

Meeting of the
**Association of
Manitoba
Municipalities**



with

The Honourable Vic Toews
Minister of Justice
and Attorney General of Canada

April 18, 2006

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A) Executive Summary

Infrastructure

- Local service delivery is highly dependent on physical infrastructure, which makes infrastructure investment a significant priority for municipalities across the country.
- Manitoba municipalities have not been equipped to increase infrastructure investment to keep pace with these growing responsibilities.
- In this province, infrastructure assets are aging and therefore require targeted, sustained investment to counteract rapid deterioration.

1) The Municipal Fiscal Imbalance

- The Federal Government's commitment to share a portion of the gas tax revenue was highly anticipated in Manitoba as a source of much-needed revenue for local infrastructure investments.
- The AMM is very supportive of the gas tax program's objectives since Manitoba municipalities appreciate the benefits of environmentally sustainable communities and want to develop local solutions to local problems.
- It is essential for the current Federal Government to articulate a commitment to community infrastructure by supporting the principles behind the gas tax agreement. Municipalities are looking forward to engaging in a consultation process with the Federal Government to explore means of addressing both the vertical and horizontal fiscal imbalance.
- Such a commitment must include support for the agreement beyond the first five years as well as a long-term plan to increase investment in municipal infrastructure across Canada.
- The importance of transportation infrastructure must be acknowledged by ensuring that investments can be used to maintain and improve roads, highways and bridges in any municipality.
- At the same time, reporting requirements should not involve extensive administration at the municipal level.

Therefore, the AMM urges the Federal Government to commit to the gas tax agreement and to ensure that these funds are used to address the growing transportation infrastructure deficit in Canada.

2) Municipal Rural Infrastructure Fund

- Funding from the Municipal Rural Infrastructure Fund creates enormous potential for municipalities to achieve economic development benefits from improved infrastructure as well as improved environmental sustainability.
- At the same time, this program has illustrated the widespread demand for infrastructure funding in Manitoba.
- After less than a year of accepting applications, the Canada-Manitoba Infrastructure Secretariat had already received over 160 submissions with total requests of \$312.2 million in funding.

- There is a growing demand for larger-scale projects – a trend that is further evidenced by the recent announcement of 13 successful projects, which shared \$17 million.

Therefore, the AMM urges the Federal Government to increase the funding available through MRIF to allow more municipalities to access crucial infrastructure funding.

3) Tri-Partite Recreational Infrastructure Program

- Many of Manitoba's municipalities do not have the appropriate resources to fund the repair of cultural and recreational facilities, nor the funding to build new facilities.
- Municipalities and the Province of Manitoba want to upgrade recreational facilities by contributing to a tri-partite program and the Federal Government should be prepared to participate in this initiative.
- The recent Provincial Budget announced a new program for recreational infrastructure, which allocates \$1.7 million for recreation centres and libraries in 2006 and \$5.3 million in 2007. With increasing levels of Provincial support, the Federal Government must also commit to improving the recreational facilities in Manitoba.
- The Federation of Canadian Municipalities (FCM) has continually raised the need for recreation funding at the federal level, based on support from municipalities across Canada.
- Access to a variety of recreational activities helps to attract vibrant individuals and families and encourages them to remain residents over the long-term. Recreational infrastructure is not only a key factor in the competitiveness of Manitoba's municipalities, but also has the potential to impact health care expenditures across the country.

The AMM calls upon the Federal Government to establish a tri-partite infrastructure program for the repair, upgrading and building of recreational facilities in municipalities throughout Manitoba and Canada.

4) Rural Water Infrastructure

- Manitobans need a safe, reliable water supply for personal consumption, as well as agriculture, industrial development and wastewater treatment.
- Through the National Water Supply Expansion Program (NWSEP), Manitoba was able to allocate the funds within the Program's timeline, however to accommodate other provinces unable to meet the deadlines, NWSEP will likely be extended. Without further programming or funding, Manitoba's water infrastructure is in a tenuous position.
- The AMM has secured a commitment from the Government of Manitoba to match any new federal funding for water infrastructure.
- Manitoba should not be penalized for responding quickly to the guidelines laid out in NWSEP.

The AMM urges the Federal Government to provide additional funding to Manitoba until the National Water Supply Expansion Program extension is

complete and to commit to a \$180 million water infrastructure investment over a 10 year period.

5) Highway Infrastructure

- One of the most important issues for all Manitoba municipalities is the construction and maintenance of highways.
- Manitoba's transportation infrastructure deficit has been estimated at \$3.4 billion and it continues to rise each year.
- A significant increase in Federal funding for highways is needed to prevent further deterioration and to ensure Manitoba's highway system is safe.
- The PGRP successfully increased the level of funding in many of Manitoba's municipalities and continued investment should be pursued through the renewal of this valuable program.
- Existing mechanisms cannot fully address the needs of Canada's most important highways and the Federal Government must commit additional funding to these routes of national importance.

Therefore, the AMM urges the Federal Government to renew the Prairie Grain Roads Program and make a greater financial commitment to the National Highway System.

Disaster Financial Assistance

- In 2005, over 130 municipalities in Manitoba are requesting disaster assistance due to extensive flooding across the majority of the province.
- The severity of last year's damage illustrates the urgency of enhancing existing programs to provide timely access to disaster programming.
- Municipalities are concerned by the Federal Government's review of the disaster funding formula since any reduction in federal funding would mean a reduction in timely disaster recovery services provided by municipalities.
- As an incentive to minimize the costs of disaster recovery, the rate of compensation for using municipal equipment and labour should be increased from 16 to 65 per cent.
- To further illustrate municipal concerns, the review of disaster financial assistance should include representation of a municipal voice, through the Federation of Canadian Municipalities.

Therefore, the AMM urges the Federal Government to maintain high levels of funding for disaster financial assistance and to raise the compensation rates for the use of municipal equipment and labour in disaster recovery efforts.

Department of Fisheries and Oceans

- Just like all levels of government, municipalities are committed to protecting the environment. However, this must be done in a reasonable manner and environmental protection must be balanced with other key priorities, namely infrastructure.
- Often, DFO's guidelines are not clear, leaving municipalities to guess at what is required to get projects approved. Municipalities are often forced to hire expensive consultants to do extensive testing to gain approvals, which in the end means there is less money for actual infrastructure projects.
- Municipalities understand the need to protect the environment, and in many ways municipalities are doing some of the most innovative work in this area. However one of the greatest frustrations is when DFO becomes involved in projects that have no tangible impact on fish habitat.
- Municipal infrastructure budgets are extremely thin and having to meet moving targets and having project costs increased to meet unneeded requirements is not practical.

Therefore, the AMM urges the Federal Government to improve the manner in which the Department of Fisheries and Oceans works with municipalities to ensure guidelines are clear and that requirements are practical and do not overly burden municipal infrastructure budgets.

B) Infrastructure

In 2003, Statistics Canada valued the stock of public infrastructure at \$157.3 billion and estimated that more than half of this infrastructure is managed by local governments. Municipal responsibility has been growing over the past four decades as local government almost doubled its share of public capital during that time. Local service delivery is highly dependent on physical infrastructure, which makes infrastructure investment a significant priority for municipalities across the country. This is particularly important since high quality infrastructure contributes to fostering vibrant and productive communities.

However, Manitoba municipalities have not been equipped to increase infrastructure investment to keep pace with these growing responsibilities. Between 1988 and 2003, the local general government infrastructure investment increased by only two per cent in Manitoba. Much of this problem is due to the fact that municipalities are severely limited in the methods available for raising revenue, and can only control their revenue through property tax rates. Therefore, municipal revenues do not increase significantly over time. As a result, local governments rely on contributions from the Federal and Provincial Governments to operate and maintain the infrastructure that is vital to Manitobans. In this province, infrastructure assets are aging and therefore require targeted, sustained investment to counteract rapid deterioration. AMM members are appreciative of the infrastructure programs that are in place, however, the magnitude of the demand in Manitoba calls for further action from the Federal Government. This should include: signing a gas tax agreement for Manitoba; increasing the funds available through the Municipal Rural Infrastructure Fund; making a Federal commitment to an intergovernmental recreational infrastructure program; extending funding for Manitoba's rural water infrastructure; and increasing investment in the National Highway System.

1) The Municipal Fiscal Imbalance

Early in 2005, Canadian municipalities received a commitment that a portion of the federal gas tax revenue would be shared with all municipal governments in Canada. This commitment was highly anticipated in Manitoba as a source of much-needed revenue for local infrastructure investments. Manitoba's municipalities are striving to create and

maintain vibrant communities and increasing access to infrastructure funding will contribute to their success.

The AMM is very supportive of the gas tax agreement's objectives since Manitoba municipalities appreciate the benefits of environmentally sustainable communities and want to develop local solutions to local problems. The agreement is acting as a mechanism that provides reliable and predictable, long-term funding to municipalities and will enable significant upgrading to infrastructure across Canada. This funding has the potential to stimulate progress for all municipalities by recognizing the importance of municipalities as the order of government closest to the people. In addition, the agreement demonstrates the value of mitigating the fiscal imbalance that exists between municipal revenues and service provision.

Therefore, it is essential for the current Federal Government to articulate a commitment to community infrastructure by supporting the principles behind the gas tax agreement. Such a commitment must include support beyond the first five years of the agreement as well as a long-term plan to increase investment in municipal infrastructure across Canada.

Municipalities are looking forward to engaging in a consultation process with the Federal Government to explore means of addressing both the vertical and horizontal fiscal imbalance. Resolving these issues will require meaningful consideration of a municipal perspective since local governments are responsible for an increasing share of Canada's infrastructure. The Federal Government has a responsibility to ensure that municipal governments have adequate resources to establish and maintain high quality infrastructure, therefore a dedicated Federal strategy is required.

As governments collaborate to address the infrastructure deficit, it is necessary to identify priority areas and ensure that investment can be targeted to accomplish these priorities. In Manitoba, municipalities consistently identify local transportation infrastructure as a key priority, since the deteriorating quality of highways and roads has widespread impacts. Roads and highways account for approximately 45 per cent of local government infrastructure, indicating that this infrastructure is an appropriate priority for municipal governments. The importance of transportation infrastructure must be acknowledged by

ensuring that gas tax investments can be used to maintain and improve roads, highways and bridges in any municipality.

In addition, the implementation of the agreement must not create substantial administrative procedures for municipalities. The AMM recognizes the need for accountability to ensure that funding targets priority areas of infrastructure. At the same time, reporting requirements should not involve extensive administration at the municipal level. Municipal resources are better allocated towards addressing infrastructure issues, rather than focusing on developing extensive project reports.

The AMM is pleased that the Federal Government will honour existing gas tax agreements due to the substantial benefits for all Manitoba municipalities. The Federal Government should also ensure that the agreement funding can be used for the top priorities of local governments, which will often include roads and bridges.

Therefore, the AMM urges the Federal Government to commit to the gas tax agreement and to ensure that these funds are used to address the growing transportation infrastructure deficit in Canada.

2) Municipal Rural Infrastructure Fund

The Canada-Manitoba Infrastructure Secretariat is responsible for administering two key programs for municipalities: the Canada-Manitoba Infrastructure Program (CMIP) and the Municipal Rural Infrastructure Fund (MRIF). With the funding for CMIP fully allocated, the focus has shifted to the five-year MRIF program. To date, there have been two application intakes with overwhelming response from municipalities. Even at this early stage, it is evident that MRIF will create valuable opportunities to invest in critical community resources. The program has already committed to funding major projects such as the renovation of the Keystone Centre in Brandon, an industrial wastewater treatment facility in Dauphin and another \$14 million in connectivity and green projects throughout Manitoba. In each of these cases there is enormous potential to achieve economic development benefits from improved infrastructure as well as to improve the environmental sustainability of communities. Dauphin's wastewater treatment facility will also support efforts to increase slaughter capacity in Manitoba and benefit the agricultural industry. It is already clear that

MRIF will be advantageous for municipalities and this will continue to be demonstrated as the program continues.

At the same time, this program has illustrated the widespread demand for infrastructure funding in Manitoba. The five-year Federal and Provincial contribution to MRIF in Manitoba is \$82 million, with an additional \$40 million in contributions from local governments. After less than a year of accepting applications, the Canada-Manitoba Infrastructure Secretariat had already received over 160 submissions with total requests of \$312.2 million in funding. Current applications are requesting an average of \$1.85 million from the Federal and Provincial Governments. This also highlights the demand for larger-scale projects – a trend that is further evidenced by the recent announcement of 13 successful projects, which shared \$17 million. It is important that MRIF provide full funding for these large projects since partial funding could negate the project feasibility. The current applications therefore illustrate the need for the Federal and Provincial Governments to increase funding for effective infrastructure programs such as MRIF.

The AMM appreciates the opportunity to participate on the Federal-Provincial-Local Consultative Committee as this ensures a municipal perspective is represented throughout the process. Participating on this committee provides the AMM with a unique perspective on the number of important projects that are seeking funding. The AMM also has firsthand experience with municipalities that are expressing the growing frustration of communities that have not received funding. Municipalities are working on a variety of creative and necessary projects that may not be implemented due to lack of funding from other sources. The commitments that these municipalities have made to developing and maintaining healthy communities must be supported with financial resources from the Federal and Provincial Governments.

Therefore, the AMM urges the Federal Government to increase the funding available through MRIF to allow more municipalities to access crucial infrastructure funding.

3) Tri-Partite Recreational Infrastructure Program

Regular physical activity is known to be an effective preventive measure for lowering health risks, which contributes to reducing pressure on the health care system and alleviating the high costs of health care. This is particularly important in many rural areas, where access to health care is diminishing due to physician shortages and closing health care facilities.

However, many of Manitoba's municipalities do not have the appropriate resources to fund the repair of cultural and recreational facilities, nor the funding to build new facilities. These investments cannot be made unless municipalities obtain additional resources and the Federal Government is a key stakeholder in this process. Municipalities and the Province of Manitoba want to upgrade recreational facilities by contributing to a tri-partite program and the Federal Government should be prepared to participate in this initiative.

The Province of Manitoba has demonstrated a commitment to promoting recreation as an integral part of healthy communities through the Healthy Kids, Healthy Futures Task Force. The Task Force released a report in the summer of 2005 and included five recommendations related to recreational facilities and access. These recommendations target improved funding for recreational facilities and demonstrate the acute need for increased investment throughout this province. This report is based on considerable research and province-wide consultation and is therefore a reasonable indication of the current recreation needs in Manitoba. In addition, the recent Provincial Budget announced a new program for recreational infrastructure, which allocates \$1.7 million for recreation centres and libraries outside Winnipeg for 2006. This funding will increase to \$5.3 million in 2007. With increasing levels of Provincial support, the Federal Government must also commit to improving the recreational facilities in Manitoba.

In fact, this issue is not isolated to Manitoba. The Federation of Canadian Municipalities (FCM) has continually raised the need for recreation funding at the federal level, based on support from municipalities across Canada. In its 2005 Federal Budget submission, FCM asked that \$30 million in new money be set aside from infrastructure funds to finance community/municipally managed social infrastructure initiatives including parks, play spaces, community facilities and libraries. Such funding would provide essential resources to distressed communities and neighbourhoods. This request was consistent with FCM's

concern for community and children's infrastructure, which was raised during the 2004 election. As well, FCM has recently committed to further promoting cultural and recreational facilities as an integral part of community safety plans and quality of life. However, even with these nation-wide concerns and the clear connections between improved recreation and lower health care costs, the Federal Government has not committed to increase funding for recreational infrastructure. Yet recreational infrastructure remains a core issue for municipalities that must be supported by action from the Federal Government.

All recreational opportunities are essential components of the health and well-being of communities. Access to a variety of recreational activities helps to attract vibrant individuals and families and encourages them to remain residents over the long-term. Recreational infrastructure is not only a key factor in the competitiveness of Manitoba's municipalities, but also has the potential to impact health care expenditures across the country.

Therefore, the AMM calls upon the Federal Government to establish a tri-partite infrastructure program for the repair, upgrading and building of recreational facilities in municipalities throughout Manitoba and Canada.

4) Rural Water Infrastructure

One of Canada's most valuable resources is water. Canada has claim to 7 per cent of the world's renewable supply and 20 per cent of the world's total freshwater resources. This vast supply of water provides most Canadians with a seemingly endless store of fresh drinking water, with access being the major impediment. Access to a safe and reliable water supply is a basic necessity that all Canadians should be assured. In addition to providing Canadians with potable water, Canada's water supply also greatly contributes to economic development through the support of agricultural and other new industries. As value-added processing and crop diversification continue to expand across the country, so does the need for an adequate water supply. Access to water for irrigation is often a pre-requisite for agricultural diversification and the appropriate infrastructure to ensure access to safe water is required. Additionally, industrial access to water represents economic opportunities that are indeed significant. The provision of a safe, high quality water supply is a critical factor in the success of all communities, both for personal, agricultural and industrial consumption.

Manitoba's water supplies are great. Freshwater comprises 15 per cent of the total provincial area. This amount accounts for 11 per cent of Canada's freshwater supplies. Despite this grand resource, Manitoba continues to experience difficulties establishing the infrastructure necessary to appropriately harness this supply. Some communities do not have access to potable water and are perpetually under boil water orders. In some northern and rural areas, even boiling and chlorination do not make the water safe to drink. The tragic consequences of unsafe drinking water supplies have recently been demonstrated across Canada. It is unacceptable that some communities continue to face the extreme health concerns associated with unsafe stores of drinking water. An additional concern for many communities is wastewater treatment. The high cost of this infrastructure can deter the investment necessary to protect the health of both residents and the environment. These issues require further attention to safe water supplies and wastewater treatment across Manitoba.

The National Water Supply Expansion Program (NWSEP) has provided a necessary source of funding to water infrastructure projects. Manitoba's allocation of \$60 million over four years contributed to several important initiatives and was appreciated by those communities that received funding. Fortunately, Manitoba was able to allocate these funds in accordance with the timeline developed and will exhaust the funding allocation after the March 31, 2006 intake of applications. The previous Federal Minister of Agriculture and Agri-Food had indicated that the NWSEP will likely be extended for two additional years to allow other participating provinces to appropriately allocate their resources. The concern this raises for Manitobans is that there may be no additional programming or funding for water infrastructure in Manitoba until the extension to NWSEP is complete. Two years without funding places Manitoba's water infrastructure development in a tenuous position. The Minister of Agriculture and Agri-Food had advised the AMM that the Department was reassessing Manitoba's specific needs in light of the Province's progress, and was confident Manitoba would be receiving, as a minimum, a similar level of funding as it had prior to the NWSEP funds through the former Prairie Farm Rehabilitation Administration Rural Water Development Program. To date however, there has been no confirmation as to what level of funding Manitoba can expect for 2006-07 and 2007-08.

The AMM has asked repeatedly for a national program that will provide \$180 million over 10 years to water infrastructure. To limit the investment in Manitoba's infrastructure for two years would not provide the type of ongoing support that is necessary, and Manitoba should not be disadvantaged for responding quickly to the guidelines laid out in the NWSEP.

The AMM has secured a commitment from the Government of Manitoba to dedicate funding to water infrastructure to match any new federal funding for this purpose. This Provincial commitment and the demonstrated demand for investment across Manitoba emphasizes the need for additional federal contributions to water infrastructure. Manitoba should not be penalized for using its allocation in the appropriate timeframe, particularly since clean drinking water is a necessity and is not available in all municipalities.

The AMM urges the Federal Government to provide additional funding to Manitoba until the National Water Supply Expansion Program extension is complete and to commit to a \$180 million water infrastructure investment over a 10-year period.

5) Highway Infrastructure

One of the most important issues for all Manitoba municipalities is the construction and maintenance of highways. An efficient highway system links small communities with larger urban centres and provides opportunities for industry, investment, travel and tourism. Since Canada's highways are in desperate need of enhanced investment, the trucking industry often chooses to travel through the United States because of the well-maintained Interstate System. The resultant economic benefits that relate to commercial transport by vehicle, including room and board, vehicle repairs and purchase of fuel, remain in the United States. Therefore it is time for increased funding for the highway system, not only to improve the safety of users, but to ensure that Canada is not losing economic benefits to the United States.

Manitoba's transportation infrastructure deficit has been estimated at \$3.4 billion and it continues to rise each year. Addressing this problem will require an investment of \$340 million per year for ten years. When only seven cents of every tax dollar goes to municipalities, it is evident that there is a lack of resources at the municipal level to reduce this deficit. As a result of limited investment by all three orders of government, highways in

Manitoba have been deteriorating for some time. Ongoing neglect leads to unsafe highway conditions and our membership consistently expresses that the deteriorating roads in their municipalities pose a considerable risk to residents. A significant increase in Federal funding for highways is needed to prevent further deterioration and to ensure Manitoba's highway system is safe. This would represent an investment not only in improved highways, but in a more productive and competitive local economy.

There are several mechanisms that could increase investment in Manitoba roads. For instance, the Prairie Grain Roads Program (PGRP) provided five years of funding to municipal grain roads and secondary provincial highways totaling \$66 million in Manitoba. The PGRP successfully increased the level of funding in many of Manitoba's municipalities and continued investment should be pursued through the renewal of this valuable program. Traffic on these roads will continue to increase due to transportation policies and the ongoing impacts of restructured grain handling systems. With the PGRP now complete, it is time to identify methods to ensure that grain roads are maintained to a standard that supports the agricultural industry into the future.

There are also considerable opportunities for dedicated investment in the National Highway System. It has been nearly two decades since the National Highway System was originally established to recognize the importance of highway transportation to the Canadian economy and the need for action to preserve highway infrastructure. Although the National Highway System identifies routes that are of critical importance to Canadian transportation, sufficient capital funding is lacking. The five-year Strategic Highway Infrastructure Program (SHIP) was created to enhance Canada's highway infrastructure with a focus on projects of national scope. However, funding for this program was \$500 million for the entire National Highway System. While this additional investment has certainly been beneficial, the transportation infrastructure deficit in Manitoba alone indicates the need for significantly increased investment. The SHIP cannot fully address the needs of Canada's most important highways and the Federal Government must commit additional funding to these routes of national importance. Therefore, the AMM looks forward to the Federal Government's fulfillment of its commitment to create a \$2 billion Highways and Border Infrastructure Fund, designed to upgrade Canada's National Highway System and improve border crossings.

Highways are a critical component of Manitoba's transportation system and additional funding is necessary to ensure a safe, reliable, efficient highway system for all Manitobans. Current funding is not addressing the growing rate of deterioration and a renewed investment by the Federal Government is required.

Therefore, the AMM urges the Federal Government to renew the Prairie Grain Roads Program and make a greater financial commitment to the National Highway System.

C) Disaster Financial Assistance

In 2005, over 130 municipalities in Manitoba requested disaster assistance due to extensive flooding across the majority of the province. What began as higher than average precipitation ultimately submerged millions of acres of farmland, flooded thousands of homes and washed out hundreds of roadways. These difficult circumstances highlight the need for effective disaster response systems and significant financial resources for municipalities as they respond to disaster situations.

The AMM worked hard to communicate with affected municipalities and hosted a series of consultative sessions across Manitoba to gauge the extent of the damage from the spring and summer flooding in 2005. Municipal representatives repeated the same messages throughout these sessions, including several issues that the AMM has lobbied on for several years. The severity of last year's damage illustrates the urgency of enhancing existing programs to provide timely access to disaster programming. When disasters are so widespread, all orders of government must work together to coordinate efforts to return communities to pre-disaster conditions.

For this reason, municipalities are concerned by the Federal Government's ongoing review of the disaster funding formula. If federal funding is reduced, municipalities will not be able to provide the same timely attention to disaster recovery even though they are committed to assisting residents with the direct repair of infrastructure and property. Municipalities cannot bear the high costs of disaster assistance alone and insufficient disaster recovery will surely result. Reducing federal funding could also set a precedent and justify reductions in provincial disaster assistance funding. However, the Federal and Provincial Governments have greater access to the resources that are required to address the costs of widespread disasters. Municipalities and individual Manitobans must not be left to bear the costs of disaster recovery without the support of federal contributions.

The current compensation rates have repeatedly been identified as inadequate for certain aspects of disaster financial assistance. Throughout the AMM's consultative sessions, municipalities raised the concern that the current rates are a disincentive to use the most efficient methods to respond to serious damages. Municipalities often have the necessary

equipment and labour in place and can act quickly to repair damaged roads and infrastructure. However, municipal equipment used in an emergency is compensated at only 16 per cent of the cost and municipal labour is compensated only for overtime. In contrast, when contracted (non-municipal) labour and equipment costs are incurred, 100 per cent of the costs are eligible for compensation. This policy penalizes municipalities for doing their own work, even though doing so will certainly represent a cost savings to all orders of government. As an incentive to minimize the costs of disaster recovery, the rate of compensation for using municipal equipment and labour should be increased from 16 to 65 per cent. This will better reflect the true costs incurred by municipalities when using their own equipment and labour and will reduce the total cost of disaster recovery.

To further illustrate municipal concerns, the review of disaster financial assistance should include representation of a municipal voice. If municipalities continue to hold the primary responsibility for direct assistance, they must be consulted as the terms of disaster financial assistance are defined. As a primary stakeholder in local disaster recovery, municipalities should be represented in the review process through the Federation of Canadian Municipalities (FCM). Since FCM has already undertaken extensive research on the topic of disaster assistance, the organization is well-equipped to provide insight into the financial needs of municipalities responding to disaster situations. This municipal voice should not be neglected, since municipalities are directly responsible to their residents in disaster situations.

It is unfortunate that it has taken such an extensive disaster to demonstrate the need for better disaster response in Manitoba. However, the current situation presents an opportunity for the Federal Government to make key improvements to disaster financial assistance.

Therefore, the AMM urges the Federal Government to maintain high levels of funding for disaster financial assistance and to raise the compensation rates for the use of municipal equipment and labour in disaster recovery efforts.

D) Department of Fisheries and Oceans

A final issue that warrants discussion is the impact the Federal Department of Fisheries and Oceans (DFO) is having on municipalities. Just like all levels of government, municipalities are committed to protecting the environment. However, this must be done in a reasonable manner and environmental protection must be balanced with other key priorities, namely infrastructure. Often, DFO's guidelines are not clear, leaving municipalities to guess at what is required to get projects approved. Municipalities are often forced to hire expensive consultants to do extensive testing to gain approvals, which in the end means there is less money for actual infrastructure projects.

Municipalities understand the need to protect the environment, and in many ways municipalities are doing some of the most innovative work in this area. However one of the greatest frustrations is when DFO becomes involved in projects that have no tangible impact on fish habitat. While there have been some improvements in Manitoba, common sense must prevail. DFO must have a better understanding of when to become involved in the process and must provide municipalities with a better understanding of what is required.

Municipalities want to work with all levels of government and municipalities are committed to protecting the environment. However, municipal infrastructure budgets are extremely thin and having to meet moving targets and having project costs increased to meet unneeded requirements is not practical.

Therefore, the AMM urges the Federal Government to improve the manner in which the Department of Fisheries and Oceans works with municipalities to ensure guidelines are clear and that requirements are practical and do not overly burden municipal infrastructure budgets.