

Meeting of the  
**Association of  
Manitoba  
Municipalities**



with

The Honourable Oscar Lathlin

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Minister of Aboriginal and Northern Affairs

April 10, 2007

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# **Executive Summary**

## **Departmental Issues**

### **1. Treaty Land Entitlement Issues**

- Municipalities are concerned that delays in the TLE process negatively impact local development.
- Renewed Federal commitments highlight that previous efforts to eliminate inefficiencies of the TLE process have been deficient and it is time to resolve these long-standing issues.
- The Provincial and Federal Governments should consider further incentives for Manitoba municipalities to encourage municipal involvement.
- AMM is working with the Assembly of Manitoba Chiefs to develop a Communication and Consultation Protocol that will facilitate mutual understanding between both municipalities and Treaty Land Entitlement First Nations.
- Legal and professional service costs need to be considered, as they become substantial expenses for both municipalities and Treaty Land Entitlement First Nations.

**Therefore, the AMM urges the Provincial Government to review the current TLE compensation in order to seek alternative ways to enhance the TLE process in Manitoba.**

### **2. Rail Line Abandonment**

- The elimination of rail lines may disallow the possibility of attracting big businesses to an area and reduces the number of connections between producers and markets.
- For many northern communities, transportation of goods by rail is the only access that is available. With a minimal number of roads linking these communities the railroad is crucial to the advancement of the economy.
- The loss of the northern rail lines would also have a major impact on the Port of Churchill which is a valuable port for international trade routes, but relies on the rail system for inland transportation with so much attention paid to making the Port better, this would be counterproductive.
- Northern communities rely on the train and it would be devastating if they no longer had access to such a vital element of transportation infrastructure.
- Municipalities understand that private investment needs to be sustainable to remain intact, however innovative solutions may be available if the current system is reviewed with all stakeholders.

**Therefore the AMM urges Provincial Government to recognize the essential services provided by the rail line to the North and ensure that rail services continue province-wide.**

### **3. Update on Northern Healthy Foods Initiative**

- The Northern Healthy Foods Initiative has recently encouraged northern and remote communities to identify and undertake projects that improve local access to nutritious food.
- These important initiatives must continue to receive Provincial funding in order to provide long-term advancements and to expand into more northern and remote communities.
- The AMM recognizes that milk is one component of an overall healthy food campaign, however the considerable benefits for children and adults requires the increased accessibility of dairy products in northern communities.
- The severity of this need is emphasized by the Provincial Government's control of liquor prices across Manitoba while milk prices continue to vary widely.
- The Province should move forward on all recommendations of the Northern Food Prices Report and include northern communities within the mandate of the Manitoba Milk Price Review Commission.

**Therefore, the AMM requests an update on the Northern Healthy Foods Initiative and urges the Province to increase funding to programs that ensure remote and northern communities have access to affordable, nutritious food and beverages.**

## **General Issues**

### **1. Creating Fiscal Balance**

- Manitoba's municipal governments continue to take on increasingly greater responsibilities. As the importance of local community increases, it is necessary that the roles, responsibilities and resources of municipal government be examined.
- Unclear legislation, such as the Water Protection Act, concern municipal governments because the financial costs in implementing and enforcing this Act are great. Infrastructure needs in municipalities throughout the province are at the top of municipal agendas however the municipal budgets are stretched thin.
- Some options to support municipal governments to serve their communities effectively are removing education tax from property and exempting municipal governments from the Provincial Sales Tax.
- Provincial/territorial municipal associations are developing a cross Canada perspective of municipal responsibilities and finances to inform municipalities of the similarities and inequalities that are currently being experienced nation-wide.

**The AMM urges the Province to work collaboratively with municipalities to create a fiscal balance for all orders of government in Manitoba.**

# Departmental Issues

## 1. Treaty Land Entitlement Issues

There are a number of concerns with Manitoba's Treaty Land Entitlement (TLE) process even though the Provincial Government has, for many years, been reiterating its support for more timely settlements. Municipalities are concerned that these delays negatively impact local development and the Province must improve this situation. Appropriate incentives are required for all stakeholders and greater efforts must be made to facilitate negotiations between municipalities and Treaty Land Entitlement First Nations. The selection and conversion of land should provide benefit to both municipalities and Treaty Land Entitlement First Nations while being completed in a timely manner. A smooth and fair process will allow municipalities and Treaty Land Entitlement First Nations to coordinate their efforts and develop positive relationships that will increase opportunity for community development. Through our recent discussions with the Assembly of Manitoba Chiefs we have identified a number of shared concerns and agree that as long as the process continues in its current fashion, opportunities will continue to be lost.

### Timelines

To date, the TLE process in Manitoba has been extremely time-consuming. Municipalities and First Nations have recognized the problems associated with these delays, particularly regarding the hindrance to economic development processes in both communities. Currently the two separate processes for private and crown land cause different amounts of time to be spent at the Provincial level in assessing land conversions. Where private land has been identified for conversion by an Entitlement First Nation, the Provincial Government is involved in assessing residual interests, such as mineral rights, and making a report to the Federal Government. The Federal Government can then convert the land through the Additions to Reserve policy.

In situations where Crown land has been identified for conversion the Province is required to follow an internal circulation process to all Provincial departments, relevant Special Operating Agencies, municipalities and other stakeholders. Through this process the land is deemed eligible for conversion to reserve status at the Provincial level. The Province then holds the parcel of land until the Federal Government completes the process required through the Additions to Reserve policy.

The Provincial Government must then prepare an Order in Council to transfer the land to the Federal Government.

The process for converting private and crown land is time consuming and needs to be reviewed to ensure that Treaty Land Entitlement First Nations and municipalities can make the best use of the land in a timely manner. Municipalities lose many economic development and partnership opportunities when the process is time-consuming.

### **Loss of Municipal Tax**

Many of the problems municipalities are experiencing stem from the lack of incentive to participate in the TLE process. Current compensation rates provide little incentive to make TLE settlements a priority since municipalities are only compensated for five times the annual net tax loss at the time of conversion. This formula is especially problematic in comparison to compensation rates in Saskatchewan, which are available to rural municipalities for 25 years and to urban municipalities in perpetuity. The Provincial and Federal Governments should consider further incentives for Manitoba municipalities in order to encourage municipal involvement. For instance, the Federal Government assists the municipal tax collection process in Saskatchewan by paying the municipal taxes after a period of 75 days. This provides consistent income to municipalities while the negotiations are proceeding and assists in easing the relationships between Treaty Land Entitlement First Nations and municipalities. Such alternate arrangements should be given greater consideration in Manitoba in order to enhance incentives to complete TLE negotiations.

### **Legal and Professional Costs**

Environmental assessments and land surveys represent an additional cost factor throughout this process. While the AMM understands the need for these assessments, it is common that these are repeated several times throughout the selection and conversion process to accommodate changing plans and environmental conditions. The 2006 Report of the Auditor General of Canada demonstrates that the TLE process takes a number of years to complete. It is desirable for all relevant documentation to remain current throughout the lengthy process. These costs can add up to considerable amounts and this needs to be considered as a substantial expense for municipalities. A review of the compensation process should address these costs.

Legal services are another cost factor that needs to be addressed. Throughout the TLE process, legal opinions and professional services are deemed necessary. This approach however is both expensive and time consuming. Municipalities see the benefit in working with Treaty Land Entitlement First Nations and this is why the AMM has committed to working with the Assembly of Manitoba Chiefs and the Treaty Land Entitlement Committee of Manitoba Inc. to develop a Communication and Consultation Protocol that facilitates mutual understanding between both municipalities and Treaty Land Entitlement First Nations. The AMM recognizes the need to clarify each party's viewpoint so that misperceptions can be minimized and delays caused by misunderstandings can be reduced. For instance, the term "reasonable" is used throughout Manitoba's Treaty Land Entitlement Framework Agreement, yet this term is highly subjective. By providing a forum to clarify what is reasonable, all parties will be able to access more timely support when dealing with unreasonable parties. Such opportunities would contribute to a more efficient TLE negotiation, thereby reducing the time required to complete the process. However professional legal services will still play a role in the TLE process and the associated costs need to be considered in a review on appropriate compensation.

The AMM would like to work with the AMC, the Provincial Government of Manitoba and other relevant stakeholders to make the Treaty Land Entitlement process efficient and effective. Factors that need to be addressed include the excessive quantity of time to complete a transfer of land, the equation used to compensate municipalities for tax losses, and the increasing legal and professional costs. A reevaluation and reconfiguration of these factors will improve the overall process, provide incentives for municipalities to participate more fully in the process and accelerate the time it takes to convert municipally owned land through the Treaty Land Entitlement process. Keeping the process simple will also allow ease of transactions and open communication and consultation between municipal councils and Treaty Land Entitlement First Nations.

**Therefore, the AMM urges the Provincial Government to review the current TLE compensation in order to seek alternative ways to enhance the TLE process in Manitoba.**

## **2. Rail Line Abandonment**

Railways have been integral in connecting Canada and have been a vital base for transportation across the prairies since the late 19<sup>th</sup> century. This method of transportation increased the emergence of urban centres and decentralized populations. Railways have also had a significant impact on the physical characteristics of prairie cities as tracks, yards and stations are frequently central urban features, around which industries and businesses were built. The relationship of communities and railways has always secured Manitoban producers effective and efficient connection to a large range of markets.

For many northern communities, transportation of goods by rail is the only access that is available. With a minimal number of roads linking these communities the railroad is crucial to the advancement of the economy. Concern regarding the abandonment of rail lines has been receiving increased attention as the future of the Canadian Wheat Board (CWB) continues to be debated. The CWB is a large user of rail lines and its loss would have a major impact on the stability of the rail system. The loss of the northern rail lines would also have a major impact on the Port of Churchill, which is a valuable port for international trade routes, but relies on the rail system for inland transportation.

The relationship between communities and railways has always secured Manitoban producers effective and efficient connections to a large range of markets. The increasing trend towards abandoning rail lines is a major economic concern. The elimination of rail lines may disallow the possibility of attracting big businesses to an area and reduces the number of connections between producers and markets.

Currently the railway is the only link for a number of northern communities to gain regular and adequate access to goods and transportation. Without this vital connection these communities would be stranded without access to sufficient goods and services. These communities rely on the train and it would be devastating if they no longer had access to such a vital element of transportation infrastructure.

Canadian railways are being allowed to tear up lines while many other countries are building them because it is environmentally cleaner and less expensive to ship freight when compared with

transporting via truck. Municipalities understand that private investment needs to be sustainable to remain intact, however innovative solutions may be available if the current system is reviewed with all stakeholders.

**Therefore the AMM urges Provincial Government to set a date for a multi-stakeholder meeting to address rail line concerns, recognize the essential services provided by the rail line to the North and ensure that rail services continue province-wide.**

### **3. Update on Northern Healthy Foods Initiative**

Northern Manitoba communities are still struggling with the need to obtain affordable access to nutritious food and beverages. Perishable products are substantially more expensive in northern communities as compared to the rest of the province since the high transportation costs are passed on to the consumer. More importantly, these healthy options are more expensive than less nutritious alternatives, which creates disincentives to healthy consumption patterns. The resultant health issues increase the need for health care interventions in these remote communities. Therefore, it is imperative that the Provincial Government mitigates the high cost of nutritious food and beverages in remote and northern communities.

The Northern Healthy Foods Initiative has recently encouraged northern and remote communities to identify and undertake projects that improve local access to nutritious food. These projects will reduce the cost of healthy food by promoting self-sufficiency through community gardens, greenhouse production, and community foods programs. Increased local production of fruits and vegetables reduces the need to pay the high transportation costs that are otherwise required. Educational opportunities are also important and students in the Frontier School Division will benefit from the enhanced curriculum that provides a greater emphasis on germinating plants, food preparation and preservation techniques. These important initiatives must continue to receive Provincial funding in order to provide long-term advancements and to expand into more northern and remote communities.

At the same time, the Province must focus specifically on the need for affordable milk products in northern communities. The AMM recognizes that this is one component of an overall healthy food

campaign, however the considerable benefits for children and adults requires the increased accessibility of dairy products in northern communities. The severity of this need is emphasized by the Provincial Government's control of liquor prices across Manitoba while milk prices continue to vary widely. Manitoba's liquor control system demonstrates that it is possible to implement province-wide price regulation and the Province must pursue such a structure for milk. Existing price discrepancies demand attention from the Provincial Government as an explicit part of the Northern Healthy Foods Initiative.

Progress was initiated based on recommendations from the Northern Food Prices Report, which included recommendations pertaining to milk prices. The Province should move forward on these recommendations and include northern communities within the mandate of the Manitoba Milk Price Review Commission. The AMM appreciates the Province's commitment to address related issues such as improving the winter road network to reduce transportation costs and the implementation of the Rocky Mountain Doubles pilot project. However, without a specific focus on reducing the cost of milk in northern Manitoba, the disincentives to consume milk will remain along with the negative health impacts of insufficient milk consumption.

**Therefore, the AMM requests an update on the Northern Healthy Foods Initiative and urges the Province to increase funding to programs that ensure remote and northern communities have access to affordable, nutritious food and beverages.**

# General Issues

## 1. Creating Fiscal Balance

Municipal government is playing a more important role in the every day lives of Canadians. No longer is the local council seen as merely the local tax collector and tertiary service provider. Today, municipal governments have greater responsibilities, often playing a leading role in key areas that are not traditionally municipal in nature, such as health care and environmental protection. As the importance of the local community grows, municipal government, as the order of government closest to the people, is becoming more important. Yet, municipal governments do not have the tools they need to meet these new expectations. Many communities are starting to see the decay of key infrastructure and the unfortunate reduction in program delivery as a result of limited resources and increasing responsibilities. Municipal councils are left with the impossible task of delivering all the services expected by both the citizens and other orders of government, while only having access to limited resource streams. This is not sustainable and consequently it is necessary to undertake a major review of municipal government in Manitoba to create a fiscal balance between all orders of government.

Nationally, through the work of the Federation of Canadian Municipalities, municipal governments have been able to secure a full rebate of the GST as well as the New Deal for Communities or 'Gas Tax Rebate.' Community issues have become front and centre on the national stage, and the AMM is pleased with the recognition by the federal government of the importance of local government and the need to put resources in the hands of the order of government that delivers key services.

Provincially, municipal government in Manitoba has seen some advances as well. Most recently the Province announced the new Building Manitoba Fund that will link municipal grant money to provincial gas tax revenues. Manitoba is also unique in that the Provincial Government shares a percentage of income tax with municipalities through the previous Provincial Municipal Tax Sharing agreement.

While these initiatives are certainly positive, more is needed. Many of the resolutions currently being worked on by the AMM deal with issues of funding, or more specifically inadequate funding levels. A serious discussion of the resources available to municipalities needs to be undertaken. However

for this discussion to be fruitful, it must be raised within the greater context of what are and what should be the responsibilities of municipal government.

Municipal government in this province has embraced taking on additional responsibilities as these have been seen to be for the betterment of the local community. For instance, many municipalities have gone to great lengths to help provincial RHAs recruit physicians. As well, municipalities have undertaken projects to help reduce greenhouse gas emissions and improve the environment. Yet there are limits to how much municipalities can do with their current revenue streams.

We have consistently heard from the Province that Manitoba municipalities fare better than almost every other province in terms of funding transfers from provincial governments. However, this discussion is meaningless without a discussion of the responsibilities of these municipal governments. If Manitoba's municipalities are continually expected to take on additional responsibilities it is imperative that new revenue sources are made available.

Provincial and territorial municipal associations are in the process of developing a cross Canada perspective of municipal responsibilities and finances. Manitoba municipalities have heard many times that they receive more resources from other orders of governments than any other province or territory. This report, which is due to be released in May 2007, will inform all municipalities on the similarities and inequalities that are currently being experienced nation-wide and will assist in understanding the issues that need to be addressed within Manitoba.

In Manitoba, a major municipal issue is the financial implications of the recently passed Water Protection Act. While the intent behind this legislation is laudable, the overwhelming lack of detail, especially in the area of responsibilities and finances, has many municipal governments concerned. Municipal governments cannot take on the financial costs associated with implementing and enforcing this Act. The Municipal budget is already stretched too thin.

The current municipal infrastructure deficit in Manitoba further compounds the need to re-examine the resources available to municipalities. Communities are facing crumbling roads, deteriorating community centres and inadequate water treatment facilities. It is estimated that Manitoba's infrastructure deficit is \$7.4 billion, which includes \$2 billion in rural municipal infrastructure and

\$1 billion within the City of Winnipeg. These are staggering numbers when compared to the revenue streams available to these municipalities. When only 7 to 8 cents of every tax dollar goes to municipalities, it is evident there is a lack of resources to deal with this deficit.

This is why the AMM has been advocating for a 5-year plan to significantly reduce the reliance on property tax to fund education. Currently the property tax base is the principal source of revenue for municipalities. However, this tax base is diminished when education tax takes up over 50 per cent. Equally concerning is the continuing increases year after year which force municipalities to seriously re-consider any municipal tax increases, as there are limits to what local residents are able to withstand. The AMM fully supports maintaining and improving the quality of education in Manitoba, however the current system of education taxation is not sustainable and in reality it is hurting local communities by limiting municipal resources.

In addition to the removal of education tax from property, there are other options to provide greater revenue to municipalities. For example, the Provincial Government can follow the lead of the Federal Government with the GST and exempt municipal governments from the Provincial Sales Tax. Not only would this leave more money in the hands of municipalities, but it would significantly reduce the costs of many major infrastructure projects, thereby freeing up valuable funding for other areas of need. This would represent a significant shift away from the current tax and return system toward a new system that allows municipalities to retain resources for community needs.

Strong communities are the foundation of a strong province and a strong Canada. As the Association that represents all incorporated municipalities in Manitoba, we understand this. The AMM has long been advocating for municipal governments to look at ways of improving how they do business to ensure strong, sustainable communities across Manitoba. We also hear firsthand the challenges communities are facing and we see the implications provincial actions are having on municipalities. It is for this reason that we believe it is time to take a closer look at the resources available to municipalities and take stock of the roles and responsibilities of municipal government in Manitoba. It is only through this type of examination that we can truly create fiscal balance in Manitoba.

**The AMM urges the Province to work collaboratively with municipalities to create a fiscal balance for all orders of government in Manitoba.**

## Appendix A – Active Resolutions

### **AMM Resolution Number 46 – 2003**

#### **Topic: Turning Back TLE Lands**

Sponsor: RM of Kelsey (Northern District)

Departments: Manitoba Aboriginal & Northern Affairs, Indian & Northern Affairs Canada

WHEREAS the Manitoba Treaty Land Entitlement Framework Agreement was signed on May 29, 1997;

AND WHEREAS the purpose of this agreement is to provide land to 19 First Nations, fulfilling a long-standing commitment arising from treaties signed by Canada and the First Nations between 1871 and 1910;

AND WHEREAS the period for selection of Crown land is three years from the date a Treaty Land Entitlement Agreement is signed with a time limit extension for Crown land for a period of up to two years;

AND WHEREAS initially, various site selections have been made by First Nations for certain unoccupied Crown Lands;

AND WHEREAS in certain cases First Nations are no longer interested in these selections yet have not withdrawn their interests;

AND WHEREAS these lands, even though they are no longer required by First Nations, are still being upheld and are creating a hindrance for potential future development;

THEREFORE BE IT RESOLVED THAT the AMM lobby the Provincial and Federal Government to assist municipalities that are affected by lands being held under Treaty Land Entitlement Agreement to ensure that lands not required by Treaty Land Entitlements are turned back for public interest and to ensure that immediately following the two year time extension, land is reverted back to the public.

### **AMM Resolution Number 13 – 2001**

#### **Topic: Treaty Land Entitlements -- Loss of Tax Base**

Sponsor: RM of Kelsey (Northern District)

Departments: Manitoba Aboriginal & Northern Affairs, Indian & Northern Affairs Canada

THEREFORE BE IT RESOLVED that the AMM expedite the process of lobbying the federal and provincial governments to ensure that municipalities are protected from losing school tax base should a treaty land entitlement result in land within a municipality being acquired by a First Nations band and subsequently being granted reserve status so that the information can be included in service agreements.

### **AMM Resolution Number 72 - 2000**

#### **Topic: Legal Costs of Negotiating Treaty Land Entitlements**

Sponsor: RM of Sifton (Western District)

Departments: Manitoba Aboriginal & Northern Affairs, Indian & Northern Affairs Canada, Manitoba Intergovernmental Affairs and Trade, Manitoba Conservation

WHEREAS Indian bands that are eligible for treaty land entitlements also receive funding to defray legal costs when acquiring lands;

AND WHEREAS Manitoba municipalities must pay any and all share of any legal costs associated with developing a municipal development and services agreement relating to treaty land entitlements;

AND WHEREAS municipalities must rely on funding from property taxes to pay their legal expenses;

THEREFORE BE IT RESOLVED the Association of Manitoba Municipalities lobby the federal and provincial governments to cost-share municipal legal costs relating to treaty land entitlements negotiations and preparation of ~~municipal development and services agreements.~~

**AMM Resolution Number 43 – 2002**

**Topic: Milk Price Controls in Rural and Northern Communities**

Sponsor: Town of Churchill (Northern District)

Departments: Manitoba Agriculture, Food and Rural Initiatives, Manitoba Aboriginal & Northern Affairs, Indian & Northern Affairs Canada

WHEREAS the sale of liquor is regulated by The Liquor Control Act under section 51(1) which states: "The price of each particular variety of liquor shall be the same at all liquor stores and premises of liquor vendors appointed under section 17";

AND WHEREAS the Province of Manitoba controls the price of liquor sold in stores regardless of geographical location;

AND WHEREAS the Province controls the operation and production of milk which is regulated under The Dairy Act;

AND WHEREAS the Province does not regulate or control the price of milk as is the case with liquor;

AND WHEREAS the price of milk in rural and northern communities is more expensive than the southern region of the province and is, at times, more expensive than an equal quantity of liquor;

AND WHEREAS the availability of fresh milk is an essential component of healthy living, especially for children, and is one cornerstone of Canada's Food Guide to Healthy Eating, while liquor is not;

AND WHEREAS Canada's Food Guide to Healthy Eating suggests that children 4-9 years consume 2-3 servings per day, children 10-16 years consume 3-4 servings per day, adults consume 2-4 servings per day and breast-feeding women consume 3-4 servings per day. The same cannot be said for liquor;

AND WHEREAS alcohol and drug abuse is the largest socioeconomic crisis in rural and northern Manitoba;

AND WHEREAS the Province has placed more effort into supplying affordable liquor to rural and northern communities than any other consumable;

THEREFORE BE IT RESOLVED that the AMM lobby the Province to regulate and control the price of milk in rural and northern communities in the same way as liquor is regulated and controlled by The Liquor Control Act.

AND BE IT FURTHER RESOLVED that the AMM lobby the Province to amend The Dairy Act to include similar pricing controls as are found in section 51(1) of The Liquor Control Act, to ensure that the price of milk in rural and northern communities is the same across the province regardless of geographical location.