

## Provincial Budget 2009

- Again this year the AMM attended the Provincial budget
- This year's budget wasn't great news for municipalities
- The budget included only \$4million in new money directly for municipal infrastructure, much, much less than what we really need
- The budget did have some positive things - more funding for transit, funding for water and wastewater operator training, social housing, physician recruitment and retention
- The big news from the budget and the issue that many of you have been contacting our office on is the Waste Reduction and Recycling Support Levy
- This is the \$10/tonne levy that will now be charged at landfills across the province

- This will be phased in with the Class 1 facilities in Winnipeg and Brandon coming on line first
- The idea behind this is to both create a greater incentive to recycle and provide increased funding to municipalities
- The \$10/tonne will be split - \$2 will go to the Province to fund the set up of the Household Hazardous Waste Program and the Electronic Waste Program and \$8 will go into a municipal fund
- Everyone who uses the landfill will pay the \$10/tonne, not just municipalities, but only municipalities will be eligible for funding from the fund that will be created
- If you do not recycle, this new levy will end up costing you money. If you have a good program you will stand to gain out of this program

- I know some municipalities have expressed concerns with the levy, and I can assure you we are taking a serious look at this
- As I said, it was introduced in the Budget so since then a lot of time has been spent just getting the application of the levy straightened out
- One issue municipalities have raised is the need to have scale at your site. This will not be a requirement, as there is a way to estimate tonnes without a scale
- We have been told another update on this issue will be coming, and we are hopeful it will answer many of the questions on this issue

### **Alternate Revenues for Municipalities**

- This is a huge issue, a major challenge and is the #1 issue for the AMM this year as decided by the Board

- There is no doubt the current funding system for municipalities in this province is flawed
- Property tax isn't going to handle the needs of municipalities
- Sure we get transfers and grants, but we need long-term sustainable funding to really tackle the issues facing our communities
- So this is what we are trying to get from the Province and have been trying to engage them in a productive dialogue on how to fix the current system
- We have raised this issue with the Premier, and have taken it to every provincial Cabinet Minister this year
- It has also been the focus of our discussions with the Finance Minister, and will be again this year
- You passed the resolution at the last convention asking for 1 cent of the current PST and this is our starting point

- We are also pursuing other options, including the removal of the PST for municipalities, and a share of the GST for municipalities, both directed from membership resolutions
- We are also discussing the removal of reliance of funding education from property. Property tax is the single largest income source for municipalities and when roughly 50% of this base is being used to fund education, it limits what municipalities are capable of doing
- We have seen some gains in this area, however we are still pushing for the 80:20 funding split of the capital budget, again as directed by the membership
- While the revenue side is critical for municipalities, we also are working on the responsibility side, as this goes hand in hand
- It is great to get more money from government, but what does it mean in relation to the unfunded

mandates that exist and the downloading that continues to happen

- We are working on developing a fuller picture of this to help strengthen our argument, and we are looking for your input
- We sent you a request for information earlier this month, and we really encourage you to spend some time thinking about this
- We will compile this information and share it with the government and with the members

## **Infrastructure**

- The first round of approvals under the Building Canada Fund – Communities Component was announced on May 1, 2009 and allocated over \$116 million in federal and provincial funding to local infrastructure projects.
- Although we were happy to see funding for a number of important projects, this process also highlights the

serious need for municipal infrastructure investment in Manitoba.

- Municipalities submitted a total of 337 applications requesting over \$864 million, meaning that the total demand was over five times the available funds.
- We also know that this only represents a portion of the actual demand for funding since many municipalities were unable to submit applications within the tight timeframe. As well, many only applied for their most critical projects so the applications don't represent everything that needs to be done.
- There have also been other important infrastructure funding announcements over the past few weeks.
- Along with the Communities Component, Manitoba also received a top-up of close to \$55 million under the Canada Economic Action Plan. This top-up provided funding for 22 additional infrastructure projects.

- As well, applications for Manitoba's share of the Recreational Infrastructure Canada program (RInC) were due on May 29, with an extension until June 19 for projects needing more time to develop.
- This program will provide \$500 million over two years for recreation projects across Canada, clearly not enough to address all of the recreation projects across Canada.
- In Manitoba, the Federal Government will provide up to 33% of the total cost of eligible projects. The remaining funds will have to be sourced from provincial or municipal governments, community organizations and the private sector.
- These announcements demonstrate that the Federal and Provincial governments are working to accelerate infrastructure spending, but also means that additional application intakes under the Building Canada Fund are not expected for the near future.

- Our focus now will be switching to the next generation of infrastructure programs and the need to keep the money flowing to municipalities
- Another important revenue source for municipal infrastructure projects is the Federal gas tax program, which became permanent as part of the 2008 Federal Budget.
- The Federal Government agreed to move up the first instalment for 2009, so you should all have received your first payment in April.
- You may also bank the funds from the first phase of the gas tax agreement into the next agreement.
- If you are unsure if your project fits with the program requirements, contact Joe or Tyler at the AMM office.
- From 2011 to 2014, the gas tax program will provide Canadian municipalities with \$2 billion based on a per capita allocation that uses the 2006 Census data.

- The municipal allocations beyond 2014 are not yet known, since the Federal and Provincial Governments will have to enter negotiations to reflect the new funding and confirm the allocation formula for Manitoba.
- Going forward, no municipality should receive less than their 2009 allocation since this is the first year that the 2006 census data is being used.

### **Disaster Financial Assistance**

- A lot of communities have experienced disasters over the past year and these situations really highlight the need for an effective disaster financial assistance program.
- The AMM is always prepared to take any DFA concerns forward to the Provincial and Federal government, especially when municipalities are having trouble getting the assistance they need.

- That's why we've been talking to the Province about the eligibility dates for the 2008 Interlake program and about making sufficient coverage available for last year's drought in the southwest.
- We're also working on ways to minimize the impacts on municipalities from this spring's flooding since a 10% deductible may be too much for some municipalities to contribute.
- We're also going to see the benefits from the Province's decision to increase the rate of compensation for municipal labour and equipment from 16 to 65 percent.
- The Federal Government also increased its contribution to 40 percent, which helps municipalities act quickly and reduces costs by using the most efficient response mechanisms.
- But there are still issues with DFA that we will continue to raise with the Federal and Provincial Governments.

- For example, municipalities should be allowed to use DFA funding to improve structures where it is more cost-effective and reduces the impact of future disasters.
- In 2008, the Federal Government revised the DFA Agreement guidelines with improvements for disaster recovery and prevention.
- The guidelines now specify that permanent repairs or replacement to better than pre-disaster conditions are eligible, if it is less costly than the restoration, repair or replacement to the immediate pre-disaster condition.
- There are some issues with the interpretation of how this will actual look on the landscape, and the Province is working with the Federal Government to make sure this works for Manitoba.

### **Provincial Land Use Policies**

- As you know, the Province has been conducting a review of the Provincial Land Use Policies to fit with the

new Planning Act that has been in place since January 2006.

- IGA has done a very good job of consulting with the AMM to make sure that they are creating the best possible document that is flexible enough to accommodate each municipality, while still achieving the Provincial interests.
- Many of you submitted written comments or attended the workshops hosted by IGA to discuss the proposed changes. Your input was a very valuable part of the process.
- The staff from IGA met with the AMM again in May to discuss what they heard at the sessions and the feedback was generally positive.
- Now they're looking at some wording changes based on your suggestions and examining two bigger issues that came out of the workshops.

- The first is how to make sure that agricultural lands are protected without blocking other forms of development that are also very important to our communities.
- The second issue is to find ways of effectively managing fringe development since there are implications for both rural and urban municipalities.
- The department is compiling a report of all the feedback and will send a copy to all the municipal offices once Cabinet has had a chance to review it. We expect that to happen in the next few weeks.
- It's not clear when the new policies will be in place, but we'll certainly keep you up to date on any new developments.

## **PUB**

- An issue that has really flared up over the last few years is the PUB

- There is no doubt the PUB is taking a more active role in municipal utility regulation
- The role of the PUB is to regulate the rates charges for all sewer and water utilities outside of Winnipeg, along with the rates of Hydro, MPIC, and some gas and propane companies
- PUB also is involved in licensing owners and agents under The Cemeteries Act and funeral directors under The Prearranged Funeral Services Act, supervising the construction and operation of natural gas and propane pipelines, and making sure that gas and propane are safely distributed to Manitoba consumers
- The PUB is arms length from government and is designed to take the “political” aspect out of the rate setting process
- We have been hearing more and more from municipalities about concerns with the PUB and have been working with the PUB on these issues

- We were pleased to see one of the latest orders amended to lighten the requirement of municipalities to provide information on social services options prior to discontinuing service
- The PUB has a very clear mandate, and we have met with them to discuss ways to work more cooperatively with them in fulfilling their mandate
- Since our meeting in April we have seen greater cooperation already and hope that by working together we can find workable solutions

### **Legislative Update**

- Every year we carefully review the bills put before the provincial legislature to analyze their impact on municipalities
- There is no doubt it is easier to make changes at this stage than once the bill is passed

- This year there were a couple of bills that drew our attention:
  - Bill 4 – The Community Revitalization Tax Increment Financing Act
  - This bill creates a new tool to help spur development in communities
  - The bill allows properties to be designated as community revitalization properties. For these properties a community revitalization levy is imposed on the increased assessed value, taking the place of the education tax
  - So for example, if the designation is made and a development takes place, what would have been the increased education tax will now be the levy
  - This levy will go into a fund which can only be used in the designated community revitalization area and requires municipal approval before being distributed

- While we don't anticipate wide spread use of the levy, it will provide an incentive to some areas to spur on development and the AMM is supportive of the legislation.
- Another Bill we have followed closely is the new Police Services Act – Bill 16
  - This bill creates new rules for how municipal police forces in the province will be governed
  - While the bill will not really impact most municipalities, those with their own forces are impacted
  - The main theme of the bill is greater civilian oversight of policing in Manitoba, and for the most part we can support this
  - The creation of a new Manitoba Police Commission to provide advice on policing issues and making recommendations to the Minister is good.

- The creation of an Independent Investigation Unit is also positive as it will provide greater transparency in the investigative process
- The issue we have concern with is the move to mandatory police boards
- While this is common across Canada, we are concerned that it removes the responsibility for policing from the elected council and places it into the hands of an appointed board
- We have worked closely with those impacted municipalities
- 
- We are also closely following Bill 35 – The Municipal Conflict of Interest and Campaign Financing Act
  - This bill makes a number of changes
  - Bill 35 will make the annual statements of assets and interests filed by municipal

councillors under The Municipal Council Conflict of Interest Act available for public inspection

- It also makes changes to election campaign financing for municipalities outside Winnipeg, banning unions and corporations making contributions to candidates
- Maximum amounts are established for contributions that individuals can make to candidates. The contribution limits also apply to contributions that a candidate makes to his or her own campaign
- Loans to candidates from anyone other than a financial institution are prohibited

- Candidates must file election finance statements. Elected candidates who fail to file their statement within the specified time may be disqualified from remaining on council
- In addition, municipalities are required to establish a code of conduct and conflict of interest rules for municipal employees
- The bill also makes amendments to The City of Winnipeg Charter with the same changes
- We will be following up with the department on this bill in the coming months and will be developing our position on the bill.