



MEMBER ADVISORY

BUDGET 2011

April 15, 2011 – President Doug Dobrowolski attended the 2011 Provincial Budget on Tuesday, April 12, and since that time, confusion has arisen with respect to what exactly the budget entails. The AMM has been in discussions with The Province since the budget was tabled to try to fully understand how it impacts our members, particularly with respect to the announcement of new growth revenue dedicated to municipal infrastructure.

The AMM has been asking the Province to recognize the municipal infrastructure deficit is a serious issue that municipalities are unable to tackle without a source of revenue that grows with the economy. Budget 2011 does create a source of growth revenue - Provincial Sales Tax (PST) - that municipalities have long been asking for, and makes the Province of Manitoba the first in Canada to make a commitment to sharing revenue with municipalities in legislation.

However, Budget 2011 does not dedicate one percentage point of the existing PST to municipal infrastructure. AMM members have asked for a one per cent share of the existing PST to be dedicated to municipal infrastructure, on top of the existing funding municipalities currently receive, and have never wavered on that amount. This budget does not fulfill that request.

In an address to AMM members on Wednesday, April 13 during the Municipal Officials Seminar in Brandon, Finance Minister Rosann Wowchuk stated “this is new revenue”. A provincial news release of the same day stated “The new revenue sharing formula will see one point of the provincial sales tax (PST) dedicated as a stable, reliable source of funding for municipal infrastructure and transit each year.”

These statements are misleading. What the Province of Manitoba has essentially done is re-package a number of *existing* programs to make up the equivalent of one per cent of the PST. This is not what the AMM has been calling for.

While it appears municipalities will, in future years, see more revenue as the economy grows, the amount does not address the fundamental need for a full one per cent of the existing PST dedicated to municipal infrastructure. It will, in fact, fall far short of the amount municipalities need to begin to address the rapidly rising \$11 billion municipal infrastructure deficit in this province.

Discussions with the provincial government are ongoing and we will keep our members updated as new information comes to light.