



ASSOCIATION OF MANITOBA MUNICIPALITIES

FEDERAL BUDGET SUBMISSION

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Introduction

- The Association of Manitoba Municipalities (AMM) appreciates the opportunity to meet with the Conservative Members of Parliament from Manitoba to discuss the 2012 Federal budget. The top priorities for the AMM in the upcoming budget include additional sources of funding for infrastructure and policing; expansion of the Disaster Financial Assistance Program; partnership to expand rural water pipelines; and support for affordable housing and remote and northern communities.
- We would like to thank the government for Canada's Economic Action Plan which provided many municipalities with the opportunity to build new or improve existing infrastructure.
- It is likely many countries around the world, including Canada, will experience an economic downturn in the coming months, therefore the AMM urges the Government of Canada to consider new and existing challenges for municipalities in its 2012 budget.

Priority Issues

1) Infrastructure

“Every dollar invested in infrastructure delivers 17 cents in benefits to the private sector” – The Federation of Canadian Municipalities

The AMM recommends the government:

- ❖ *Establish a new long-term infrastructure plan in consultation with municipalities;*
 - ❖ *Index the Gas Tax Fund to a minimum of the annual rate of inflation and population growth;*
 - ❖ *Ensure a federal contribution is made to any new infrastructure project, including upgrades required to meet new federal wastewater regulations;*
 - ❖ *Dedicate infrastructure funding for remote and northern communities.*
- In 2010, the Federation of Canadian Municipalities reported that 69% of Canadians regard local infrastructure as the most important priority for continued spending. Municipalities are responsible for 53% of Canada’s infrastructure while they receive only 8 cents from every tax dollar. While Canada’s infrastructure deficit has exceeded \$123 billion, the primary source of revenue for municipalities, property taxes, do not provide enough revenue for their growing infrastructure needs.
 - The infrastructure deficit has a great impact on municipalities in the Province of Manitoba. The total municipal deficit for existing infrastructure in Manitoba exceeds \$11 billion, or \$10,000 per Manitoban. For example, the City of Winnipeg estimated that its existing infrastructure deficit is at \$3.8 billion, while \$3.6 billion is required for new strategic infrastructure.
 - The AMM is participating in the Municipal Infrastructure Forum led by the FCM to establish a new infrastructure plan for Canada. In 2008, the Federation of Canadian Municipalities estimated that a \$1 billion investment would add 11,500 new jobs, and job creation is especially important when there is economic uncertainty. There is no doubt that the new plan should focus on

addressing the new and existing infrastructure deficit through sustainable investments that can generate economic growth in our communities.

- The AMM welcomes the announcement to make the Gas Tax Fund permanent. This Fund has provided predictable and transparent infrastructure investments over the last seven years. Nevertheless, many of our members, including the City of Winnipeg, have argued for the need to index the Gas Tax Fund to a minimum of the annual rate of inflation and population growth.
- Together with the FCM, the AMM is asking the federal government to fund its share of any new infrastructure projects, including one in four of the country's wastewater systems which will need rebuilding as a result of new regulations, at an estimated cost of more than \$20 billion.
- Manitoba's remote and northern communities provide an invaluable contribution to the economy in the agribusiness and natural resource industries. Despite this, many of them are dealing with a rapidly shrinking tax base and deteriorating infrastructure. They must look for new ways to attract businesses and residents while dealing with their existing challenges.
- The AMM welcomes the federal government's intention to develop a new long-term infrastructure plan to replace the Building Canada Fund, which expires in 2014. Manitoba Premier Greg Selinger pledged that his government will consult and work with municipalities to ensure that local priorities are reflected in the new plan. The AMM is looking forward to working with both the federal and provincial government on a new long-term plan for municipalities to address the infrastructure deficit.

2) Policing

The AMM recommends the government:

- ❖ *Provide sufficient funding to maintain safe communities in Manitoba municipalities, and put an end to federal downloading;*
- ❖ *Communicate the details of the Municipal Policing Agreements to the 22 Manitoba municipalities that sign direct contracts with the RCMP.*
 - Although community safety and crime prevention are among the top priorities of Manitoban communities, the costs of fighting crime are rising and downloading of responsibility to municipalities continues. The AMM is hopeful its concerns are addressed under the new Provincial Police Services Agreement (PPSA) and looks forward to finalizing the agreement.
 - Municipalities have expressed concerns with the lack of control over rising policing costs, reduced service levels and the RCMP's limited ability to respond to local policing priorities.
 - In particular, better service must be provided to growing rural areas to reduce the burden on regional urban centres. There are a number of rural areas in Manitoba who have experienced tremendous growth in the last decade without a corresponding increase in policing services. As a result, they use RCMP service from nearby urban areas which is paid for by urban taxpayers.
 - The AMM has been advised that the new PPSA will involve the Province and municipalities in decisions regarding services and costs.
 - This is an important step towards greater accountability as it will allow municipalities input into local services and resources.
 - Now that the PPSA is close to being finalized, the AMM will be pleased to help facilitate the process of signing Municipal Policing Agreements with the 22 Manitoba municipalities who have direct contracts with the RCMP.
 - Above all, it is important to keep communication lines open to ensure these municipalities understand the terms of their agreements, particularly the cost implications.

3) Rural Water Pipeline Funding

The AMM recommends the government:

- ❖ *Establish a commitment of \$10 million annually towards rural water pipeline expansion, as the federal share of a \$30 million tri-level funding initiative.*
- The AMM is confident that renewed federal funding for the expansion of water pipelines in rural areas will have numerous benefits:
 - Helping these communities provide basic infrastructure to residents and businesses will help to stimulate economic development and population growth.
 - The addition of these water lines would improve the availability of water and assist with drought proofing.
 - Resulting improvements in water distribution would provide benefits to the agriculture industry and the community at large.
 - Rural water pipelines would help to improve water quality and quality of life for residents who currently rely on wells for their water supply.
 - Water quality influences the attractiveness of a community, and the quality of life of its residents, which is always important for rural and northern Manitoba as it continues to experience depopulation.
- The AMM has received conflicting messages from the Province of Manitoba and the Government of Canada regarding the status of this funding.
- The Province of Manitoba has indicated that federal resources provided for the Growing Forward program are not sufficient to allow them to invest in new water infrastructure.
- The AMM would like to see more progress on this issue, and would like to encourage the federal government to work with municipalities and the Province of Manitoba towards improved water distribution infrastructure in rural Manitoba, both now and in the development of future programs.

4) Disaster Financial Assistance

The AMM recommends the government:

- ❖ *Establish provisions in the Disaster Financial Assistance Arrangements to cover seasonal, non-permanent residents or provide another avenue for financial aid.*
 - ❖ *Allow linking of disaster events taking place very close together in one claim.*
 - ❖ *Allow and provide funding for more preventative work during the recovery process to decrease the impacts of future flooding.*
 - ❖ *Allow approval of claims for homeowners who have experienced both sewer back-up and overland flooding.*
- For many ratepayers in Manitoba, seasonal properties will one day be their retirement homes and these homes represent a lifetime of saving.
 - Without compensation, loss or damage to the properties of non-permanent residents will have a devastating impact on both the community and these individuals, many of which will not be able to afford to rebuild their property.
 - Since municipalities are dependent on property taxes, a significant decrease in the total number and value of properties in the municipality means a significant decrease in revenue.
 - Decreased revenues will affect the level of municipal services provided, and will negatively affect the health and resiliency of these communities.
 - While the Province of Manitoba has provided some tax relief for 2011, there is no guarantee that long-term relief will be available for properties whose value was permanently reduced.
 - Linking disaster events which take place very close together would reduce the amount of resources municipalities incur making separate claims for each event.
 - It would also simplify claim processing, and it would ensure that the payments are awarded in a timely fashion.

- Timely claim payments would facilitate the repair process for municipalities as compensation would be awarded in fewer claims.
 - As a result, municipalities could begin repairs earlier and finish them more quickly, reducing the disruption to the community caused by damaged or unsafe infrastructure.
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- The severity of the 2011 flood in Manitoba has highlighted the need for permanent and preventative measures.
 - The cost of this flood has been estimated at more than \$800 million by the Province of Manitoba and recovery will likely be a long-term task.
 - Unfortunately, flooding in Manitoba is becoming more and more common due to high water levels over the past few years, and a permanent flood mitigation program is needed to ensure Manitoba is as prepared as possible.
 - Many experiences in 2011 have demonstrated what measures must be implemented to avoid flood damage of a similar severity in the future.
 - For DFA in particular, this means certain small-scale projects should be maintained permanently.
 - For instance, some temporary dykes are constructed and taken down each year, wasting resources which could be put to better use.
 - Building and improving flood prevention infrastructure costs much less than the damage, lost revenue and economic activity caused by flooding.
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- It is time to make the necessary changes to DFA to allow for improvement of damaged structures, and encourage flood protection before the flooding occurs.
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- Finally, overland flooding is eligible for DFA, therefore basement flood claims that were the result of both overland flooding and sewer backup should not be automatically denied.
 - If this issue is due to a misinterpretation of the DFA guidelines, clarification must be provided to ensure these claims are processed appropriately.

5) Housing

The AMM recommends the government:

- ❖ *Renew federal housing programs and subsidies set to expire and support long-term provincial and municipal housing strategies.*
- Many Manitoba communities are experiencing strong growth in terms of their local economies and their populations.
- Growth over a short period of time presents challenges that require assistance from other orders of government.
- Addressing housing needs is essential to support the economy and to ensure the continued growth of Manitoban communities as immigration continues to rise to help fill provincial labour requirements.
- Job opportunities may attract newcomers to a community, but if there is no suitable, affordable housing, these jobs will remain unfilled.
- Rural and northern Manitoba is experiencing housing shortages of a variety of types: supportive housing for seniors, rental housing, and affordable housing for all different sizes of families.
- Public sector involvement must complement and encourage the private sector to build housing that meets local needs.
- \$380 million per year in affordable housing and homelessness programs is set to expire in 2014.

- The AMM urges the federal government to renew existing programs and subsidies over a long-term period as it renews housing agreements with the provinces.
- It is important to partner with both provincial and local governments as well as front-line organizations to ensure sufficient housing is available across Manitoba.

Conclusion

- The AMM would like to thank the Conservative Members of Parliament from Manitoba for meeting with the AMM to discuss the priorities of Manitoba municipalities for the upcoming Federal Budget. Only by working together can we address decaying infrastructure, rising policing costs, shortages of affordable housing and provide assistance to municipalities that experience flooding. The AMM believes an open and transparent budget process will benefit all citizens of Manitoba.