

A Presentation by
The Association of Manitoba Municipalities

to the

Members of Parliament of the
Manitoba Liberal Party Caucus

Tuesday, March 11, 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 four areas of infrastructure renewal we wish to discuss are:

1) A National Highway Program:

- The National Highway System in Manitoba only represents 4.8% of the total provincial highway system, yet carries approximately 30% of its traffic. The cost of correcting all deficiencies of the National Highway System in Manitoba is more than \$800 million.
- 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.
- 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.

2) 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 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.

3) 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.
- 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.

4) 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 40 applications worth \$62.5 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 investments 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) THE AGRICULTURE AND 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 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.

- Canadian farmers are paying a huge price for the subsidy war as Canadian wheat farmers receive only 11 cents from the federal government while their counterparts in the United States and European Union receive 46 and 58 cents respectively.
- There is a growing resentment on the part of farmers as they are forced to pay \$175 million per year in fuel taxes for off-road farm machinery.

The AMM believes that it is imperative that the federal government rectifies the subsidy war with the United States and Europe as it is having a negative impact on farmers.

The AMM urges the federal government to seriously consider eliminating fuel taxes for off-road farm machinery.

The AMM also believes that it is vital that the federal government renews its commitment to Canada's producers and rural communities by taking steps in support of a long-term plan for the future sustainability of agriculture and rural communities.

C) DISASTER FINANCIAL ASSISTANCE ARRANGEMENTS

- The AMM understands that the Disaster Financial Assistance Arrangements (DFAA) is currently being reviewed and is concerned that the financial responsibility for disaster assistance will be downloaded to municipalities.
- The AMM believes that municipalities play a vital role in providing assistance in times of emergencies and should be allowed to participate in the current review.
- The issue of disaster assistance in Manitoba has been a very frustrating and disappointing experience and it is imperative that Manitobans and all Canadians believe they can count on the federal government to provide adequate and efficient assistance in times of disaster.

The AMM believes that the federal government should continue to play a major role in the DFAA program to ensure collective support and security for all communities. The AMM also opposes any changes to the current arrangement that will increase the burden of disaster assistance for municipalities and urges the federal government to include municipalities in the current review.

D) 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 have had a good 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 on drainage projects and escalate the associated costs.

The AMM urges the federal government to ensure that the Department of Fisheries and Oceans' inspections and enforcement are done in a reasonable and practical way that will allow municipalities to construct drains in a timely manner without adding undue costs to drainage projects.

The Association of Manitoba Municipalities (AMM) is pleased to have the opportunity to make this presentation to you in regards to some of the priorities facing municipalities in Manitoba. Infrastructure renewal, the agriculture and rural community crisis, the Disaster Financial Assistance Arrangements, and fisheries compliance officers are all areas where the federal government has the opportunity and ability to create meaningful change. Our goal in this presentation is to recommend the funding priorities of municipalities that will address the following objectives:

1. Ensure municipalities remain a major player in the economy of the 21st century.
2. Provide Manitobans with an equal opportunity to succeed in their communities.
3. Create an environment where Manitobans can enjoy the best quality of life and standard of living in their communities.

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. The need for infrastructure renewal is exemplified by the demand for infrastructure funding through the Canada-Manitoba Infrastructure Program (CMIP). The current allocation of \$180 million for six years is not enough to keep pace with the demands of the applicants.

We would like to outline four areas of infrastructure renewal that require strong leadership from the federal government: 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, your caucus will forward these concerns to the federal Liberal caucus and cabinet.

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 recently released 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 should rather be seen 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. A 1998 study on the National Highway Policy by the Council of Ministers Responsible for Transportation and Highway Safety found that the estimated cost of correcting all current deficiencies of the National Highway System was \$17.4 billion. In Manitoba, the estimated cost of correcting all deficiencies is more than \$800 million.

The federal government's response 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 highways 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 highways 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.**

Airport Funding

Airport funding is another important infrastructure requirement for municipalities. When the federal government divested itself of the operation of local airports, they initiated the Airport Capital Assistance Program (ACAP) to ensure that the 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 the global world. Losing an airport would do little to help sustain rural communities and would only reinforce the already existing sense of isolation.

We are aware of situations where an air carrier has withdrawn some of its services. For example, a 737 airplane was discontinued from service because it was no longer economical to fly this particular plane into a community. As a result of this business decision by the carrier, Transport Canada could advise the municipality that it no longer needs to maintain its runway for a 737 and could therefore reduced its ACAP funding to the municipality. These types of decisions by Transport Canada jeopardize future economic development opportunities for municipalities since certain types of investments will not be made in a community if the municipality does not have a proper runway to accommodate larger aircraft.

A fundamental municipal concern with ACAP is that the levels of funding have not increased enough to offset the cost of more stringent rules. Canadian Airport Regulation 308 (CAR 308) requires firefighting equipment be within a five minutes response time to the airport yet there has been no additional ACAP funding to facilitate purchasing the necessary equipment. While this specific example only applies to one airport in the Province, the regulation is of concern for a couple of reasons. First, CAR 308 is essentially a barrier that many airports will never be able to overcome because they will not be able to meet the increased requirements, therefore eliminating any potential for

growth. Secondly, CAR 308 is symbolic of a more general move on the part of the federal government to review and change airport regulations. Changes have already been proposed in several areas, including wildlife control and winter maintenance, that will greatly increase the financial burden of Manitoba airports and put their viability at risk.

The AMM is appreciative of the recent commitment of Transport Canada to conduct a federal study of the viability of regional and small airports to be completed in 2003 as well as the internal review of ACAP to take place this year. While keeping this in mind, **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.**

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. Without an adequate water supply delivered in a cost-effective manner, many of the initiatives that need to be taken will not be possible.

One cannot overlook the fact that quality piped domestic supplies of water 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. 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.

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, the main obstacle to implementing the solution is funding. 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 believes the federal government recognizes the need to increase funding in this area, however action needs to be taken.

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 160 rural and northern water and wastewater project applications received, with a total construction value of more than \$200 million. Of that, more than \$40 million was for rural and northern regional water projects. 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.

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's 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, which 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 40 applications worth \$62.5 million were received for rural and northern recreational facility projects. These needs are likely to go unanswered.

The fact remains that many of Manitoba's recreational facilities are aging and in need of repair. Over the years, grants to recreational associations have been reduced and municipalities are unable to finance these essential upgrades. It is, nevertheless, 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 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 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, which 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: health 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) AGRICULTURE AND 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. 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 rural Canada.

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 Canada with a significant trade advantage that it cannot afford to lose.

In the last few years, the grain and oilseed sector of the farm economy has been particularly hard hit by a combination of factors, most damaging perhaps being the continuing subsidization of exports by the United States (U.S.) and the European Union (EU). In 2001, for every dollar Canadian wheat farmers received, only 11 cents came from the federal government, compared to the 46 cents American farmers received and the 58 cents European farmers received from their respective governments. Canadian farmers are paying a huge price in this subsidy war.

It is imperative that the federal government addresses this issue. While the AMM appreciates the recent commitment of \$600 million in federal transition assistance, this does not address the greater problem. In Manitoba, the provincial government is

currently withholding its 40 percent share of this assistance because the province believes that the federal government should take sole responsibility for protecting grain and oilseed producers from U.S. and EU subsidies. **It is imperative that the federal government rectifies this situation as it is having a negative impact on Manitoba farmers.**

Rural communities on the whole are getting older and the percentage of younger people who will sustain these communities in the future is decreasing. In addition, with the declining incomes experienced by many farmers, a growing number of farm families have had to seek off-farm employment in order to survive. It is now common practice for at least one member of a farm family to work full-time at another job, and in many cases the other spouse works part-time off the farm when work can be found. While this generates enough income to allow some farms to remain viable despite low commodity prices, it forces farmers to spend valuable time away from the farm during critical seeding and harvesting seasons. It is also exhausting for farmers who are trying to work two full-time jobs at the same time.

A continuing source of aggravation for producers is the 10-cent per litre federal excise tax on gasoline and the 4-cent per litre excise tax on diesel fuel for off-road farm machinery. These taxes cost farmers \$175 million per year. Consideration should be given to eliminating these taxes. While the \$175 million would reduce costs for farmers, it is not the solution to the farm crisis in and of itself. However, farmers would find it encouraging as they struggle to survive. **The AMM urges the federal government to seriously consider eliminating fuel taxes for off-road farm machinery.**

A discussion about the future of agriculture on the prairies would not be complete without indicating the importance of establishing a value-added manufacturing industry, which would take advantage of agricultural commodities produced in this area. The AMM encourages the federal government to develop a comprehensive strategy that would encompass tax incentives as well as direct federal government funding and expertise to enhance the development of value-added industry in rural areas of western

Canada. A number of opportunities exist, such as the production of ethanol, the production of canola-based industrial oil and fuels, pasta and flour, and opportunities in the livestock industry. To ensure that value-added manufacturing has a chance to succeed, the federal government must ensure that the necessary infrastructure referenced earlier is found in Manitoba.

Our association believes that the agriculture and rural community crisis in Canada is one of the most important public policy issues facing our country in the last 50 years. If decisive action is not taken soon, rural areas of Canada will continue to decline. Only the federal government has the resources to make an impact on the financial crisis that is devastating the rural economy.

The AMM therefore implores the federal government to renew their commitment to Canada's producers and rural communities by taking steps in support of a long-term plan for the future sustainability of agriculture and rural communities.

C) DISASTER FINANCIAL ASSISTANCE ARRANGEMENTS

The AMM is aware that Emergency Preparedness Canada is conducting a review of its program under the Disaster Financial Assistance Arrangements (DFAA). It is our understanding that the review may recommend a change in the federal/provincial disaster assistance cost sharing formula that would amount to a downloading of disaster costs onto the province and municipalities.

Of utmost importance for municipalities is the concern that the responsibility for disaster assistance will be downloaded to municipalities. For disaster assistance to be effective, there needs to be a workable structure in place where all three levels of government contribute in a fair and equitable manner. The AMM opposes any changes to the current arrangement that will increase the burden of disaster assistance for municipalities. Any decision by the federal government to limit spending for disaster assistance would serve only to transfer additional financial pressure to the Province and ultimately to municipalities should the Province decide to match these cuts.

Municipalities play a vital role in providing assistance in times of emergencies, yet the current negotiations to change the disaster arrangements are restricted to the provincial and federal governments. The AMM is aware that the government of Manitoba has asked that municipalities be given a voice in the negotiations, however there was no municipal representation at the last meeting at the end of February. In many cases, it is the municipalities that best understand what is needed to provide efficient and comprehensive disaster assistance. For the current negotiations to reach an effective agreement, it is imperative that municipalities are allowed to participate in the negotiations.

Manitoba has been one of the highest per capita users of DFAA. Any changes in the formula that is presently used would have a direct impact on Manitoba communities in general and municipal governments specifically. In light of the fact that Manitoba has been one of the higher users of the DFAA, a change in policy to reduce federal disaster

assistance could place many communities under serious financial stress. By their very nature, these disasters cannot be predicted and can be devastating in the scope of damages.

The issue of disaster assistance in Manitoba has been a very frustrating and disappointing experience since the flooding of the Red River in 1997. Many Manitobans were disappointed by the experience, as they believed that the federal government would act in a time of crisis. Much of the province felt the federal government abandoned Manitoba in its time of need. It is imperative that Manitobans and all Canadians believe they can count on the federal government to provide adequate and efficient assistance in times of disaster.

For this reason, the AMM believes that the federal government should continue to play a major role in the DFAA program to ensure collective support and security for all communities. The downloading of the responsibility for disaster assistance to municipalities is not acceptable and therefore the AMM opposes any changes to the current arrangement that will increase the burden of disaster assistance for municipalities. As well, the AMM urges the federal government to maintain its current level of funding. As municipalities will be greatly affected by the outcome of these negotiations, the AMM also urges the federal government to include municipalities in the current negotiation process.

D) FISHERIES COMPLIANCE OFFICERS

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, the Department of Fisheries and Oceans (DFO) in Manitoba has hired a considerable number of new staff to do inspections, ensure compliance, and a number of other functions. The AMM has several concerns about this initiative and the way it is being implemented.

For many years, the Province was responsible for the preservation of fish habitat. The Province took fish habitat issues into consideration when reviewing municipal projects and worked cooperatively with municipalities. Municipalities have developed a good 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 had, 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. We would encourage DFO to adopt a more flexible approach to the interpretation of their 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 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. 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.

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

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. Municipalities also need to feel that they can count on the federal government should there be another disaster in the province like the flood of 1997. When municipalities begin to address these issues, they need to have assurances that the federal government will not prevent them from undertaking much needed work by slowing down the process and increasing costs.

It is our hope that the priorities identified and the specific proposals our association has brought forward today will assist your caucus. We appreciate your attention to our concerns and hope you will be able to raise these issues with cabinet and your caucus so that all of Manitoba can benefit.