



ASSOCIATION OF MANITOBA MUNICIPALITIES

MEETING WITH

Honourable Diane McGifford
Minister of Advanced Education and Literacy

March 9, 2011

Table of Contents

Executive Summary.....	3
1. Apprenticeship Model for Water and Wastewater Operators.....	6
2. Training Opportunities in Emerging Technologies.....	7
3. Medical School in Brandon	8
General Issue.....	9
The Core Challenges for Municipalities	9
Municipal Infrastructure Deficit	10
Ever Increasing Responsibilities.....	12
Alternate Revenues	13
Appendix A – Active Resolutions.....	17

Executive Summary

Departmental Issues

1. Apprenticeship Model for Water and Wastewater Operators

- There is little doubt clean, safe drinking water is of utmost importance to all Manitobans. While the goal is shared by all, the challenge remains in achieving it.
- Municipalities have become increasingly frustrated with the certification process for water and wastewater operators as Manitoba Conservation introduced more stringent requirements for certification over five years ago without any corresponding training initiative.
- The lack of training is a real concern and while Manitoba Conservation has been working with operators and municipalities to find temporary solutions on a case by case basis a sustainable solution is needed.
- AMM is pleased to work with the Province and other stakeholders to develop an apprenticeship program for water and wastewater operators in Manitoba.
- We believe strongly that the creation of a more comprehensive program will not only attract more people to the trade but more importantly ensure those working in the field have the training necessary to meet the demands.
- Equally important is a constant dialogue between the program development committee and Manitoba Conservation as the regulators of the industry. For the apprenticeship program to be effective it must deliver on the needs laid out in the regulation.

Therefore, the AMM looks forward to the completion of the program development for the apprenticeship model so qualified people can start working in communities across the province.

2. Training Opportunities in Emerging Technologies

- Manitoba has already begun to reap the economic benefits stemming from wind energy and biodiesel markets, and training geared to these sectors will further promote their growth.
- Investing in a locally trained, knowledgeable workforce will also support future efforts to enter the component production market.
- The renewable energy sector is one example of emerging technologies creating new business and training opportunities, however, the Province and its educational institutions must be prepared to respond to a variety of opportunities that rely on emerging technology.
- The Province's commitment to additional apprenticeship spaces should work to complement these developing specialized industries.

Therefore, the AMM urges the Provincial Government to support business development by creating local training opportunities based on the need for emerging technological expertise.

3. Medical School in Brandon

- Providing rural training opportunities is an innovative and effective method of addressing gaps in health care services, such as the physician shortage in rural Manitoba.
- The AMM membership adopted a resolution in 2009 calling for a rural medical school at Brandon University.
- There is no doubt the possibility of a medical school in Brandon needs to be investigated further and we appreciate the commitment by the Province to conduct a broad study on health care issues in rural and northern Manitoba.
- The study must proceed in a timely manner and the public must be kept informed.

Therefore, the AMM encourages the Province to move forward in a transparent and open manner with the review of the feasibility of a rural medical school at Brandon University.

General Issue

The Core Challenges for Municipalities

- Municipal government plays a greater role in the lives of Canadians than any other time in history and the new realities facing municipalities have serious repercussions as they diligently try to balance growing responsibilities with stagnant revenues.
- The core challenges facing municipalities have become overwhelming, and the lead up to this year's provincial election provides an opportunity for all political parties, candidates and citizens to engage in a thoughtful discussion about how these challenges should be addressed.
- Municipal infrastructure is the very foundation of a community, yet its current state leaves communities with little hope for prosperity. Nationally the municipal infrastructure deficit is in excess of \$123 billion and provincially it is estimated at over \$11 billion, or a staggering \$10,000 per Manitoban.
- As well, municipal responsibilities continue to grow, either through the intentional or unintentional offloading of responsibilities or new unfunded mandates being forced on municipalities.
- Because of these challenges municipalities must have access to new sources of revenues. Options include the Province collecting a one cent municipal tax to be allocated to municipalities for infrastructure, a rebate of the Provincial Sales Tax paid by municipalities, or an increase to existing revenue sources such as VLTs.
- Manitoba municipalities are more reliant on provincial and federal grants than any other province in Canada and while in some cases these types of programs are necessary it leaves municipalities having to compete against each other for limited dollars and restricts a municipality's ability to properly plan for much needed investment.
- 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. This is the only way municipalities will be able to even begin to address the core challenges they face.

- The AMM is therefore asking every political party to make municipal funding a top priority for this year's provincial election. Now is the time for each party to lay out its vision for the future of municipal government in Manitoba and how these core challenges can be addressed. The health of our communities is at stake.

Therefore, the AMM would like to see a commitment from each political party to:

- 1. Make a greater investment in municipal infrastructure**
- 2. End the downloading of responsibilities to municipalities and require that any new mandates come with new funding**
- 3. Provide new growth revenues to municipalities**

Departmental Issues

1. Apprenticeship Model for Water and Wastewater Operators

There is little doubt clean, safe drinking water is of utmost importance to all Manitobans. While the goal is shared by all, the challenge remains in achieving it. Municipalities have become increasingly frustrated with the certification process for water and wastewater operators as Manitoba Conservation introduced more stringent requirements for certification over five years ago without any corresponding training initiative. Most operators at the time did not meet the new requirements and were granted conditional licenses for up to five years. Regrettably inadequate attention was paid to improving the training programs offered in the province and issues arose as conditional licenses started to expire. Manitoba Conservation has been working with operators and municipalities to find temporary solutions on a case by case basis and while appreciated this is not a sustainable solution to the problem.

The AMM was pleased with the commitment from the Province to explore making water and wastewater operators an apprenticed trade in Manitoba. We believe strongly that the creation of a more comprehensive program will not only attract more people to the trade but more importantly ensure those working in the field have the training necessary to meet the demands. It is critically important that we move quickly in

getting the program up and running to ensure we have qualified people in place as soon as possible.

Equally important is a constant dialogue between the program development committee and Manitoba Conservation as the regulators of the industry. For the apprenticeship program to be effective it must deliver on the needs laid out in the regulation. For municipalities to have confidence in the training program it must meet the requirements of the regulation.

Therefore, the AMM looks forward to the completion of the program development for the apprenticeship model so qualified people can start working in communities across the province.

2. Training Opportunities in Emerging Technologies

Developing new technologies leads to new ways of doing business and opportunities for greater business development in Manitoba. The focus on renewable energy is a prime example of a developing sector that relies on specific technologies and skill sets. For instance, Manitoba has already begun to reap the economic benefits stemming from wind energy and biodiesel markets, and training geared to these sectors will further promote their growth.

The AMM supports the Province's commitment to expand the production of sustainable energy resources and Manitoba must have the skilled workforce required to support these new ventures. In the case of wind energy, foreign experts are now required to assist in the construction, operation and maintenance of wind turbines. Alternatively, since the electrical components of wind turbines require ongoing maintenance, there are opportunities to engage local residents through education and training. Furthermore, increasing Manitoba's knowledge of turbine components may lead to other capacity building opportunities such as manufacturing components locally. Therefore, investing in a locally trained, knowledgeable workforce will support future efforts to enter the component production market.

Regarding biodiesel, the AMM promotes increasing production of biodiesel since it is an accessible venture that can be undertaken on a relatively small scale. Expertise is

required to operate a biodiesel production facility, therefore the Province's commitment to expanding biodiesel production in Manitoba would benefit from training in support of this market.

The renewable energy sector is one example of emerging technologies creating new business and training opportunities. At the same time, the Province and its educational institutions must be prepared to respond to a variety of opportunities that rely on emerging technology. The Province's commitment to additional apprenticeship spaces should work to complement these developing specialized industries.

Therefore, the AMM urges the Provincial Government to support business development by creating local training opportunities based on the need for emerging technological expertise.

3. Medical School in Brandon

Providing rural training opportunities for medical students is an example of the kind of innovative approaches needed to address gaps in health care services, such as the physician shortage in rural Manitoba. A medical school in a rural area such as Brandon will train more doctors to practice in a rural setting and these doctors will be more likely to remain in rural areas.

The AMM membership adopted a resolution in 2009 calling for a rural medical school at Brandon University, which could follow several potential models. There is no doubt the possibility of a medical school in Brandon needs to be investigated further and we appreciate the commitment by the Province to conduct a broad study on health care issues in rural and northern Manitoba, including the feasibility of a medical school in Brandon. It is important that the study proceeds in a timely manner, and that the public remain informed of its timelines and results.

Therefore, the AMM encourages the Province to move forward in a transparent and open manner with the review of the feasibility of a rural medical school at Brandon University.

General Issue

The Core Challenges for Municipalities

Today's municipal government plays a greater role in the lives of Canadians than any other time in history. Municipalities no longer simply plow the streets and pick up the garbage. Certainly today's municipal corporation still cleans the streets and collects garbage (and recyclables), but it also is sustainably managing growth through everything from state of the art transit systems to environmentally conscious land use and water planning. The pioneers of municipal government would be astonished to see today's council agenda where elected officials are doing everything from recruiting doctors from around the world to providing funding for daycares.

These new realities are having serious repercussions for municipalities as they diligently try to balance growing responsibilities with stagnant revenues. Every day municipalities are facing new demands from both citizens and other orders of government and must try to balance these with existing priorities and scarce revenues that remain overly reliant on the ebb and flow of grant programs. The current challenges facing municipalities are overwhelming and there must be a greater effort to address these if we want to see strong vibrant communities throughout our province.

While municipal concerns cut across every provincial department, there are two core issues that are most pressing for municipalities today - the ballooning municipal infrastructure deficit and the growing mandate of municipal government, either through intentional and unintentional offloading of responsibilities from other orders of government and unfunded mandates. These two challenges are crippling municipal government and keeping Manitoba communities behind.

The lead up to this year's provincial election provides an opportunity for all political parties, candidates and citizens to engage in a thoughtful discussion about how these core challenges should be addressed.

Municipal Infrastructure Deficit

It is no secret that municipalities are facing nearly insurmountable infrastructure challenges. We only need to take a look around our communities to see the deteriorating state of our infrastructure. Roads that are nearly impassable due to potholes and heaving, drafty libraries with crippling heating bills, recreation complexes with leaking roofs and water and sewer treatment plants that are running beyond capacity. These are the very foundation of a community, yet their current state leaves communities with little hope for prosperity. For Manitoba communities to thrive in the future these swelling infrastructure challenges must be addressed.

In Canada the municipal infrastructure deficit was estimated in 2007 to be in excess of \$123 billion for current needs. Most alarming is how quickly the deficit has been compounding, as it has doubled over the previous 5 years. Equally alarming, the \$123 billion is only for the upgrade and repair of current municipal infrastructure, with another \$115 billion required for new infrastructure.¹

These national trends hold true for Manitoba as well. The City of Winnipeg has recently calculated its infrastructure deficit at \$3.8 billion for existing infrastructure and \$3.6 billion for new strategic infrastructure.² Historically the municipal infrastructure deficit outside of Winnipeg has been double that within Winnipeg so it is fair to extrapolate that the deficit outside Winnipeg for existing infrastructure is over \$7.5 billion, putting the total municipal deficit for existing infrastructure in Manitoba in excess of \$11 billion, or a staggering \$10,000 per Manitoban. It is certainly an insurmountable amount for municipalities to tackle on their own since the total municipal taxes levied in 2008 were just over \$760,000,000.³

There is no doubt the current infrastructure deficit is crippling Manitoba's economy. Adequate infrastructure is an obvious prerequisite for economic development and unfortunately it is greatly lacking in many communities. FCM has investigated this

¹ Mirza, Saeed, "Danger Ahead: The Coming Collapse of Canada's Municipal Infrastructure", November 2007 (available at www.fcm.ca)

² City of Winnipeg Administrative Report, "Infrastructure and Possible Funding Options" Tabled at July 22nd, 2009 Council Meeting (available at www.winnipeg.ca)

³ Province of Manitoba, "Statistical Information 2008 – Municipalities of the Province of Manitoba", P.17

principle in depth and 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. 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, which would be felt in industries from labour and material suppliers through to architects and engineers.⁴

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 there is 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.⁵

While the numbers are staggering, of far greater concern is the very real impact this infrastructure deficit is having on the people who live in Manitoba. Manitobans are experiencing longer commutes to work either because of impassable roads or slower speeds. We are also spending more time traveling to neighbouring communities to access recreation opportunities. Many have seen the outmigration of neighbours and friends who tire of dealing with these daily challenges.

Municipal councils want to create vibrant, welcoming communities, but this is nearly impossible with the state of infrastructure today. For example, there remain 167 boil water advisories in Manitoba, many in Manitoba municipalities.⁶ This means today, thousands of Manitobans do not have access to safe drinking water when they turn on

⁴ Sonnen, Carl, "Municipal Infrastructure- Macroeconomic impacts of spending and level-of-government financing" May 31, 2008 (available at www.fcm.ca)

⁵ Brox, James A. "Infrastructure Investment: The Foundation of Canadian Competitiveness - IRPP Policy Matters 2008" August, 2008 (available at www.irpp.org)

⁶ Province of Manitoba "Provincial Boil Water Advisories" – October 19th, 2010

the tap. It is unreasonable to think these communities can realistically compete with the rest of Manitoba and Canada if they do not have this essential infrastructure.

Ever Increasing Responsibilities

A second core challenge for municipalities is ever increasing responsibilities. Municipalities are continually being asked to do more and more, either through the intentional or unintentional offloading of responsibilities from other orders of government or through new unfunded mandates being forced on municipalities by the provincial and federal government. These new responsibilities do not come with new revenue sources and result in municipal budgets being stretched thinner and thinner. The sad reality is that as municipalities are being forced to take on more the core municipal responsibilities suffer.

Municipal officials believe in their community. This is where they live, where they raise their families, where they work and for many where they were born. They care greatly about their community and when they see a need they will do everything they can to address it. Many times municipal officials are their own worst enemy, as they step in and act where other orders of government have abdicated their responsibilities. Municipalities step up and do repairs on provincial roads, they recruit physicians from all corners of the world, and they help fund community health facilities. In some cases municipalities are just filling gaps in service unintentionally left by other orders of government and other times municipalities are stepping in because the provincial and federal governments have made it clear their community will not get the service or investment unless they do.

Compounding this is the growing trend of unfunded mandates being heaped on municipalities by the provincial and federal governments. Too often new rules are implemented without adequate thought to how they can possibly be implemented. These unilateral decisions leave municipalities in the untenable position of either scarifying core programs and services or being in non-compliance of provincial rules. Unfortunately we are hearing more and more from municipalities that they are being forced to opt for the latter.

Municipalities cannot keep pace with the rapid increase in the offloading of responsibilities and unfunded mandates. These challenges are pushing municipalities further and further behind.

Alternate Revenues

Now more than ever municipalities need new tools to deal with new responsibilities and new expectations. Currently Manitoba municipalities are more reliant on provincial and federal grants than any other province in Canada⁷. While in some cases these types of programs are necessary (for example large-scale infrastructure projects), it leaves municipalities having to compete against each other for limited dollars and restricts a municipality's ability to properly plan for much needed investment. The amount allocated to grant programs like the recent Municipal Rural Infrastructure Fund or community infrastructure funding under the Building Canada Fund is nowhere near the total demand, meaning there is no guarantee much-needed projects will ever receive funding.

Over-reliance on grants and transfers leave municipalities without the tools required to meet demands. Many municipal issues, when stripped down to their core, are really issues of access to revenue. 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 base, 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 government contributions to municipalities are not forgotten. Federally, municipalities have benefited from a GST rebate, the sharing of the federal gas tax and the Building Canada Fund as well as Stimulus Funding. Provincially, municipalities have benefited from the sharing of provincial income tax, the Building Manitoba Fund, and supports in several other areas. We also appreciate the Province stepping up with their one-third share of recent federal programs. The message the AMM is hoping to convey is not that either order of

⁷ Slack, Kitchen, McMillan, Vaillancourt, "Roles, Responsibilities, Resources and Relationships – Report to the Provincial and Territorial Municipal Associations" June 15th, 2007.

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. Municipalities are struggling to deliver core services as their budgets begin to crack under increased demands.

The reality is the property taxation system cannot meet the new demands facing municipalities. Municipalities have been increasing taxes to try to meet these demands however they are falling further and further behind. Over the last 10 years municipalities outside the City of Winnipeg have increased their own taxes levied by over 4 percent a year on average. In 2009 only 13 municipalities outside Winnipeg decreased taxes, while 183 increased taxes, 22 municipalities by over 10 percent. Every year municipalities are going to citizens in their communities and asking them for more and more, yet the infrastructure deficit and budgetary demands continue to rise.

A new approach is needed, and for this reason we are advocating for a one-cent municipal tax to be allocated to municipalities for infrastructure and split equally among municipalities on a per capita basis. This will provide municipalities with in excess of \$200 million a year. For a community of 1,000 people, this means roughly an investment of \$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 this funding alone will not erase the infrastructure deficit in Manitoba, it is a positive first step.

While the AMM is not necessarily asking for a new tax, there is support among Manitobans for a new tax dedicated to municipal infrastructure. Polling done by AMM in 2008 found that 94 percent of Manitobans see infrastructure as a high priority, including a 94 percent positive response rate in Winnipeg. The poll also found that 55 percent of Manitobans think that municipalities do not have the revenue sources

needed to cover infrastructure costs alone, including 50 percent in Winnipeg. Most interestingly, the poll found that 54 percent of Manitobans, including 51 percent of Winnipeggers, support an additional one percent municipal tax dedicated to infrastructure renewal projects⁸. As the infrastructure deficit continues to grow, support for this will only increase.

The AMM is also asking for other revenue sources for municipalities, such as a rebate of the Provincial Sales Tax as well as increases to existing sources such as VLT revenues. We would also ask that any new mandates for municipalities be accompanied by corresponding financial support.

The sad reality is that while the Province of Manitoba has been a leader in some municipal areas, it has not been enough. We have the opportunity to visit every municipality in Manitoba within the four year election cycle and it is clear our communities are struggling and we are falling behind.

We understand 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. Furthermore, delaying investment in these critical infrastructure projects will have serious long-term consequences for Manitoba's economy.

Municipalities are not looking for new revenue sources to store money away for a rainy day. The storm has arrived. With a national municipal infrastructure deficit in excess of \$123 billion, and Manitoba's share in excess of \$11 billion, there is no shortage of work to be done. If municipalities are 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.

⁸ Probe Research "Public Attitudes on Infrastructure Renewal Funding in Manitoba" September, 2008.

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. This is the only way municipalities will be able to even begin to address the core challenges they face.

The AMM is therefore asking every political party to make municipal funding a top priority for this year's provincial election. Now is the time for each party to lay out its vision for the future of municipal government in Manitoba and how these core challenges can be addressed. The health of our communities is at stake.

Therefore, the AMM would like to see a commitment from each political party to:

- 1. Make a greater investment in municipal infrastructure**
- 2. End the downloading of responsibilities to municipalities and require that any new mandates come with new funding**
- 3. Provide new growth revenues to municipalities**

Appendix A – Active Resolutions

AMM Resolution Number 08 - 2006

Topic: Class 3 & 4 Water Plant Operators Training

Sponsor: Town of Russell (Midwestern District)

Departments: Manitoba Conservation

WHEREAS a number of small urban communities currently operate lime soda ash filtering water plants;

AND WHEREAS the complexity of the chemical process involved in the operation of lime soda ash plants has resulted in many of the facilities being designated as Class 3 or Class 4 water treatment facilities as per provincial legislation;

AND WHEREAS municipal employees have expertise and ability in operating lime soda ash plants sufficient to create consistent potable water for communities but may not have the educational and theoretical background to pass certification exams;

THEREFORE BE IT RESOLVED THAT the AMM lobby the Provincial Government to ensure that training beyond courses designed to pass certification exams be offered so that Class 3 or Class 4 water plant operators can obtain sufficient background and knowledge to effectively and efficiently operate the facilities.

AMM Resolution Number 19 - 2009

Topic: Medical School at Brandon University

Sponsor: RM of Roblin (Western District), RM of Pipeline (Western District), RM of Shoal Lake (Midwestern District)

Departments: Manitoba Health

WHEREAS Manitoba experienced and continues to experience a serious shortage of physicians and emergency services;

AND WHEREAS recruitment of a sufficient number of physicians to operate clinics, hospitals and emergency services is an ongoing challenge;

AND WHEREAS it is strongly believed that the operation of a rural medical school at Brandon University would produce physicians prepared to practice in rural Manitoba;

THEREFORE BE IT RESOLVED THAT the AMM lobby the Province of Manitoba for the creation and operation of a rural medical school at Brandon University.