



Meeting with  
The Honourable Gord Mackintosh  
Minister of Family Services & Housing

February 24, 2009

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## Executive Summary

### Departmental Issues

#### 1. Increased Funding for Housing

- As the Province moves forward with the implementation of its new housing strategy, it is essential to ensure that programs are accessible in all areas of the province in order to effectively address the needs of all Manitobans.
- Manitoba's increasing population of seniors has heightened demand for various housing types, including community living and supportive housing.
- Since the participation of Regional Health Authorities (RHAs) is critical to establishing effective supportive housing units, the Province should work with RHAs to promote the allocation of resources in order to complement the further expansion of supportive housing throughout Manitoba.
- A report from the Canada West Foundation found that the optimal approach to addressing affordable housing and homelessness is to decentralize this responsibility to the provinces, while providing federal funding and significant local input.
- Accessibility of program funding has been an ongoing municipal concern throughout previous affordable housing programs since previous programs had inherent barriers such as highly complex applications and short application timeframes.
- While low-income housing rates are consistent across the province, the cost of basic necessities varies depending on the region, particularly since it is more expensive to purchase goods in northern Manitoba which reduces the purchasing power of low-income individuals in these communities.
- The Provincial Government also has an important role in securing a federal commitment to fund affordable housing, therefore the AMM appreciates that the Council of the Federation recognized the importance of renewing several cost-shared funding agreements and continuing the federal funding programs due to terminate in 2009.

**Therefore, the AMM urges the Provincial Government to ensure that housing programs are available province-wide and address the specific needs of demographic groups, such as seniors.**

#### 2. Rural Child Care Services

- Municipalities are primarily concerned with the sufficient availability of childcare since these services are a critical part of a thriving economy.
- High quality childcare services make important contributions to the local economy due to the extensive spinoff benefits they generate.
- However, in order for economic development initiatives to be effective they must create attractive, well-paying jobs and the Province has a responsibility to ensure that operating

grants for childcare centres will make a substantial contribution to offering competitive wages for childcare workers.

- The Province should also reconsider the minimum starting wage for childcare assistants, particularly given the commitment to increase Manitoba's minimum wage.
- The AMM appreciates the Province's recognition of this need through the 2008 Budget commitments and the subsequent announcement of the five-year Family Choices agenda.
- This urgent need requires both immediate and long-term action by the Provincial Government to address the needs of families and childcare facilities throughout Manitoba.

**Therefore, the AMM urges the Provincial Government to implement the Family Choices agenda in a manner that maximizes the immediate impacts on expanded childcare services and improved worker remuneration.**

## General Issue

### 1. Alternative Revenues for Municipalities and Infrastructure Investment

- Today's municipal council must balance community economic development, land use planning and infrastructure renewal and development with an eroding tax base and an increased reliance on application-based grants.
- The message the AMM is hoping to convey is not that the provincial or federal government has completely forgotten about municipalities, but rather that despite their efforts municipalities still face enormous challenges and more is needed.
- A new approach is needed, and for this reason we are asking the Province of Manitoba to share one percent of the Provincial Sales Tax with municipalities for infrastructure. This will provide municipalities with in excess of \$200 million a year.
- What should not be lost is the positive impact infrastructure investment would have for the provincial and national economy.
- A study by the Federation of Canadian Municipalities found that an increase in municipal infrastructure spending of \$1 billion in 2008 (at nominal process and allocated to a representative mix of infrastructure) would increase the size of the real economy by roughly 0.13 percent, or \$1.3 billion in nominal terms.
- Municipalities are not looking for new revenue sources to store money away for a rainy day. The storm has arrived.
- Providing municipalities with new revenue sources will not only begin to address the growing infrastructure deficit, but will help build and strengthen our economy.
- For municipal government to be sustainable into the future, and for Manitobans to have access to the quality of life they deserve, municipalities need to have access to sustainable growth revenues.

**Therefore the AMM is asking the Province to undertake a serious review of the roles, responsibilities and resources of municipal government in Manitoba and in the short term provide municipalities with one percent of the current PST to help address the growing municipal infrastructure deficit.**

## Departmental Issues

### 1. Increased Funding for Housing

There is demand for affordable housing throughout Manitoba since low-income households are not exclusively found in large urban centres. While there are clearly place-specific demands based on local demographics, there are many province-wide commonalities that drive the need for greater investment in housing for low-income individuals and families. As the Province moves forward with the implementation of its new housing strategy, it is therefore essential to ensure that programs are accessible in all areas of the province in order to effectively address the needs of all Manitobans.

In particular, Manitoba's increasing population of seniors has heightened demand for various housing types, including community living and supportive housing. For this reason, the Province's recent commitment to double this year's Building Foundations funding for new supportive housing units in Thompson, The Pas and Brandon will be greatly appreciated in those communities. However, there are many other municipalities that would benefit from similar programming as evidenced by a new resolution from the AMM's 2008 Annual Convention. This resolution was widely supported by the AMM membership and requests that the Province ensure that federal funding for seniors' housing is distributed throughout communities with such projects. Since the participation of Regional Health Authorities (RHAs) is critical to establishing effective supportive housing units, the Province should work with RHAs to promote the allocation of resources in order to complement the further expansion of supportive housing throughout Manitoba.

The Province must also consider other means of helping municipalities to invest in supportive housing projects. In September, the Canada West Foundation released a report that mapped out current federal, provincial and municipal policies regarding affordable housing and homelessness initiatives, called *A Roof Over Our Heads 2008*. The report suggests the optimal approach to addressing affordable housing and homelessness is to decentralize this responsibility to the provinces, while providing federal funding and significant local input. This is based on the reality that local governments do not have the revenue capacity to deal with these issues, and the

federal government is too far removed from local circumstances to design effective programs. The provision of a municipal grant for supportive housing has been beneficial, however increasing construction and labour costs mean that municipalities are left to fund a greater proportion of the total project costs. For these projects to be economically viable, the Province must take on a greater role while including additional funding for municipal supportive housing projects in its overall strategy.

In addition, accessibility of program funding has been an ongoing municipal concern throughout previous affordable housing programs. For instance, previous programs had inherent barriers such as highly complex applications and short application timeframes. This created disadvantages for municipalities with limited resources and resulted in funding that consistently targeted large urban centres. While there are certainly significant demands for affordable housing in large urban municipalities, there are also critical housing needs in other areas of the province that should not be neglected. Furthermore, while low-income housing rates are consistent across the province, the cost of basic necessities varies depending on the region. For instance, it is more expensive to purchase goods in northern Manitoba, which results in reduced purchasing power for low-income individuals in northern communities. To ensure that programs address the housing needs of low-income individuals across Manitoba, the low-income threshold should be adjusted to account for such regional discrepancies. The Province's new strategy is only effective to the extent that it supports low-income housing in urban, rural and northern areas of Manitoba.

The Provincial Government also has an important role in securing a federal commitment to fund affordable housing in Manitoba. Therefore, the AMM appreciates that in July 2008 the Council of the Federation recognized the importance of renewing several cost-shared funding agreements and continuing the federal funding programs for housing due to terminate in 2009. The Federal Government received recommendations regarding the need for a national response to housing issues through the 2008 report of the Standing Senate Committee on Agriculture and Forestry – *Beyond Freefall: Halting Rural Poverty*. This report highlighted that previous national housing programs have been overwhelmingly urban focused and calls for the next generation of housing programs to be more sensitive to the needs of rural and remote Canada. These concerns are consistent with the current situation in Manitoba, and the Provincial Government should work

with the Federal Government to ensure the additional funding in the 2009 Federal Budget is distributed appropriately.

The shortage of affordable housing is a complex social issue that municipal governments cannot address with the current revenues and policy tools that are available at the local level. A comprehensive strategy should be developed with the cooperation of the Federal, Provincial and municipal governments to encourage flexible, local, long-term solutions so that all Manitobans can be assured decent, affordable housing.

**Therefore, the AMM urges the Provincial Government to ensure that housing programs are available province-wide and address the specific needs of demographic groups, such as seniors.**

## 2. Rural Childcare Services

Communities throughout Manitoba are facing severe shortages of childcare spaces that are directly related to years of insufficient capital and operating funding for childcare facilities. Even with recent increases from the Provincial Government, low wages for early childhood educators have led to a critical province-wide staffing shortage that obstructs the provision of high quality childcare services. Although childcare is not a direct municipal service, municipalities certainly have a vested interest in the local availability of childcare since these services have major impacts on community well-being. Studies consistently show that the provision of local childcare opportunities has a direct impact on increased regional economic development. For this reason, municipalities appreciate the Province's introduction of the Family Choices agenda to initiate a multi-faceted approach to addressing childcare constraints throughout Manitoba. This plan is expected to create significant long-term benefits, however the severity of the existing demand for investment requires a plan that also has considerable immediate impacts.

Municipalities are primarily concerned with the sufficient availability of childcare since these services are a critical part of a thriving economy. Economic development is one of the biggest factors in community sustainability as it assists municipalities in attracting and retaining residents. A thriving local economy supplies the goods and services that its residents require while also providing employment opportunities. High quality childcare services make comparable contributions to the local economy due to the extensive spinoff benefits they generate. A 2007 study estimated that every \$1 spent on childcare in Manitoba generates \$1.58 worth of economic activity. This occurs as the wages earned by families using childcare and those employed in the childcare sector are in turn spent in the wider economy, thereby supporting local economic development. In Manitoba, 0.49 jobs are created or supported by every one full-time child care position. This translates to a significant increase in the earning power of families using childcare. Childcare facilities also support the viability of other businesses by purchasing food and other supplies locally, as well as hiring local tradespeople for ongoing maintenance. Since there are such strong links between childcare services and economic development, municipalities are keenly interested in expanding the availability and accessibility of childcare services.

However, in order for economic development initiatives to be effective they must create attractive, well-paying jobs. Much of the reason that child care facilities struggle to meet the demands of Manitoba families is that not enough people are attracted to a career in early childhood education. Current wage levels are a significant obstacle in this regard, yet there are limits on the fees that parents can pay since the cost of childcare should not deter parents' labour force participation. Therefore, the Province has a responsibility to ensure that operating grants for childcare centres will make a substantial contribution to offering competitive wages for childcare workers.

This includes a consideration of the minimum starting wage for childcare assistants, particularly in light of the Provincial commitment to increase Manitoba's minimum wage. At present, some childcare facilities can only offer a starting wage that is marginally above the current minimum wage, and therefore there is not a sufficient incentive for individuals to pursue a career in the childcare field. As the provincial minimum wage increases, there are implications not only for the starting wages at these facilities, but for slightly more experienced staff who have already received increments and yet are currently only slightly above the new minimum wages to be implemented in 2009. Increasing the minimum wage necessitates an overall increase in childcare staff wages to ensure that the entire pay scale adequately reflects the experience and training of the staff. While there are certain regional factors that will inevitably affect wage rates in various communities, all childcare facilities should have the resources to offer reasonably competitive wages and benefits.

The AMM appreciates the Province's recognition of this critical need through the 2008 Budget commitment to fund more spaces, establish a training and recruitment fund and increase salaries for early childhood educators. As the five-year Family Choices agenda is implemented there will certainly be long-term impacts for communities throughout Manitoba. Many of the commitments related to establishing additional spaces and training will require significant lead time, and a high priority must be given to fulfilling these commitments expeditiously. For instance, accelerating the increased Provincial contribution to wages and benefits offered to early childhood educators would assist in addressing the retention of valuable staff.

This urgent need requires both immediate and long-term action by the Provincial Government to address the needs of families and childcare facilities throughout Manitoba. The AMM appreciates the Province's commitment to improve Manitoba's childcare services and communities are looking forward to the potential gains stemming from the implementation of the Family Choices agenda.

**Therefore, the AMM urges the Provincial Government to implement the Family Choices agenda in a manner that maximizes the immediate impacts on expanded childcare services and improved worker remuneration.**

## General Issue

### 1. Alternate Revenues for Municipalities and Infrastructure

#### Investment

The lack of revenue is not a new problem for municipalities. In fact a strong argument can be made that from its inception municipal government has not had the resources required. You need only look back to the resolutions from the founding meeting of the Union of Manitoba Municipalities in 1905 to see municipal revenues were front and centre.

But now more than ever municipalities need new tools to deal with new responsibilities and new expectations. Municipalities are playing an ever greater role in the lives of Manitobans, as the days of simply collecting garbage and plowing roads are long gone. Today's municipal council must balance community economic development, land use planning and infrastructure renewal and development with an eroding tax base and an increased reliance on application-based grants. This has left many municipalities to question whether the current system is tenable any longer.

Currently, Manitoba municipalities are more reliant on provincial and federal grants than any other province in Canada. While in some cases these types of programs are necessary (for example large-scale infrastructure projects), it leaves municipalities having to compete against one another for limited dollars and restricts a municipality's ability to properly plan for much needed investment. The amount in grant programs like the recent Municipal Rural Infrastructure Fund is nowhere near the total demand, meaning there is no guarantee much needed projects will ever see funding.

Overreliance on grants and transfers leaves municipalities without the tools required to meet demands. Many issues raised by municipalities are really issues of access to revenue when stripped down to their core. For example, the need to remove education tax from property is really a municipal revenue issue, as municipalities see education tax as eroding the property tax, which is the single greatest source of municipal revenue. Over the last number of years we have seen more and more municipalities speaking out on the need for greater municipal revenue sources.

It is important that the federal and provincial governments' contribution to municipalities are not forgotten. Federally, municipalities have benefited from a GST rebate, the sharing of the federal gas tax and the new Building Canada Fund. The recent Federal Budget has made an unprecedented investment in infrastructure, which will benefit municipalities. Provincially, municipalities have benefited from the sharing of provincial income tax, the Building Manitoba Fund, and supports in several other areas. The message the AMM is hoping to convey is not that either order of government has completely forgotten about municipalities, but rather that despite these efforts municipalities still face enormous challenges and more is needed.

Municipalities must have access to new revenue sources. A greater reliance on property taxes and provincial and federal grants has created an ever-widening chasm between municipal revenues and needs, leaving future generations with what is quickly becoming an insurmountable infrastructure deficit.

A new approach is needed, and for this reason we are asking the Province of Manitoba to share one percent of the Provincial Sales Tax with municipalities for infrastructure. This will provide municipalities with in excess of \$200 million a year. For a community of 1,000 people, this means an investment of roughly \$185,000 in their local infrastructure, or \$370,000 for a community of 2,000 people. A community such as Thompson could see close to \$2.5 million while Winnipeg would expect to see over \$117 million. Although these amounts alone will not erase the infrastructure deficit in Manitoba, it would be a positive first step.

The AMM understands that providing additional revenues to municipalities may become more difficult as the economy continues to fluctuate. While economic projections can never be taken as absolute fact, they are often a prophetic divining rod on economic times. However what should not be lost is the positive impact infrastructure investment would have for the provincial and national economy.

The Federation of Canadian Municipalities has investigated this principle in depth and has found in their 2008 study "Municipal Infrastructure- Macroeconomic impacts of spending and level-of

government financing” that an increase in municipal infrastructure spending of \$1 billion in 2008 (at nominal process and allocated to a representative mix of infrastructure) would increase the size of the real economy by roughly 0.13 percent, or \$1.3 billion in nominal terms. While this would erode slightly over time with consistent investment, over a four year period it would still result in meaningful gains to the economy, dropping to a 0.6 percent increase in the final year.

The resulting investment would be felt in the employment sector as well, since a great number of industries would benefit. A \$1 billion investment in 2008 would add 11,500 new jobs, in industries from labour and material suppliers through to architects and engineers.

Giving municipalities access to additional revenues, will translate to stronger investment in our communities. The Institute for Research on Public Policy has shown that providing adequate infrastructure has both direct and indirect benefits for private-sector manufacturing.

Infrastructure is an intermediate input into the production process, with businesses locating where they have access to water, hydro and transportation. New roads reduce fuel costs and haul times. Access to high quality (and adequate) water reduces input costs. There is also evidence that increased investments in public infrastructure allow private companies to use labour inputs more intensively, translating into more jobs.

Municipalities are not looking for new revenue sources to store money away for a rainy day. The storm has arrived. The national municipal infrastructure deficit is in excess of \$123 billion for current infrastructure with another \$115 billion needed for new infrastructure to keep pace with other developed nations. Left to deal with this ballooning deficit alone armed only with property taxes and grants, it will continue to grow exponentially. Alternatively, providing municipalities with new revenue sources will not only begin to address this growing deficit, but will help build and strengthen our economy.

The time has come for a new approach to municipal funding. The expectations of today’s municipalities are greater than any time in history. Regrettably so are the financial challenges facing municipalities. For municipal government to be sustainable into the future, and for

Manitobans to have access to the quality of life they deserve, municipalities need to have access to sustainable growth revenues.

**Therefore the AMM is asking the Province to undertake a serious review of the roles, responsibilities and resources of municipal government in Manitoba and in the short term provide municipalities with one percent of the current PST to help address the growing municipal infrastructure deficit.**

## Appendix A – Active Resolutions

### **Resolution Number 26/08**

#### **Topic: Seniors' Housing Project Funding**

Sponsor: LGD of Pinawa (Eastern District)

Department: Manitoba Family Services and Housing

WHEREAS the Province of Manitoba has provided a grant program for municipalities to develop supportive housing units;

AND WHEREAS municipalities are finding that the amount of the grants are inadequate for projects to be economically viable;

AND WHEREAS the Government of Manitoba receives funding for seniors' housing from the Federal Government;

AND WHEREAS municipalities meet the criteria as set out in the program;

THEREFORE BE IT RESOLVED THAT the AMM lobby the Province of Manitoba to distribute the Federal Government funding for seniors to municipalities that have seniors' housing projects.

### **Resolution Number 16/07**

#### **Topic: Rural Childcare Services**

Sponsor: RM of Rosburn (Midwestern District)

Department: Manitoba Family Services and Housing

WHEREAS childcare is an essential element of rural infrastructure, helping rural families to combine work and family, enabling parents to earn off-farm income, and thus strengthening the rural economy;

AND WHEREAS childcare services promote farm safety, and can mitigate out migration and population decline;

AND WHEREAS childcare services have significant local economic impacts in the short-term, as every \$1 spent on childcare generates \$1.58 of economic benefits through ripple effects; childcare services create employment for early childhood educators; and the spending from every 2 childcare jobs supports another full-time job, in addition to enabling parents labour force participation;

AND WHEREAS high quality childcare services also generate significant economic effects in the long-term, by promoting children's development, school-readiness, and helping children who are disadvantaged by poverty;

AND WHEREAS over half of mothers in rural areas are in the paid labour force, and face barriers to paid employment when childcare services are absent;

AND WHEREAS licensed childcare services exist for just 14 per cent of Manitoba children aged 0-12, parent fees are high and subsidies are restrictive, and trained early childhood educators are scarce, due to low wages and benefits;

THEREFORE BE IT RESOLVED THAT the AMM lobby the Province of Manitoba to provide more capital and operating grants for smaller rural operations to establish local childcare services and through encouraging the provincial government to provide incentives to increase the pool of trained early childhood educators in rural areas.

**Resolution Number 17/07**

**Topic: Increased Funding for Supportive Housing**

Sponsor: RM of Brokenhead (Eastern District)

Department: Manitoba Family Services and Housing

WHEREAS the Province of Manitoba has provided a grant program for municipalities to develop supportive housing units;

AND WHEREAS the municipalities are finding that the amount of the grants are inadequate for the projects to be economically viable;

THEREFORE BE IT RESOLVED THAT the AMM lobby the Province of Manitoba for an increase to the grants provided to municipalities by the Province for the development of supportive housing units.

**Resolution Number 58/01**

**Topic: Rent Control**

Sponsor: RM of Alexander (Eastern District)

Department: Manitoba Family Services and Housing

WHEREAS the rental controls imposed on rental units affects the community by discouraging construction of new units and also affects the upkeep and repairs on existing units which affect the quality of life for renters;

AND WHEREAS the Federal Government has lowered the capital gains which would assist in the development and construction of rental housing;

THEREFORE BE IT RESOLVED THAT the AMM lobby the Province to review the policy for rent controls in a manner which would encourage construction of new units in the province.

**Resolution Number 38/03**

**Topic: Funding for Seniors Independent Living Program**

Sponsor: Town of Virden (Western District), City of Portage la Prairie (Central District)

Department: Manitoba Health and Healthy Living

WHEREAS there is insufficient funding provided to the Regional Health Authorities by the Provincial Government for Seniors Independent Living Programs;

AND WHEREAS this is a service provided to seniors to allow them to remain living in their own homes;

AND WHEREAS this service costs the Department of Health substantially less than seniors residing in personal care homes;

THEREFORE BE IT RESOLVED THAT the AMM lobby the Provincial Government for additional funding for the Seniors Independent Living Programs across the Province.