



ASSOCIATION OF MANITOBA MUNICIPALITIES

MEETING WITH

Honourable Eric Robinson
Minister of Aboriginal and Northern Affairs

June 8, 2010

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Executive Summary

Departmental Issues

1. First Nation and Municipal Government Relationships

- Municipalities and First Nations need to work together and both would benefit from a more cooperative working relationship.
- One of the major impediments in building these relationships is the process of converting land for Manitoba's Treaty Land Entitlements (TLE)
- The AMM has repeatedly raised the need for more timely settlements and although the Province has committed to improve the process, inefficiencies remain.
- One of the main reasons municipalities have difficulty with the TLE process is the cost of legal and other professional services required. The costs incurred by municipalities are compounded by the length of time required to reach an agreement which strains the relationship between First Nations and municipalities.
- Although a structure has been established to provide compensation for lost taxes, this does not provide sufficient incentive for municipalities to pursue TLE settlements since it represents a considerable loss in tax revenue over the long-term.
- Manitoba municipalities understand the importance of working with their neighbours and many see the opportunities that exist for their region in working cooperatively with all stakeholders. However these obstacles remain and need to be resolved in order for municipalities and First Nations to work together more closely.

Therefore, the AMM urges the Provincial Government to review the current TLE process, including current compensation rates, as well as the cost for municipalities in negotiating service agreements in order to remove these obstacles and allow municipalities and First Nations to build stronger, more cooperative working relationships.

1. Funding for Port of Churchill and Northern Rail Lines

- Maintaining rail lines leads to substantial benefits in years to come; therefore the Province should consider these future impacts and develop disincentives to rail line abandonment in Manitoba, while supporting development of the Port of Churchill and northern rail lines.

- The Federal and Provincial Governments have expressed support for developing an inland port in Manitoba, and this is due to the availability of several modes of transportation including rail infrastructure.
- As an essential component of Manitoba's shipping potential, the many rail lines that support the Port of Churchill must be preserved since the ongoing development of the Port of Churchill will establish economic opportunities for communities across Manitoba.
- At a time when innovative solutions are required to address the growing infrastructure deficit, allowing an effective, low-emission transportation option to disappear exacerbates municipal infrastructure problems.
- This is especially difficult in Northern Manitoba where railways are often the only transportation access available and there are limited opportunities to shift to a reliance on the road network.
- The discontinuance of rail lines creates additional costs for municipalities, and rail companies should remain accountable for these decisions as prescribed by the Federal legislation.
- The commitment to review *The Provincial Railways Act* is appreciated and the AMM anticipates that many municipalities will voice these concerns throughout the consultative process.

Therefore, the AMM urges the Provincial Government to recognize the valuable services provided by Manitoba's rail lines and the Port of Churchill, to address the economic and environmental impacts of rail line abandonment and to ensure that these concerns are reflected in the upcoming review of *The Provincial Railways Act*.

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.
- 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.

Therefore the AMM would like to see:

- 1. A greater investment in municipal infrastructure by all levels of government**
- 2. An end to the downloading of responsibilities to municipalities and a requirement that new mandates come with new funding**
- 3. A commitment to provide new alternate revenues to municipalities**

Departmental Issues

1. First Nation and Municipal Government Relationships

There is little doubt municipalities and First Nations need to work together. In many cases the First Nation is the municipality's closest neighbour and both would benefit from a cooperative working relationship. We have seen some cases in Manitoba where municipalities and First Nations are worked well together and unfortunately there are others where this has not been the case.

One of the major impediments in some relationships is the process of converting land for Manitoba's Treaty Land Entitlements (TLE), which while complex has taken too long to resolve. Municipalities can only influence a narrow aspect of this process, yet the larger process significantly impacts local development. The AMM has repeatedly raised the need for more timely settlements and although the Province has committed to improve the process, inefficiencies remain. Therefore, the Province must exercise its role in ensuring the timely completion of the land transfer process for the benefit of all stakeholders.

A primary obstacle to timely resolution continues to be the two separate processes for private and Crown land conversions. Each process has substantially different time requirements regarding the Provincial assessment of land conversions. Where private land has been identified for conversion by an Entitlement First Nation, the Provincial Government is involved in assessing residual interests, such as mineral rights, and making a report to the Federal Government. Once this is complete, the Federal Government can then convert the land through the Additions to Reserve policy.

In contrast, where Crown land is identified for conversion, the Province is required to follow an internal circulation process to all Provincial departments, relevant Special Operating Agencies, municipalities and other stakeholders. Only after this extensive review is complete will the land be deemed eligible for conversion to reserve status at the Provincial level. The Province then holds the parcel of land until the Federal Government completes the process required through the Additions to Reserve policy. At that time, the Provincial Government must then prepare an Order in Council to

transfer the land to the Federal Government. These processes lead to an extremely time consuming process for the conversion of land.

The AMM understands the Province's need to confirm the eligibility of selected land parcels, however the time commitment required to complete these processes is excessive. A successful land conversion process should enable Entitlement First Nations and municipalities to make the best use of the land in a timely manner, without losing economic development opportunities. For this reason, the AMM was pleased to hear the Province's commitment to address the administrative framework and complexity of the process to ensure completion of the transfer of land to the Federal Government in the next three years. Municipalities look forward to the completion of this process along with Provincial efforts to expedite the assessment of land conversions as such action will support development in the affected communities.

One of the main reasons municipalities have difficulty with the TLE process is the cost of legal and other professional services required. Although initiatives such as the Treaty Relations Commission of Manitoba can eliminate a portion of the time commitment required, municipalities continue to incur high costs of professional and legal services throughout the TLE process. Moreover, the costs incurred by municipalities are compounded by the length of time required to reach an agreement. A 2006 report from the Auditor General of Canada indicated that the TLE process takes a number of years to complete. This has a direct impact on the environmental assessments and land surveys that are required to complete the TLE process. Although municipalities recognize the practical reasons for requiring such assessments, they are often repeated several times throughout the selection and conversion process due to changing plans and environmental conditions. The fees required to review and update these assessments can amount to substantial costs and this must be recognized as a major expense for municipalities. Therefore, improvements to the TLE process must include a means of addressing these costs.

The Province also has an important working relationship with the Federal Government. Several municipalities have raised concerns with the Federal Government's administration of the land conversion process. Any efforts the Provincial Government

can make to encourage expediency within the Federal process would be greatly appreciated. The Federation of Canadian Municipalities (FCM) has highlighted these issues with the Federal Government, and adding a Provincial voice to these concerns would certainly benefit the overall implementation.

The considerable legal costs municipalities incur while engaging in the negotiation of TLEs and service agreements also strain the relationship between municipalities and First Nations.

Throughout the Treaty Land Entitlement process, municipalities engage a variety of legal and other professional services at a considerable expense. These interventions along with the length of time required to complete the negotiations suggests a need to facilitate the negotiation process. Specifically, tensions can arise and hinder progress towards mutually agreeable solutions, while the costs of the process continue to escalate. For this reason, the AMM is building a relationship with the Treaty Relations Commission of Manitoba through Chief Dennis White Bird. AMM members appreciated Chief White Bird's presentation at the 2008 Convention and anticipate that working with the Commission will facilitate negotiations. Similarly, the AMM is pleased that the Province has committed to work with the Treaty Relations Commission to enhance its relations with First Nations. Municipalities are hopeful that TLE negotiations will be facilitated as a result since all stakeholders will become more comfortable working with one another.

The Province has also eased the process by providing informational resources such as the Guide to Negotiating Municipal Services and Development Agreements. However, the most pressing concern for municipalities is monetary compensation. Municipalities entering service agreements can recover the cost of the particular services provided to First Nations, yet many municipalities are disturbed by the loss of taxes resulting from the transfer of land. Although the land transferred is unoccupied and therefore does not generate substantial municipal tax revenue, municipalities could potentially benefit from taxes if the same land were developed for industrial, commercial or residential use. Once the lands are transferred to reserve, municipalities no longer have the potential to promote development in that location. First Nations have valid claims to

select this land; however appropriate compensation for the municipal loss must be available.

Although a structure has been established to provide compensation for lost taxes, this amounts to Manitoba municipalities receiving only five times the annual net tax loss at the time of conversion. This does not provide sufficient incentive for municipalities to pursue TLE settlements since it represents a considerable loss in tax revenue over the long-term. In contrast, compensation rates in Saskatchewan are available to rural municipalities for 25 years and to urban municipalities in perpetuity. There is no reason for Manitoba municipalities to be treated differently than those in other provinces, and the Provincial and Federal Governments should revise Manitoba's compensation structure accordingly. Furthermore, the Federal Government assists the municipal tax collection process in Saskatchewan by paying the municipal taxes after a period of 75 days. This ensures municipalities maintain consistent income during negotiations and assists in easing the relationships between Entitlement First Nations and municipalities. In order to enhance incentives to complete TLE negotiations, similar arrangements should be given greater consideration in Manitoba.

Manitoba municipalities understand the importance of working with their neighbours and many see the opportunities that exist for their region in working cooperatively with all stakeholders. More and more municipalities are looking to work with First Nations, including in land use and water planning, since together they can achieve more. However these obstacles remain and need to be resolved in order for municipalities and First Nations to work together more closely.

Therefore, the AMM urges the Provincial Government to review the current TLE process, including current compensation rates, as well as the cost for municipalities in negotiating service agreements in order to remove these obstacles and allow municipalities and First Nations to build stronger, more cooperative working relationships.

2. Funding for Port of Churchill and Northern Rail Lines

Manitoba is well positioned to move forward as a Canadian transportation hub and investing in railways as an efficient, low-cost shipping option is consistent with this goal. Railways are currently an integral part of Manitoba's transportation network and the advantages of maintaining this infrastructure outweigh the detrimental effects of abandonment. The decision to abandon a rail line cannot be reversed and it is highly unlikely that rail services will be re-established. Yet maintaining rail lines leads to substantial benefits in years to come, therefore the Province should consider these future impacts and develop disincentives to rail line abandonment in Manitoba, while supporting development of the Port of Churchill and northern rail lines.

The increasing trend towards abandoning rail lines is a major economic concern. The Federal and Provincial Governments have expressed support for developing an inland port in Manitoba, and this is due to the availability of several modes of transportation including rail infrastructure. For instance, the rail links to northern Manitoba and the Port of Churchill offer a key opportunity to further develop trade with overseas partners. In contrast, eliminating or neglecting rail lines deters business development in many areas due to the reduced number of connections between producers and markets. In communities where the railway is the only transportation link, abandoning rail lines effectively halts future economic development opportunities, isolates communities, and cuts off access to required goods and services.

In contrast, communities can thrive through the effective usage of the rail system. For instance, Churchill is an important tourist destination for Manitoba and the railway assists in providing tourist access to the town. The Port of Churchill is a key node in the transportation, particularly as it is being developed as Canada's only deep-water seaport. The AMM acknowledges that the Provincial and Federal Government have recently made significant investments in the port and the Hudson Bay rail line. At the same time, it is necessary to recognize that other rail lines offer essential links connecting the port and several remote, northern communities and economies to key markets. As an essential component of Manitoba's shipping potential, the many rail lines that support the Port of Churchill must be preserved. The ongoing development

of the Port of Churchill will establish economic opportunities for communities across Manitoba. Therefore, rail lines throughout the province should be protected to maintain efficient links to this important seaport.

At a time when innovative solutions are required to address the growing infrastructure deficit, allowing an effective, low-emission transportation option to disappear exacerbates municipal infrastructure problems. In particular, recent rail line abandonment related to agricultural shipping has increased pressure on Provincial and municipal highways, resulting in a need for additional investment in road maintenance and repair. Municipalities aim to strategically plan infrastructure and make long-term investments accordingly, however the changes brought about by rail line abandonment interfere with these efforts. This is especially difficult in Northern Manitoba where railways are often the only transportation access available and there are limited opportunities to shift to a reliance on the road network. It is inefficient to abandon functioning infrastructure and thereby create demand for alternative transportation infrastructure that is already deteriorating due to lack of investment.

Municipalities prefer that rail lines be preserved and maintained, however when companies choose to abandon rail lines, municipalities must be properly compensated. Under *The Canada Transport Act*, a federally-regulated railway company must pay compensation to affected municipalities when discontinuing the operation of a grain-dependent branch line. Since provincially-regulated companies are not subject to the same requirement, municipalities are left with substantial costs and no compensation. The AMM is aware that the Manitoba Ombudsman has made a recommendation on this matter, stating that the review of *The Provincial Railways Act* should “contemplate whether the federally-regulated railway companies’ obligations to pay compensation can be preserved upon the discontinuance of a grain-dependent branch line, even where the line is discontinued by a provincially-regulated successor company.” The AMM supports this recommendation since municipalities are facing growing difficulties in meeting local infrastructure demands. The discontinuance of rail lines creates additional costs for municipalities, and rail companies should remain accountable for these decisions as prescribed by the Federal legislation.

There are also significant environmental impacts associated with rail line abandonment. From an emissions standpoint, shipping by road generates far more greenhouse gas than shipping by rail. Since the Provincial Government aims to reduce emissions in other industries, transportation should be no exception. As well, many rail beds act as dykes to protect communities against high water levels. The elimination of this infrastructure therefore changes drainage structures and puts communities at an increased risk of flooding. Municipalities do not have the resources to replace this infrastructure and decommissioning plans should include greater consideration of such impacts on adjacent property. In addition, the abandoned rail beds pose an environmental threat when contamination issues are not resolved. The decommissioning process must also include sufficient efforts to remove any contamination that poses a threat to the local population and environment. If the railway companies are not held responsible for removing such contamination, municipalities will be forced to take on this considerable liability. Therefore, where rail line abandonment is already in process, the Provincial Government must be prepared to address ongoing environmental concerns.

In recognition of the importance of railways in Manitoba, the Provincial Government must ensure that its legislation reflects the current realities facing rail transportation in this province. The commitment to review *The Provincial Railways Act* is appreciated and the AMM anticipates that many municipalities will voice these concerns throughout the consultative process. The Province must also work with the Federal Government to preserve rail services in Manitoba. As the Federal Government moves forward with its rail service review, the Provincial Government must ensure that Manitoba's reliance on railways is taken into consideration. Federal policy changes that result in detrimental impacts for Manitoba communities must be avoided. The Provincial Government must assist communities that rely on rail transportation by reiterating municipal concerns throughout the federal rail service review.

Therefore, the AMM urges the Provincial Government to recognize the valuable services provided by Manitoba's rail lines and the Port of Churchill, to address the economic and environmental impacts of rail line abandonment and to ensure that these concerns are reflected in the upcoming review of *The Provincial Railways Act*.



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. Sure 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. Everyday 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.

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 is in excess of \$123 billion for current needs. Most alarming is how quickly the deficit has been compounding, as it has doubled over the last 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 is over \$7.5 billion, putting the total municipal infrastructure deficit 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 2007 were just over \$730,000,000.³

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 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

¹ Saeed Mirza, "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 2007 – Municipalities of the Province of Manitoba", P.17

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 travelling 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 137 boil water advisories in Manitoba, many in Manitoba municipalities.⁶ This means in 2010 thousands of Manitobans do not have access to safe drinking water when they turn on 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

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" – January 11th, 2010

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, most often where they work and sometimes 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 leaves 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 government has completely forgotten about municipalities, but rather that despite these efforts municipalities still face enormous challenges and more is needed.

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

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.

A new approach is needed, and for this reason we are asking the Province of Manitoba to collect 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 revenues 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 with corresponding financial support.

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

The sad reality is that while the Province of Manitoba has been leaders 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.

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.

Therefore the AMM would like to see:

- 1. A greater investment in municipal infrastructure by all levels of government**
- 2. An end to the downloading of responsibilities to municipalities and a requirement that new mandates come with new funding**
- 3. A commitment to provide new alternate revenues to municipalities**

Appendix A – Active Resolutions

AMM Resolution Number 12 - 2008

Topic: Service Agreements with First Nations

Sponsor: Town of The Pas (Northern District)

Department: Manitoba Aboriginal and Northern Affairs

WHEREAS municipalities enter service agreements with First Nations communities to provide services when requested;

AND WHEREAS there is limited compensation by the Province for education levies on properties affected by the Treaty Land Entitlement (TLE) process, thereby requiring all other municipal ratepayers to pay for the associated lost revenue for local school divisions;

AND WHEREAS municipalities spend significant dollars on legal fees to develop service agreements with no financial assistance from the Province;

AND WHEREAS the Province of Manitoba has only committed to 5 years of funding to municipalities for lost taxation as a result of the TLE process, with tax revenue being lost in perpetuity beyond that period;

THEREFORE BE IT RESOLVED THAT the AMM lobby the Province of Manitoba to guarantee a 20 year grant for lost municipal taxes, full recovery for local school division levies and financial assistance to offset legal fees resulting from service agreements with First Nations.

AMM Policy P –ANA-01-2009

Topic: Municipal “Duty to Consult” with First Nations

Department: Manitoba Aboriginal and Northern Affairs

According to case law, the Crown has a "duty to consult" with First Nations with the intent to address proposed land use changes as they may impact trapping, hunting and fishing rights. The Saskatchewan Urban Municipalities Association (SUMA) is concerned that the provincial government expects municipalities to discharge the "duty to consult" and therefore assume full responsibility for accommodation (mitigation) and compensation (financial). If these responsibilities are to be downloaded, the Province must provide appropriate resources to municipalities.

SUMA has sought support from FCM to develop a united position to ensure that transfer of responsibilities be associated with proper resources.