



Member Advisory

UPDATE ON NEW DEAL FUNDING

October 7, 2005 - As you know, the Federal Government announced in February that the New Deal for Cities and Communities would commit \$5 billion in federal gas tax funding to municipalities over five years, beginning in 2005. Manitoba's share of this funding is \$167 million. Since the announcement, the majority of Canadian provinces have signed agreements to get their share of the funding flowing.

Manitoba has not yet signed an agreement.

The AMM has always advocated a per capita method of distribution, which would see all Manitoba municipalities share equally in the funding based on population. The City of Winnipeg will not agree to a per capita distribution formula. They have instead insisted that 10% be skimmed off the top to be given to cities based on transit ridership. This would leave 90% of the remainder of the funds to be distributed between all municipalities.

The AMM will not agree with this proposal for several reasons:

1. Agreements have been signed across Canada based on a per capita distribution of the gas tax funding. This includes the Province of Ontario, where the City of Toronto has agreed to a per capita distribution formula. The AMM is asking only for an agreement consistent with the rest of Canada.
2. An additional allocation of money has been confirmed for the larger cities specifically designated for transit. Manitoba's share of this transit money is approximately **\$29 million** over the next two years, and is only for transit. This funding is over and above the \$167 million already announced.
3. The AMM believes that a per capita distribution formula on the gas tax agreement is the fairest way to get the money to **all** municipalities quickly, equitably and efficiently.
4. The Province of Manitoba has publicly stated, on a number of occasions, that it supports a per capita formula.

The AMM has fully supported the City of Winnipeg on a number of issues pertaining to the gas tax funding.

- Initially, the City of Winnipeg was prohibited from using their share of gas tax funds toward the repair of streets and bridges. With the AMM's support, this issue has been resolved to Winnipeg's satisfaction.
- The AMM has agreed with the City of Winnipeg's request that it should administer its own new deal money and transit money without the need for AMM involvement.
- The AMM supported the City of Winnipeg's request to be a signatory to the federal gas tax agreement. Winnipeg is the **only** municipality in Manitoba to have that option.

Since November of 2004, the AMM repeatedly requested a meeting with Mayor Sam Katz to discuss new deal funding issues. Mayor Katz would not agree to meet with the AMM until June of 2005.

The AMM believes that were meetings held earlier in the process, an agreement may have been reached by now, and new deal money would be in the hands of Manitoba municipalities.

At the AMM Board Meeting of September 29, 2005, our Board of Directors fully discussed this issue and concluded, based on the above information, to maintain our position that the new deal money in Manitoba should be distributed on a per capita basis.

**We hope this advisory clarifies our position with our members.
We will continue to strive for an agreement that is fair to all AMM members.**