

**A Submission by
The Association of Manitoba
Municipalities**

To

**The Standing Committee on Finance
House of Commons
Ottawa, Canada**

October 31, 2003

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Executive Summary
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On behalf of Manitoba municipalities, the goal of the AMM in this presentation is to recommend funding priorities to the federal government. It is our desire to ensure municipalities remain a major player in today's emerging economy through an environment that creates equal opportunities for all Manitobans.

A) INFRASTRUCTURE RENEWAL:

Infrastructure is the physical foundation of a community and its renewal is one of the highest priorities for Manitoba municipalities. The five areas of infrastructure renewal we wish to discuss are:

1) National Infrastructure Program

- The amount allocated for municipal infrastructure Canada-wide sounds as though it is a lot - \$3 billion over 10 years. However, upon further analysis the amount that will go directly to municipal infrastructure is only \$1 billion over 10 years.
- The AMM appreciates the federal government guaranteeing each province a base amount of \$15 million plus a per capita allocation of these funds as this will assist smaller provinces like Manitoba. However, there is still a great need for further investment in municipal infrastructure.

The AMM recommends that a permanent, ongoing infrastructure program be put in place by the federal government. This will allow municipalities to better plan their infrastructure needs if they know that a permanent, ongoing program is in place every year.

As well, the AMM recommends that the current \$1 billion allocated to municipal infrastructure be used in the first two-years of the program rather than over the full ten years, and that additional funding be put in place for the remaining eight years.

2) A National Highway Program:

- The \$500 million of the Strategic Highway Infrastructure Program allocated for the National Highway System is wholly inadequate to address the problems associated with the \$17.4 billion infrastructure deficit on Canada's National Highway System.
- The cost of correcting all deficiencies of the National Highway System in Manitoba is more than \$800 million.

- Ottawa collects over \$5 billion annually from gasoline taxes, yet returns only 2.5% of that to the National Highway System. In Manitoba, the federal government returns only 3% of the federal fuel tax collected in the Province.

The AMM urges the federal government to financially support a National Highway Program by dedicating revenue from the federal fuel tax to this program.

3) Airport Funding:

- When the federal government divested itself of the operation of local airports, it initiated the Airport Capital Assistance Program to ensure sufficient funds to maintain airport infrastructure.
- It now appears the federal government is reducing the scope of eligible projects, thereby jeopardizing the future of many airports, a key component of economic development.
- A fundamental municipal concern is that more and more is required of airports yet there is no corresponding funding from the federal government.

The AMM strongly believes that the federal government must honour its previous commitment to support municipalities under the Airport Capital Assistance Program and ensure municipalities are able to finance airport capital projects.

4) Rural Water Infrastructure

- With rapid new developments in the rural economy, access to quality water is paramount to ensure economic development opportunities such as value-added processing for rural Manitoba.
- Water and wastewater treatment plants are required to meet the demand for quality water in rural communities and ensure environmental integrity.
- This summer alone in Manitoba there have been beach closures and residents have been warned to avoid contact with the water. In some instances, boiling and chlorination do not make the water safe to drink.
- The needs have been identified but the solutions cannot be implemented due to a lack of funding.

The AMM believes that a 10-year, \$180 million federal/provincial/municipal agreement specifically for rural water and wastewater infrastructure should be implemented.

5) Infrastructure Program for Recreational Facilities

- Municipalities recognize that public investment in children and youth creates the opportunity for young people to develop in a healthy and safe environment, to meet their potential and live fulfilling and productive lives.
- In the first two years of the Canada-Manitoba Infrastructure Program, a total of 69 applications worth \$123 million were received for rural and northern recreational facility projects. These needs are likely to go unanswered.
- It is important that municipalities provide new and upgraded recreational facilities in their communities; failure to meet this challenge is a failure to provide residents with a good quality of life and reasonable standard of living.
- Recreational facilities are an appropriate target for investment and necessary to support conventional and alternative programs.
- Cooperation with the federal government was a prerequisite to the Province's interest in funding recreational infrastructure.

The AMM calls on the federal government to establish a tri-partite infrastructure program for the repair, upgrading and building of recreational facilities in municipalities throughout Manitoba.

B) FISHERIES COMPLIANCE OFFICERS

- The AMM has some concerns with the federal government taking over the responsibilities for the regulation of fisheries habitat in Manitoba from the provincial government as municipalities had fostered an excellent working relationship with the province.
- Through recent contact between municipalities and the Department of Fisheries and Oceans, it appears that the department plans to interpret the Fisheries Act more literally than the Province had before.
- A number of municipalities in the province have expressed concern that this interpretation could impose delays for infrastructure projects and escalate the associated costs.
- Municipalities are willing to comply with these regulations, however they must be transparent so municipalities understand what is expected and they must be consistently enforced across the Province.

The AMM urges the federal government to ensure that the Department of Fisheries and Oceans inspections and enforcement are done in a reasonable, practical and consistent way that will allow municipalities to begin projects in a timely manner without adding undue costs and taking much needed infrastructure dollars.

C) THE IMPACT OF THE BSE CRISIS AND DROUGHT ON THE RURAL COMMUNITY CRISIS

- The AMM believes the agriculture and rural community crisis is one of the most important public policy issues facing our nation in the last 50 years and is serious enough to warrant drastic action being taken immediately by the federal government.
- The BSE crisis is creating a very serious community economic crisis for both urban and rural municipalities with the economic repercussions being felt by all sectors of the economy.
- Municipalities are currently living in a state of flux because they are uncertain if they will be able to deliver vital services, as some ratepayers may not be able to pay property taxes.

The AMM urges the federal government to provide an interest-free cash advance for affected livestock producers while striving to reopen the border. As well, the AMM believes that the federal government must adopt a transportation program as well as a program for mature breeding stock.

The Association of Manitoba Municipalities (AMM) is pleased to have the opportunity to make this presentation to you in regards to some of the funding priorities facing municipalities in Manitoba. Infrastructure renewal, the Department of Fisheries and Oceans (DFO) and the impact of the BSE crisis and the current drought on the rural community crisis are all areas where the federal government has the opportunity and ability to create meaningful change. Our goal in this presentation is to showcase those areas most desperate for financial aid and to secure funding to not only provide Manitobans with an equal opportunity to succeed in their communities, but to ensure municipalities remain a major player in the economy of the 21st century.

A) **INFRASTRUCTURE RENEWAL**

Infrastructure is the physical foundation of a community and its renewal remains one of the highest priorities for Manitoba municipalities. The development and maintenance of a strong infrastructure base is a key component for supporting a competitive economy and respectable quality of life.

We would like to outline five areas of infrastructure renewal that require strong leadership from the federal government: a National Infrastructure Program, a National Highway Program, funding for small airports, rural water infrastructure and an infrastructure program for recreational facilities. It is our hope that by featuring the current situation in Manitoba to you today, this committee will take these issues into consideration when making decisions on the allocation of federal funds in the upcoming budget.

1. National Infrastructure Program

The infrastructure dollars allocated in the last federal budget fall short of what municipalities need to sustain their infrastructure. The amount allocated for municipal infrastructure Canada-wide sounds as though it is a lot - \$3 billion over 10 years. However, upon further analysis the amount that will go directly to municipal

infrastructure is only \$1 billion over 10 years. The remaining \$2 billion will be going into a strategic fund that will be allocated by the federal government and the provinces.

We would like to acknowledge and extend our appreciation to the federal government for guaranteeing each province a base amount of \$15 million plus a per capita allocation of these funds. This will assist smaller provinces like Manitoba in receiving a larger share of the funding. However, there is still a great need for further investment in municipal infrastructure. The AMM would therefore like to make the following recommendations with respect to infrastructure funding for municipalities.

The AMM recommends that a permanent, ongoing infrastructure program be put in place by the federal government. This will allow municipalities to better plan their infrastructure needs if they know that a permanent, ongoing program is in place every year.

As well, the AMM recommends that the current \$1 billion allocated to municipal infrastructure be used in the first two-years of the program rather than over full ten years, and that additional funding be put in place for the remaining eight years.

2. National Highway Program

Highways will play an increasingly vital role in our economy as changes continue to occur in the areas of value-added processing and the transportation of agricultural and other products. As Manitobans look to new and innovative forms of economic development, it is imperative that they can rely on an efficient transportation system to allow access to markets. The AMM was happy to see that the federal government's transportation blueprint, Straight Ahead: A Vision for Transportation in Canada, echoes our association's belief that transportation funding should not be viewed in competition with other government funding priorities, but rather as a central element of a successful, competitive economy.

One of the most important transportation infrastructure needs facing Canada is a National Highway Program. Approximately 860 kilometres of the National Highway System runs through Manitoba. This represents only 4.8 percent of Manitoba's total highway system, yet serves approximately 30 percent of its total traffic. In Canada, the estimated cost of correcting all of the current deficiencies of the National Highway System is \$17.4 billion and rising. In Manitoba alone, the estimated cost of correcting all deficiencies is currently more than \$800 million.

The federal government's response to this problem has been the \$600 million Strategic Highway Infrastructure Program. The \$500 million of this program allocated for strategic improvements to the National Highway System is wholly inadequate to address the problems associated with the \$17.4 billion infrastructure deficit on Canada's National Highway System. While there have been instances of one-time investments by the federal government, such as the Canada Strategic Infrastructure Fund, the fact remains that there is a need to address the long-term issue of our national highway infrastructure deficit.

For this reason, the AMM believes that the time has come to support a National Highway Program by dedicating revenue from federal fuel taxes to Canada's highways. Ottawa collects over \$5 billion annually from gasoline taxes, yet returns only 2.5 percent of that to the National Highway System. As fuel taxes comprise approximately 80 percent of gross transportation revenues, it is necessary that these taxes be allocated to the National Highway System. The necessary funds are available and need to be reinvested. In Manitoba, the federal government collects \$155 million annually in federal fuel taxes yet in 2001/2002 returned only \$5 million, or barely 3 percent of that to the Province. Over the next four years, Manitobans will pay an estimated \$620 million to the federal government in gas taxes and get back only about \$36 million (this figure includes funding from the Strategic Highway Infrastructure Program and the Prairie Grain Roads Program). These levels are unacceptable and must be increased to ensure the integrity of our highway system.

Canadians are at a disadvantage when compared to our southern neighbours. The United States (U.S.), our major trading partner and economic competitor, commits an average of \$35 billion annually to highway trust fund projects that add to its productivity advantage over Canada and diverts travel-related economic activity from Canadian to U.S. routes.

An improved National Highway System could provide significant productivity gains for industry and is critical to achieve a more productive and competitive economy.

Ameliorating Canada's highway system by funding a National Highway Program is more than just an investment in transportation; it is an investment in a successful, competitive Canadian economy. For the reasons outlined above, **the AMM urges the federal government to financially support a National Highway Program by dedicating revenue from the federal fuel tax to this program.**

3. Airport Funding

The aviation industry has become part of our everyday lives and a valuable component of a municipality's infrastructure and economic development. In many of our meetings with municipalities, airports are discussed as a key aspect of economic development. The federal government, a one-time leader in airport management, has divested itself of the operation of almost all local airports. While the Airport Capital Assistance Program (ACAP) was created to ensure that municipalities operating these airports had access to sufficient funding to maintain critical airport infrastructure, it now appears that the federal government is reducing the scope of eligible projects, thereby jeopardizing the continued viability of these airports. Municipal airports are valuable infrastructure for rural communities, as they provide a tangible link to other markets, major centres and global trade. Losing an airport would do little to help sustain rural communities and would only reinforce an already existing sense of isolation.

A fundamental municipal concern with the ACAP program itself is that the levels of funding have not increased at a great enough rate to offset the cost of more stringent regulations. Canadian Airport Regulation 308 (CAR 308) and the new safety

management regulations under consideration are but two examples of instances where the federal government has added requirements to airport operators without additional ACAP funding needed to facilitate purchasing the necessary equipment and to meet the new requirements.

There is a very real need for the federal government to greatly increase its contribution to ACAP and this is necessary to ensure the survival of the airport industry in Manitoba. This industry, both directly and indirectly, represents over \$580 million of Manitoba's gross domestic product. There is also a real need for increased funding for ACAP for smaller airports that are not under the umbrella of the recent Transport Canada rent relief announcement. Small airports are vital to the communities they serve and link these communities to the larger national airport system.

However even with increased funding, there needs to be a review of the system. The AMM was pleased to learn of an internal review within ACAP, as there are a number of issues that need to be addressed to rectify some of the current deficiencies of the current system. Currently there are applications that are being approved, but not funded due to a lack of funding. This shows that there are projects that are warranted, but are not receiving the funding.

The AMM is appreciative that Transport Canada is moving forward with a federal study of the viability of regional and small airports to be completed in 2003 and especially glad to see eight Manitoba airports included in the study. While this study will help illuminate some of the viability issues and hopefully will demonstrate the importance of these airports, **the AMM still continues to strongly believe that the federal government must honour its previous commitment to support municipalities under the Airport Capital Assistance Program and ensure municipalities are able to finance airport capital projects.**

4. Rural Water Infrastructure

With rapid new developments in the rural economy, especially the agricultural industry, change and diversification have become critical factors if Manitoba is to maintain its farm communities. Water is an extremely important component for opening up economic development opportunities such as value-added processing to rural Manitoba. As well, crop diversification, such as potatoes, into new areas has placed an increased strain on an already inadequate system. Without an adequate water supply delivered in a cost-effective manner, many of the initiatives that need to be taken will not be possible. Communities that invest in these types of facilities typically experience an increase in private investment as well as an increase in the property tax base.

While the economic advantages of improved rural water infrastructure are incredibly important, one cannot overlook the fact that quality piped domestic supplies of water are still lacking in some areas of Manitoba and are long overdue. In many cases, health factors and quality of life issues demonstrate the need for quality piped domestic water to farm homes and communities, including communities in Northern Manitoba where public health concerns are paramount. This summer alone, there have been a number of instances where Manitoba beaches have been closed and residents have been warned to avoid any contact with the water. In certain cases, boiling or chlorination do not make the water safe to drink. This is an unacceptable situation. Within rural communities, water and wastewater treatment plants are required to produce water for distribution and to treat the resulting wastewater. Rural water distribution systems and water and wastewater treatment systems are key to economic development demands for good, clean potable water. What should be deemed to be of strategic importance is not only improving infrastructure but also ameliorating the public good.

In fact, the federal government's May 2003 national report on agricultural water supply issues identified the need for additional infrastructure as one of its four main priorities for agricultural water supplies and as one of two primary constraints identified in Manitoba.

The needs have been established and the solutions have been developed, but they cannot be implemented. Three areas of the province have been prioritized as needing the most help (Pembina Valley, WestLake Area and Southwest Manitoba). However, funding remains one of the main obstacles to implementing the solution. Although some funding has been made available through the Prairie Farm Rehabilitation Administration (PFRA), the Manitoba Water Services Board (MWSB), and the second National Infrastructure Program, there is a need for all levels of government to make a permanent, meaningful investment in rural water infrastructure over the next ten years. Currently, PFRA is having trouble meeting its one-third commitment on some projects and is unable to make future commitments since funding amounts are not in place for the next three years. The need for a permanent investment will only continue to grow due to the escalating demand for water infrastructure projects. The AMM understands that there are some funds available under the new Agriculture Policy Framework (APF), which will be administered through PFRA, and we appreciate the efforts by the federal government in this regard.

There are many economic and social benefits to investing in rural water infrastructure development throughout Manitoba. These include a significant rate of return to the federal, provincial and municipal governments on their investment and a healthy and prosperous economy throughout Manitoba. It is estimated that the federal government receives a full dollar back through various taxes for every dollar it invests in infrastructure. Rural infrastructure for water and wastewater is a prerequisite for continuing diversification into value-added processing, while upholding the tenets of environmental sustainability. Other benefits of new or upgraded water treatment and distribution systems include:

- reductions in health risks,
- increased opportunities for residential and commercial development,
- improvements to the reliability of meeting volume and pressure requirements of demand during peak periods,
- improvements to firefighting capacity and related insurance requirements, and
- population growth in municipalities.

It should be pointed out that the demand for rural water infrastructure is very real. Since the start of the second Canada-Manitoba Infrastructure Program (CMIP), there have been more than 255 rural and northern water and wastewater project applications received, with a total construction value of more than \$315 million. Of that, more than \$52 million was for rural and northern regional water projects. CMIP has only been able to fund 96 of the 255 applications, totaling a mere \$46.5 million. Regional water projects are crucial if we wish to ensure large areas of the province have access to clean and safe drinking water. This clearly illustrates the demand for water and sewer related projects and even with the CMIP investments, Manitoba is falling behind in meeting its rural water and wastewater infrastructure needs. This is only exacerbated by the fact that this investment fund is nearly depleted.

For this reason, the AMM believes that a 10-year, \$180 million federal/provincial/municipal agreement specifically for rural water and wastewater infrastructure should be implemented. This is in addition to any programs already in place. This agreement would call for the three levels of government to contribute \$6 million each annually over the next 10 years for a total rural water infrastructure package of \$180 million.

5. Infrastructure Program for Recreational Facilities

Municipalities recognize that public investment in children and youth creates the opportunity for young people to develop in a healthy and safe environment, to meet their potential and live fulfilling and productive lives. Appropriate and accessible recreational opportunities for youth are particularly important and can contribute to crime prevention, health savings and help to alleviate the impacts of poverty.

In recognizing that recreation infrastructure is an investment in the future, the AMM believes that Manitoba municipalities need a recreational infrastructure program. The AMM is convinced that recreational infrastructure is a pillar of community success,

which is why it supported the allocation of some funds from the second Canada-Manitoba Infrastructure Program to regional recreation facilities. However, the \$180 million in funding available in this program is primarily focused on “green” municipal infrastructure that will protect and/or enhance the quality of the environment. Water systems, water management, solid waste management and recycling have been identified as priority projects. The secondary focus of this program is on other infrastructure including local transportation, culture and recreation. So far, demand for green funding in the program is strong and could exhaust the program’s funds to the extent that very few projects in the secondary focus will receive funding. In the first two years of the Canada-Manitoba Infrastructure Program, a total of 69 applications worth \$123 million were received for rural and northern recreational facility projects. Only 13 projects have received funding totaling a meager \$9.3 million. These needs of communities are going unanswered.

The fact remains that many of Manitoba’s recreational facilities are aging and in desperate need of repair. Over the years, grants to recreational associations have been reduced and municipalities are unable to finance these essential upgrades. Nevertheless, it is important that municipalities provide new and upgraded recreational facilities in their communities; failure to meet this challenge is a failure to provide residents with a reasonable standard of living and quality of life.

Recreational infrastructure is not a cost, but an investment. However, as municipalities are solely dependent on property taxes for consistent revenue, recreational infrastructure is an investment that few municipalities can make. According to the Federation of Canadian Municipalities (FCM), the annual cost of subsidies for recreational infrastructure is far less than the direct savings (\$1,000 per person per year) generated by parents’ reduced use of direct services. Community leaders and youth themselves have identified the lack of appropriate recreational opportunities and “youth-friendly” venues in many communities as a serious problem. Recreational facilities are an appropriate target for investments and necessary to support conventional and alternative programs.

Crime prevention through a social development approach similar to the federal government's *National Strategy on Community Safety and Crime Prevention* requires investment in both people and community infrastructure to effectively control crime. The FCM, through its standing Committee on Community Safety and Crime Prevention, is working with municipalities to promote recreational programs as an integral part of community safety plans. However, for such an approach to succeed, Manitoba communities must be able to invest in recreational infrastructure.

The AMM has received assurance from the Honourable Ron Lemieux, Manitoba's Minister of Education and Youth, that the Province would like an agreement on tri-partite funding for a recreational infrastructure program. Cooperation with the federal government was a prerequisite to the Province's interest in funding recreational infrastructure, so the AMM would encourage you to support this idea.

The AMM's emphasis on building community infrastructure was reflected in the federal government's 2002 Throne Speech where it was stated that "competitive cities and healthy communities are vital to our individual and national well being They require new partnerships, a new urban strategy, and a new approach to healthy communities for the 21st century." However, this seems to be a hollow statement in light of the February 18, 2003 budget that delivered limited support to infrastructure and no meaningful commitment to recreation. Only \$3 billion in infrastructure funding was announced over the next ten years, \$2 billion to the Canada Strategic Infrastructure Fund and \$1 billion to smaller infrastructure projects. This investment fails to meet the needs of the most basic infrastructure in Canada, let alone provide enough funding to invest in recreational infrastructure. This is particularly true when one considers the negligible percentage of federal infrastructure funds that find their way to Manitoba once programs take shape. The Throne Speech was right: healthy communities do need a new partnership and a new approach in the 21st century – a tripartite recreational facility infrastructure program.

The AMM calls on the federal government to establish a tri-partite infrastructure program for the repair, upgrading and building of recreational facilities in municipalities throughout Manitoba.

B) FISHERIES COMPLIANCE OFFICERS

An issue that only further exacerbates the problems with infrastructure funding is the current practice of the federal Department of Fisheries and Oceans (DFO). The federal government indicated several years ago that it planned to take over the responsibility of the regulation of fisheries habitat in several provinces, including Manitoba. As a result, DFO in Manitoba has hired a considerable number of new staff to do inspections, ensure compliance, and perform a number of other functions. Municipalities have several concerns about this initiative and the way it is being implemented.

The AMM wholeheartedly supports the maintaining and preserving of fish habitat. This is an important issue and not one to be taken lightly. In Manitoba however, this issue was previously dealt with by the Province, which took fish habitat issues into consideration when reviewing municipal drainage projects and worked cooperatively with municipalities. Municipalities had fostered an excellent working relationship with the Province and in particular with Manitoba Conservation. In regulating fish habitat, the Province has shown a certain amount of flexibility and has worked effectively with municipalities to address concerns over fish habitat in the construction of municipal infrastructure projects.

From recent contact between DFO and municipalities, it appears that the federal government plans to interpret the Fisheries Act more literally than the Province, resulting in less flexibility. DFO has implemented a policy of “No Net Loss” in productive capacity of fish habitat. While this is a reasonable objective, the AMM is concerned that DFO will try to implement this policy universally, without taking other factors into consideration. For example, DFO has indicated that it interprets fish habitat to include any area that has aquatic life at any time of the year, including seasonal runways and man-made drains and lakes. DFO needs to adopt a more flexible approach to the interpretation of its mandate and to show sensitivity to the practical needs of municipalities.

A number of municipalities have expressed concern that this initiative by the federal government will cause unnecessary delays for drainage projects and escalate costs. There have been several cases in Manitoba where municipal projects have been delayed because DFO's expectations are not clear ahead of time. Municipalities have become frustrated with this process, as there is little indication of what is expected in order to get approval for a project. As well, applications for approval often require a detailed and costly engineering report. There have been cases where DFO has required a municipality to change some aspect of the project and resubmit a completely new application. For each new submission, the municipality must again have the engineering report completed, which adds to the overall cost of the project. This is an inefficient system and needs to be changed. DFO impacts almost every infrastructure project, and for each of these projects municipalities must meet the often-confusing requirements of DFO. Municipalities are willing to comply with DFO guidelines, however for this to occur these guidelines must be transparent so that municipalities know what is expected, as well as reasonable and applicable to the projects. There is also a need for consistent enforcement of DFO rules. The current discrepancies in enforcement in different regions of the Province only add to the problem of transparency. It is our understanding that DFO is undertaking a review of some of its practices, including reviewing the definition of navigable waters. This is necessary as it is imperative that DFO does not cause unnecessary hardship and waste much needed infrastructure dollars.

The AMM urges the federal government to ensure that DFO inspections and enforcement are done in a reasonable, practical and consistent way that will allow municipalities to begin projects in a timely manner without adding undue costs and taking away much needed infrastructure dollars.

C) THE IMPACT OF THE BSE CRISIS AND DROUGHT ON THE RURAL COMMUNITY CRISIS

Another major challenge that needs to be addressed is the impact that the crisis in agriculture is having on rural communities in Manitoba and throughout Canada. The BSE crisis, grasshopper infestation and severe drought in some regions of Manitoba are creating difficult times for municipalities. Our association believes the agriculture and rural community crisis is serious enough to warrant drastic action being taken immediately by the federal government to stem the tide of bankruptcy and despair that is plaguing our communities. This may be our last chance to salvage our rural communities and a way of life that helped build our nation. In Manitoba and across Canada, farmers are struggling to deal with continued low commodity prices, while at the same time farm input costs such as fertilizer, fuel and chemicals continue to rise. Our members have made it clear to us that this is not just an agricultural crisis; it is also a community crisis that threatens the social fabric of Canada, urban and rural.

In Manitoba, the fate of many communities is closely tied to the future of agriculture. The Canadian agriculture industry, where Manitoba farmers are a central element, makes a significant contribution to Canada's balance of trade with the rest of the world. Our agriculture industry is more than just part of the identity of Canada; it also provides our country with a significant trade advantage that it cannot afford to lose.

Rural communities are fighting for survival and the Bovine Spongiform Encephalopathy (BSE) crisis is creating a very serious community economic crisis for both urban and rural municipalities. No level of government or area of Canada is exempt from the impacts of the crisis and as such, our association has been working diligently on behalf of Manitoba municipalities to not only help bring about a workable solution to the crisis, but to also help compensate those most greatly impacted. The impact of the BSE crisis is monumental and is changing daily with the ongoing uncertainty of the export market. The cattle and agriculture industry in general are the ones hardest hit by the crisis. While the AMM does not represent the cattle and agriculture industry directly, many municipal

ratepayers are employed in this industry and there is a very real possibility that some ratepayers will be unable to pay property taxes due to a lack of funds. This will greatly impact municipalities and school divisions and their ability to deliver vital services to all ratepayers.

The economic repercussions of the BSE crisis are being felt by all sectors of the economy across Manitoba and Canada. It is crucial that both the federal and provincial governments make decisions quickly as time is of the essence. This is extremely important as currently municipalities are in a state of flux as it is unclear what the future holds. For example, some municipalities have had to delay some infrastructure projects, such as road construction, as they are unsure if they will be financially able to complete the projects. The AMM understands that the ultimate goal is to have the border reopened to all livestock. We fully support any and all efforts in attaining this goal, however we also believe that it is necessary to compensate livestock producers until this end-goal is reached. Our association also believes that it is necessary to develop a transportation program to bring feed to cattle or cattle to feed, and to develop a program for mature breeding stock.

The AMM therefore urges the federal government to provide an interest-free cash advance for affected livestock producers while striving to reopen the border. As well, the AMM believes that the federal government must adopt a transportation program as well as a program for mature breeding stock.

CONCLUSION

The AMM believes the issues identified today represent the major funding priorities for Manitoba municipalities in 2003. By funding the infrastructure programs as previously outlined, the federal government can help to ensure that municipalities remain a major player in the economy of the 21st century and their residents will have an equal opportunity to succeed and enjoy an excellent quality of life and standard of living. However, simply providing the necessary infrastructure is not enough. Immediate measures need to be taken to deal with the agriculture and rural community crisis that Canada is facing. Even when municipalities are able to secure funding for infrastructure projects, they need to know that a large portion of that valuable funding is not going to be wasted trying to meet the moving targets of the Department of Fisheries and Oceans.

It is our hope that the priorities identified and the specific proposals our association has brought forward today will assist you in prioritizing funding. We appreciate your attention to our concerns and hope you will be able to take these into consideration in making your recommendations for the 2004 federal budget so that all of Manitoba can benefit.