

Meeting of the
**Association of
Manitoba
Municipalities**



with

The Honourable Gord Mackintosh

Minister of Justice and Minister charged with
the administration of the Manitoba Public
Insurance Corporation Act

February 9, 2004

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A) Executive Summary

1. Policing

- Many Manitoba municipalities repeatedly express concern about policing in their communities, highlighting issues such as policing costs, level of service, response times, and/or policing priorities.
- The escalating cost of police service continues to be the primary concern of many AMM members. Because the appropriate level of police service in a municipality is often dictated by municipal budgets, many AMM members are concerned that further cost increases will compromise their ability to provide effective police service to their communities.
- In relation to police service, the AMM hears frequently that RCMP efforts to find efficiencies have resulted in longer response times, lower visibility, unfamiliarity with the community, a greater role for emergency service workers in road related accidents and, generally, less effective police protection.
- Many Manitoba municipalities argue that there should be a uniform standard of police service across Manitoba, and believe that Provincial police funding should be related to the actual costs of policing in Manitoba communities.
- The Federation of Canadian Municipalities is examining many of the same issues at the national level, and is currently consulting with the RCMP and other policing agencies on policing contracts and other municipal concerns, highlighting the need for all three orders of government to work together to find solutions to municipal concerns.

The AMM is interested to learn what measures Manitoba Justice has taken to ensure the quality and effectiveness of police service in Manitoba. The AMM looks forward to working with the Province to address the policing concerns of all its members, as well as those particular to the *Large Urban Policing Working Group* and hopes that a process of collaboration and co-operation between all policing stakeholders will commence in the near future to address municipal concerns.

2. Municipal Bylaw Enforcement

- In Manitoba, the current bylaw enforcement system uses criminal courts, even though bylaws do not deal with criminal matters. Many AMM members argue that the present system is therefore needlessly formal, procedural, intimidating, expensive, time-consuming and difficult to enforce.
- Although Manitoba Intergovernmental Affairs and Trade is working with municipalities to strengthen municipal bylaw enforcement, many issues relating to

bylaw enforcement have not been addressed, and concerns remain about non-property bylaw offences and the high cost for municipalities to enforce bylaws.

- The AMM believes that a more appropriate system to bylaw enforcement is possible, and would encourage the Province to continue to work with municipalities, and take into account persistent municipal concerns in order to develop a more administrative and appropriate system to municipal bylaw enforcement.
- It is important that when adopting such a system, municipalities are not burdened with additional costs. Furthermore, the AMM believes also that in-kind municipal contributions, like access to municipal chambers and resources, should be acknowledged in the funding model being developed to support an improved system.

The AMM strongly urges the Province to work with the AMM to develop a more appropriate system to municipal bylaw enforcement, and to address such issues as non-property offences and the high cost for municipalities to enforce bylaws, on a cost-neutral basis.

3. The Youth Justice Act

- In 1998, the Government of Canada announced its plans for renewing the youth justice system. Consequently, less serious offences are now dealt with through measures outside the court process and often involve community-based sentences and alternatives.
- Many Manitoba municipalities argue that due to the adoption of the Youth Justice Strategy and the enactment of the Youth Criminal Justice Act, there is need for co-ordination of the various community-based approaches to youth justice.
- Municipalities argue that the co-ordination of the Youth Justice Strategy would be best done by Probation Services, and in fact, the Department of Justice has stated that all referrals for extra judicial sanctions will be the responsibility of Probation Services. However, municipalities are concerned that currently, Probation Services does not have the resources to adequately co-ordinate the Youth Criminal Justice Act.

The AMM urges the Provincial Government to affirm its responsibility for the co-ordination of the Youth Criminal Justice Act, and to hire the required personnel to adequately harmonize the Youth Criminal Justice Act.

4. Reimbursement for Responding to Motor Vehicle Accidents

- Municipalities are troubled by the limited number of instances that municipal fire departments are eligible to receive compensation from the Manitoba Public Insurance Corporation (MPIC) for responding to vehicle fires and accidents, as well as with the inadequate amounts of this compensation.
- Currently, the rate of compensation does not cover the cost of responding, even in situations where MPIC deems the municipal fire department eligible for compensation. Furthermore, there are many incidents where MPIC does not award any compensation whatsoever and municipal fire departments are burdened with the full cost of emergency response.
- Municipal fire departments respond to 911 and other emergency calls within their jurisdictions, including federal and provincial roadways, and are frequently the first to arrive on the scene. These respondents provide extremely valuable services to their municipalities and work in dangerous situations on a daily basis.
- Up until recently, a committee was in place to hear appeals for denied municipal MPIC compensation claims. However, this committee has not met for some time and the AMM believes a municipal appeals process is necessary to ensure openness and accountability for MPIC claims.

The AMM strongly urges the Minister to work with MPIC, the AMM, and the Association of Manitoba Fire Chiefs in order to establish a fair and consistent rate of compensation for municipal fire departments so that municipal fire departments do not suffer further financial hardship for responding to road emergencies. The AMM further urges the Province to re-establish the MPIC appeals committee, with municipal representation, to ensure openness and accountability for MPIC compensation claims.

5. Education Funding

- No issue is heard more often from our members than the concern of high property taxes as a result of the amount of property taxes dedicated to funding education.
- The AMM is pleased to be a part of the Minister's Working Group on Education Finance and would encourage the Province to move forward with the final report.
- As the recommendations of the report will not be released in time for the 2004 school budget process, the AMM would urge the Province to hold constant the current municipal and provincial contributions to education so that ratepayers are not further burdened with an increase in property taxes.
- The AMM believes that a new formula should be developed that would decrease property tax support for education while not diminishing education quality. The AMM firmly believes that the Province needs to adopt a stable and sustainable education funding ratio of 80 per cent from Provincial general revenues and twenty

per cent from property tax revenue levied by local school boards. Furthermore, it is important that once an 80:20 ratio is achieved, it be maintained in future years.

The AMM urges the Province to move forward with the final report of the Minister's Working Group on Education Finance, and looks forward to discussing the recommendations with the Province, once released. The AMM further urges the Province to adopt a stable and sustainable funding ratio of 80 per cent from Provincial general revenues and twenty per cent levied by local school boards.

6. A New Deal for Municipalities

- All Manitoba municipalities have concerns about the ability of the current taxation system to meet municipal financial requirements. The root of the problem is the gap between the services that municipalities must provide and the resources at their disposal.
- In Manitoba, the infrastructure debt is approximately \$7.4 billion as municipal revenues have failed to keep pace with increasing demands for investment. Although Federal and Provincial revenues have grown significantly over the past four years, Municipal revenues have grown by only four per cent.
- Municipal governments in Canada currently earn 54% of their income from property taxation, a revenue stream that does not increase in times of economic growth. Without a change to this system, infrastructure upgrades will continue to be postponed and the infrastructure debt will only grow larger.
- The AMM hopes that the Province is willing to work with all Manitoba municipalities to access new sources of revenue- including growth revenues, and hopes the Province will respond to the needs of local governments.

The AMM looks forward to working with the Province to make a new revenue deal for municipalities a reality for local governments across Manitoba.

B) Departmental Issues

1. Policing

Many Manitoba municipalities repeatedly express concern about police service in their communities, highlighting issues such as policing costs, level of service, response times, and/or policing priorities. The escalating cost of police service continues to be the primary concern of many AMM members. Because the appropriate level of police service in a municipality is often dictated by municipal budgets, many AMM members are concerned that further cost increases will compromise their ability to provide effective police service to their communities. Municipalities in Manitoba believe that there must be measures implemented to offset the rapid increase in municipal police costs. At the 2003 AMM Convention, AMM members heard that RCMP costs are expected to rise significantly in the future due to increasing salaries, increased RCMP reporting requirements, demographic trends, and rising public expectations. Many new policing initiatives require a greater degree of community involvement than in the past, and point to a greater role for community policing, crime prevention, school programs and restorative and alternative measures-initiatives which require additional community resources. Furthermore, policing concerns are not specific to Manitoba municipalities as has been shown by the Federation of Canadian Municipalities' (FCM) involvement in municipal policing concerns. FCM is currently examining many of the same issues at the national level, and intends to consult with the RCMP and other policing agencies on policing contracts and other municipal concerns regarding policing services. As well, FCM is developing an action plan to consult with the RCMP and other policing agencies to address increasing policing costs. Therefore the AMM believes that now is an appropriate time to evaluate police service and cost in Manitoba, and would encourage strong co-operation and collaboration between Federal, Provincial and Municipal Governments, as all have a stake in addressing policing challenges in Manitoba.

Another concern of many AMM members relates to the level of RCMP service in their communities. Municipalities have told the AMM that RCMP service has suffered as a result of the consolidation of detachments and believe that municipalities of all sizes should be assured of a consistent level of police service. The AMM hears frequently that RCMP efforts

to find efficiencies have resulted in longer response times, lower visibility, unfamiliarity with the community, a greater role for emergency service workers in road related accidents and, generally, less effective police protection. Many municipalities argue that the closure of detachments and subsequent larger patrol areas has resulted in officers traveling greater distances to attend calls. At the 2003 AMM Convention, AMM members learned that RCMP detachments in Manitoba communities are carrying comparatively heavier workloads than other Canadian areas. Municipalities are under the impression that the consolidation process was completed without accompanying measures to gauge the success of this initiative. As the safety and protection of citizens is a concern of all Manitobans, AMM members believe measures should be in place to develop, implement, and evaluate acceptable response times to ensure public accountability for police services.

Most recently, the seven large urban members of the AMM with direct contracts with the RCMP established the *Large Urban Policing Working Group* to examine many of the above issues. At a meeting held on September 11, 2003 between these seven members and the RCMP (attended by Manitoba Justice and Manitoba Intergovernmental Affairs as well), attention was drawn to the policing concerns of larger urban centres in Manitoba. Many common concerns were raised, such as escalating police costs, declining police service as a result of the consolidation of detachments, the impact of outside community residents on police costs and service, lack of communication between RCMP detachments and the communities they serve, and inconsistency in the level of police service between detachments. Many of those communities present argued that there should be a uniform standard of police service across Manitoba, and argued that Provincial police funding should be related to the actual costs of policing in Manitoba communities. The members of the *Large Urban Policing Working Group* are currently evaluating the strengths and weaknesses of policing in each individual community and will consult with appropriate stakeholders in order to develop recommendations for the effective and efficient delivery of police service in Manitoba. In approximately one year, the working group will be ready to present their findings and recommendations to the AMM Board of Directors and the AMM hopes that this will be the basis for a frank discussion with the Provincial Government on policing in Manitoba.

However, this working group is but one avenue through which the AMM hopes to address policing concerns. The AMM believes that the concerns of all of its members are relevant and hopes that all stakeholders are willing to address the policing concerns of Manitoba communities. The AMM has established a good working relationship with the RCMP, and many important initiatives have been undertaken as a result that have led to more effective and efficient police service in Manitoba communities. The community consultation process undertaken in Stonewall, Manitoba is an excellent example of the importance of openness and collaboration and has helped align the priorities of the RCMP with the priorities of the community. Furthermore, many other communities are undertaking similar community consultations with their local detachments and the AMM thinks this is a good indication of improved relations between municipalities and the RCMP. However, the AMM believes that more must be done to examine the policing concerns that are consistently raised by AMM members, and this requires collaboration and co-operation between all relevant stakeholders, including the Provincial Government.

The AMM is interested to learn what measures Manitoba Justice has taken to ensure the quality and effectiveness of police service in Manitoba. The AMM looks forward to working with the Province to address the policing concerns of all its members, as well as those particular to the Large Urban Policing Working Group and hopes that a process of collaboration and co-operation between all policing stakeholders will commence in the near future to address municipal concerns.

AMM RESOLUTION NUMBER 26 — 2002

Topic: Tax Sharing Grants to Cover Police Costs

Department: Manitoba Justice
Manitoba Finance

THEREFORE BE IT RESOLVED that the Association of Manitoba Municipalities lobby the Province to review current provincial-municipal tax sharing program to make distribution of funds more equitable in relation to actual municipal costs for police protection.

AND BE IT FURTHER RESOLVED that the AMM request the establishment of a joint task force to review and make recommendations regarding the provision and cost of policing.

AMM RESOLUTION NUMBER 17 — 2000

Sponsor: RM of Ethelbert

Topic: RCMP Response Times

Department: Solicitor General of Canada

Manitoba Justice

WHEREAS the safety and protection of citizens is a concern to all Manitobans;

AND WHEREAS the Royal Canadian Mounted Police (RCMP) have amalgamated rural detachments across the Province;

AND WHEREAS this practice has resulted in the relocation of members from several communities, the closure of previously existing offices, and larger patrol areas;

AND WHEREAS the “zoning” of officers, and lack of a full staff complement, has resulted in officers traveling greater distance to attend calls;

THEREFORE BE IT RESOLVED that the Association of Manitoba Municipalities work with the Federal and Provincial Governments to develop, implement, monitor, and evaluate acceptable response times.

AMM RESOLUTION NUMBER 18 — 2000

Sponsor: The Town of Melita (Western District)

Topic: RCMP Service

Department: Solicitor General of Canada

Manitoba Justice

WHEREAS changes to the provision of services by the Royal Canadian Mounted Police (RCMP) to urban and rural municipalities are not working;

AND WHEREAS the Provincial and Federal Governments and the RCMP are in disagreement with respect to responsibility for the level of policing service;

THEREFORE BE IT RESOLVED that the Association of Manitoba Municipalities request from the RCMP and the Provincial and Federal Governments the criteria and time lines for measuring the effectiveness of the changes in provision of service.

AMM RESOLUTION NUMBER 48 — 2000

Sponsor: The Town of The Pas (Northern District)

Topic: Funding for Municipal Policing

Department: Manitoba Finance

Manitoba Justice

BE IT RESOLVED that the Association of Manitoba Municipalities lobby the Province to review current Provincial-Municipal tax sharing per capita grants to make distribution of funds more equitable in relation to actual municipal costs for police protection.

2. Municipal Bylaw Enforcement

Another important issue for Manitoba municipalities is related to bylaw enforcement. In Manitoba, the current bylaw enforcement system uses criminal courts, even though bylaws do not deal with criminal matters. Many AMM members argue that the present system is therefore needlessly formal, procedural, intimidating, expensive, time-consuming and difficult to enforce.

The AMM understands that with the 1997 review of *The Municipal Act*, some provisions were included to deal with some of the municipal bylaw enforcement concerns. The AMM is pleased that the Department of Intergovernmental Affairs and Trade- in consultation with the AMM, Manitoba Municipal Administrators' Association (MMAA) and the Association of Rural Municipalities (ARM)- is working with Municipal Governments, through *The Municipal Act Procedures Manual*, to address several municipal bylaw enforcement issues such as how to inspect property, issue compliance orders without a Court Order and enforce bylaw offences through issuing a ticket and fine. This group is currently offering seminars on bylaw enforcement, and participating municipalities are being asked for feedback in order to strengthen the system of bylaw enforcement under the *Municipal Act*. However, many issues relating to bylaw enforcement have not been addressed, and concerns remain about non-property bylaw offences and the high cost for municipalities to enforce bylaws. The AMM believes that a better system of municipal bylaw enforcement is possible, and would encourage the Province to continue to work with municipalities, and take into account persistent municipal concerns in order to develop a more administrative and appropriate system to municipal bylaw enforcement.

It is important that when adopting such a system, municipalities are not burdened with additional costs. The AMM's support for an alternative system of bylaw enforcement is dependent on a cost-neutral arrangement. Furthermore, the AMM believes also that in-kind municipal contributions, like access to municipal chambers and resources, should be acknowledged in the funding model being developed to support an improved system.

Therefore, the AMM strongly urges the Province to work with the AMM to develop a more appropriate system to municipal bylaw enforcement, and to address such issues as non-property offences and the high cost for municipalities to enforce bylaws, on a cost-neutral basis.

AMM RESOLUTION NUMBER 78 — 2001

Sponsor: RM of Richot, RM of West St. Paul, Town of Churchill

Topic: Municipal By-Law Enforcement

Department: Manitoba Justice

WHEREAS the present system of municipal by-law enforcement through the provincial court system is not adequate to address the needs of municipalities;

AND WHEREAS the present system cannot be improved to accommodate by-law enforcement through the provincial court system;

THEREFORE BE IT RESOLVED that the Association of Manitoba Municipalities appoint a committee to investigate and make recommendations to the Province of Manitoba on ways to improve the municipal by-law enforcement system for municipalities in Manitoba.

BE IT FURTHER RESOLVED that the committee be comprised of representatives from the Department of Justice, Intergovernmental Affairs, the Manitoba Municipal Administrators Association, the Association of Manitoba Municipalities and representatives from the Association of Rural Municipalities – Winnipeg Region.

3. The Youth Justice Act

In 1998, the Government of Canada announced its plans for renewing the youth justice system. The Youth Justice Strategy proposes directions for new legislation and programs that address the public's concern about violent and repeat youth crime and the need for a system that promotes accountability, respect, responsibility and fairness. A key part of the Youth Justice Strategy is the new Youth Criminal Justice Act, signaling a new approach to youth justice and a major re-structuring of the youth justice system. This Act is based on an accountability framework that promotes consequences for crime that are proportionate to the seriousness of the offence. Consequently, less serious offences are now dealt with through measures outside the court process and often involve community-based sentences and alternatives.

The Youth Justice Strategy focuses on three complementary areas for action: prevention to address the causes of crime and encourage community efforts to reduce crime; meaningful consequences that hold all young people accountable, helping them to understand the impact of their actions and allow them to make good the harm done to the victim and the community; and rehabilitation and reintegration to ensure that youth who have committed an offence receive the treatment and programs necessary to prevent them from re-offending. Therefore, the Youth Justice Strategy establishes a range of informal programs and alternatives for less serious offences, requiring a great deal of co-ordination between existing youth programs and newer community measures to address youth crime.

Many Manitoba municipalities argue that due to the adoption of the Youth Justice Strategy and the enactment of the Youth Criminal Justice Act, there is need for co-ordination of the various community-based approaches to youth justice. In fact, at the 2003 AMM Convention, members passed resolution #47-2003 that highlights the need for co-ordination of the various community measures related to youth criminal rehabilitation. Municipalities argue that the co-ordination of the Youth Justice Strategy would be best done by Probation Services, and in fact, the Department of Justice has stated that all referrals for extra judicial sanctions will be the responsibility of Probation Services. However, municipalities are concerned that

currently, Probation Services does not have the resources to adequately co-ordinate the Youth Criminal Justice Act. Therefore, Manitoba municipalities request the Provincial Government to devote greater resources to Probation Services so that it may hire the required personnel to adequately co-ordinate the Youth Criminal Justice Act.

The AMM urges the Provincial Government to affirm its responsibility for the co-ordination of the Youth Criminal Justice Act, and to hire the required personnel to adequately harmonize the Youth Criminal Justice Act.

AMM RESOLUTION NUMBER 47 – 2003

Sponsor(s): Morden, Town

Topic: Additional Personnel to Coordinate Youth Justice Act

Department(s): Manitoba Justice

WHEREAS the adoption of the Youth Criminal Justice Act has resulted in the need for coordination of the program;

AND WHEREAS this coordination is best done by Probation Services and the Department of Justice has in fact stated that all referrals for extra judicial sanctions go through Probation Services;

AND WHEREAS Probation Services currently does not have the resources to adequately coordinate the Youth Criminal Justice Act;

THEREFORE BE IT RESOLVED THAT the Association of Manitoba Municipalities lobby the Provincial Government to hire the required personnel to adequately coordinate the Youth Criminal Justice Act.

4. Reimbursement for Responding to Motor Vehicle Accidents

In recent years, many AMM members have expressed concern regarding emergency response on Manitoba roadways. Municipalities are troubled by the limited number of instances that municipal fire departments are eligible to receive compensation from the Manitoba Public Insurance Corporation (MPIC) for responding to vehicle fires and accidents, as well as with the inadequate amounts of this compensation. Currently, the rate of compensation does not cover the cost of responding, even in situations where MPIC deems the municipal fire department eligible for compensation. Furthermore, there are many incidents where MPIC does not award any compensation whatsoever and municipal fire departments are burdened with the full cost of emergency response.

Municipal fire departments respond to 911 and other emergency calls within their jurisdictions, including federal and provincial roadways, and are frequently the first to arrive on the scene. These respondents provide extremely valuable services to their municipalities and work in dangerous situations on a daily basis. However, the rate at which they are compensated for these emergency responses does not address the actual costs of responding to vehicle fires and accidents. In some cases, such as false alarms, municipal fire departments do not receive any compensation at all even though they have responded to the call. While the AMM appreciated last year's marginal increase to the rate of compensation, the amounts remain inadequate, and municipalities are continually forced to make up the difference.

Another important issue for AMM members is the lack of a mechanism of appeal for denied MPIC compensation claims. Up until recently, a review process was in place for municipalities to appeal denied compensation claims. The AMM believes this committee is important to ensure accountability and fairness for MPIC compensation claims, yet this committee has not met for some time. This committee is crucial to provide municipalities with an avenue by which to appeal the denial or explain extenuating circumstances; however, without this appeal mechanism, MPIC can turn down claims without further explanation and the AMM believes this practice to be unfair. Therefore, the AMM believes that this appeal

committee should be re-established to ensure an open and accountable process for MPIC compensation claims.

The AMM strongly urges the Minister to work with MPIC, the AMM, and the Association of Manitoba Fire Chiefs in order to establish a fair and consistent rate of compensation for municipal fire departments so that municipal fire departments do not suffer further financial hardship for responding to road emergencies. The AMM further urges the Province to re-establish the MPIC appeals committee, with municipal representation, to ensure openness and accountability for MPIC compensation claims.

AMM RESOLUTION NUMBER 53 -- 2003

Sponsor: Town of Neepawa (Mid-Western District)
Topic: Increased Payments for Response to Vehicle Accidents
Department: Manitoba Public Insurance, Manitoba Labour and Immigration

WHEREAS fire departments provide rescue services for motor vehicle accidents in the Province;

AND WHEREAS the province provides a flat rate payment of \$376.00 or \$537.00, depending on the severity of the accident, to the Municipal fire department that responds to the motor vehicle accident;

AND WHEREAS this payment is not indicative of the cost of responding to the motor vehicle accident;

THEREFORE BE IT RESOLVED that the Association of Manitoba Municipalities lobby the Provincial Government to increase payments to municipalities to better reflect the actual costs of responding to motor vehicle accidents.

AMM RESOLUTION NUMBER 87 -- 2001

Sponsor: RM of Armstrong, RM of St. Andrews, and RM of Bifrost

Topic: Reimbursement for Response to Vehicle Fires

Department: Manitoba Public Insurance Corporation, Manitoba Justice

WHEREAS the Manitoba Public Insurance Corporation (MPIC) covers firefighting/rescue costs for which Autopac insured motorists are legally responsible;

AND WHEREAS Section 50(2) of Manitoba Regulation 290/88 outlines MPI's obligation to provide this coverage;

AND WHEREAS MPI has established a fee guideline that pays \$350 for basic fire calls and \$500 for complex fire calls;

AND WHEREAS these fees are substantially lower than the actual firefighting costs;

THEREFORE BE IT RESOLVED that the Association of Manitoba Municipalities lobby the Province for higher fees to reflect the actual firefighting costs.

AMM RESOLUTION NUMBER 88 -- 2001

Sponsor: RM of Wallace

Topic: Minimum Payment for Response to Vehicle Accidents

Department: Manitoba Public Insurance Corporation, Manitoba Justice

WHEREAS at present fire departments are receiving calls to accidents from 911 and in some cases they do not qualify for any compensation;

THEREFORE BE IT RESOLVED that the Association of Manitoba Municipalities lobby the Province to provide a minimum of \$200 compensation for any calls to accidents on numbered highways initiated by 911.

C) General Issues

1. Education Funding

An ongoing and important issue for Manitoba municipalities is education finance. The AMM is pleased to be included as a part of the Minister's Working Group on Education Finance and is pleased that the Province is including a municipal voice in its review. The final report of the working group was expected originally in October 2003 but has been delayed and the AMM would encourage the Province to move forward with this report. As the recommendations will not be available in time for the 2004 school budget process, the AMM would urge the Province to hold constant the current municipal and provincial contributions to education so that ratepayers are not further burdened by an increase in property taxes. After the final report is released, our association looks forward to reviewing the recommendations of the working group and to collaborating with the Province to develop a new and sustainable system of education finance in Manitoba.

It is crucial that the Province take action, as no issue is heard more often from our members than the concern of high property taxes, as a result of the amount of property taxes dedicated to funding education. The NDP election promise to phase out the Education Support Levy (ESL) over the next five years is welcomed, as this will partly assist in reducing the tax burden. The AMM acknowledges the efforts the Province has made so far, and we are pleased to see that a \$27 million reduction in the ESL has been achieved since 1999. However, the AMM believes that a new formula should be developed that would decrease property tax support for education while not diminishing the quality of education. Local schools are required to provide up-to-date learning tools, including current teaching materials and computer hardware and software, and the AMM does not believe that reducing property tax support for education should compromise the quality of education that Manitoba youth receive.

The AMM firmly believes that the Province needs to adopt a stable and sustainable education funding ratio of at least 80 per cent from Provincial general revenues and a maximum of 20 per cent from property tax revenue levied by local school boards, a formula recommended by

our own Task Force that examined this issue in great depth. In addition, it is important that once the 80:20 ratio is achieved, it be maintained in future years. It is clear that the current system is not sustainable, and the AMM urges that the reform of education funding be substantive and fair. The AMM again expresses its appreciation for being a part of the Minister's Working Group on Education Finance and looks forward to the release of the final report in the near future.

2. A New Deal for Municipalities

A relatively new and emerging issue for municipal governments in Manitoba concerns a new revenue deal for municipalities. Although the Federation of Canadian Municipalities (FCM) has been calling for a new system of municipal finance for some time, the City of Winnipeg has initiated substantial discussion on this issue in Manitoba. The AMM believes this discussion has important ramifications for all municipal governments as all Manitoba communities have concerns about the ability of the current system of taxation to meet municipal financial obligations. Manitoba's prosperity and quality of life is determined largely by the health of its municipalities. Vibrant, sustainable communities are crucial to attracting the skilled, creative people who are key to this province's success. However many municipalities across Manitoba are struggling; their resources have not kept pace with their growing responsibilities for physical and social infrastructure.

The root of the problem is the gap between the services that municipalities must provide and the resources at their disposal. Municipal revenues have failed to keep up with the increasing demand for infrastructure investment. Across Canada as a whole, over the past four years, federal government revenues have increased sixteen per cent, provincial/territorial revenues increased twenty-one percent and municipal revenues only four per cent. Canada's core municipal infrastructure debt has been estimated at about \$57 billion and growing at a rate of \$2 billion annually. In Manitoba, the infrastructure investment debt hovers in the range of \$7.4 billion: \$3.4 billion for Manitoba's highway system; \$2 billion for rural municipal infrastructure; \$1 billion for rural land drainage; and \$1 billion for Winnipeg's infrastructure deficit.

Infrastructure debt passes on the costs of today's use and consumption of infrastructure to future generations, limiting their ability to meet impending infrastructure needs. Furthermore, failure to address the infrastructure debt breaches the principles of sustainable development. Infrastructure should be regarded as an investment and not solely as a payment or cost. However, it does require sustained investment, effort and organization to be maintained properly.

It is clear that the current situation is unsustainable and municipalities must gain access to new revenue sources. Municipal governments in Canada currently earn 54% of their revenue through property taxation, a revenue stream that does not increase in times of economic growth. In Manitoba, increasing school division levies have resulted in municipal governments maintaining current levels of property taxation to respond to ratepayer demands. This leaves municipalities with less revenue to maintain property services; without a change to this system of taxation, infrastructure upgrades will continue to be postponed and the infrastructure debt will only grow larger. Manitobans know that their municipal governments are accountable and responsive. They want the order of government closest to them to have access to new sources of revenue and they want the tax burden on municipalities lowered. Municipal governments are in an ideal position to deliver many services, however, increasing municipal responsibilities have resulted in more demand for services with less revenue to meet these demands.

This is an important debate for all municipal governments in Manitoba, and one that should involve the input of all stakeholders. In fact, partnership must be at the heart of a new revenue deal for municipalities and Manitoba municipalities believe that the three orders of government must work together to deliver municipal priorities. The Federal Government has committed to raising the municipal GST rebate to 100 per cent and has also committed greater funds to existing infrastructure programs, and the AMM is very pleased that the Federal Government responded quickly and in the spirit of partnership to address municipal concerns. Furthermore, there are suggestions that municipalities may receive a portion of the federal fuel excise tax, an exciting prospect for municipal governments in Canada and one supported by the Federation of Canadian Municipalities. There is much that the Province of Manitoba can do as well, and the decision to pass all fuel tax collected from municipalities back to local governments is a good starting point. However, there is much more that needs to be done to address the growing revenue needs of municipal governments in Manitoba. The AMM hopes that the Province is willing to work with municipal governments to access new sources of revenue- including growth revenues, and hopes the Province will remain

responsive to the needs of local governments. The AMM looks forward to consulting with the Province to make this new deal a reality for all municipalities in Manitoba.