



Meeting with
The Honourable Gary Doer
and the Provincial Cabinet

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An Alternate Approach to Governance

Ad hoc approaches to funding and shifting responsibilities are leaving municipal government scrambling to play greater roles and fill vacancies left by the Provincial and Federal Government. While some communities have been able to thrive in spite of these impediments, far too many are barely managing to stay ahead of the wave of ever-growing responsibilities. A new approach is needed, and the AMM has raised the need to take a serious look at the role of municipal government in Manitoba. The current approach is not sustainable and the time has come to take a serious look at how all governments in Manitoba work together.

Alternate Revenues for Municipalities

Municipalities do not have the resources they need to address the challenges they currently face.

This is not a new problem for municipalities. In fact a strong argument can be made that municipal government has not had the resources required since its inception. You need only look back to the resolutions from the founding meeting of the Union of Manitoba Municipalities in 1905 to see municipal revenues were front and centre.

Now more than ever municipalities need new tools to deal with new responsibilities and new expectations. Municipalities are playing an ever-greater role in the lives of Manitobans, as the days of simply collecting garbage and plowing roads are long gone. Today's municipal council has to balance community economic development, land use planning, and infrastructure renewal and development with a limited tax base and an increased reliance on application-based grants. This has left many municipalities to question whether the current system is tenable any longer.

Currently, Manitoba municipalities are more reliant on provincial and federal grants than any other province in Canada. While in some cases these types of programs are necessary (for example large-scale infrastructure projects), municipalities are in a position of competing against one other for limited dollars. Furthermore, this process restricts a municipality's ability to properly plan for much needed infrastructure investment. The amount allocated to grant

programs like the recent Municipal Rural Infrastructure Fund is nowhere near the total demand, meaning there is no guarantee much-needed projects will ever receive funding.

Over-reliance on grants and transfers leaves municipalities without the tools required to meet demands. Many municipal issues, when stripped down to their core, are really issues of access to revenue. For example, the need to remove education tax from property is a municipal revenue issue since education tax erodes the property tax, which is the single greatest source of municipal revenue. Furthermore, a greater reliance on property taxes and provincial and federal grants has created an ever-widening chasm between municipal revenues and needs, leaving future generations with what is quickly becoming an insurmountable infrastructure deficit. For this reason, over the last number of years we have seen more and more municipalities speaking out on the need for greater municipal revenue sources.

It is important that the Federal and Provincial Government contributions to municipalities are not forgotten. Federally, municipalities have benefited from a GST rebate, the sharing of the Federal gas tax, and the new Building Canada Fund. Provincially, municipalities have benefited from the sharing of provincial income tax, the Building Manitoba Fund, and supports in several other areas. The message the AMM is hoping to convey is not that either order of government has completely neglected municipalities, but rather that despite these efforts municipalities still face enormous challenges and more is needed.

A new approach is needed, and for this reason we are asking the Province of Manitoba to allocate the equivalent of one percent of the provincial sales tax to municipalities for infrastructure and split it equally among municipalities on a per capita basis. This will provide municipalities with in excess of \$200 million a year. For a community of 1,000 people, this means roughly an investment of \$185,000 in their local infrastructure, or \$370,000 for a community of 2,000 people. A community such as Thompson could see close to \$2.5 million, while Winnipeg would expect to see over \$117 million. Although this funding alone will not erase the infrastructure deficit in Manitoba, it is a positive step, and would build on the programs and revenues discussed earlier.

While the AMM is not necessarily asking for a new tax, there is support among Manitobans for a new tax dedicated to municipal infrastructure. Recent AMM polling has found that 94 percent of Manitobans see infrastructure as a high priority, including a 94 percent positive response rate in Winnipeg. The poll also found that 55 percent of Manitobans think that municipalities do not have the revenue sources needed to cover infrastructure costs alone, including 50 percent in Winnipeg. Most interestingly, the poll found that 54 percent of Manitobans, including 51 percent of Winnipeggers, support an additional one percent municipal tax dedicated to infrastructure renewal projects.

We understand that providing additional revenues to municipalities may become more difficult as the economy continues to fluctuate. While economic projections can never be taken as absolute fact, they are often a prophetic divining rod on economic times. However what should not be lost is the positive impact infrastructure investment would have for the provincial and national economy. Furthermore, delaying investment in these critical infrastructure projects will have serious long-term consequences for Manitoba's economy.

The Federation of Canadian Municipalities has investigated this principle in depth and the 2008 study "Municipal Infrastructure- Macroeconomic impacts of spending and level-of-government financing," found that an increase in municipal infrastructure spending of \$1 billion in 2008 (at nominal process and allocated to a representative mix of infrastructure) would increase the size of the real economy by roughly 0.13 percent, or \$1.3 billion in nominal terms. While this would erode slightly over time with consistent investment, over a four year period it would still result in meaningful gains to the economy, dropping to a 0.06 percent increase in the final year.

The resulting investment would be felt in the employment sector as well, since a great number of industries would benefit. A \$1 billion investment in 2008 would add 11,500 new jobs, which would resonate in industries from labour and material suppliers through to architects and engineers.

Giving municipalities access to additional revenues will translate to stronger investment in our communities. The Institute for Research on Public Policy has shown that providing adequate

infrastructure has both direct and indirect benefits for private-sector manufacturing.

Infrastructure is an intermediate input into the production process, with businesses locating where there is access to water, hydro and transportation. New roads reduce fuel costs and haul times. Access to high quality (and adequate) water reduces input costs. There is also evidence that increased investments in public infrastructure allow private companies to use labour inputs more intensively, thereby translating to more jobs.

Municipalities are not looking for new revenue sources to store money away for a rainy day. The storm has arrived. The national municipal infrastructure deficit is in excess of \$123 billion for current infrastructure with another \$115 billion needed for new infrastructure to keep pace with other developed nations. Left to deal with this ballooning deficit alone and armed only with property taxes and grants, it will continue to grow exponentially. Alternatively, providing municipalities with new revenue sources will not only begin to address this growing deficit, but will help build and strengthen our economy.

The time has come for a new approach to municipal funding. The expectations of today's municipalities are greater than any time in history. Regrettably so are the financial challenges facing municipalities. For municipal government to be sustainable into the future, and for Manitobans to have access to the quality of life they deserve, municipalities need to have access to sustainable growth revenues.

An Alternate Relationship

Decision-making must consider the impact on municipalities

While alternate revenues are needed, it is equally essential that consideration be given to how decisions made at the cabinet table impact municipalities. All too often programs and regulations are drafted without serious consideration of how these will impact municipalities. Municipalities want to partner with the Province and work together for the residents of their communities. However, for a true partnership to develop, communication is required.

To begin, the AMM would like to make it clear that over the years we have had many cases of great communication and partnership with the Province. Our Association has an excellent working relationship with Manitoba Intergovernmental Affairs and together have worked closely on a number of initiatives. However municipalities today deal with so many issues that there are programs and policies in every provincial department that impact municipalities.

While there have been numerous cases where programs and regulations have been drafted without adequate municipal input, a recent example illustrates this case. In December of 2007 the Province released “Framework for the Future” which was essentially a new approach to conservation districts in Manitoba. This document had serious financial implications for municipalities, however municipalities were not consulted in its drafting or release. As a result, municipalities across the province were outraged at the proposed framework for conservation districts.

The Province then adopted a cooperative approach and held a series of regional meetings with municipal officials to get feedback on the document. This information was compiled by the Province, and the document was reworked in partnership with AMM and the Manitoba Conservation Districts Association. The final document should be released shortly and we are confident that by working together we have developed a workable solution to the challenges faced by conservation districts in Manitoba. Through a cooperative approach a consensus document was developed that is acceptable to all three parties. There is no doubt that this cooperative approach will lead to a greater chance of the strategic recommendations in the report being successfully implemented.

We understand that it is not always possible or practical to establish working groups for every government initiative. However we do believe the Province needs to adopt more stringent policies in ensuring new initiatives do not adversely impact municipalities.

A New Approach

What is needed is a new approach to governance in Manitoba

What we are really asking for is a new approach to governance in Manitoba and a review of how we work together to simply do things better. This idea is not new nor is it impossible. Across Canada there is a new trend within government to take a look at these issues. In 2006 Ontario's Premier created the Provincial-Municipal Fiscal Delivery Review, and the final report from this process was recently completed. The review examined government relationships and the delivery of services, and ultimately recommended a shifting of responsibilities and funding between the two orders of government. British Columbia developed a Community Charter that, among other things, lays out the requirement that "the Provincial Government must not assign responsibilities to municipalities unless there is provision for resources required to fulfill the responsibilities." As well, it highlights that consultation is needed on matters of mutual interest, including consultation by the Provincial Government on proposed changes to local government legislation, proposed changes to revenue transfers to municipalities, and proposed changes to Provincial programs that will have a significant impact in relation to matters that are within municipal authority. Saskatchewan instituted sector tables to discuss municipal issues with the intent to improve governance. Quebec has also taken a look at the needs of municipal government, and has begun a phased in process of rebating the provincial sales tax to municipalities. Alberta also undertook a major review of the roles, responsibilities, resources and relationships of municipal government with the intent of finding ways to improve the delivery of services.

In Manitoba, we have always taken pride in the fact that we work together. We have one municipal association as a direct result of an understanding by municipal officials that with one voice we can do more. Over the last 10 years the AMM has grown into a strong advocate for municipalities, but this is only because municipal government has grown in importance over the last 10 years. Municipalities are no longer seen as the third level of government, but the level of government people go to first when they have a question or want something done.

It is because of the growing stature of municipal government that the time has come to seriously discuss the need for municipalities to be more active partners in the governance structure of this province. The expectations of municipalities from citizens and the Provincial Government are

great, and the time has come to give municipalities what they need to meet these growing expectations. The time has come to make municipalities partners and work cooperatively in areas that will impact municipalities. It is only once these two issues are fully addressed that municipal government, the Provincial Government, and all Manitobans will fully benefit.

General Issues

Although the need for an alternate approach to governance affects all aspects of municipal government, there are also several issues that require attention in order to assist municipalities in addressing ongoing challenges.

Manitoba Aboriginal and Northern Affairs

TLE Compensation for Municipalities

There are many factors that contribute to the lengthy process for completing Treaty Land Entitlement (TLE) negotiations, including the existing compensation package for municipalities. Saskatchewan municipalities receive compensation for at least 25 years after the land is converted and Manitoba municipalities should be eligible for comparable agreements. The Province should review the current TLE compensation structure in order to seek alternative ways to enhance the TLE negotiation process in Manitoba.

Legal Cost of Negotiating TLEs

The lengthy TLE conversion process also generates substantial legal costs for municipalities and further steps must be taken to facilitate the negotiation process. Although the Province published the *Guide to Municipal Development and Service Agreements*, there are outstanding concerns with the high costs of negotiating TLE agreements. A cost-sharing program to assist municipalities in paying these legal costs is required.

Manitoba Competitiveness, Training and Trade

Promoting Business Development and Apprenticeships in Rural Manitoba

Business development is one of the cornerstones of community economic development since a thriving business community is essential for a strong, healthy, vibrant community. However, some communities are seeing local businesses close due to the retirement of local owners. In many of these cases there are local people willing to take over the business, however they are not experienced in business management and view this as an impediment. Often these are successful businesses, but the current owners are prepared to move on to another stage in life. Therefore, there is an opportunity for the Province to offer support to those willing to take over local

businesses to help them develop the skills required to keep established businesses running. In other areas of the province, communities are finding it challenging to attract new businesses. In most cases, a potential clientele is available, but the problem rests with attracting investment outside of Winnipeg. Again, there is a role for the Province in helping communities market themselves as viable locations for business development.

The demand for skilled tradespeople extends throughout Manitoba, which creates a further demand for local training and apprenticeship opportunities. The Province has committed to establishing 4,000 new apprenticeship positions over four years, and a substantial proportion of these positions must be available in rural communities. The commitments to expand facilities at Assiniboine Community College and to develop mobile training labs are key steps toward this goal. The AMM anticipates that there will be high demand for the training positions created through these initiatives and the Province must continue to support additional training opportunities for trades in a wide variety of communities across Manitoba.

Manitoba Conservation

Recycling

There are growing concerns among municipalities due to the lengthy delays in implementing the new industry-funded organizations for all categories of recyclables. The costs of the transition to and development of the resulting system are increasing based on the uncertainty and additional time involved in completing this process. The Province must move forward on these regulations to demonstrate that the commitment to maintain the 80:20 funding ratio will be realized. As well, sufficient funding must be made available to ensure that the transition from Manitoba Product Stewardship Corporation to the industry funded organizations is managed effectively and recycling programs do not suffer in the interim.

Cleanup of Abandoned Sites

There is a critical need to ensure sufficient funding is available to eliminate the environmental and public health concerns associated with all contaminated and impacted mine and fuel storage sites. Municipalities appreciate the Province's commitment to set aside \$39 million for

environmental stewardship as part of a larger \$142 million program to address government-owned sites and orphaned or abandoned sites. Part of this effort should include addressing the concerns identified in the Auditor General's report on contaminated sites and landfills, and the AMM is willing to work with the Province toward this goal since there are certainly implications for municipalities. As well, fuel storage sites create hazardous conditions that jeopardize the environment and public health. Therefore, the Province must ensure that sufficient funding is available for all contaminated site remediation required in Manitoba, not only in cases where mining activity occurred.

Manitoba Education, Citizenship and Youth

Education Tax on Property

The need to modify education funding mechanisms has been a long-standing municipal concern. The AMM is pleased that the Province has allocated additional funding to education in recent years, however the continued reliance on property tax is unsustainable. Since property taxes are the primary method of generating municipal revenues, municipalities require increased control over the level of local property taxes. The complex nature of this task requires a long-term plan and the AMM is pleased that the Province has committed to an 80:20 funding formula to be phased in over five years. To ensure that education funding remains adequate and equitable, this ratio must apply to operating costs rather than to all education expenses.

Manitoba Culture, Heritage, Tourism and Sport

Funding for Libraries

Libraries are an important information resource for communities yet they continually struggle to obtain sufficient funding. Therefore, the additional allocation for libraries in Budget 2008-09 is a significant contribution to supporting public libraries. In particular, increasing the library establishment grant will assist in extending services throughout Manitoba. At the same time, there is still room for improvement to library funding mechanisms. When the AMM participated on the Public Libraries Review Committee, there was considerable discussion regarding the need to review the per capita funding formula to ensure that communities with a declining population are not adversely affected. This recommendation was included in the Committee's report in 2006, yet the funding formula has not changed. Regardless of the community population,

libraries require a certain level of funding to operate the facilities and the Province must explore new methods of distributing funding in order to maintain these important services.

The Committee also supported the concept of allowing a portion of a municipality to join a regional library in an adjacent municipality. The AMM has lobbied for such a policy change since 2000, and resolving this issue would assist in increasing municipal participation in library service delivery.

Increased Funding for Recreation Facilities

Communities are already benefitting from the Province's announcement of \$60 million over four years for recreation infrastructure through the increases to the Rural/Northern Municipal Recreation Fund and the Community Places Program. However, municipalities are continually frustrated by the grant limits under the Community Places Program. Construction and fuel costs are rising steadily and the \$50,000 maximum grant no longer makes the same significant contribution to project funding. Furthermore, the requirement that any new government-funded buildings meet or exceed LEED silver certification adds considerable costs for municipalities, and in some cases approaches or even exceeds the amount of the available Provincial grant. At the same time, these facilities are of limited use if recreational programming cannot be developed. The Province must ensure that recreation commissions receive appropriate funding to maintain high quality programs. The Federal Government should also contribute to this funding and the AMM appreciates the Province's support for a national tripartite recreation infrastructure program.

Manitoba Emergency Measures Organization

Disaster Financial Assistance and Permanent Flood Protection

Many factors contribute to the expenses incurred by municipalities engaging in disaster response. The Province addressed one of the significant costs of disaster recovery by increasing the rate of compensation for municipal labour and equipment from 16 to 65 percent. The corresponding increase to the Federal Government's contribution to 45 percent assists in providing appropriate assistance while supporting the implementation of the most practical solutions. In January 2008, the Federal Government took the further step of revising the Disaster Financial Assistance

Agreement guidelines with considerable improvements for disaster recovery and prevention. The guidelines specify that permanent repairs or replacement to better than pre-disaster conditions are eligible, to the extent that it is less costly than the restoration, repair or replacement to the immediate pre-disaster condition. “Generally, if it is less costly to implement a solution that would prevent reoccurrence of similar damages, such a solution is eligible.” The logic behind such provisions is clear given the long-term potential for cost savings. Therefore, the Province should revise the Manitoba guidelines in accordance with the precedent set by the Federal Government.

Manitoba Family Services and Housing

Affordable Housing in Rural Manitoba

The demand for affordable housing is prevalent throughout Manitoba since low-income households are not limited by geographic boundaries. It is important to consider demographic changes since the increasing population of seniors has heightened demand for various housing types. The Province’s grant for municipalities to develop supportive housing is beneficial, however increasing construction and labour costs require an increase to the grant allocation. In addition, accessibility of program funding has been an ongoing municipal concern and new housing programs must be accessible by both rural and urban municipalities. To ensure that programs effectively address the housing needs of low-income individuals across Manitoba, the low-income threshold should be adjusted to account for regional discrepancies such as the high cost of purchasing goods in northern Manitoba. The Provincial Government must also raise housing concerns on the national stage and encourage the Federal Government to develop a national housing strategy that includes a commitment to long-term funding.

Manitoba Health and Healthy Living

Health Professional Recruitment, Retention and Training

The current shortage of health care professionals throughout Manitoba presents a number of challenges that must be addressed through a comprehensive strategy for training, recruitment and retention. An inequitable system has developed whereby municipalities are expected to bid for physicians to work in their communities through financial and other incentives. This creates a disadvantage for communities that lack the financial resources to attract physicians yet continue

to experience shortages of health care professionals. Offering sufficient training in Manitoba is critical and the Province has made some progress by creating additional spaces for medical education. As these developments move forward, it is essential to increase the participation of rural and northern students and those expected to practice family medicine in order to meet the needs of all Manitoba communities. Municipalities also appreciate the proliferation of other medical professions – such as nurse practitioners, physician assistants and midwives – that offer alternative means of addressing the current shortage of physicians in Manitoba. This type of innovative problem-solving offers a valuable contribution and the Province’s comprehensive strategy should emphasize these types of solutions.

Community Capital Contributions to Health Projects

The AMM has raised the need to change this policy for a number of years, since it is inequitable and inappropriate for local communities to contribute to the provision of health care services. Several Provincial Health Ministers have committed to reviewing this policy, however it has now been in place for 10 years. This policy is problematic since communities are required to commit to a project whose design and costs have been unilaterally decided by the Province. In addition, communities must fund 100 percent of any change order regarding the health capital project, even if the project does not initially require a community contribution. The Province has indicated that this policy ensures that demands for facilities will only come from communities that are genuinely in need, however there is no evidence that communities are competing to open new facilities. The AMM is seeking the elimination of this policy in order to reverse this downloading and to make additional municipal resources available for other local initiatives.

Manitoba Infrastructure and Transportation

Infrastructure

There is an ongoing need to invest in municipal infrastructure, yet municipalities cannot unilaterally provide the funding required for all the necessary construction, repair and maintenance projects. For this reason, municipalities appreciate recent Provincial commitments to infrastructure programming, particularly the agreement with the Federal Government to access the Building Canada Fund. Municipalities are looking forward to the distribution of this funding throughout Manitoba since there is significant potential to initiate vital infrastructure projects in

many communities. As a key stakeholder, it is critical that municipal representation be included in the decision making process as the funding is allocated. The AMM was pleased with the opportunity to participate on the Federal-Provincial-Local Consultative Committee for the Municipal Rural Infrastructure Fund, and a similar process should be pursued under the new process.

Highways Capital Budget

The condition of the highway network affects many aspects of Manitoba's competitiveness, including tourism, transportation safety and the economy. The long-standing need to invest in transportation infrastructure is highlighted by the 2004 estimate of \$3.4 billion for Manitoba's transportation infrastructure deficit. Since that time, a study by the Federation of Canadian Municipalities quantified the national municipal infrastructure deficit at \$123 billion, including \$21.7 billion for transportation. This study suggests that infrastructure deficits across Canada have more than doubled between 2003 and 2007. Furthermore, the trend suggests that Manitoba's infrastructure deficit is presently closer to \$7 billion and additional funding is necessary.

The Province has taken an important step through the articulation of *Manitoba's Highway Renewal Plan* for 2007-2011 and the allocation of \$4 billion over 10 years. The rehabilitation projects outlined in this plan will allow for reduced traffic on municipal roads that are often used as alternatives to Provincial highways. Such practices have caused substantial damage to municipal roads and there remains high demand for investment in these roads. Furthermore, since the expiration of the Prairie Grain Roads Program many municipalities are facing additional difficulties in meeting transportation infrastructure demands and a continued investment should be pursued through the renewal of this valuable program.

Rail Line Abandonment

Recent rail line abandonment related to agricultural shipping has increased pressure on Provincial and municipal highways, resulting in a need for additional investment in maintenance and repair. These problems are exacerbated in Northern Manitoba where there are limited opportunities to shift to a reliance on the road network since railways are often the only transportation available. It is inefficient to abandon functioning infrastructure and thereby create

demand for alternative transportation infrastructure. As well, the increasing trend towards abandoning rail lines is a major economic concern. The elimination of rail lines will deter business development in many areas due to the reduced number of connections between producers and markets. Losing this vital connection isolates communities and cuts off access to required goods and services. Furthermore, there are significant environmental impacts associated with rail line abandonment. In many cases, the rail bed acts as a dyke to protect communities against high water levels. The elimination of this infrastructure therefore changes drainage structures and puts communities at an increased risk of flooding.

The issue of compensation to municipalities for rail line abandonment must also be addressed. Specifically, municipalities are not eligible for compensation when a grain-dependent branch line is sold from a federally-regulated company to a provincially-regulated company. Yet when the provincially-regulated company discontinues the branch line operation, municipalities are subjected to increased traffic on local highways and incur additional costs as a result. The Manitoba Ombudsman made recommendations to the Provincial Government that the review of *The Provincial Railways Act* should contemplate the preservation of this compensation when the line is discontinued by a provincially-regulated successor company, and the AMM strongly supports this recommendation.

Manitoba Intergovernmental Affairs

Planning

Municipalities are still adjusting to changes in legislation that affect local planning processes, including *The Planning Act* and *The Water Protection Act*. With the ongoing review of the Provincial Land Use Policies (PLUP) and the conservation district framework, there is still some uncertainty regarding local land use planning. One of the main concerns for municipalities is the impact of the revised PLUP and the conservation district framework on the local authority that is critical to land use planning. As these reviews move forward it is essential that legislation be coordinated among all appropriate departments to ensure that shared municipal and provincial interests such as land use planning and water management advance effectively. Municipalities value the existing local authority and this is fundamental to continuing land use planning in Manitoba.

Manitoba Justice

Policing

The Federal Budget allocation of an additional \$400 million for provinces and territories to recruit 2,500 new police officers will have a significant impact on Manitoba communities. The Province's commitment to allocate half of Manitoba's share to rural communities will be a valuable complement to the increased funding for policing in the 2008-09 Provincial Budget. As priorities are identified for this funding and the new police services agreement is drafted for 2012, two central concerns must be considered: escalating costs and inefficiencies of service provision. The gains achieved by the additional Federal and Provincial resources will not be sustainable if there is a heavy reliance on municipalities to provide the long-term funding. The Federal allocation covers a five-year timeframe, but municipal budgets have already stretched to accommodate existing services and long-term funding is required to maintain further service improvements. Therefore, the Province must ensure sufficient resources are available through funding mechanisms that support effective policing while maintaining cost efficient service delivery. This must also include consideration of the funding allocation for municipalities that operate local police forces, since more resources are required in these communities. The escalating cost of providing police services is currently the foremost issue for larger urban centres that contract policing, since the majority of these costs are not under local control. Municipalities recognize that the solution to providing an effective police force includes implementing alternative delivery models, therefore the Province should also move forward on commitments to hire additional clerical staff to enable officers to focus on critical crime prevention and safety matters.

The Youth Criminal Justice Act

Since *The Youth Criminal Justice Act* (YCJA) was implemented, communities have experienced increasing pressures on local resources to provide alternative programming. However, there is little recognition of the significant differences between the type of programming required in a large urban centre and a small town or rural community. Furthermore, many communities are concerned that these consequences do not currently deter criminal activity and greater efforts must be undertaken to reduce youth crime rates throughout Manitoba. A review of the YCJA is

required 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

Biofuels represent an important opportunity for communities to participate in the growing alternative energy industry, while gaining significant economic development benefits. While the expansion of Minnedosa's ethanol plant is significant, it still cannot supply the ethanol needed to meet the ten percent requirement mandated by *The Biofuels Act*. There are other areas of Manitoba with the potential to supply the raw materials required for ethanol production, however a coordinated effort is required for the expansion of ethanol including Provincial investment. In addition, as biodiesel production is now underway in Manitoba, it is important to articulate a mandate and provide resources to further stimulate biodiesel production and use. Therefore, the Province should provide additional support for the development of ethanol and biodiesel production facilities in Manitoba communities.

As well, wind energy stimulates regional economies throughout the construction process due to the increased jobs for local tradespeople as well as the associated purchase and rental of equipment and materials. Once the turbines are in place, further jobs are created through their operation and maintenance. This creates a training opportunity to support these positions and augment local involvement in the industry. Investing in a locally trained, knowledgeable workforce would also support future efforts to enter the component production market. The Province's commitment to add 1000 megawatts of wind generation capacity by 2015 should consider these spinoff industries and provide incentives for increasing the economic impact of Manitoba's wind energy projects.

Rural and Northern Internet and Cell Phone Service

Even with the recent investments in broadband and cellular services, there are still significant gaps in service availability throughout much of rural and northern Manitoba. These communities are disadvantaged by the inability to pursue the economic benefits associated with adequate connectivity. For instance, the availability of technological infrastructure allows smaller communities and rural areas to attract and retain businesses, rather than idly watching these

businesses move elsewhere to access enhanced technologies. In fact, Statistics Canada reports that the lack of access to technology is eroding rural Canada's ability to compete for industry, services and population. At the same time, expanding technology can assist in addressing outstanding safety concerns in many parts of rural and northern Manitoba. The Province committed to provide all Manitobans with broadband access by 2010 as part of its Innovation Strategy. Although this deadline is fast approaching, many Manitobans remain unable to access broadband services. Therefore, the Province must support business development by adopting a more prominent role in the expansion of technological infrastructure across Manitoba.

Manitoba Water Stewardship

Impacts of Water Legislation on Municipalities

Due to growing environmental concerns, the Province has enacted a variety of requirements that aim to protect and enhance Manitoba's water resources. *The Drinking Water Safety Act*, *The Water Protection Act*, and *The Water and Wastewater Facility Operator's Regulation* are key examples of new water management legislation that redefine the requirements for managing municipal facilities. Each legislated demand for additional licensing or certification requires a costly and time consuming commitment from municipalities. For instance, the need for engineering assessments on water treatment facilities consumes a significant proportion of the utility's budget and municipalities already struggle to raise the funds required for these critical infrastructure investments. There are also constraints beyond the financial that limit the ability of municipalities to meet the requirements laid out in Provincial legislation. The certification of water and wastewater operators is a prime example as there are insufficient training opportunities available in Manitoba. Municipalities support the need to preserve and protect water resources, however this cannot be accomplished by imposing onerous requirements. Therefore, as water management legislation is developed, the Province must consider the financial feasibility of meeting the new requirements and be prepared to work with municipalities to support the requirements of the legislation.

Tripartite Water Funding Program

Municipalities place a high priority on providing clean water and environmentally sustainable wastewater treatment. However, the new legislation governing water and wastewater facilities

imposes additional requirements for municipalities at a significant financial cost. This financial burden can deter the necessary investments, yet municipalities do not want to compromise the health of the community and the environment. These interests are shared by the Province and it is appropriate for provincial funding to accompany the newly legislated requirements for water and wastewater facilities. In addition, the Province has a responsibility to address the needs of municipalities under long-standing boil water orders. Therefore, the AMM is seeking the establishment of a tripartite funding program to replace the expired National Water Supply Expansion Program. Many municipalities benefited from this program, yet there are outstanding demands for safe and reliable water and wastewater facilities. Since the Federal Government is also a stakeholder in water and wastewater matters, the AMM is seeking the Province's support to initiate a tripartite funding agreement to resolve ongoing water resource issues in Manitoba.

Drainage

Drain construction and maintenance have been long-standing concerns for municipalities and even with recent Provincial commitments toward improving drainage, there are insufficient resources available to fully address the need for coordinated drainage systems in Manitoba. In order to support the coordination of drainage operations, the Province must develop a plan to guide drainage works throughout Manitoba. Such a plan would provide focus for the strategic allocation of Provincial and municipal drainage funding. As well, both orders of government will be better equipped to identify and prioritize construction and maintenance projects, resulting in more effectively managed drainage infrastructure. A recent report from the Manitoba Ombudsman provides a valuable overview of municipal concerns related to the drainage licensing and enforcement system. This report supports the need for a province-wide drainage management plan and this will require appropriate Provincial resources for drainage construction and maintenance throughout Manitoba.