resources available within the province.

Municipalities want to work with the Province to get the system working efficiently. To do this, they need to be kept informed on these issues and have their concerns and queries responded to in a timely manner. The AMM urges the Government to provide training opportunities within the province for all operator levels, clarify the rules, and provide an update on the certification process to date.

Manitoba Culture, Heritage and Tourism

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.

The AMM is pleased with the investment the Province has made to the Building Manitoba Fund in 2006. The Building Manitoba Fund provided \$7,900,000 to municipalities in 2006 with \$4,500,000 going to the City of Winnipeg and \$3,400,000 to other municipalities. As well, 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. When adequately funded 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. There should also be recognition that due to escalating costs these grants are now worth less overall in real dollars. 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.

Provincial assistance in reducing operating costs for recreation facilities is another opportunity to reduce overall costs without lowering the level of service being provided. Encouraging municipalities to examine their efficiency in recreational facilities could be enhanced through education and training programs. The Manitoba Municipal Efficiency Program (MMEP) is a good place to start with this kind of initiative. Other possible options include reduction in hydro or MTS rates for publicly owned and operated recreational facilities. The AMM urges the Province to consider options for reducing recreation facilities operating costs to allow municipalities to provide quality services in their communities at a reasonable cost.

Supporting recreation infrastructure is necessary to provide recreation opportunities in communities; however, support is also required for recreation practitioners. Recreation Connections is a program that assists recreation practitioners in professional development, training, education and advocacy. The AMM believes that the Province should fully fund Recreation Connections to the level identified in their business plan so it can fulfill its mandate and fully support the recreation delivery system. Recreation Commissions are also in need of

increased funding, as the funding for this group has not increased since the early 1990s. Recreation Commissions are an essential component of the recreation delivery system in this province and should be funded to the levels needed.

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. Recreation practitioners require adequate support on a regional basis to ensure that they are familiar with contemporary information and programs in their field. Therefore, the Provincial Government should promote increased recreational programming by enhancing funding mechanisms through the Community Places Program, Recreation Connections and by advancing a tripartite national recreational infrastructure program.

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 was pleased to participate in the Provincial Government's Public Library Review and is confident that the Province will implement recommendations from the committee's final report *Reaching our Vision: Providing High Quality, Sustainable Library Services for all Manitobans*.

The AMM was pleased to see both the issues of allowing part of a municipality to join an established regional library and the need for greater funding identified in the report recommendations. The AMM is pleased with the investment the Province has made to the Building Manitoba Fund in 2006. The Building Manitoba Fund provided \$7,900,000 to municipalities in 2006 with \$4,500,000 going to the City of Winnipeg and \$3,400,000 to other municipalities. The recent announcement of funding from the Building Manitoba Fund for a \$1,100,000 investment for library technology infrastructure will also assist rural and northern libraries. However the demand for library services in municipalities is increasing and long-term planning is needed to support them. 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 and act quickly on the eight recommendations of the Provincial Government's Public Library Review committee's report.

Manitoba Emergency Measures

Disaster Financial Assistance

Flood mitigation work completed in the last decade has demonstrated the value of this investment. The need to evacuate has been lessened as a result of flood protection measures, however annual flooding causes significant damage to infrastructure and property. 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 Hosting / Stranded Travelers

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. This has been a long-standing issue for municipalities and the AMM greatly appreciates the Province's recent commitment to assist municipalities during extreme weather conditions.

Artificial Flooding

Artificial flooding causes water to be stored on municipal and private property, particularly in communities upstream of the Red River Floodway. This causes damage to property and vegetation by leaving silt deposits and standing water; to river and stream banks making them unstable and likely to collapse; to municipal roads that have to be closed for the duration of the flooding and repaired after the water recedes; and to wildlife through destruction of habitat and forced relocation. The AMM urges the Province to develop a fair and comprehensive program to relieve municipalities and landowners of the damages incurred as a result of artificial flooding.

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.

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 for projects through 2008. 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 2006 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.

The AMM recognizes the work that the Province has done to expand the Neighbourhoods Alive! Program to small urban centres. 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 communities. The AMM is pleased to see the expansion of this program from the three original communities of Winnipeg, Brandon and Thompson to other northern and rural communities. Further investment in affordable housing is still required and the AMM urges the Province to continue working with all municipalities to provide funding programs to meet these needs.

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 seven cents on nearly every dollar spent. This results in significant savings for municipalities, given the high cost of most infrastructure projects.

To build on these new funding supports for municipalities, the Provincial Government should not require municipalities to pay Provincial Sales Tax (PST). A PST exemption 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. This has been the case in Quebec, as recently the Quebec Government announced municipalities would be exempt from the Quebec Sales Tax. The existing process in Manitoba 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.

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. The AMM would like to commend the Provincial Government on the recent announcement to fund the full patient costs of interfacility patient transfers. This change in the health care structure will ensure that health services are readily available to all Manitobans.

Physician Recruitment, Retention and Training

For several consecutive years, the AMM membership has passed resolutions regarding the need to improve health services by training, attracting and retaining medical professionals for all Manitoba communities. There is a critical shortage of medical professionals throughout this province, and a coordinated effort must be undertaken in order to counteract this trend. Municipalities have identified three key areas where targeted improvements are necessary: increasing the number of spaces at the University of Manitoba's medical school; reducing the obstacles associated with recruiting international medical graduates (IMGs); and providing incentives for retaining medical professionals in Manitoba.

In order to increase the number of practicing medical professionals in Manitoba, it is necessary to ensure that there are sufficient opportunities for Manitobans to attend medical school in this province. Without relaxing the entrance requirements, the number of medical school spaces must increase. The Provincial Government achieved their commitment of increasing the number of medical school spaces to 100 by 2006-2007. Funding for these spaces must be maintained in order to continue training a sufficient amount of Manitoba doctors.

An important aspect of this issue is to ensure that rural students and those likely to practice family medicine are adequately represented in medical studies. Such target groups are crucial since rural students are more likely to practice in rural areas where family physicians are in high demand. The number of rural students has been rising along with overall enrolment and this is a positive trend. Increasing the number of doctors trained in Manitoba should be a high priority for the Provincial Government since it will encourage students to remain in the province after graduation and begin to address the severe shortage of physicians.

The second key area requiring attention is the process for licencing IMGs to practice in Manitoba. There is widespread concern that Manitoba's entrance procedures are too time-consuming and administratively burdensome to a point where IMGs are deterred from seeking employment in this province. Manitoba must endeavour to remain competitive with Canadian and American neighbours regarding licencing procedures and ensure that there are no additional barriers to entering this province in comparison with these other jurisdictions. To date, the Clinician's Assessment and Professional Enhancement (CAPE) testing has not met this criteria. The time delays associated with obtaining results are detrimental because candidates must wait until they receive the results before applying for a visa. As a result, communities relying on IMGs to fill vacancies must wait even longer before these positions can be filled. International physicians have the potential to make a valuable contribution to Manitoba's health care system and their participation in this province's labour force should be strongly encouraged. Therefore, the Provincial Government should address the barriers associated with IMGs becoming licenced to practice medicine in Manitoba.

The AMM has previously received indications that the CAPE process is being reviewed and that key changes are being considered and is looking forward to seeing the results from this review. Municipalities are in favour of attracting knowledgeable and experienced health care professionals and excessive restrictions should not hinder this process. To improve the current process, the Minister has indicated that the testing process could be held in a candidate's country of origin, through Canadian embassies. This would benefit the candidate by minimizing the travel time required and also benefit Manitoba's RHAs, which currently cover the travel costs for candidates to write exams in Canada. Seeking these types of efficiencies will not only reduce expenses for Manitoba's health care system, but will also provide opportunities to reduce the time required to complete entrance testing requirements.

The Provincial Government has demonstrated a strong commitment to these issues by announcing the \$155 million Wait-Time Reduction Strategy, including \$2.1 million annually for four years to assist foreign doctors in obtaining licences to practice in Manitoba. Several other aspects of this strategy will enhance medical services across the Province and it is crucial that the strategy be pursued in an efficient and expedient manner. Furthermore, the needs of all Manitoba communities must be considered by this strategy since medical professional shortages exist in all areas of the province. The Wait-Time Reduction Strategy must also be adequately staffed in order to address all aspects of the strategy in a timely manner. In general, this strategy is a positive step forward and the AMM looks forward to the beneficial impacts for all Manitoba communities.

Finally, any effort to recruit medical professionals, whether locally or from abroad, must be complemented with efforts to retain these professionals in Manitoba. Municipalities have a strong role to play by providing local services and welcoming medical professionals to their communities. The Provincial Government has also recognized the need for retention strategies by implementing the Medical Student/Resident Financial Assistance Program (MSRFAP) that provides conditional grants to students studying medicine in Manitoba or to physicians establishing a practice in Manitoba upon graduation. The Office of Rural and Northern Health was also developed in 2003 to increase administration, facilitation and coordination for the retention and recruitment of health professionals in rural and northern Manitoba. However, greater action must be taken to retain medical professionals in Manitoba. A study published by

the Health Council of Canada in 2005 found that physicians are being attracted to wealthy provinces, resulting in a significant threat in other, less wealthy provinces. According to the study, Manitoba saw a net loss of 185 physicians to other provinces between 1999 and 2003. Although the AMM is aware that Manitoba has observed a net gain of 149 licenced doctors since 1999, stemming the outflow of Manitoban physicians to other provinces would assist in further increasing that figure.

Innovative practices should be devised to effectively attract and retain medical professionals to practice throughout Manitoba. The Provincial Government, as the order of government that is responsible for health care, should allocate additional funding to these important measures. The health of Manitoba communities has wide-ranging effects on the competitiveness and sustainability of all communities, and providing local access to high quality health care services across the Province is a vital part of this process.

Therefore, the AMM urges the Province to ensure that Manitobans have local access to physicians by providing additional support for locally trained students; by facilitating the recruitment of international medical graduates; and by contributing to retention strategies to keep physicians in Manitoba.

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. The recent announcement of \$4 billion over the next ten years will greatly assist with improving Manitoba's provincial and municipal infrastructure. With increased investment the provincial highways system will be able to handle the commercial transportation it was designed for, thereby reducing the traffic load on municipal roads to the level that they were intended. This investment will begin to restore the traffic balance to the entire highway and road network within the province. However, investment in municipal roadways will still be required to deal with the impacts that years of neglect have had and to return municipal roads to an acceptable standard.

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 continue its investment in Manitoba's highways.

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 has not adequately attended 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. The new \$4 billion infrastructure funding should be utilized to assist in the upgrade and maintenance of urban highways.

The recent announcement of \$50 million for the revitalization of City of Winnipeg streets is an excellent step to help Manitoba's largest urban centre start to address its infrastructure deficit. At the same time, there are areas across the province that are in need of assistance and a similar funding commitment for the rest of the province is required.

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.

Rocky Mountain Doubles

The Throne Speech announced that a pilot project was in the process of assisting with transportation needs in northern Manitoba. The program will greatly assist in reducing

transportation costs thereby making the area more economically competitive. This pilot project is a positive step to reducing transportation costs in the north however a long term strategy is required to maintain a competitive and stable economy.

Manitoba Justice

Crime in Communities

Issues on crime and policing are growing concerns across Manitoba. The AMM has been actively involved in assisting municipalities on crime related issues. Recently the AMM published a Special Report on Justice in the Municipal Leader. This report included articles highlighting: Provincial Initiatives Overview; The Safer Communities and Neighbourhoods Act; Fight Against Organized Crime; Safe Streets – Safe Cities; MPI Proactive about Auto Theft; and Is there a Clandestine Lab in your Neighbourhood? This Special Report was well received by communities and promoted further discussion of crime in Manitoba.

The AMM met with the RCMP in mid-November to discuss municipal concerns on crime and policing. This session included conversation on collaboration between municipalities and the RCMP, the Client Enhancement Project, costs of policing and youth crime prevention strategies. The RCMP recently made two presentations at the 2006 AMM Convention that were well attended by municipal personnel. This level of interest shows that community safety is a priority at the municipal level. The AMM would like to continue to work with the RCMP and Manitoba Justice to ensure that the municipal perspective is included in long term planning and program initiatives.

Policing Costs for Municipalities

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. Salaries already make up a significant part of most municipal policing budgets and for this reason, the Provincial Government should ensure that the proposed changes do not result in additional costs at the municipal level. Improved policing efforts will be successful to the extent that they do not create an additional financial burden on municipalities.

As well, the seven communities involved in the Large Urban Policing Working Group 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.

There are a number of ways to make improvements in policing that would reduce costs without compromising the level of service that municipalities expect. Examples include upgrading RCMP vehicles with the technology required to complete paperwork while in their cars. This would allow officers to remain as a visible presence in communities for an increased quantity of time. Another opportunity exists to increase clerical staff to assist in paperwork and administration that is currently being completed by officers. The wage difference between RCMP officers and clerical staff could be maximized for cost savings. Again, this method would increase time that officers were visible in communities. These situations illustrate how police presence could be increased at a reduced cost to municipalities.

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.

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 a made-in-Canada solution.

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.

Manitoba Water Stewardship

Impacts of Water Legislation on Municipalities

In recent years, Manitoba has been focused on legislation to preserve the quality of our water resources. *The Drinking Water Safety Act*, *The Water Protection Act* and *The Water and Wastewater Facility Operator's Regulation* are prime examples of the precedence of water issues in this province. Securing safe and reliable water sources is necessary and the AMM is pleased the Province is committed to these initiatives. Municipalities recognize that they have a role in water protection efforts and the AMM must continue to be consulted as regulations are developed for *The Water Protection Act*. The Province must also ensure that adequate financial and human resources are in place to support the implementation of all water legislation and regulations without overburdening Manitoba's municipalities.

Tripartite Water Funding Program

Even with new water legislation in place, action is still required to ensure that all municipalities have access to safe water supplies. Many communities throughout Manitoba are continually under boil water orders and the Province has a responsibility to improve these conditions. A further aspect of this issue is ensuring communities have appropriate wastewater treatment facilities. The high cost of this infrastructure can deter the investment necessary to maintain the health of the population and the environment. The National Water Supply Expansion Program

provided much needed resources for Manitoba municipalities and program funding was quickly allocated to areas of severe need. Faced with the completion of the National Water Supply Expansion Program it is critical for the Province to initiate a tripartite funding agreement with the Federal and municipal governments to ensure access to safe drinking water and wastewater treatment for all Manitobans.

Drainage

The AMM appreciates the increased Provincial funding to more than \$4 million for select drainage projects. Doubling the total funding for drainage in Manitoba is an important step toward addressing the severe drainage needs throughout this province. Drain construction and maintenance has been a long-standing concern for all municipalities and several issues remain. Even with the substantial increase, there is an ongoing need for regular drain maintenance that has not been addressed by this funding. Furthermore, drainage works are currently limited by the expediency of the licensing process and the Province is in need of additional staff to administer these licenses. As well, greater staffing is required for enforcement of illegal drainage activities. In addition to the funding increase for drainage projects, the Province must ensure that adequate resources are available for all aspects of drainage including maintenance, licensing and enforcement.

Conservation Districts

Conservation districts are continually taking on greater roles in the management of Manitoba's water resources. It is further anticipated that conservation districts will be required to play a lead role in implementing integrated watershed management plans, thereby taking on more responsibilities. However, the increasing responsibilities of conservation districts and the growth in the number of conservation districts in Manitoba has not been met with additional funding. The result is the same level of funding being stretched among increasing numbers of conservation districts, all with growing responsibilities. The Province must ensure that the 3:1 funding ratio is maintained for established and new conservation districts.

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.

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.

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, electronic waste disposal program, plastic bag recycling program and increased funding for tire recycling.

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 Provincial requirements.

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. Recreation Connections should be funded to the amount in their business plan to support recreation practitioners. Provincial support should also include working to establish a tripartite national infrastructure program.

Funding for Libraries – The Provincial Government should increase library funding to municipalities so they are able to provide current resources and technology and act quickly on the eight recommendations of the Provincial Government’s Public Library Review committee.

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 Hosting – This has been a long standing issue for municipalities and the AMM is pleased to see it finally resolved.

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.

Physician Recruitment, Retention and Training – The Provincial Government should continue to support locally trained students, facilitate the recruitment of international medical graduates and contribute to retention strategies to keep physicians in Manitoba.

Highways Capital Budget – The AMM looks forward to the implementation of the 10 year funding commitment recently announced.

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.

Rocky Mountain Doubles – A long term plan is required to ensure that transportation costs in northern Manitoba remain reasonable to promote economic competitiveness.

Crime in Communities – The Provincial Government should continue to work with the AMM to ensure that the municipal perspective is included in long term planning and program initiatives.

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.

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.

Impacts of Water Legislation on Municipalities – The Province must ensure that adequate financial and human resources are in place to support the implementation of all water legislation and regulations without overburdening Manitoba's municipalities.

Tripartite Water Funding Program – Even with new water legislation in place, action is still required to ensure that all municipalities have access to safe water supplies and the Province should initiate a tripartite funding agreement with the Federal and municipal governments to ensure access to safe drinking water and wastewater treatment for all Manitobans.

Drainage – The Province needs to ensure adequate funding and staffing resources are available for all aspects of drainage including maintenance, licensing and enforcement.

Conservation Districts – The Province must ensure that the 3:1 funding ratio is maintained for established and new conservation districts.