

Meeting of the
**Association of
Manitoba
Municipalities**



with

**Premier Gary Doer
and the Provincial Cabinet**

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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.

Canadian Fiscal Federalism at Risk of Reconciling the Irreconcilable: Addressing Canada's Fiscal Imbalance

"Cities are caught on the front line between the citizens of Canada and the cause and effects of Federal and Provincial/Territorial Government policies and priorities: What other governments do eventually become municipal issues."

Federation of Canadian Municipalities (FCM) Big City Mayors' Caucus report, 2006: Our Cities, Our Future: Addressing the Fiscal Imbalance in Canada's Cities Today.

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 orders of government for some time. Much of this work has culminated in the various reports that have been released underscoring the need for a new, improved relationship between all three orders of government. Just as the Province of Manitoba is looking for a new relationship with the Federal Government, municipalities in Manitoba need a new relationship with the Provincial Government, because the actions taken by other orders of government ultimately become municipal issues.

Municipal governments in Manitoba have enjoyed a strong working relationship with the Province, with some of the more innovative approaches to funding, including the Provincial Municipal Tax

Sharing Agreement, which is a model for other provinces. However you only need to take a look around Manitoba communities to know that this is not enough.

Provincial and Territorial Municipal Associations recently commissioned a report entitled *Roles, Responsibilities, Resources and Relationships* which outlines commonalities and differences that are occurring across Canada. While not all Canadian municipalities receive as much support as municipalities in Manitoba, the report shows a growing trend toward increasing support and recognition by Provincial Governments of the importance of investing in communities.

For example, the Alberta Government is working towards action on the recommendations of their provincial review of the roles, responsibilities, resources and relationships. This is in addition to the \$3.4 billion provincial-municipal infrastructure program. Saskatchewan has committed to creating a Municipal Sector Strategic Plan which will set out long term directions and a work plan for the municipal sector and its relationship with the province. This has been developed through six *tables* including, Big Cities (Regina/Saskatoon), Small Cities, Towns/Villages, Rural, Northern Communities and Regional Economies. Integration of the work will occur through a coordinating group comprised of the co-chairs of each *table*. As well, Saskatchewan's Provincial Government has created a temporary change to per capita funding for 2007 until a long term plan is finalized. Ontario's Provincial Government is also working toward fairness with municipalities through the creation and implementation of the Ontario Municipal Partnership Fund. Although this is not a complete solution to municipal concerns there, the return of the Liberal Government in Ontario ensures that movement toward fiscal balance continues. Quebec is moving into a second year of rebating the PST to municipalities. New Brunswick is in the process of examining the structure and organization of local governance, regional cooperation, property taxation, and local government funding arrangements, as well as the legislative framework required to implement an action plan. This action plan is expected to contain concrete recommendations and measures for better positioning New Brunswick communities to contribute to and benefit from the self-sufficiency agenda. The trend of Provincial Governments reviewing the roles, responsibilities, resources and relationships will assist many Canadian municipalities, however Manitoba needs to continue to move forward in this area in order to foster more tools for promoting fiscal balance.

While the AMM certainly feels more is needed from the Provincial Government, our organization does recognize that municipalities need to make internal improvements. Municipalities will be

moving to the more transparent Public Sector Accounting Board principles, which will give a 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.

While there are efficiencies to be gained, this alone will not resolve the fiscal 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.

This issue is impacting municipalities Canada wide as can be seen in the recently released FCM report called *Danger Ahead: The Coming Collapse of Canada's Municipal Infrastructure*. The report demonstrates that the municipal infrastructure deficit is growing rapidly and is currently estimated at \$123 billion. Municipal governments lack the necessary tax base to cover the costs associated with this deficit. This is a growing concern and requires attention and investment from all orders of government in order to support the ongoing economic potential of communities.

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. In the interim, a municipal exemption from the PST offers an opportunity to modify the current financial relationship. A municipal exemption would lower most costs by seven per cent, keep financial resources in local communities, rather than waiting for grants to be distributed by the Province. The existing process is inefficient since municipalities must apply for grants to fund critical projects, and then return seven per cent of those same funds to the Province through the PST. A survey of municipalities (excluding Winnipeg) indicates that on average a municipality pays approximately \$60,000 in PST annually. While not a big revenue source for the Province this would have a meaningful impact on the municipal budget. The AMM sees a PST exemption as an easy first step in dealing with the fiscal deficit that currently exists. However, 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 order of government.

While there are some short-term fixes that could be implemented, municipalities need more than simple one-time transfers. Ad hoc funding helps address immediate needs, but municipalities need to have long term, sustainable and predictable funding sources. Many of our current resolutions deal with the need for additional funding, which will be expanded on later in this paper, demonstrating that municipalities need greater assistance to meet the demands and expectations placed on them by both the Province and citizens within their communities. The Federation of Canadian Municipalities has established that municipalities receive only eight cents of every tax dollar, which is not enough to meet the demands placed on municipalities, nor is it sustainable for municipalities to continually look to other orders of government for funding. Only with a provincial-municipal review of the roles, responsibilities, resources and relationships will municipalities be able to establish long term plans to tackle key objectives.

It is important to recognize that looking at only a single area, such as resources, will not provide a complete solution to the fiscal balance issue. The examination needs to include 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; allowing a revamp of the current system will ensure services are delivered by the most appropriate order of government.

A good example of a service being delivered and funded by the appropriate order of government is the cost associated with water bombers. Prior to 2005, municipalities were responsible for the costs associated with this emergency fire protection. This proved to be unsustainable for municipalities due to the huge and unexpected costs associated with this form of fire suppression. The Provincial Government announced, in 2005, that it would be responsible for the full cost of water bombers, as it is the order of government most capable of handling the costs.

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 2006 report released by the AMM identified secondary provincial roads, drainage and conservation initiatives as possible areas

where service delivery could be transferred to municipalities, provided either additional funding is made available or other serious responsibilities are shifted.

There is no doubt that all orders of government have the same goal, which is to develop strong communities that 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 Issues

Water protection has become one of the most important issues for all Manitobans, and as such, it is critical that all orders of government and 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.

There is no doubt that the cost of provincially driven water initiatives will be quite substantial. Yet, the Provincial Government has not adequately addressed the financial impact that water initiatives and plans will have province-wide. Financial costs must be taken into consideration during the development of a provincial plan and all initiatives should include a careful cost analysis. Provincial plans must be realistic and financially attainable, and this can only be assured by making certain serious consideration is given to the cost of implementation during the development of the plan. Regardless of how effective a plan could be, it is useless if it cannot be implemented due to cost. This should be addressed directly in provincial and regional planning sessions to ensure viability.

The Manitoba Water Strategy Steering Committee identified funding as one of the problem areas in need of resolution, however as yet there has been no meaningful discussion on financing. This issue is consistently raised in discussions by municipal councils, as there are concerns that municipalities will be left to finance provincial decisions. Manitoba Water Stewardship has committed to providing \$25,000 to Water Planning Authorities to assist in the development of IWMPs, however actual costs

for plan development are in the range of \$100,000 to \$200,000. It is also important to recognize that this cost is minimal when compared to the implementation costs. The Turtle Mountain Conservation District, as the first Water Planning Authority to complete their IWMP, has identified implementation costs of approximately \$6 million for the first phase of their plan. This figure has municipal personnel wondering if developing IWMPs is an exercise in futility given the cost for implementation. These costs need to be addressed before the Province can expect municipalities and other key stakeholders to buy into the process.

To put this huge expense into perspective, consider the fact that there are six municipalities that lie partially within the watershed. Their annual budgets are approximately \$4.7 million. In order to cover the costs of implementation these municipalities would have to increase their budgets by \$1.2 million per year for five years. This equates to a 26 per cent increase in their budgets, which is essentially an increase of \$1000 for a family of four. If the municipality were to levy this increase on only the property situated within the watershed, the amount would be much higher. Clearly, the financial load is too much for municipalities to bear alone. Without provincial funding, action on provincial water initiatives will not happen.

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.

Municipalities 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. Once a strategy is 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. We need

to determine each regional watershed's benchmarks as well as the common benchmarks that are needed for provincial planning.

Municipalities will continue to work with the Province to advance water protection initiatives, however the issue of financing must be addressed. It is irresponsible to ask communities to proceed through a difficult and lengthy planning process if the necessary funding for implementation is not available. Therefore, the AMM urges the Province to provide adequate resources for water initiatives.

Section 3 – General Issues

The AMM is pleased to see positive activity on longstanding issues in the past year. In particular, the AMM would like to thank the Provincial Government for supporting 100 per cent of Interfacility Transport costs for health care patients and expanding the Neighbourhoods Alive! program to five additional communities while maintaining funding for the three original communities. At the meeting of the AMM with the Provincial Cabinet in 2006 the creation of a Community Hosting Fund and drainage licencing and enforcement concerns were discussed. Over the past year, the Community Hosting Fund was developed and implemented and the Water Control Works and Drainage Licencing Branch was created in an effort to ease drainage problems. These projects demonstrate the success of our partnership. Continued collaboration between the AMM and the Provincial Government is beneficial for residents of Manitoba. This year there are several priority issues that need to be addressed:

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. 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. The University of Saskatchewan's 2007 report, *Improving the Municipal-Aboriginal Urban Interface; Areas of Highest Priority, Opportunities and Challenges*, indicates that although the most important formal relationship in the development of

TLEs lies with the Entitlement First Nation and the Federal Government, the most important strategic long term relationship is with the local municipality. For this reason the TLE process needs to be more efficient and must not penalize municipalities. The current rate of compensation for Manitoba municipalities offers no incentive to work expeditiously on Municipal Development and Services Agreements towards the transfer of land.

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 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 the Province has developed the Guide to Municipal Development and Services Agreements 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 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 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. For the past 5 years municipalities have clearly identified recycling issues as a priority at the AMM Convention. In 2003, Green Manitoba 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 Green Manitoba to operate effectively, so that it assists Industry Funded Operations in the creation of sustainable solutions for the recycling needs in the province.

Currently the Provincial Government has enacted the *Tire Stewardship Regulation*, publicly reviewed the *Packaging and Printed Paper Regulation*, initiated public review of both the *Electrical and Electronic Equipment Stewardship Regulation* and the *Hazardous or Prescribed Household Material Stewardship Regulation*. These regulations create a framework for industry-funded operations to create programs for recycling the respective products. Manitoba municipalities and the AMM have indicated that there are a few key components that are necessary for successful programming. These include continued consultation with the AMM throughout the development of program plans, the continuation of the 80:20 funding formula, appropriate timelines for province-wide implementation, and clarification of departmental jurisdiction.

The AMM believes that managing waste streams is an important process that needs to exist in order for communities to be environmentally, socially and politically responsible. The Provincial Government must ensure that municipalities, who are huge stakeholders in this initiative, concerns are addressed in order for these programs to be successful.

Cleanup of Contaminated Sites

The Province committed to funding the clean up of contaminated areas, including orphaned petroleum sites and abandoned mines in the 2006 Throne Speech. The AMM is pleased to see that a

\$70 million provincial account has been established to rehabilitate orphaned and abandoned mines. As well, STEM committed to spending \$4 million to continue rehabilitation work at Lynn Lake, Sherridon, Ruttan and Snow Lake. This is a significant investment for mining communities and the environmental benefits will be substantial.

However, many contaminated sites in Manitoba are not associated with previous mining activity. Fuel storage sites also create hazardous environmental conditions that are detrimental to population health as well as surrounding soil and groundwater. The AMM is pleased to see funding for the community of Grosse Isle, however the identified site in the area remains contaminated with no immediate plans for remediation. These abandoned sites need to be addressed in a timely manner.

The recent *Audit of the Province's Management of Contaminated Sites and Landfills* report indicates that there is significant work that needs to be completed. The Province must allocate funding for all mine and fuel storage sites that are classified as impacted or orphaned in order to eliminate public health concerns associated with the contamination of soil and water.

Manitoba Culture, Heritage and Tourism

Funding for Libraries

Manitoba's public libraries provide extensive and beneficial services to citizens throughout the province. Libraries are 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. A funding formula based on population will 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. It is important to recognize that per capita funding may not be appropriate to support the requirements of Manitoba's public libraries.

The AMM was pleased to participate in the Provincial Government's Public Library Review but is still waiting for the Province to 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. We understand that staff are currently reviewing these recommendations and that action will be taken following the Manitoba Public Libraries Services conference in November 2007.

The AMM is pleased with the investment, from the Building Manitoba Fund, for a \$1.1 million investment for library technology infrastructure, which will 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. As well, the AMM looks forward to movement on the Province's commitment, from May 2007, to increase support for public libraries including doubling the establishment grants and providing funds to update book collections.

Recreation Centre Funding

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 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 tripartite program and the Provincial Government should also be working to advance this initiative.

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. Despite nation-wide health concerns and the clear connection between improved recreation and lower health care costs, the Federal Government has not increased funding for recreational infrastructure. 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 \$7.9 million to municipalities in 2006 with \$4.5 million going to the City of Winnipeg and \$3.4 million 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.

Municipalities would like to see the maximum Provincial contribution increase 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 construction and labour 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 was pleased to see the November 2007 Throne Speech commitment to double recreation funding but would like to ensure

this is *new* money to avoid detrimental impacts to other projects. 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.

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.

Repeatedly, municipalities have made it clear that education funding is a core Provincial responsibility and the current taxation system is unsustainable. The 2006 AMM resolution for an

80:20 operating cost funding formula is consistent with the AMM's previous resolutions that 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. 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 Province has made key improvements in the past few years through the elimination of the residential ESL and provision of a 60 per cent education tax rebate for farmland with a commitment to rebate 80 per cent within four years. However, further movement is required since there has been no change to education taxation on commercial property and the Province still relies heavily on property taxation to fund education. This issue is growing in importance as seen by the City of Winnipeg's council passing a resolution regarding the removal of education tax on property.

The AMM was pleased to see the Provincial Government commit to an 80:20 funding formula for education, in the 2007 budget, which will be phased in over five years. However, for this to be a meaningful change the 80:20 split must be for operating costs, not for all education expenses.

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.

Manitoba Emergency Measures

Disaster Financial Assistance

Disaster Financial Assistance (DFA) is a mechanism that was developed to assist local communities deal with catastrophes that create an unreasonable financial burden. DFA has proven to be beneficial

to numerous communities in various situations, however there are a number of policies and practices within the DFA framework that need to be changed to better assist Manitoba municipalities.

The AMM has repeatedly lobbied for the resolution of flood damage and disaster assistance programming concerns. A recent concern of municipalities is the classification and eligibility for DFA based on whether or not the financial burden exceeds 5 per cent of a municipality's budget. This arbitrary figure lacks quality justification. DFA should be based on the merit of the claim rather than a municipal budget that is constantly in flux due to growing responsibilities and major capital projects.

As well, the current compensation rates have consistently been identified as inadequate for certain aspects of DFA. 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.

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.

The AMM is pleased to see movement on the development of an Early Warning System in Manitoba. The working group will enhance the AMM and the Province's position on the need for a better alerting method to ensure the safety of Manitoba residents.

Permanent Flood Protection

There is a need for the Provincial Government to focus on 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.

The Province should work to obtain funding for permanent flood-protection structures where the same damage has occurred in consecutive years. Such an investment in preventative measures will create long term cost savings for all orders of government while mitigating the stress of preventable damage on local communities.

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 northern, 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.

A survey completed by the AMM in 2007 determined that 70 per cent of municipalities have general housing concerns and 48 per cent see low-income housing as a priority. The Provincial Government's framework for the low-income housing strategy appears to address a number of the

specific concerns identified within the survey. However, the AMM would like to ensure that these programs are accessible to municipalities province-wide as previous programs seemed to target only larger urban municipalities. The survey also brought to light the need for construction incentives in small urban, rural and northern communities. The increased demand for construction labour has amplified the difficulty for municipalities to attract developers and builders. This growing concern will negatively impact the ability of these communities to attract and retain other residents, and needs to be addressed in a timely manner.

Manitoba Health and Healthy Living

Health Professional 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.

Currently some municipalities are effectively bidding for physicians to work in their community, which can include providing financial incentives. This is not possible for all municipalities, nor should it be necessary for any municipality. Municipalities recognize that they have a role in the recruitment and retention of medical professionals. This includes enhancing communities in order to attract medical professionals and educating residents on types of appropriate interactions with medical professionals in order to ensure that they feel comfortable in the community.

Training, recruitment and retention initiatives should continue to be completed at the Provincial level, as they are issues that impact all communities province-wide. However, innovative practices should be devised on an ongoing basis in order to effectively attract and retain medical professionals 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 Manitoba, and providing local access to high quality health care services province-wide is a vital part of this process. 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. In both 2006 and 2007, the University of Manitoba has enrolled 100 students, which meets the Provincial Government commitment to increasing the number of medical school spaces to 100 by 2006-2007. However, the funding for these spaces must be maintained in order to continue training a sufficient amount of Manitoba doctors. The next step will be to follow up on Premier Doer's 2007 election campaign promise of increasing the number of medical school spaces to 110.

Another 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 and family physicians are in high demand throughout rural areas. 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 has been 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 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. In the fall of 2006 Manitoba Health implemented a new process for assessing International Medical Graduates (IMGs) seeking medical licensure in primary care.

This new process replaces the former Clinicians Assessment & Professional Enhancement program (CAPE). The new assessment is based on the input for suggested improvements from many health stakeholders, including rural community physicians. Some of the feedback from IMGs themselves

was that the former abbreviated assessment process was inadequate for assessment. The AMM is pleased to see 10 additional spaces in the new IMG program.

With pre-employment interviews conducted in December 2006 and March 2007 the AMM and municipalities look forward to hearing if the program has been more successful in increasing the number of physicians in rural, remote and northern communities. As well, with a target of forty practice ready candidates a year, the retention of these medical professionals is also important.

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 that provides conditional grants to students studying medicine in Manitoba or to physicians establishing a practice in Manitoba upon graduation. The commitment to increase the number of physicians in Manitoba by 100 over four years will only be meaningful if retention strategies are successful. Therefore, greater action must be taken to retain medical professionals in Manitoba.

There is also a need to facilitate the training and retention of other medical professionals such as Registered Nurses, particularly those with the Extended Practice designation RN(EP). These medical professionals, known as Nurse Practitioners (NP), provide a range of health services with a target of promoting health and preventing illness. NPs work in collaboration with other health professionals such as physicians, RNs, pharmacists, nutritionists, social workers and therapists to ensure that patients receive the most complete and coordinated health care. NPs are increasingly recognized as a solution for alleviating current gaps and decreasing wait times in health delivery, particularly in rural and remote communities.

In rural settings NPs often manage the daily health needs within communities while the family physician rotates through a number of communities on a regular but intermittent basis. This coordination of medical professionals has been supported by the College of Family Physicians of Canada in its paper, *Primary Care and Family Medicine in Canada: A Prescription for Renewal in Canada (2000)*. Coordinated teams of medical professionals are seen as a quality model to deal with

the health of communities in terms of increased access, quality of life and disease prevention.

Although these models are operational and working well, there are not enough of them. The success of multidisciplinary teams in rural and remote communities demonstrates the potential of utilizing the full scope of skills represented by NPs and other professionals to meet the health needs of municipalities. The role of NPs in Manitoba is still evolving but there are numerous examples of positive collaborations between medical professionals and success stories for communities. An ongoing awareness of the role that all professionals play in the health care delivery system is vital in the creation of community health delivery models and subsequently overall community health. These medical professionals and the services they provide need to be fostered in order for the NP model to enhance health delivery services in Manitoba.

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 AMM is looking forward to seeing \$1 million to attract more doctors to Manitoba that was committed to in the 2007 election. 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.

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. As well, the AMM requests an update on the number of IMGs who have successfully completed the new assessment process.

Community Capital Contributions to Health Projects

Many municipal concerns regarding health care have been recurring for several years and relate to the need to ensure effective health care services for Manitobans. This is characteristic of the community capital contributions to health projects since the former provincial health minister had indicated for several years that this issue was being reviewed and would soon be resolved. The AMM is bringing this issue forward again and encourages the Province to eliminate this policy whereby municipalities must contribute to the provision of health care services.

Local communities should not be required to contribute to the costs of health care service since it is the responsibility of the Provincial Government. Currently, communities are required to fund at least 10 per cent of all health capital projects within their communities. This system unfairly burdens municipalities that do not have the additional resources to commit to capital health projects. Although the provincial policy does not specify that municipalities must be the only local contributor to the capital health project, municipalities are typically expected to make some portion of the local contribution. Furthermore, regardless of whether it is the municipal government or the local residents that are required to fund these costs, the financial burden is still being downloaded from the provincial government to local communities. It also takes away much need infrastructure investment in other key areas, as municipal budgets are limited. This policy must be reversed and local communities should no longer be required to contribute funding to capital health projects.

Ensuring that Manitobans have access to appropriate health care facilities is an important consideration, and municipalities are not suggesting that investment in health care service is not required across the province. The key concern is that health care is a provincial responsibility, yet municipalities are continually expected to contribute to various aspects of health care services. This is especially problematic since municipalities have no opportunity to influence financial health care decisions. Rather, they are required to contribute a set percentage to capital projects with no input as to how the funding is spent. This situation is exacerbated by the requirement that municipalities must fund 100 per cent of any change order regarding the health capital project. Such a policy restricts the ability of municipalities to predict project costs since additional costs can arise unexpectedly. As a result, the combination of these policies places a significant burden on municipalities and limits their ability to respond to local priorities.

This issue has been raised with the Provincial Government several times over the past four years and the AMM has been told repeatedly that solutions are being sought and alternative arrangements being reviewed. This issue continues to be an important municipal concern as seen by the fact that another resolution on this matter will be forthcoming at the 2007 AMM Convention. Therefore, the AMM is seeking an update on the status of the policy review that examined alternative funding sources for health capital projects.

The AMM urges the Provincial Government to eliminate the policy of local government contributions to capital health projects and accept full responsibility for health care services.

Manitoba Infrastructure and Transportation

Increased Infrastructure Funding

Infrastructure is a very important issue for municipalities in Manitoba. Municipal budgets are over-extended and municipal governments are not in the position to take on additional costs and responsibilities. Considerable capacity is required in order to maintain safe and accessible operation of water and wastewater treatment and delivery infrastructure, stormwater systems, roads, bridges, public transportation, airports, technology, railroads, and recreation and leisure facilities.

Municipalities are not in a position to provide the full price of these vital services to their residents at a reasonable rate.

This problem has been exacerbated due to escalating skilled labour and material costs. Budgets for capital infrastructure projects are spiraling upwards as these expenses increase. For example, Brandon has seen an increase of 40 per cent for their industrial water treatment plant in less than two years and Thompson has been forced to halt road repairs because a new subdivision will cost 40 per cent more than anticipated. Municipalities are keen on maintaining cost efficiencies in all projects, however these increases are beyond their control, and support from the Province is necessary.

The FCM report, *Danger Ahead: The Coming Collapse of Canada's Municipal Infrastructure*, demonstrates the speed at which the municipal infrastructure deficit is growing. The estimate of \$12 billion in 1985 grew to \$60 billion in 2003 and is currently estimated at \$123 billion. The increases are based on previous disinvestments, aging infrastructure and updated engineering and building standards. The City of Winnipeg's current wastewater treatment infrastructure upgrade is a prime example of the growing infrastructure expenses and the inability of municipal governments to generate the required resources.

The Building Canada Plan appears to be positive for municipalities with allocations available for communities. This will increase infrastructure allocations and will therefore be beneficial to municipalities. However, Manitoba needs to move forward to allow available funding to flow to municipalities.

The AMM urges the Provincial Government to continue to enhance grants to municipalities to meet increased infrastructure costs and work with the Federal Government in the provision of infrastructure funding programs for municipalities.

Highways Capital Budget

Manitoba's transportation infrastructure deficit has been estimated at \$3.4 billion. This figure has no doubt increased substantially since this figure was released due to increases in labour and materials. The announcement of \$4 billion over the next ten years will greatly assist with improving Manitoba's provincial 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.

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

The discontinuation of the Bridge Cooperative Program and half of the MACAP had a profound impact on many communities. Bridges and airports are strategic regional infrastructure that serves the transportation needs of Manitobans well beyond the local municipality and necessitates a Provincial contribution to associated maintenance efforts. Municipal airports are in need of permanent funding for ongoing capital investments. An inability to make such investments will

certainly result in a declining level of airport services, therefore the capital investment part of MACAP must be immediately reinstated.

The AMM would like to thank the Province of Manitoba for the recent \$125 million funding announcement for bridge construction, maintenance and inspection. This will, in addition to previously announced infrastructure funding, begin to address some of the bridge infrastructure issues within Manitoba. However, this funding is not directed to municipal bridges. Bridge repairs and maintenance are becoming increasingly expensive due to higher engineering and construction costs, and municipalities find maintaining, repairing and constructing bridges difficult with limited revenue tools and funding options. The AMM has been lobbying for a number of years for the reinstatement of the Bridge Co-operative Program and recent events only reinforce the need for increased support. Increased provincial funding for bridges and airports is therefore necessary to ensure that this crucial regional infrastructure is not continually neglected.

Rail Line Abandonment

Railways have been integral in connecting Canada and have been a vital base for transportation across the prairies since the late 19th 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. 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.

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. 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 the Provincial Government to work towards the harmonization of Provincial and Federal legislation and ensure that appropriate compensation is made available where rail line abandonment occurs.

Manitoba Intergovernmental Affairs

Land Use Planning

The review and modification of The Planning Act has had a tremendous impact on municipalities province-wide. The changes required municipalities and/or Planning Districts to create development plans and zoning bylaws to encourage sustainable planning and development within the province. The review of The Planning Act resulted in municipalities spending a significant amount of time adapting to the new planning system. One of the key attributes of the current process is that the Province is responsible for environmental issues while municipalities are accountable for land use.

Manitoba Intergovernmental Affairs (IGA) is charged with the development of the legislative, financial, planning and policy framework that supports sustainable development of Manitoba. Municipalities use this framework to make land use decisions that are best suited to the local area. This local level control ensures that development is acceptable and appropriate. With the assistance of Provincial Departments municipalities are also able to ensure that development is environmentally sensitive.

Following the review of The Planning Act, the Province indicated that the Provincial Land Use Policies (PLUPs) would be reviewed. Some provincial departments have initiated the process of reviewing the policies most relevant to their department. The AMM has had the opportunity to be involved in a preliminary review session and are concerned with the liberties being taken.

At a recent meeting IGA senior staff indicated that the internal review of the PLUPs should be completed in Spring 2008. The AMM was pleased to hear that all the PLUPs would be reviewed with the AMM in a timely manner following the completion of the internal review to ensure that changes made will be viable at the municipal level and will not detrimentally impact local control of land use.

Manitoba Justice

Policing Costs for Municipalities

Providing a safe environment for residents and enhancing crime prevention strategies are priorities for maintaining vibrant communities. Municipalities are absorbing an increasing share of policing costs in addition to undertaking a key role in alternative service provision. The growing pressure on municipal budgets and the rising cost of police services require greater investment by the Provincial Government since municipalities cannot bear these costs alone.

Municipalities continue to have two fundamental issues concerning policing: escalating costs and the inefficiencies of service provision. These issues are inherently linked since municipalities have little influence over the level of police service obtained yet are required to provide the funding stipulated by the RCMP. The RCMP undertook a valuable process by developing the “D” Division report that aims to augment the provision of police services in Manitoba. The implementation is now complete and the process appears to be working well to date.

As the focus of crime prevention evolves towards a heightened reliance on alternative measures, additional time and resource commitments are required from municipalities in order to provide the necessary community supports. At the same time, alternative measures must focus on local priorities. Municipalities are willing to work on community safety priorities by engaging in consultations with the RCMP. The Town of Stonewall was the first municipality in Manitoba 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 many municipalities have created an environment of open and collaborative communication aimed at aligning RCMP action with local priorities. Although municipalities are working to improve community safety and are committed to making a contribution, municipal budgets cannot respond to the demand for increasing RCMP salaries across the province, in addition to the escalating overall costs of police

services. Salaries presently make up a significant part of most municipal policing budgets and for this reason the Provincial Government should ensure that the recent changes do not result in additional costs at the municipal level.

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

All municipalities are struggling to provide police services to their communities and this will continue until adequate funding is in place. Across Canada, police budgets absorb a larger share of fixed municipal budgets every year. A study of western Canadian cities demonstrated that from 1992 to 2002, protective services consumed the largest portion of municipal expenditures. In Manitoba, municipalities with a population greater than 5,000 commit 25 per cent of their annual budgets to protective services. This accounts for the highest line item at a total of \$284 per capita. Within the category of protective services, police budgets account for the largest line item of all municipal emergency services. For instance, policing expenditures in the Town of The Pas was \$1.45 million in 2006, which constitutes 78.4 per cent. The City of Thompson spent over \$3.2 million on police services in 2005, totaling 61.2 per cent of their protective services budget and 20 per cent of their total budget. These figures illustrate that municipalities are required to spend a significant portion of

their funding on policing. To rectify this imbalance, all orders of government must work together to investigate options that will lessen the financial burden on municipal governments.

The AMM was pleased to see increased numbers of police officers promised in the 2007 Provincial budget and increased funding commitments for policing made by Premier Doer during the 2007 provincial election campaign. The AMM is interested in knowing how and when these officers will be allocated across the province. Improving crime prevention is often addressed through additional RCMP officers being deployed in a community. This is necessary in some situations, however there is a need to ensure that all policing staff are being utilized to the best of their abilities. An alternative to this is to hire additional support staff to deal with increasing paperwork. For the current salary that a community pays a RCMP officer, they may be better served to hire two local residents for administrative duties. This can be more efficient and effective from a cost perspective, but will also allow officers to spend more time in a community focusing on crime prevention. Visible police presence in a municipality aids residents in justifying policing costs and is a crime deterrent. Alternative funding and staffing arrangements need to be evaluated to ensure that overall municipal policing budgets are being used effectively and efficiently. Understandably this must be completed within the framework of the policing contract, however flexibility and cooperation is necessary to find the best ways to deliver services.

Another way to maximize resources is to only have RCMP officers respond to cases where their skills are truly necessary. For example, the RCMP has been lobbying for changes to the procedure for responding to vehicle accidents so officers are not required to respond to vehicle accidents based solely on damage costs. They believe that it would be more appropriate to respond to accidents where their support is required such as where there is an injury or need for traffic rerouting. This would improve response times to situations where the RCMP presence was genuinely required and would increase the overall efficiency of policing efforts. Improved policing efforts will not be sustainable over the long term if there is a heavy reliance on municipalities to provide funding. The Provincial Government must assist in mitigating these financial impacts.

With a new policing contract required by 2012, the AMM would like to ensure that there is appropriate discussion between the Province, RCMP and municipalities in order to develop a funding arrangement that will complement effective policing in communities province-wide. There is a need to identify and enact measures that will allow municipalities to provide effective policing

while maintaining cost efficient delivery. The need for communication on this issue will be critical to the success of municipal policing province-wide. The AMM should be involved in the development of the new funding arrangement to ensure that municipal interests are addressed.

The AMM urges the Provincial Government to commit additional resources to police services throughout Manitoba to ensure that all communities have sufficient access to safety and crime prevention services and provide an update on new officer placements.

The Youth Criminal Justice Act

Manitoba Justice endeavors to ensure the safety and well being of Manitobans while holding individuals accountable for offences they have committed. This includes the utilization of a balanced strategy using both the court system and a community justice approach. Municipalities are concerned with the level of crime that is occurring in communities province-wide. In 2006, Manitoba had the second highest crime rate and the highest vehicle theft rate in Canada. Municipalities are particularly concerned about the number of youth offenders, which appears to be increasing. Youth crime increased nation-wide in 2006, with Manitoba reporting the highest rates of youth accused of homicide (Stats Canada, 2007). These statistics indicate that Manitoba has significant work to do to reduce youth crime rates in the province.

The Youth Criminal Justice Act (YCJA) came into force in 2003 with the intention of developing a youth justice system focused on rehabilitation and reintegration as means of preventing crime. The intention of the Act was to work with youth offenders outside of the traditional system as a way to reintegrate them into the local community. The AMM generally supported this method of rehabilitation and at the time were pleased to see the development of the YCJA. However, the legislation has not been successful in reducing youth crime and therefore is not effective. Since the introduction of the YCJA, the proportion of Canadian youth formally charged by police has dropped from 56 per cent in 2002 to 42 per cent in 2006 (Stats Canada, 2007). This statistic is misleading, because although it appears to show a reduction in overall youth crime, Stats Canada's youth crime statistics for Manitoba indicate otherwise. This is likely due to an increased number of youth that are being funneled through the community justice process rather than being formally charged within the justice system. Regardless of what statistics or explanations are used, youth crime continues to be a problem in Manitoba and a review of the YCJA is required.

Municipalities have indicated that there are a number of concerns within the Act that need to be addressed. Addressing the root causes of youth crime is a complex task that requires targeted interventions and strong community involvement. Since the YCJA's implementation, communities have been experiencing increasing pressures on their local resource base in order to provide alternative programming. Municipalities are seeing increased resources flowing to work within the YCJA framework without positive or tangible results. The current system for allocating consequences has not proven to be effective at the local level, and municipalities request that a thorough review of the system be completed to evaluate the success of this method. All orders of government have a responsibility to contribute to youth crime prevention and greater resources must be allocated to making the consequences for offenders under the YCJA more significant.

A major principle in the YCJA that needs to be reviewed states that "a young person is subjected to *meaningful* consequences for his or her offence." Manitoba communities are concerned that this principle is not being fulfilled, especially in light of the diversity of regional demands. A review of the YCJA must ensure that consequences are actually preventing crime and reducing rates of re-offending. Municipalities need to be involved as a stakeholder in this review process, and the AMM as a representative of Manitoba municipalities provides an opportunity to reflect opinions of municipalities province-wide. The Provincial Government should pursue a thorough evaluation of the YCJA with the AMM as a key stakeholder in the process.

Since its inception, the YCJA has been widely criticized by provincial leaders across Canada. The Federal and Provincial/Territorial Ministers Responsible for Justice held meetings in 2006 to discuss common areas of concern, which included the youth justice system. There was support for a review of the YCJA's effectiveness in preventing crime. The Federal Minister of Justice committed to review the legislation in both 2005 and 2006. Premier Doer also indicated the need for a change to the YCJA in the 2007 provincial election campaign. The bottom line is that there has been significant criticism of the YCJA by numerous parties, and yet action to change it has not occurred. The AMM was pleased to see the Province meeting with Prime Minister Stephen Harper recently to discuss this issue, and we are looking forward to hearing the outcome of this discussion.

The AMM appreciates the Provincial Government's youth early-intervention programs targeted to keep youth out of crime. Municipalities also recognize the positive effect of the Lighthouse program offered under the Neighbourhoods Alive! program. Society has a responsibility to address the

developmental challenges and needs of young persons. Municipalities are working in partnership with others to prevent youth crime by addressing its underlying causes, responding to the needs of young persons and providing guidance and support. However a review of the YCJA in association with resources and capacity for municipalities are needed from the Provincial Government in order to reduce youth crime in Manitoba.

Therefore, the AMM urges the Provincial Government to lobby for a review of *The Youth Criminal Justice Act* to deal more effectively with offenders and repeat offenders as well as to address the regional capacity of Manitoba municipalities.

Manitoba Science, Technology, Energy and Mines

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 2005. 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. 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 per cent, 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.

Wind

Energy resources are increasingly important to Manitoba's economy with Manitoba Hydro's 2005 – 2006 extraprovincial revenues increasing by 59 per cent over the previous fiscal year. Expanding energy production includes diversifying Manitoba's generation capabilities and extending the focus

beyond hydroelectricity. Wind power provides excellent economic and environmental benefits for Manitoba therefore incentives must be pursued by the Provincial Government to increase potential for wind generation.

Wind energy provides opportunities for economic benefits for Provincial and municipal governments. The construction required to set up turbines provides jobs for local trades people while stimulating the local economy through the purchase and rental of equipment and materials. Ongoing employment is also created due to the need for monitoring of the turbines. Many communities experience increased tourism as a result of establishing wind farms, indicating that tertiary effects are also available. Landowners gain a lucrative source of annual revenue, as evidenced by Manitoba's St. Leon wind farm that will provide \$9 million to approximately 50 landowners over a 25-year period. Wind farms are also compatible with existing land uses and producers can continue to raise crops and livestock in adjacent fields. Municipal and provincial tax revenue also increases substantially due to the increased assessment value. Rural areas are seeking access to such economic development and the Province should continue to support the expansion of wind power across Manitoba.

Another economic opportunity could stem from exploring component production in the local market as turbines are now shipped to Canada from Europe. Education and training opportunities exist for individuals to repair the electrical components of wind turbines. A program of this nature could be introduced in Manitoba to train local residents to advance economic involvement in the industry. Efforts to enhance wind energy production in Manitoba should consider the broad range of industry demands, from production and construction through ongoing usage in order to fully capture the economic benefits of wind power.

Manitoba Water Stewardship

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.

The November 2007 Throne Speech commitments of \$206 million for Winnipeg's wastewater projects and \$150 million for rural and northern municipal water and wastewater projects are a good start providing this does not reduce funding allocations to other necessary projects. 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.

The AMM is pleased to see the development of the Water Control Works and Drainage Licencing Branch and will monitor the ability of the Branch to increase the expediency of the licensing process and enforcement of illegal drainage activities. Municipalities await the appropriate balance to be achieved between timely drainage licencing and decreased illegal drainage works.

Summary

Treaty Land Entitlements and Municipalities – The Provincial Government should redevelop its compensation program for municipalities to be more comparable to Saskatchewan’s compensation package and to reduce the time involved in negotiating TLE agreements.

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

Recycling – The Provincial Government must ensure that municipal concerns are addressed in all waste stream programming as municipalities are a huge stakeholders in these initiatives.

Cleanup of Contaminated Sites – The Provincial Government must allocate funding for all impacted and orphaned sites to eliminate health concerns associated with the contamination of soil and water.

Funding for Libraries – The Provincial Government should increase library funding and implement the recommendations of the Provincial Government’s Public Library Review committee.

Recreation Centre Funding – 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.

Education Tax – The Provincial Government must support an 80:20 funding formula for operating costs to help remove the reliance on property to fund education.

Disaster Financial Assistance – Program criteria must adequately address municipal issues by reviewing current eligibility criteria, increasing the rate of compensation for municipal labour and equipment used for disaster response and focusing on mitigation projects.

Permanent Flood Protection – The Provincial Government should work to obtain funding for permanent flood-protection structures where flood damage is recurring.

Affordable Housing in Rural Manitoba – The Provincial Government has a responsibility to ensure that affordable housing is available province wide.

Health Professional 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 health professionals in Manitoba.

Community Capital Contributions to Health Projects – The Provincial Government needs to eliminate the policy of local government contributions to capital health projects and accept full responsibility for health care services.

Increased Infrastructure Funding – The Provincial Government needs to continue to enhance grants to municipalities to meet increased infrastructure costs.

Highways Capital Budget – The Provincial Government must continue its investment in Manitoba’s highways.

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

Rail Line Abandonment – The Provincial Government should work to harmonize Provincial and Federal legislation and provide compensation to municipalities where rail lines are discontinued.

Land Use Planning – The Provincial Government must ensure that the AMM is meaningfully involved in the review of the Provincial Land Use Policies.

Policing Costs for Municipalities – The Provincial Government should commit additional resources to police services to ensure that efficient police services are available province wide.

The Youth Criminal Justice Act – The Provincial Government must continue to lobby for a review of *The Youth Criminal Justice Act*.

Funding for Renewable Energy – The Provincial Government 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.

Tripartite Water Funding Program – The Provincial Government 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 Provincial Government needs to ensure adequate funding and staffing resources are available for all aspects of drainage including maintenance, licensing and enforcement.