

Meeting of the
**Association of
Manitoba
Municipalities**



with

The Honourable Rosann Wowchuk

Minister of Agriculture, Food & Rural
Initiatives

April 14, 2004

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A) Executive Summary

1. Dead Stock, Offal and Butcher Waste Disposal

- The AMM appreciates the commitment on the part of the Provincial Government to participate in the regional meeting held the first week of March that were intended to provide information to municipalities about the disposal of dead stock, offal and butcher waste and to begin the discussions about regional disposal sites.
- It became evident from the discussions at these meetings that an immediate solution was needed for the disposal of material that was currently being stored on-farm and the AMM was pleased to see the Province take a leadership role in announcing the collection program last week to deal with this material. The need for the Province to take a leading role was expressed strongly at these regional meetings and our recent Mayors, Reeves and CAO meetings.
- At both sets of meetings, the cost of establishing these regional sites was cited as a major impediment to their development. Municipalities are unable to bear the costs associated with establishing regional sites and the costs cannot be passed on to the producer, as they are unlikely to use the sites if they are cost prohibitive.
- Establishing regional sites is beyond the capabilities of most municipalities and the Province needs to play a major role for this initiative to be successful.

The AMM would like to thank the Province for participating in the regional meetings in early March and for the recently announced collection program. However, the AMM believes the Province must continue to play a leading role in the development of regional sites to dispose of this material and needs to provide assistance, including technical and financial assistance, to those municipalities that wish to explore this option further.

2. BSE

- The AMM is appreciative of the efforts of the Provincial Government to provide assistance to the livestock industry since the discovery of the single case of BSE in May of last year and appreciates the recent funding announcements for producers, as this remains an important issue.
- The AMM, through meetings with Federal Finance Minister Ralph Goodale and the Senate Standing Committee of Agriculture and Forestry, has continued to work to show the impact this crisis is having on Manitoba communities and to highlight the need for financial assistance for producers until a resolution to the crisis is found.
- The AMM was pleased with the announcement shortly after these meetings of \$995 million in transition assistance for Canadian farmers and believes this is indicative of a sustained commitment on the part of the Federal Government to this crisis.

- The AMM understands as well that the Provincial Government has been active in helping to bring about a resolution to this crisis, and would appreciate an update on any new developments. The AMM is hopefully that Premier Doer's meetings in Washington last week, which coincided with the end of the comment period for the US rule change, will have a positive effect on reopening the border.

The AMM is appreciative of the efforts of the Provincial Government to provide assistance to producers and would appreciate an update on any new developments.

3. Planning Amendment Act

- The AMM has been involved with livestock-related amendments to *The Planning Act* from the time when changes were first being considered, and the AMM is very pleased with the co-operation between our association and the Provincial Government.
- In general, the AMM is supportive of the proposed amendments to *The Planning Act* as many of the changes pertain directly to several AMM resolutions dealing with ILOs.
- However, the AMM has a number of concerns with the legislation. The first specific concern relates to the conditions permitted on the approval of an application for livestock operations. Many municipalities require land injection of manure as a condition of approval, however, the legislation appears to disallow this condition and the AMM views this as problematic. In addition, different livestock types may require different levels of odour control and municipalities should be allowed to determine the appropriate odour control measure for each.
- Furthermore, if a municipality has an odour control bylaw that it requires all of its ratepayers to abide by, the AMM is interested to learn whether these bylaws can dictate conditions on ILOs, since presumably, all residents within the municipality- including ILOs- must follow the bylaws as set out within the municipality in general.
- The AMM would also be interested to learn of the approval process for applications proposing the expansion of an existing operation, if there are a minimal number of animal units being added. The AMM believes that individual municipalities should be able to determine the threshold number for additions to an existing livestock operation, which would not require a formal application to be submitted to the municipal Council.
- Furthermore, the AMM hopes that the Province will devote the necessary resources and staff to enforce and monitor effectively the environmental issues surrounding ILOs in order to support fully the legislation.

The AMM is pleased with *The Planning Amendment Act*, but would like clarification on issues such as the applicability of municipal bylaws to livestock operations, and the approval process for expansion of a livestock operation, if the original operation involved more than 300 animal units. Furthermore, the AMM urges the Provincial Government to devote the

necessary staff and resources to support the environmental enforcement and monitoring of livestock operations.

4. 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.

5. A New Deal for Municipalities

- All Manitoba municipalities have concerns about the ability of the current taxation system to meet municipal financial requirements. The root of the problem is the gap between the services that municipalities must provide and the resources at their disposal.
- In Manitoba, the infrastructure debt is approximately \$7.4 billion as municipal revenues have failed to keep pace with increasing demands for investment. Although Federal and Provincial revenues have grown significantly over the past four years, Municipal revenues have grown by only four per cent.

- Municipal governments in Canada currently earn 54% of their income from property taxation, a revenue stream that does not increase in times of economic growth. Without a change to this system, infrastructure upgrades will continue to be postponed and the infrastructure debt will only grow larger.
- The AMM hopes that the Province is willing to work with all Manitoba municipalities to access new sources of revenue- including growth revenues, and hopes the Province will respond to the needs of local governments.

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

B) Departmental Issues

1. Dead Stock, Offal and Butcher Waste Disposal

As you are aware, the AMM in conjunction with the Provincial Government held a series of meetings across Manitoba the first week of March intended to provide information to municipalities about the disposal of dead stock, offal and butcher waste and to begin the discussions on regional disposal sites for this material. The AMM appreciates the commitment on the part of the Province to participate in these meetings and believes it was a worthwhile exercise. The closing of international markets to live Canadian cattle has created a new reality and the increased volume of cattle in Manitoba has created the need to explore new options for disposal.

It became evident from the discussions at these meetings that the development of regional disposal sites would only address the medium to long-term problems, and there was a need for an immediate solution for the material that was currently being stored on-farm. The AMM was pleased to see the Province take the lead on this pressing issue with the announcement last week of a collection program to pick-up much of this material. The need for the Province to take a leadership role in regards to the disposal of this material was expressed strongly at both the regional meetings and the recent round of Mayors, Reeves and CAO meetings held across the Province by our association. While disposing of this material in landfills is a short-term solution, the AMM encourages the Province to explore other long-term options, including composting, incineration, and rendering for such things as bio-diesel.

At both sets of meetings, the cost of establishing these sites was cited as a major impediment to their development. Municipalities are unable to bear the costs associated with establishing regional sites, and the costs cannot be passed on to producers, as they are unlikely to use the sites if they are cost prohibitive. It was clear from our meetings that municipalities believe the Province must take a leading role in developing these sites and needs to provide assistance, including technical and financial assistance, to those municipalities that wish to explore the option of regional disposal sites further. Establishing regional sites is beyond the capabilities of most municipalities and the Province needs to play a major role for this initiative to be successful. While the Environment Act states that municipalities are responsible for this material, this is under normal circumstances, and it is clear that the new realities that exist in the livestock industry in Manitoba is anything but normal.

The AMM would like to thank the Province for participating in the regional meetings in early March and for the recently announced collection program. However, the AMM believes the Province must continue to play a leading role in the development of regional sites to dispose of this material and needs to provide assistance, including technical and financial assistance, to those municipalities that wish to explore this option further.

AMM Resolution Number 5-2003

Topic: Dead Stock Removal Due to BSE

Sponsor(s): RM of Argyle

Department(s): Manitoba Agriculture, Food and Rural Initiatives

WHEREAS the Bovine Spongiform Encephalopathy (BSE) situation has forced Rothsay to change its practice for the pick-up of ruminants resulting from extra costs and charges being forced on them;

AND WHEREAS these charges are being passed on to individual farmers, as Rothsay will now charge \$20 per stop in the country plus between \$80 and \$150 per Metric Tonne collected, depending on the region of pick-up;

AND WHEREAS this may lead to improper disposal of dead stock as some producers will not be willing or able to pay this fee for dead stock pick-up;

THEREFORE BE IT RESOLVED that the Association Manitoba Municipalities lobby the Provincial and Federal Government to subsidize the cost to provide effective and efficient disposal of the culls, the dead and the offal from the livestock industry.

AMM Resolution Number 21- 2003

Topic: Disposal of Breeding Animal Compensation

Sponsor(s): RM of Westbourne

Department(s): Manitoba Agriculture, Food and Rural Initiatives,
Agriculture and Agri-Food Canada

WHEREAS the Canada-United States border remains closed to specific Canadian beef animals and products;

AND WHEREAS the closure is causing severe hardships for producers and the Canadian economy in general;

AND WHEREAS there is a need for long-term planning to ensure the stability of the beef industry and that the owners of the beef herd be in a position to remain a vital segment of the industry;

AND WHEREAS cattle producers may have no market for livestock over 30 months of age due to fears about Bovine Spongiform Encephalopathy;

AND WHEREAS there may be a need to cull the basic cow herd as a result of the aforementioned conditions;

that the Association of Manitoba Municipalities urge the Provincial Government to work with the Federal Government, and livestock producers across Canada, to develop a program for the disposal of breeding animals that includes a compensation package for the primary producers using values in place prior to the May 20, 2003 border closing;

AND BE IT FURTHER RESOLVED THAT this compensation program remain in effect until such a time as Canadian livestock producers have an open market for the disposal of breeding animals.

2. BSE

The AMM is appreciative of the efforts of the Provincial Government to provide assistance to the livestock industry since the discovery of the single case of BSE in May of last year and appreciates the recent funding announcements for producers, as this remains an important issue. The repercussions of this single case have been felt strongly across Canada and Manitoba has had to deal with the unique situation that exists in this Province.

The AMM, through various channels, has continued to work to show the impact this crisis is having on Manitoba communities and to highlight the need for financial assistance for producers until a resolution to the crisis is found. The AMM, as part of the Prairie Association of Rural Municipalities (PARM), which includes both the Alberta and Saskatchewan rural municipal associations, had the opportunity in early March to discuss this issue with Federal Finance Minister Ralph Goodale. PARM also made a presentation to the Senate Standing Committee on Agriculture and Forestry and highlighted the impact the border closure is having on Canadian communities and the need to continue to press for the border reopening. The AMM was pleased with the announcement shortly after these meetings of \$995 million in transition assistance for Canadian farmers, including the \$680 million Transitional Industry Support Program, and believes this is indicative of a sustained commitment on the part of the Federal Government to this crisis.

The AMM understands as well that the Provincial Government has been active in helping to bring about a resolution to this crisis, and would appreciate an update on any new developments. The AMM is hopefully that Premier Doer's meetings in Washington last week, which coincided with the end of the comment period for the US rule change, will have

a positive effect on reopening the border. This crisis is continuing to impact all Manitoba communities, urban and rural, and producers need assistance, as the impact of the crisis will be felt even after the border is reopened.

The AMM is appreciative of the efforts of the Provincial Government to provide assistance to producers and would appreciate an update on any new developments.

3. Planning Amendment Act

On March 11, 2004, the Provincial Government introduced proposed amendments to *the Planning Act* that will affect municipal land use planning in relation to intensive livestock operations (ILOs). The Association of Manitoba Municipalities (AMM) would like to take this opportunity to outline its position on the proposed amendments, as well to request clarification on certain aspects of Bill 40, *The Planning Amendment Act*, as this legislation will have a significant impact on municipal Councils across Manitoba.

The AMM has been involved with livestock-related amendments to *the Planning Act* from the time when changes were first being considered, and the AMM is very pleased with the co-operation between our association and the Provincial Government. Bill 40, *The Planning Amendment Act*, ensures that land use decision-making will remain at the local level while placing the monitoring and enforcement of environmental issues with the Provincial Government. In general, the AMM is supportive of the proposed amendments to *The Planning Act* as many of the changes pertain directly to several AMM resolutions dealing with ILOs.

Throughout this process, AMM members were adamant about retaining local control over land-use decisions with respect to ILOs. The AMM believes this concern has been addressed by introducing mandatory planning and requiring municipal Councils to adopt a development plan for the planning district or municipality by January 1, 2007. The AMM believes this will help to simplify the planning process as well, since municipalities can determine where livestock operations will be permitted, and where they will be forbidden. Therefore, if the

majority of ratepayers within a municipality do not want livestock operations within their jurisdiction, municipal governments can reflect the desires of its ratepayers by way of its development plans. Furthermore, the AMM believes that up-front planning will provide clarity for the municipality, its ratepayers, the livestock industry, as well as the Provincial Government.

In addition to up-front planning, the AMM is encouraged by the Province's willingness to allow municipalities to set setback and separation standards in local zoning bylaws, provided they are generally consistent with the siting and setback guidelines for livestock operations set out in the provincial land use policies. At the most recent AMM Convention, a resolution was passed with overwhelming support on this issue, and the AMM is pleased that the Province was receptive to incorporating this provision in *The Planning Amendment Act*. Finally, the AMM is encouraged that the Minister of Intergovernmental Affairs and Trade will be granted more flexibility in deciding whether objections to a development plan bylaw should form the basis for a referral to the Municipal Board, as many AMM members believe that appeals to the Municipal Board for development plans should be considered only when a critical mass of ratepayers formally object to a land use decision. Although a set percentage was not established in the legislation for objections to development proposals, the AMM is encouraged by the intent of the legislation which appears to give the Minister more power to decide which objections warrant referral to the Municipal Board.

On the whole, the AMM is pleased with the proposed amendments to *The Planning Act*; however, AMM members have raised several concerns with the legislation, and the AMM would like to take this opportunity to outline these concerns, as well as to request

clarification on some of these issues. The first specific concern relates to the conditions permitted on the approval of an application for livestock operations. Many AMM members are concerned that the permitted measures intended to reduce odours from the livestock operation limit the municipality's ability to impose odour control measures that go above and beyond requiring covers on manure storage facilities or requiring shelter belts. In addition, different livestock types may require different levels of odour control and municipalities should be allowed to determine the appropriate odour control measure for each. For example, many municipalities require the direct injection of liquid manure into the soil, which is the most effective means of odour control during land application of manure. *The Planning Amendment Act* does not permit this condition to be imposed on an ILO application and the AMM believes that direct injection is a valid condition that should be permitted in the ILO application approval process. Furthermore, if a municipality has an odour control bylaw that it requires all of its ratepayers to abide by, the AMM is interested to learn whether these bylaws can dictate conditions on ILOs, since presumably, all residents within the municipality- including ILOs- must follow the bylaws as set out within the municipality in general.

The second area that the AMM would appreciate some clarification relates to operations of less than 300 animal units. The AMM would be interested to learn of the approval process for applications proposing the expansion of an existing operation, if there are a minimal number of animal units being added. For example, if a livestock operation that involves 200 animal units wants to add twenty animals, the AMM would like clarification on whether this application will have to again go through the Council approval process. The AMM believes that individual municipalities should be able to determine the threshold number for additions

to an existing livestock operation, which would not require a formal application to be submitted to the municipal Council.

In addition to these specific concerns, the AMM would like to bring attention to the Province's role of enforcing and monitoring environmental issues. The AMM is supportive of the Province's jurisdiction over environmental monitoring of ILOs, however, the AMM is concerned that the Province is without the resources to adequately monitor and enforce the environmental requirements of *The Planning Amendment Act*. The AMM hopes that the Province will devote the necessary resources and staff to enforce and monitor effectively the environmental issues surrounding ILOs in order to support fully the legislation.

The AMM is pleased with *The Planning Amendment Act* as these changes will allow for consistency and transparency when planning for ILOs. The AMM would again like to thank the Province for its openness throughout this process, and for considering the municipal voice in its review of planning issues around the livestock industry. The AMM is hopeful that the legislation will be further clarified in months to come, and looks forward to working with the Province in its comprehensive review of *The Planning Act*.

The AMM is pleased with *The Planning Amendment Act*, but would like clarification on issues such as the applicability of municipal bylaws to livestock operations, and the approval process for expansion of a livestock operation, if the original operation involved more than 300 animal units. Furthermore, the AMM urges the Provincial Government to devote the necessary staff and resources to support the environmental enforcement and monitoring of livestock operations.

AMM Resolution Number 15 – 2003

Topic: Council Participation in Land Use Policy Decisions

Sponsor(s): Tache, RM (Eastern)

Department(s) Manitoba Intergovernmental Affairs

Therefore be it resolved that the Association of Manitoba Municipalities lobby the Provincial Government so that councils have input in any and all negotiations and/or discussions regarding land use policy changes with respect to livestock operations.

AMM Resolution Number 16 – 2003

Topic: Conditional Use and ILOs

Sponsor(s): Rockwood, RM (Interlake)

Department(s): Manitoba Intergovernmental Affairs

WHEREAS it appears that the Province of Manitoba proposes to take away the existing power of municipalities to approve conditional uses related to land uses for intensive livestock operations;

AND WHEREAS local and public input are an integral part of the approval process;

AND WHEREAS local municipal councils are in contact with the ratepayers;

Therefore Be It Resolved That
the Association of Manitoba Municipalities lobby the Provincial Government to ensure that municipal councils retain their existing rights to have final approval on all conditional use applications, including intensive livestock operations.

AMM Resolution Number 17 – 2003

Topic: Setback and Separation Standards for ILOs

Sponsor(s): Shoal Lake, RM (Mid-Western)

Department(s): Manitoba Intergovernmental Affairs

WHEREAS the Provincial Government intends to introduce standards on the siting, set back and separation distances that Council will use in intensive livestock decision-making;

AND WHEREAS these standards will be based on the existing farm practices guidelines;

AND WHEREAS these standards will override any distance requirements established by existing zoning by-laws;

Therefore Be It Resolved That
the Association of Manitoba Municipalities lobby the Provincial Government to permit municipalities to fix the set back and separation distance standards for intensive livestock operations, provided that the municipal standards meet the Provincial minimum standards.

AMM Resolution Number 18 – 2003

Topic: Final Jurisdiction in Land-Use Planning
Sponsor(s): Alexander, RM (No District)
Department(s): Manitoba Intergovernmental Affairs

WHEREAS the Provincial Government is undertaking a public review of the Provincial Planning Laws;

Therefore Be It Resolved That
the Association of Manitoba Municipalities lobby the Provincial Government to ensure that municipalities are the jurisdiction that have final say in all land-use planning decisions.

AMM Resolution Number 19 – 2003

Topic: No Appeal Beyond Municipal Councils
Sponsor(s): Alexander, RM (No District)
Department(s): Manitoba Intergovernmental Affairs

WHEREAS the Provincial Government is undertaking a public review of the Provincial Planning Laws;

Therefore Be It Resolved That
the Association of Manitoba Municipalities lobby the Provincial Government to ensure that there is not an appeal process to another jurisdiction that supercedes municipal land use decisions.

AMM Resolution Number 49 – 2003

Topic: Appeals to Municipal Board
Sponsor(s): Alexander, RM (Northern)
Department(s): Manitoba Intergovernmental Affairs

WHEREAS the Provincial Government is undertaking a public review of the Provincial Planning Laws;

Therefore Be It Resolved That

the Association of Manitoba Municipalities lobby the Provincial Government to ensure that appeals to the Municipal Board for development plans be considered only when a critical mass of ratepayers, for example 10%, formally object to a land-use decision.

AMM Resolution Number 50 – 2003

Topic: Speeding Up Develop Plan Proposals

Sponsor(s): Alexander, RM (No District)

Department(s): Manitoba Intergovernmental Affairs

WHEREAS the Provincial Government is undertaking a public review of the Provincial Planning Laws;

Therefore Be It Resolved That
the Association of Manitoba Municipalities lobby the Provincial Government to undertake internal improvements in order to speed up the process concerning Development Plan approvals or amendments.

AMM Resolution Number 64 – 2000

Topic: Planning Act and Development Agreements

Sponsor: RM of Hanover (Eastern District)

Department: Manitoba Intergovernmental Affairs

Therefore Be It Resolved That
the Association of Manitoba Municipalities lobby the Provincial Government to make the appropriate changes to the Planning Act to allow the placement of a development agreement if required as a condition on Conditional Use Orders.

AMM Resolution Number 65 – 2000

Topic: Amending The Planning Act

Sponsor: Town of Morden

Department: Manitoba Intergovernmental affairs

WHEREAS The Planning Act of Manitoba requires the Minister's approval prior to third reading of a Development Plan by-law;

AND WHEREAS time is of the essence when considering development applications;

Therefore Be It Resolved That
that the Association of Manitoba Municipalities lobby the Provincial Government to amend
The Planning Act to permit second and third reading of a Development Plan by-law forthwith
after the public meeting where there are no objections.

C) General Issues

4. 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.

5. 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.