

Meeting of the  
**Association of  
Manitoba  
Municipalities**



with

The Honourable Eric Robinson

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Minister of Culture, Heritage and Tourism

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April 27, 2004

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## A) Executive Summary

### 1. Increases to Per Capita Operating Grants for Libraries

- Municipalities have consistently expressed to the AMM the importance of libraries, and many have increased their per capita levies by as much as 67 per cent over ten years to keep up with the increased public demand for services.
- However, because municipalities have limited resources and a growing number of funding priorities, the Provincial Government has a strong role to play in maintaining and improving public library service in Manitoba.
- Libraries must have sufficient revenue to purchase new and updated materials in order to keep their inventory current. In addition to this ongoing responsibility, the information age demands that libraries provide computer and Internet services that keep up with the opportunities presented by this technology.
- Although recent increases to per capita operating grants for libraries are welcomed and appreciated, before these increases, the level of provincial support to libraries remained inadequate. The AMM strongly believes current funding does not reflect the actual costs of providing the vast array of services that the public has come to expect from libraries.

**Therefore, the AMM encourages the Provincial Government to increase further its financial support for public libraries in Manitoba.**

### 2. Joining Established Regional Libraries

- Many AMM members are concerned with the *Public Libraries Act* requirement that an entire municipality join a regional library, not just a portion of the municipality. This is problematic for municipalities in which one part of the municipality is close to one regional library, while another part of the municipality is closer to another library.
- Although the AMM appreciates the opportunity to enter into reciprocal lending agreements between municipalities, these agreements are entirely voluntary and have not worked to settle the original concern.
- The AMM believes that offering municipalities the opportunity to designate part of the municipality to a regional library district would be an effective and simple way of addressing this municipal concern.
- The AMM met with the Department of Culture, Heritage and Tourism on December 16, 2002, and raised this issue with the Minister and other Department officials. At this meeting, Minister Robinson indicated that he would be prepared to introduce legislation in the spring of 2003 allowing municipalities to have part of a municipality join a library region rather than the whole municipality having to join.

**Therefore, the AMM would again urge the Province to amend the *Public Libraries Act* to allow municipalities the opportunity to designate part of a municipality to a regional library district.**

### 3. Increased Funding for the Community Places Program

- The Community Places Program is one of the few programs to assist with the renovation, replacement or construction of recreational facilities in Manitoba.
- In the AMM's recent meetings with municipal governments across Manitoba, the AMM heard many municipalities express the need for greater funding to repair or replace cultural and recreational facilities, as well as greater funding to build new facilities. However, in the 2003/04 application intake period, only about 50 per cent of applications were approved for funding, highlighting the need for greater resources to help all Manitoba communities undertake improvements to their local facilities.
- In addition to inadequate funding for the program, the AMM is disappointed to learn that the funding formula for the Community Places Program will be changed for the 2004/05 year.
- The AMM understands that the Province will only match funding up to \$15 000 of total costs and up to one-third of costs over that amount, to a maximum of \$50 000. By reducing the Province's funding to one-third for project costs over \$15 000, the AMM is concerned that municipalities will be unable to fund major projects.
- Furthermore, as many municipalities in Manitoba lack the necessary financial resources to engage in repair, an increase in the maximum grant would allow some of these much needed projects to be undertaken.

**Therefore the AMM would again urge the Province to make a major financial commitment to recreational facilities by raising the total funds available to the Community Places Program. This could be done by allocating greater funds for this program and by increasing the \$50 000 maximum grant.**

### 4. New Travel Manitoba Agency

- On March 9, 2004, the Travel Manitoba Act was introduced. This proposed legislation would create a Crown agency that would oversee marketing, visitor information services, product development, research and public awareness.
- The AMM would be interested to learn more about this new agency, and how the Provincial Government sees this agency complementing local tourism efforts.
- In addition, the AMM understands that consultations with the tourism agency will begin later this year to gather input to assist in developing the first business plan for the new corporation. Therefore, the AMM would encourage the Province to consult

with local tourism boards and organizations, as well as municipal governments, throughout this process.

**The AMM would appreciate an outline of the new tourism agency, and how the Provincial Government sees this agency complementing local tourism efforts. In addition, the AMM encourages the Province to consult local tourism boards and municipal governments when seeking public input into this agency.**

## 5. Education Funding

- An ongoing and important concern for Manitoba municipalities is education funding. In fact, the proportion of education funding coming from property taxes remains the primary concern of AMM members and was chosen as the AMM's number one issue of concern during the 2004 Strategic Planning Session.
- 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.
- In the short term, the AMM argues the Province must stop the habitual increase of property tax funding for education.
- The education component of property tax greatly limits the ability of local governments to fund property services, such as infrastructure maintenance, upgrading and construction.
- The AMM believes that a new formula must 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 20 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 20 per cent levied by local school boards, and that once achieved, this ratio be maintained in future years.**

## 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- especially 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. Increases to Per Capita Operating Grants for Libraries

Manitoba libraries provide important services to residents across the province. Libraries act as a source of information for area residents, as well as encouraging creativity and information sharing. Municipalities have consistently expressed to the AMM the importance of libraries, and many have increased their per capita levies by as much as 67 per cent over ten years to keep up with the increased public demand for services. However, because municipalities have limited resources and a growing number of funding priorities, the Provincial Government has a strong role to play in maintaining and improving public library service in Manitoba.

Municipalities have consistently expressed to our association the need for libraries to purchase new and updated materials in order to keep their inventory current. In addition to this ongoing responsibility, the information age demands that libraries provide computer and Internet services that keep up with the opportunities presented by this technology. The costs of purchasing the hardware and software to provide these services, as well as the cost of hiring computer technicians to support them, poses a significant financial burden to municipalities.

The AMM is pleased with the Provincial Government's recognition of the value of libraries in promoting creativity, sharing information and encouraging life-long learning. The Province has further underscored its commitment to libraries by providing a thirteen per cent increase for public libraries in the 2003 Provincial Budget. This increase will allow municipalities to update library services and collections, and the AMM would like to express

our appreciation for this increase. In addition, during the 2004 Provincial Budget presentation, the AMM learned that provincial grant assistance for public library services will increase by \$125 000 over last year, and the AMM is quite pleased with the Province's recognition of public libraries in Manitoba.

Although recent increases to per capita operating grants for libraries are welcomed and appreciated, before these increases, the level of provincial support to libraries remained inadequate. Although the Province matches municipal funding for libraries up to \$8.50 per capita and provides a \$5050 collections grant per library per year, the AMM strongly believes this funding does not reflect the actual costs of providing the vast array of services that the public has come to expect from libraries.

**Therefore, the AMM encourages the Provincial Government to increase further its financial support for public libraries in Manitoba.**

## AMM Resolution Number 52 – 2003

**Topic:** Increases to Per Capita Operating Grants for Libraries

**Sponsor(s):** Teulon, Town (Interlake), Rockwood, RM (Interlake), Stonewall, Town (Interlake), Rosser, RM (Interlake).

**Department(s)** Manitoba Culture, Heritage and Tourism

WHEREAS the Province of Manitoba has not increased the per capita operating grant to libraries since 1994;

AND WHEREAS, in particular, some municipalities have increased their per capita levies by over 67% since that time;

AND WHEREAS costs of operating regional libraries have risen in accordance with increased public demand for services;

THEREFORE BE IT RESOLVED THAT the Association of Manitoba Municipalities lobby the Provincial Government to increase the per capita operating grant to regional libraries.

## AMM Resolution Number 54 – 2001

**Topic:** Provincial Funding for Libraries

**Sponsors:** Town of Roblin, City of Dauphin, RM of Lawrence (Parklands District), RM of Miniota, RM of Westbourne, RM of Clanwilliam, Town of Erickson, Town of Shoal Lake, Village of McCreary (Mid-Western District), Town of Killarney.

**Department:** Manitoba Culture, Heritage & Tourism

WHEREAS the level of provincial funding for rural libraries has not been raised since 1994;

AND WHEREAS this is putting an ever-increasing burden on municipalities to contribute more to the operation of regional libraries;

THEREFORE BE IT RESOLVED that the Association of Manitoba Municipalities lobby the Province for increased funding to assist libraries in their valuable work across the province.

## 2. Joining Established Regional Libraries

Another important municipal concern that falls under the Department of Culture, Heritage and Tourism pertains to the *Public Libraries Act*. Many AMM members are concerned with the *Public Libraries Act* requirement that an entire municipality join a regional library, not just a portion of the municipality. This is problematic for municipalities in which one part of the municipality is close to one regional library, while another part of the municipality is closer to another library. While the AMM appreciates the opportunity to enter into reciprocal lending agreements between municipalities, these agreements are entirely voluntary and have not worked to settle the original concern. The AMM believes that offering municipalities the opportunity to designate part of the municipality to a regional library district would be an effective and simple way of addressing this municipal concern.

The AMM met with the Department of Culture, Heritage and Tourism on December 16, 2002, and raised this issue with the Minister and other Department officials. At this meeting, Minister Robinson indicated that he would be prepared to introduce legislation in the spring of 2003 allowing municipalities to have part of a municipality join a library region rather than the whole municipality having to join. Furthermore, the Minister agreed that the *Public Libraries Act* required modernization and asked the AMM to be one of the stakeholders in a review of the Act. Since this time, the AMM has learned that the review process began a short time ago and have been in contact with the Chair to seek AMM participation on the review. However, the original concern regarding the joining of a portion of a municipality to a regional library remains unresolved.

The AMM believes that offering municipalities the opportunity to designate part of a municipality to a regional library district would be an effective and simple way of resolving this issue. The AMM urges the Province to amend the *Public Libraries Act* to respond to the needs of Manitoba municipalities.

**Therefore, the AMM would again urge the Province to amend the *Public Libraries Act* to allow municipalities the opportunity to designate part of a municipality to a regional library district.**

### AMM Resolution Number 42 – 2000

**Topic:** Joining Established Regional Libraries

**Sponsor:** City of Steinbach

**Department:** Manitoba Culture, Heritage, and Tourism

WHEREAS Section 29(4) of The Public Libraries Act states in part: the Council of a municipality “may by by-law, require the proper officers of the municipality to negotiate and execute on behalf of, and in the name of, the municipality, an agreement ...;”

AND WHEREAS this wording implies that such an agreement is certainly to be entered into in the name of the whole municipality;

AND WHEREAS residents within certain wards of a municipality have indicated that they desire to form a regional library together with their neighbouring library member municipality;

THEREFORE BE IT RESOLVED that the Association of Manitoba Municipalities lobby to have The Public Libraries Act amended to allow Council of a municipality “to pass a by-law permitting its proper officers to negotiate and execute on behalf of, and in the name of, part or all of a municipality, an agreement ....”

### 3. Increased Funding for the Community Places Program

A consistent theme running through Manitoba municipalities is the need for adequate recreational facilities. The AMM believes that communities are strong when they have healthy recreational facilities for all to use. In the AMM's recent meetings with municipal governments across Manitoba, the AMM heard many municipalities express the need for greater funding to repair or replace cultural and recreational facilities, as well as greater funding to build new facilities.

The Community Places Program is one of the few programs to assist with the renovation, replacement or construction of recreational facilities in Manitoba. The grants available are of great assistance to community facilities, such as arenas, playgrounds, parks, libraries, museums, cultural facilities, child daycare centres, seniors' activity centres, disabled and community resource centres. However, in the 2003/04 application intake period, only about 50 per cent of applications were approved for funding, highlighting the need for greater resources to help all Manitoba communities undertake improvements to their local facilities.

In addition to inadequate funding for the program, the AMM is disappointed to learn that the funding formula for the Community Places Program will be changed for the 2004/05 year. The AMM understands that the Province will only match funding up to \$15 000 of total costs and up to one-third of costs over that amount, to a maximum of \$50 000. Although this may enable more projects to be funded under the program, many municipalities have concerns that the maximum amount is insufficient to undertake the major infrastructure improvements

often needed. By reducing the Province's funding to one-third for project costs over \$15 000, the AMM is concerned that municipalities will be unable to fund major projects.

The AMM strongly believes that there should be enough funds to assist all Manitoba municipalities wanting to upgrade their recreational and community infrastructure. The AMM was pleased with the Province's decision to increase funding for the Community Places Program in the 2003 Budget by \$400 000, however, funding for 2004 has been reduced by \$400 000, bringing the Community Places budget back down to its 2002 level. The AMM would therefore encourage the Province to increase funding to the Community Places Program to underscore its commitment to community recreational infrastructure. In addition, many recreational facilities across the Province are in need of major repair and upgrade, and require greater funding than allowable under the program. Many of these facilities were constructed as centennial projects and are now in desperate need of repair. As many municipalities in Manitoba lack the necessary financial resources to engage in repair, an increase in the maximum grant would allow some of these much needed projects to be undertaken. Therefore, in addition to increased funding, the AMM requests that the \$50,000 maximum contribution be increased to reflect the actual costs of major capital projects.

**Therefore the AMM would again urge the Province to make a major financial commitment to recreational facilities by raising the total funds available to the Community Places Program. This could be done by allocating greater funds for this program and by increasing the \$50 000 maximum grant.**

## AMM Resolution Number 55 – 2001

**Topic:** Funding for the Community Places Program

**Sponsors:** Town of Neepawa (Mid-Western District), Village of Elkhorn, RM of North Cypress (Western District), Town of Rivers.

**Department:** Manitoba Culture, Heritage & Tourism

WHEREAS the Manitoba Government has promised that 25% of VLT profits would be distributed to rural Manitoba through direct grants, 10% through economic development programs such as REDI, and 15% through the Community Places Program;

AND WHEREAS the Province of Manitoba has decreased the amount of funding to the Manitoba Community Places Program since 1987;

AND WHEREAS the maximum allowable grant under this program is \$50,000 and the average grant awarded is \$13,750 per project;

AND WHEREAS this program is one of the few to assist with the renovation, replacement, or construction of recreation facilities within the Province of Manitoba;

AND WHEREAS it is a known fact that recreation facilities are ageing and in need of some major capital dollars as demonstrated by the over \$10 million dollars in annual requests for a program of \$2.6 million;

THEREFORE BE IT RESOLVED that the Association of Manitoba Municipalities lobby the Province to: increase the amount of available funds in the Manitoba Community Places Program; and, increase the maximum funds allowable under the grant guidelines to better reflect the true costs of major capital projects.

## 4. New Travel Manitoba Agency

On March 9, 2004, the Travel Manitoba Act was introduced. This proposed legislation would create a Crown agency that would oversee marketing, visitor information services, product development, research and public awareness. In addition, the legislation proposes a board of nine to 15 members be appointed to oversee the operations of the new agency, which would be funded annually based on activities outlined in its three-year business plan.

The AMM would be interested to learn more about this new agency, and how the Provincial Government sees this agency complementing local tourism efforts. As you are aware, many Manitoba municipalities have established local tourism boards and other tourism organizations to perform many of the same functions as the Travel Manitoba agency proposes to offer. In addition, the AMM understands that consultations with the tourism agency will begin later this year to gather input to assist in developing the first business plan for the new corporation. Therefore, the AMM would encourage the Province to consult with local tourism boards and organizations, as well as municipal governments, throughout this process.

**The AMM would appreciate an outline of the new tourism agency, and how the Provincial Government sees this agency complementing local tourism efforts. In addition, the AMM encourages the Province to consult local tourism boards and municipal governments when seeking public input into this agency.**

## C) General Issues

### 5. Education Funding

An ongoing and important issue for Manitoba municipalities is education finance. In fact, the proportion of education funding coming from property taxes remains the primary concern of AMM members and was chosen as the AMM's number one issue of concern during the 2004 Strategic Planning Session. 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. The AMM is aware that property tax support for education has increased each year, and believes this situation must be halted. 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.

Education funding will continue to be a major issue for local governments in the coming year, as many school divisions are set to increase local levies, placing further pressure on local ratepayers. For example, the AMM understands that the Border Land School Division is set to increase its local levy by approximately seventeen per cent this year, and is considering greater increases for next year. Therefore, local education costs continue to

increase, even when school divisions may have surpluses that they could use to offset these increases. The AMM believes this current situation is unsustainable, and urges the Province to address this issue immediately.

The education component of property tax greatly limits the ability of municipalities to provide property services, such as infrastructure maintenance, upgrading and construction. 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 must 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.

**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 20 per cent levied by local school boards, and that once achieved, this ratio be maintained in future years.**

## 6. 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 \$60 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, leaving 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. In Manitoba, many examples of increasing municipal responsibilities without commensurate financial compensation exist. For example, the

Province provides Manitoba Universities- and research institutions affiliated with the Universities- a property tax exemption, but do not provide any grant-in-lieu to affected municipalities to compensate for the loss of property tax revenue. This results in municipalities having to subsidize Universities, despite the fact that this is not a municipal responsibility. Another example is the Province's decision to revert certain provincial roads and drainage infrastructure back to municipalities without appropriate financial compensation. A further example is the decision to charge municipalities for retail sales tax on mechanical and electrical contracts, which increases the cost of building new infrastructure. Policies such as these place increasing responsibility on Municipal Governments, reduce the municipal tax base, and divert much needed funding from municipal infrastructure priorities.

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 Provincial fuel tax back to transportation infrastructure is a good starting point. The AMM was very pleased to see this

introduced into the Legislature, under the Gas Tax Accountability Act. 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- especially 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.

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