

Meeting of the
**Association of
Manitoba
Municipalities**



with

The Honourable Stan Struthers

Minister of Conservation

March 8, 2004

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A) Executive Summary

1. Manitoba Product Stewardship Corporation and the New Efficiency Agency

- The Manitoba Product Stewardship Corporation (MPSC) has worked to establish an effective recycling support program for Manitoba communities. MPSC has been very successful in encouraging and facilitating waste reduction across Manitoba through its programs.
- On December 2, 2003, the Provincial Government announced the creation of a one-stop agency to promote conservation of energy and resources in Manitoba. One of the goals of the Manitoba Efficiency Agency is to minimize duplication of existing efficiency efforts in order to increase the effectiveness of these efforts and reduce the cost to deliver programs and services.
- Although the AMM agrees with this in principle, there are many well-functioning efficiency programs, such as the MPSC, that currently exist and it must be ensured that these programs are not adversely affected if incorporated under the wider umbrella of Efficiency Manitoba.

Therefore, the AMM urges the Province to ensure that those efficiency and waste reduction programs that work well, such as the Manitoba Product Stewardship Corporation, continue to be viable in the future.

2. Household Hazardous Waste Program

- An issue our association has raised time and again with this department is the implementation of a household hazardous waste program in Manitoba. This has been an ongoing issue for municipalities and is consistently raised as a concern by our membership.
- For some time, our association has heard that the program is close to approval, however we have yet to see the program enacted. The fact remains that this material poses a very real danger to the health and safety of Manitobans, and is a threat to the environment when disposed of with regular garbage in municipal landfills.
- This is an important issue for Manitoba municipalities and there is a need for an expanded program to be put in place that will properly dispose of this material.

Therefore, the AMM urges the Province to move forward with enacting the Household Hazardous Waste Program and would appreciate an update of what is delaying the program and when it will be finally enacted.

3. Manitoba Municipal Efficiency Program

- With the realities facing Municipal Governments today, the AMM has increasingly seen the need for municipalities, and in particular smaller municipalities, to reduce their operating costs in order for them to remain solvent. Since a proven and effective way of reducing operating costs is to increase energy, water, and other resource efficiencies, the AMM has developed the Manitoba Municipal Efficiency Program (MMEP).
- With the help of partner organizations, the MMEP will show Municipal Governments how they can reduce their operating and maintenance costs by identifying and implementing energy and water efficiency measures in municipally owned and/or operated facilities
- Many municipalities, especially the smaller ones, often do not have the staff and financial resources to perform audits and implement recommendations. As such, these municipalities require significant support to overcome barriers, such as a lack of awareness, knowledge, time, staff, and financial resources, to carry out feasibility studies and implementation. There is a need to give these municipalities additional support.
- The AMM is now looking for financial assistance for the remaining 50% of the funds needed to complete these efficiency audits. Our association believes this is an important project and believes this is an excellent opportunity for all three levels of government to work together.

Therefore, the AMM urges the Provincial Government to make a financial contribution to the AMM's Manitoba Municipal Efficiency Program (MMEP). With the commitment from the partnering organizations, municipalities will have the support needed to move forward with the implementation of the recommendations.

4. Beaver Control Program

- The Beaver Control Program was created to deal with nuisance beavers that are causing damage to private property and infrastructure in many areas of the province.
- The AMM believes this is a good program and every indication from our membership is that it is working. While in drier years the need for beaver removal is lower, the funding levels for the program need to remain at the current levels as wetter conditions may return in future years, creating a greater need for removal.
- Maintaining sufficient funding for the program is perhaps even more critical as the Province explores the possibility of moving toward a comprehensive predator control program that would help reduce duplication and create a more efficient wildlife management system.

- While our association is in general supportive of efforts to improve the delivery of services, it is imperative that the effectiveness of the Beaver Control Program is not lost by moving it into this new program.

Therefore, the AMM would encourage the Province to maintain funding for the Beaver Control Program and to make sure that moving this program into a larger Predator Control Program does not reduce its effectiveness.

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.
- 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. Manitoba Product Stewardship Corporation and the New Efficiency Agency

The Manitoba Product Stewardship Corporation (MPSC) has worked to establish an effective recycling support program for Manitoba communities. MPSC has been very successful in encouraging and facilitating waste reduction across Manitoba through its programs. Most visibly, over 90 per cent of Manitobans have access to some sort of recycling opportunity. This has resulted in more than 50 000 tonnes of residential recyclable materials being diverted from local landfill sites last year. The AMM has two representatives on the MPSC Board and believes it is a well-functioning and important program for Manitoba communities. Clearly, Manitoba has one of the most successful recycling programs in Canada.

On December 2, 2003, the Provincial Government announced the creation of a one-stop agency to promote conservation of energy and resources in Manitoba. Efficiency Manitoba will help Manitobans cut their energy and water bills and decrease the amount of waste destined for landfills. However, one of the goals of the Manitoba Efficiency Agency is to minimize duplication of existing efficiency efforts in order to increase the effectiveness of these efforts and reduce the cost to deliver programs and services. Although the AMM agrees with this in principle, there are many well-functioning efficiency programs that currently exist and it must be ensured that these programs are not adversely affected if incorporated under the wider umbrella of Efficiency Manitoba.

The Manitoba Product Stewardship Corporation (MPSC) is one such program, and the AMM believes it is a well-functioning initiative as it currently operates. In fact, the reality is that MPSC could make use of greater funding to maintain the municipal programs that are currently funded, and any reduction in funding will drastically reduce the viability of MPSC. The AMM would be disappointed to see MPSC adversely affected if it was incorporated under Efficiency Manitoba and hopes that the Province makes a strong effort to consider both the positive and negative aspects of bringing all efficiency programs under this new one-stop-shop, ensuring that those programs that work well will continue to work well.

Therefore, the AMM urges the Province to ensure that those efficiency and waste reduction programs that work well, such as the Manitoba Product Stewardship Corporation, continue to be viable in the future.

2. Household Hazardous Waste Program

An issue our association has raised time and again with this department is the implementation of a household hazardous waste program in Manitoba. This has been an ongoing issue for municipalities and is consistently raised as a concern by our membership. In early 2000, the AMM was informed that the Province endorsed the recommendations of the Household Hazardous Waste Management Committee, which included two representatives from the AMM. However, no action resulted from this.

At our last meeting with the previous Minister of Conservation in August of last year, it was indicated to our association that this program was very close to approval and could be expected in the next couple of weeks. The electronics component was cited as causing much of the delay, however it was indicated at this time that this issue had been rectified. The AMM understands that this program has yet to be approved by Cabinet. Most recently, the AMM was informed that the Province is now considering a number of options to address outstanding issues and components of the program.

For some time, our association has heard that the program is close to approval, however we have yet to see the program enacted. The fact remains that this material poses a very real danger to the health and safety of Manitobans, and is a threat to the environment when disposed of with regular garbage in municipal landfills or by other methods. This is an important issue for Manitoba municipalities and there is a need for an expanded program to be put in place that will properly dispose of this material. The Province is well aware that the public is demanding an expanded and comprehensive Household Hazardous Waste Program.

The AMM is very interested in working with the Province to improve the waste stream in Manitoba and believes this program is an important component of this.

Therefore, the AMM urges the Province to move forward with enacting the Household Hazardous Waste Program and would appreciate an update of what is delaying the program and when it will be finally enacted.

AMM RESOLUTION NUMBER 29 -- 1999

Sponsor: RM of Miniota (Midwestern District)

Topic: Household Hazardous Program

Department: Manitoba Conservation

WHEREAS the Household Hazardous Waste Program has provided a valuable service to Manitoba communities;

AND WHEREAS Manitoba Conservation has reduced the program, thereby reducing the level of hazardous waste removal services for Manitoba communities;

AND WHEREAS there is currently no assurance that the program will receive the funding necessary to carry on this program to the extent that is required to fulfill the needs of Manitoba communities;

THEREFORE BE IT RESOLVED that the Association of Manitoba Municipalities request that Manitoba Conservation reinstate the original level of service provided by the program.

3. Manitoba Municipal Efficiency Program

With the realities facing Municipal Governments today, the AMM has increasingly seen the need for municipalities, and in particular smaller municipalities, to reduce their operating costs in order for them to remain solvent. Since a proven and effective way of reducing operating costs is to increase energy, water, and other resource efficiencies, the AMM has developed the Manitoba Municipal Efficiency Program (MMEP).

A review of the work being done in this area illustrated that past methods for increasing municipal efficiencies would need to be revised in order to overcome the major barriers that have prevented smaller municipalities from increasing their resource efficiencies. Many municipalities, especially the smaller ones, often do not have the staff and financial resources to perform audits and implement recommendations. Ninety percent of Manitoban municipalities have populations of less than 5,000 people and due to their small size and dispersed geographic locations, these municipalities require significant support to overcome barriers, such as a lack of awareness, knowledge, time, staff, and financial resources, to carry out feasibility studies and implementation. There is a need to give these municipalities additional support.

Recognizing this, the AMM, with assistance from Manitoba Conservation, Manitoba Intergovernmental Affairs and Trade, Manitoba Culture, Heritage and Tourism, Manitoba Hydro and Agriculture and Agri-Food Canada, initiated a pilot project to facilitate the provision of technical, financial, and other necessary support required to walk smaller municipalities through the process to increase their resource efficiencies. The MMEP is the

extension of this pilot project, with sixteen municipalities agreeing to participate in the program.

With the help of partner organizations, the MMEP will show Municipal Governments how they can reduce their operating and maintenance costs by identifying and implementing energy and water efficiency measures in municipally owned and/or operated facilities. The audits would be conducted and report recommendations would aim to address water distribution and wastewater collection system efficiencies, and energy and water efficiencies in municipally owned and/or operated buildings. Renewable and more efficient technologies would be considered so that the most cost effective and eco-efficient solutions would be recommended to the municipality.

The MMEP's multi-partner collaborative approach will relieve the inherent redundancy involved when 16 municipalities, each at considerable individual effort and expense, duplicate the logistics of developing a project, including concept, design, project management and implementation. As well, this project enables municipalities to become more economically and environmentally sustainable, no matter the location or population, as the profit margins do not exist for energy services companies to go out to these communities on a case-by-case basis to provide this service.

The benefits of this project are far-reaching, including developing local expertise and building capacity so that similar work can continue throughout the community with minimal outside expertise long after the project is complete. With the implementation of the recommendations, some of the direct benefits include reducing energy and water

consumption, greenhouse gas emissions, air pollution, reducing the flow of money out of the community that results in greater community fiscal sustainability, the creation of new jobs, improved infrastructure and building stock, improved quality of life for local residents, and more informed Manitobans about water and energy efficiency and about the reduction of greenhouse gas emissions. With a commitment from partnering organizations, municipalities will have the support needed to move forward with the implementation of the recommendations.

MMEP is an efficient and effective way for all the partners to address multiple municipal issues through just one project. The Federation of Canadian Municipalities (FCM) has committed to fund 50% of the project from its Green Municipal Enabling Fund, a fund set up by FCM to allocate Federal Government funding endowed to Canadian municipalities for green projects. The AMM is now looking for financial assistance for the remaining 50% of the funds needed to complete the audits. Our association believes this is an important project and believes this is an excellent opportunity for all three levels of government to work together. This project will have a very positive effect on Manitoba and the AMM believes it is imperative that the Province make a financial contribution to the project.

Therefore, the AMM urges the Provincial Government to make a financial contribution to the AMM's Manitoba Municipal Efficiency Program (MMEP). With the commitment from the partnering organizations, municipalities will have the support needed to move forward with the implementation of the recommendations.

4. Beaver Control Program

While once almost on the edge of extinction in Manitoba because of over hunting, the beaver has recovered to the point where it is causing damage to private property and infrastructure in many areas of the province. In response to this, the Beaver Control Program was created to deal with nuisance beavers. While Manitoba will never be completely free of problem beavers, this program, through both its summer and winter components, is addressing the situation.

This program has developed over the years and the AMM is pleased to have been consulted throughout the process. The AMM believes this is a good initiative and every indication from our membership is that it is working. While in drier years the need for beaver removal is lower, the funding levels for the program need to remain at the current levels as wetter conditions may return in future years, creating a greater need for removal.

Maintaining sufficient funding for the program is perhaps even more critical as the Province explores the possibility of moving toward a comprehensive predator control program that would help reduce duplication and create a more efficient wildlife management system.

While our association is in general supportive of efforts to improve the delivery of services, it is imperative that the effectiveness of the Beaver Control Program is not lost by moving it into this new program.

Therefore, the AMM would encourage the Province to maintain funding for the Beaver Control Program and to make sure that moving this program into a larger Predator Control Program does not reduce its effectiveness.

AMM RESOLUTION NUMBER 47 — 2001

Sponsor: RM of Gilbert Plains

Topic: Beaver Control Program

Department: Manitoba Conservation

BE IT RESOLVED that the Association of Manitoba lobby the Province to review the Beaver Control Program, and in particular consider:

- 1) Increased time limit of the program
- 2) The part of the beaver carcass to be forwarded to Manitoba Conservation
- 3) The price to be paid for each beaver
- 4) Increased funding to support existing funding
- 5) This program cannot be based on previous years' dollar allocation, as beaver numbers are increasing.

C) General Issues

1. 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. 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.

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, 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. 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.