



Meeting with
The Honourable Andrew Swan
Minister of Competitiveness, Training & Trade

February 10, 2009

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Executive Summary

Departmental Issues

1. Promoting Business Development in Rural Manitoba

- Ensuring businesses remain viable will help Manitoba avoid the severe economic impacts experienced in other parts of Canada and a strong pool of skilled workers and entrepreneurs is required to accomplish this goal.
- There is now a need to expand successful initiatives such as mobile training labs for trades development and video-conferencing to support small business management training, in order to extend these advantages to more communities.
- The Province's commitment to support 4,000 new apprenticeship placements will assist in this effort, as long as placements are available across Manitoba.
- It is critical that recently announced federal infrastructure and training funding reaches communities throughout rural and northern Manitoba and the Provincial Government has a responsibility to ensure that this occurs.

Therefore, the AMM urges the Provincial Government to work with communities in all areas of Manitoba to promote and retain local businesses through training and development initiatives.

2. Training Opportunities in Emerging Technology

- Manitoba has already begun to reap the economic benefits stemming from wind energy and biodiesel markets, and training geared to these sectors will further promote their growth.
- Investing in a locally trained, knowledgeable workforce will also support future efforts to enter the component production market.
- The renewable energy sector is one example of emerging technologies creating new business and training opportunities, however, the Province and its educational institutions must be prepared to respond to a variety of opportunities that rely on emerging technology.
- The Province's commitment to additional apprenticeship spaces should work to complement these developing specialized industries.

Therefore, the AMM urges the Provincial Government to support business development by creating local training opportunities based on the need for emerging technological expertise.

3. Agreement on Internal Trade

- On January 16, 2009 Manitoba signed on with the other provinces to amend the Agreement on Internal Trade (AIT) to make it easier for any worker certified for an occupation by a regulatory authority of one province or territory is to be recognized as qualified for that occupation by all other provinces and territories.
- While there is merit in strengthening the economic union of our country, there are still concerns remaining with this agreement that must be rectified prior to the April 1, 2009 implementation date.
- Safety of citizens is always a concern for municipalities, and there is some hesitation with this agreement as it may become more difficult to properly screen workers coming into Manitoba.
- The AMM is also concerned that this agreement will make Manitoba vulnerable to the lower standards set in other provinces, and that this agreement opens the door to the lowering of Manitoba's standards.

Therefore, the AMM requests an update on the AIT amendments and how the Province will ensure those working in Manitoba are of the highest standard.

General Issue

1. Alternate Revenue for Municipalities and Infrastructure Investment

- Today's municipal council must balance community economic development, land use planning and infrastructure renewal and development with an eroding tax base and an increased reliance on application-based grants.
- The message the AMM is hoping to convey is not that the provincial or federal government has completely forgotten about municipalities, but rather that despite their 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 share one percent of the Provincial Sales Tax with municipalities for infrastructure. This will provide municipalities with in excess of \$200 million a year.
- What should not be lost is the positive impact infrastructure investment would have for the provincial and national economy.
- A study by the Federation of Canadian Municipalities 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.
- Municipalities are not looking for new revenue sources to store money away for a rainy day. The storm has arrived.

- Providing municipalities with new revenue sources will not only begin to address the growing infrastructure deficit, but will help build and strengthen our economy.
- 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.

Therefore the AMM is asking the Province to undertake a serious review of the roles, responsibilities and resources of municipal government in Manitoba and in the short term provide municipalities with one percent of the current PST to help address the growing municipal infrastructure deficit.

Departmental Issues

1. Promoting Business Development in Rural Manitoba

As the faltering economy raises concerns for the future of many Manitoba businesses, there is a need to invest in effective business development and training programs throughout rural and northern Manitoba. Ensuring businesses remain viable will help Manitoba avoid the severe economic impacts experienced in other parts of Canada and a strong pool of skilled workers and entrepreneurs is required to accomplish this goal.

Although a targeted expansion of training programs is underway, there is still a need for further educational opportunities throughout rural and northern Manitoba. In June 2008, the Standing Senate Committee on Agriculture and Forestry released a report titled “*Beyond Freefall: Halting Rural Poverty*.” This report emphasizes the importance of the rural economy by negating the assertion that “urban Canada’s prosperity is somehow detached from rural Canada,” since “the evidence shows that the fates of these two solitudes are very much intertwined.” To strengthen the rural economy, the report recommends addressing the issue of rural access to education by providing additional funding for rural-based cooperative vocational schools and expanding the range of college and university programs in rural Canada.

The report goes on to recommend that measures are required to help small businesses with succession planning since many successful small business owners are nearing retirement. This particular concern has been identified in Manitoba communities along with the need for business management training for individuals interested in taking over these thriving businesses. In 2008, the Provincial Government initiated and expanded several key projects that begin to address this concern in rural and northern Manitoba. There is now a need to expand successful initiatives such as mobile training labs for trades development and video-conferencing to support small business management training, in order to extend these advantages to more communities.

Furthermore, since infrastructure investment will play a significant role in rejuvenating the economy, it is critical to develop a local workforce with the skills and training required to implement these major projects. The Province’s commitment to support 4,000 new

apprenticeship placements will assist in this effort, as long as placements are available across Manitoba. Federal funding has also been committed through the accelerated Building Canada Fund as well as through an additional \$1.5 billion to retrain unemployed workers across the country. It is critical that federal infrastructure and training funding reaches communities throughout rural and northern Manitoba and the Provincial Government has a responsibility to ensure that this occurs. The Provincial Government represents all parts of Manitoba and must ensure that regional discrepancies are not exacerbated through ineffective funding allocations.

Therefore, the AMM urges the Provincial Government to work with communities in all areas of Manitoba to promote and retain local businesses through training and development initiatives.

2. Training Opportunities in Emerging Technology

Developing new technologies leads to new ways of doing business and opportunities for greater business development in Manitoba. The focus on renewable energy is a prime example of a developing sector that relies on specific technologies and skill sets. For instance, Manitoba has already begun to reap the economic benefits stemming from wind energy and biodiesel markets, and training geared to these sectors will further promote their growth.

The AMM supports the Province's commitment to expand the production of sustainable energy resources and Manitoba must have the skilled workforce required to support these new ventures. In the case of wind energy, foreign experts are now required to assist in the construction, operation and maintenance of wind turbines. Alternatively, since the electrical components of wind turbines require ongoing maintenance, there are opportunities to engage local residents through education and training. Furthermore, increasing Manitoba's knowledge of turbine components may lead to other opportunities such as manufacturing components locally. Therefore, investing in a locally trained, knowledgeable workforce will support future efforts to enter the component production market.

Regarding biodiesel, the AMM promotes increasing production of biodiesel since it is an accessible venture that can be undertaken on a relatively small scale. Expertise is required to operate a biodiesel production facility, therefore the Province's commitment to expanding biodiesel production in Manitoba would benefit from training in support of this market.

The renewable energy sector is one example of emerging technologies creating new business and training opportunities. At the same time, the Province and its educational institutions must be prepared to respond to a variety of opportunities that rely on emerging technology. The Province's commitment to additional apprenticeship spaces should work to complement these developing specialized industries.

Therefore, the AMM urges the Provincial Government to support business development by creating local training opportunities based on the need for emerging technological expertise.

3. Agreement on Internal Trade

On January 16, 2009 Manitoba signed on with the other provinces to amend the Agreement on Internal Trade (AIT). These amendments make internal trade easier in Canada and provide for greater labour mobility. The revised Labour Mobility Chapter of the AIT provides that any worker certified for an occupation by a regulatory authority of one province or territory is to be recognized as qualified for that occupation by all other provinces and territories.

While there is merit in strengthening the economic union of our country, there are still concerns remaining with this agreement that must be rectified prior to the April 1, 2009 implementation date.

Safety of citizens is always a concern for municipalities, and there is some hesitation with this agreement as it may become more difficult to properly screen workers coming into Manitoba. The new agreement removes any measures that could be seen as obstacles and municipalities are concerned that this might prevent proper screening.

The AMM is also concerned that this agreement makes Manitoba vulnerable to the lower standards set in other provinces. It is entirely possible that those workers who do not have the credentials required for a Manitoba license or certification could look to another province with lower requirements to get licensed. Therefore, workers who do not have the credentials required by the Manitoba Government could still work in this province. There are significant concerns that this agreement opens the door to the lowering of Manitoba's standards.

Therefore, the AMM requests an update on the AIT amendments and how the Province will ensure those working in Manitoba are of the highest standard.

General Issue

1. Alternate Revenue for Municipalities and Infrastructure

Investment

The lack of revenue is not a new problem for municipalities. In fact a strong argument can be made that from its inception municipal government has not had the resources required. 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.

But 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 must balance community economic development, land use planning and infrastructure renewal and development with an eroding 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), it leaves municipalities having to compete against one another for limited dollars and restricts a municipality's ability to properly plan for much needed investment. The amount in 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 see funding.

Overreliance on grants and transfers leaves municipalities without the tools required to meet demands. Many issues raised by municipalities are really issues of access to revenue when stripped down to their core. For example, the need to remove education tax from property is really a municipal revenue issue, as municipalities see education tax as eroding the property tax, which is the single greatest source of municipal revenue. 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 governments' contribution 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. The recent Federal Budget has made an unprecedented investment in infrastructure, which will benefit municipalities. 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 forgotten about municipalities, but rather that despite these efforts municipalities still face enormous challenges and more is needed.

Municipalities must have access to new revenue sources. 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.

A new approach is needed, and for this reason we are asking the Province of Manitoba to share one percent of the Provincial Sales Tax with municipalities for infrastructure. This will provide municipalities with in excess of \$200 million a year. For a community of 1,000 people, this means an investment of roughly \$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 these amounts alone will not erase the infrastructure deficit in Manitoba, it would be a positive first step.

The AMM understands 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.

The Federation of Canadian Municipalities has investigated this principle in depth and has found in their 2008 study "Municipal Infrastructure- Macroeconomic impacts of spending and level-of-government financing" 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 0.6 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, 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 they have 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, translating into 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 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.

Therefore the AMM is asking the Province to undertake a serious review of the roles, responsibilities and resources of municipal government in Manitoba and in the short term provide municipalities with one percent of the current PST to help address the growing municipal infrastructure deficit.

Appendix A – Active Resolutions

AMM Resolution Number 49 - 2008

Topic: Funding for Community Development Corporations

Sponsor: RM of Alexander (Eastern District)

Departments: Manitoba Intergovernmental Affairs

WHEREAS in 2003, the AMM Task Force on Economic Development tabled a report including a recommendation that more resources be committed by all orders of government for economic development;

AND WHEREAS approximately 99 Community Development Corporations in the province receive funding at an average of \$20 - \$25,000 each yearly from their municipalities;

THEREFORE BE IT RESOLVED THAT the AMM lobby the Province of Manitoba to develop a funding formula and implement a long-term secure fund that rewards municipalities for funding community development corporations;

AND BE IT FURTHER RESOLVED THAT the AMM lobby the Province of Manitoba to develop an associated strategic plan with accountability for results.