

**A Proposal for the Establishment of a Consolidated
Community Enhancement Levy (CEL)**

**On Aggregate (Sand, Gravel, Crushed Stone)
Extraction**

Discussion Paper



Presented by the
Manitoba Heavy Construction Association (MHCA)

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Executive Summary

Section 4 of Manitoba Regulation 18/2008 under ***The Municipal Act*** requires a review of the established Aggregate Licensing and Transportation Fees prior to January 1, 2013.

During the last review - some five years ago - the merits of a province-wide CEL were explored in lieu of the current and more complicated municipal licensing process. At that time, the urgency for immediate increases to municipal revenues precluded implementation of any innovative new program which would have required more substantive regulatory changes.

The purpose of the *attached discussion paper* is to again advance discussion of a CEL on aggregate production in Manitoba.

The objective is to achieve agreement on this concept between the Association of Manitoba Municipalities (AMM) and the aggregate industry as represented by the MHCA. The provincial government could then be approached to introduce the regulatory changes that implementation would require.

The discussion paper explores the advantages of establishing a Province-wide municipal CEL of \$0.20 per tonne to **replace** the more complicated existing requirements for Aggregate License Fees and Aggregate Transportation Fees which are presently collected by some municipalities through bylaws passed under *The Municipal Act*.

This consolidated CEL could be concurrently collected with the existing "Manitoba Pit & Quarry Rehabilitation Levy," a provincial levy now collected under *The Mines & Minerals Act*. Since administration and enforcement of the latter is already established in the Department of Innovation, Energy and Mines, there would be no cost to collecting the levy on behalf of municipalities. The "Manitoba Pit & Quarry Rehabilitation Levy" would continue to be administered by the Province, effectively unchanged.

The replacement municipal CEL if set at the proposed rate of \$0.20 per tonne, would generate total annual revenues of approximately \$4.77 million or \$1.19 million per year *more* than currently collected. At the end of each year, monies collected through this municipal levy would be distributed by the Department of Innovation, Energy and Mines to the respective municipalities in relation to aggregate production in each local jurisdiction.

The municipalities would deposit the monies in dedicated accounts (Community Enhancement Funds). Local municipal councils could then expend the monies at their discretion, subject to the following principles which are founded on the underlying objectives:

1. The creation of the municipal Community Enhancement Funds (CEF) is intended to supplement the ability of local municipalities to address local capital investments which serve to enhance the quality of life and services in local communities.

Accordingly, revenues from the CEF would be required to be disclosed in municipal balance sheets and the use of these funds would be restricted to augmenting eligible capital investments enforced only on the basis of good will and honor.

2. Expenditures would be restricted to enhancing the following types of capital projects:

- roads and transportation
- recreation, parks, and arenas
- sewer and water line construction
- business / industrial park development

3. To ensure these funding benefits from aggregate pit and quarry operations are appropriately recognized within the local community

- i) Communications associated with transfer of collected funds from the Province to recipient municipalities would feature prominent acknowledgment of the industry

- ii) Communications and signage regarding individual projects undertaken or cost shared with monies from the local "Pit & Quarry – Community Enhancement Fund" would feature and acknowledge the financial contribution of the aggregate industry.
4. The express intention is to ensure that this new municipal CEL is applied universally across Manitoba, required by Provincial Regulation to be disclosed on sales invoices, collected on behalf of municipalities by the provincial government (Mines Branch) in conjunction with the existing Aggregate Pit & Quarry Rehabilitation Levy, and distributed to the respective municipalities each year in a manner that acknowledges industry involvement and support. Recipient local municipal governments would administer their individual "Community Enhancement Funds" subject to the above principles.
 5. To keep pace with inflation and industry dynamics, both the CEL and the Rehabilitation Levy should be reviewed every five (5) years.
 6. In consideration of the simplicity of this change and attendant support to provincial policies, there shall be no financial charge to municipalities imposed by the province for the collection or any administrative handling of the CEL.

The benefits of consolidating the existing licensing fees and aggregate levies in this manner would be as follows:

1. Aggregate pit and quarry businesses would be seen to be more visibly contributing to the finances of the local municipality in which they operate.
2. Local residents and municipal councils would be more welcoming to the development of new pits and quarries in their community, since the generous ongoing financial contribution would offset concerns regarding the erosion of the local tax base and displacement of other land uses that have higher amenity values.
3. At virtually no administrative cost, the provincial objective of maximizing the availability of scarce aggregate mineral resources for infrastructure development and construction activity throughout Manitoba would be supported. This is consistent with the land use policies embodied in MR 184/94 under **The Planning Act** and with the **Principles of Sustainable Development**.
4. Local communities would benefit through access to sustained, transparent revenue streams derived directly from local economic activity. This is additional revenue which could be effectively allocated to urgently needed local infrastructure development projects.
5. Once the legal framework is in place, future incremental adjustments of the levy to accommodate inflation and changing economics could be implemented administratively through consensus, at little or no cost to the province. The attendant benefits of a mutually supportive relationship between local residents and industry would support provincial policy and economic objectives, while serving local community interests.

Respectfully submitted,
Manitoba Heavy Construction Association (MHCA)



Per:

Chris Lorenc, B.A., LL.B.,
President MHCA

1.0 PURPOSE

This discussion paper explores the advantages of establishing a Province-wide municipal “Community Enhancement Levy (CEL)” of \$0.20 per tonne to replace the more complicated existing requirements for Aggregate License Fees and Aggregate Transportation Fees which are presently collected by some municipalities through bylaws passed under ***The Municipal Act***.

This consolidated “Community Enhancement Levy (CEL)” would be concurrently collected with the existing “Manitoba Pit & Quarry Rehabilitation Levy”, a provincial levy now collected under ***The Mines & Minerals Act***.

Since administration and enforcement of the *latter* is already established in the Department of Innovation, Energy & Mines there would be virtually no cost to collecting the levy on behalf of municipalities.

The proposal is presented in this format to determine if there is the necessary consensus among the stakeholders (municipalities, industry and the provincial government) to proceed with the initiative.

2.0 BACKGROUND

2.1 Existing Fees & Levies on Aggregate Production in Manitoba

2.1.1 Municipal:

The Aggregate Mining and Transportation Fees and Agreements Regulation (MR 48/97) under the Municipal Act

Taxation of aggregate pits and quarries has been widely recognized as a problem for local municipalities. Mining is both a land use and a use of land. Municipalities cannot tax minerals or mineral value (a provincial jurisdiction), yet incur costs at the local level as a consequence of this activity.

In the early 1990’s this was addressed by amendment of ***The Municipal Assessment Act*** and ***The Municipal Act***, giving municipalities new authority to “license” pits and quarries and thereby collect an Aggregate Mining License Fee of initially set as up to \$0.044 per tonne produced.

Municipalities enacting such bylaws could also charge Aggregate Transportation Fees initially set at \$0.026 per tonne per kilometer of municipal road used. This authority and these maximum fee rates were set out in The Aggregate Mining and Transportation Fees and Agreements Regulation (MR48/97) under ***The Municipal Act***. The application of personal property taxes to pits and quarries was concurrently discontinued.

These changes in the 1990’s represented significant improvements to the taxation system for those municipalities that were subject to high volumes of aggregate production. However, the maximum allowable license fee and transportation fee rates established at the outset became outdated over the years by inflation.

In 2003 and again in 2006 the Association of Manitoba Municipalities requested the province to increase the rates. In both instances, a consultative process was coordinated by the Local Government Department to expedite review by both affected government agencies and industry, represented through the Manitoba Heavy Construction Association.

Ultimately, a scheduled annual increase of the fee rates was agreed upon based on the Construction Price Index, and established by amendment of MR48/97 under The Municipal Act. (*Table 1: Existing Aggregate License and Transportation Fees Rates from Schedules A and B from MR 18/2008 and 46/2009*).

During the last consultative review, the committee explored the concept of a Community Enhancement Levy (CEL) as described in this document. While both the Association of Manitoba

Municipalities and the Manitoba Heavy Construction Association expressed interest in the concept, the Province required further time to evaluate the proposal.

Therefore, to expedite the necessary changes to the license fees, a simple phased increase of the rates was agreed upon for each year up to 2013. This compromise was accepted subject to the provision set out in Section 4 of the amending regulation (MR18/2008) which requires that :

“Not later than January 1, 2013, the minister must review the maximum fees provided for in this regulation, and, in the course of that review, consult with any person affected by the fees that the minister considers appropriate.”

That deadline for review has now passed, and it is incumbent upon all the interested parties to re-initiate the dialogue regarding future changes.

As a point of interest, Table 2 shows that had the concept of a Community Enhancement Levy (CEL) been implemented when initially conceived in 2006, the Association of Manitoba Municipalities as a whole would have benefited by the collection of over \$3.8 million in additional revenue.

2.1.2 Provincial:

Aggregate Pit & Quarry Rehabilitation Levy (MR65/92 under the Mines & Minerals Act)

Rehabilitation of depleted pits and quarries has been a longstanding challenge in Manitoba, as in all other jurisdictions in Canada and abroad. Mining of aggregate minerals dates back to pioneer days, and over the years, literally thousands of pits and quarries have been created.

The need to resolve this longstanding issue facing the aggregate industry was widely recognized. Representatives of the aggregate industry, through **the Manitoba Heavy Construction Association**, worked as part of a technical committee with government officials to develop and equitable and efficient solution.

Following broader stakeholder consultations that included the **Association of Manitoba Municipalities** as well as legislative review participants, the program was enacted in 1992 under *The Mines & Minerals Act*.

Implementation of this program included a regulatory component that established province wide environmental controls on aggregate mining operations, a revenue collection mechanism, and an ancillary (self-funded) program to actually carry out rehabilitation of depleted pits and quarries. This approach is unique to Manitoba.

Manitoba's Pit & Quarry Rehabilitation Program has been enormously successful as a simple, cost effective means of dealing with this serious problem.

By enacting a province wide levy (currently \$0.12 per tonne) on aggregate production, there is an ongoing revenue stream dedicated to sustainably fund the rehabilitation program. It may take years or decades before the economically valuable mineral is fully extracted from a mining property. Over this period however, the cost of rehabilitation will have been proportionately accrued and applied for rehabilitation purposes.

Industry is very supportive of the initiative, since the universal application of the levy maintains a *'level playing field'* for their businesses. Due to its overall simplicity, the program can be easily administered by a relatively small staff complement.

This program assures to all stakeholders that funds are set aside for rehabilitation of mining properties. Over the years or decades that a pit or quarry is in operation, many different aggregate producers may mine one particular property. The land ownership itself often changes. Once the site is depleted, however, the landowner at that time has assurance that rehabilitation work will be done.

This assurance is equally important to neighboring landowners, to the local municipality and land use planning authority.

The availability of funds encourages progressive, ongoing rehabilitation. A further advantage of the program is the flexibility to address rehabilitation of pits and quarries depleted in years past. By using funds set aside under the program, the cost of rehabilitating these old sites can be passed on through the aggregate and construction industry in a seamless and equitable manner.

This program has received broad support from industry, municipalities and the public.

On the basis of aggregate production from private and Crown lands since program inception in 1992 (together with interest earned), approximately \$29 million has been contributed to the fund.

Approximately \$26 million has been expended to date to undertake 2,066 separate rehabilitation projects.

Over 8,370 hectares (20,670 acres) of depleted surface mined lands have been rehabilitated to a safe and environmentally productive condition.

Much of this area has been restored to agricultural use. Projects to reclaim degraded areas have also been undertaken within Wildlife Management Areas, provincial forests, and provincial parks.

These statistics understate the positive impact of the program. The mitigation of serious public safety hazards in the landscape is a non-quantifiable public benefit, particularly on highly accessible Crown lands. The benefit from restoration of agricultural or biological productivity to these sites for subsequent generations is also difficult to measure in economic terms.

Environmental aesthetics are improved for the general public and tourist industry.

Habitat enhancement inside and outside of Wildlife Management Areas, and resolution of erosion and siltation problems in Conservation districts are intangible benefits flowing from this environmental stewardship.

At a more immediate level, the rehabilitation work is carried out through the hire of private operators under contract or hourly Equipment Rental Agreements. Distribution of this work throughout rural Manitoba creates employment opportunities and supports the local economy.

2.2 Shortcomings of Current Approach to Municipal Taxation of Pits & Quarries

1. The revenue generated for individual municipalities by The Aggregate Mining and Transportation Fees and Agreements Regulation (MR 48/97) under The Municipal Act are relatively low in comparison with tax revenue generated from other types of land use, and in relation to the problems associated with these aggregate mining operations.
2. While pits and quarries are in operation, other types of land use developments that generate much higher tax revenue are precluded from these properties, as well as the adjoining properties where they might create land use conflicts if allowed.
3. When individual municipalities pass a by-law implementing The Aggregate Mining and Transportation Fees, they incur associated administration and enforcement costs which in many circumstances defeats the revenue collection benefit gained. The AMM has reported that a large proportion of rural municipalities have not passed such a by-law.
4. Inconsistency from municipal jurisdiction to jurisdiction in the application of these municipal license and transportation fees creates an un-level playing field for aggregate producers and uncertainty when bidding on tenders across the province. Where do these fees apply? Will they be invoked during the term of a contract?

4. Notwithstanding the regional importance of the aggregate minerals produced, the mining industry is portrayed in a very negative image to local residents and municipalities. Pit and quarry operators are often seen simply as a consumer of otherwise valuable land and rural amenity.
5. In the absence of any clear benefit to the local community, and often in the face of strong opposition from neighboring property owners, municipal councils are motivated to disallow the development of new pits and quarries. While this is contrary to the intent of provincial policy and contrary to broader provincial economic interest, it is within the legal authority of planning/zoning law. The only alternative to resolve such conflicts becomes the highly adversarial and costly legal process.
6. Sterilization of aggregate mineral resources as a consequence of local municipal zoning restrictions unduly increases the cost of aggregate and therefore increases all provincial infrastructure and private building costs.

2.3 Current Status – Committee Reviewing the Municipal Aggregate License Fee

There is a regulatory requirement to carry out a review of the existing aggregate licensing and transportation fee rates prior to January 1, 2013 (Section 4 of MR18/2008).

Assuming agreement on the principles set out in this document, it is proposed that the Association of Manitoba Municipalities (AMM) and the Manitoba Heavy Construction Association jointly petition the Minister of Local Government to initiate the required review, and make the necessary regulatory amendments to implement the Community Enhancement Levy (CEL) as an alternative to the existing aggregate licensing fees.

2.4 Other Provincial Approaches to Municipal Taxation of Aggregate

There is precedence for a municipal aggregate levy in other provincial jurisdictions. At least three other provinces have established municipal fees based on aggregate productions to deal with these same issues.

2.4.1 Ontario

Since the early 1990's, Ontario has collected a \$0.06 per tonne license fee from all pits and quarries on private lands, under the authority of the Ontario Aggregate Resources Act. Out of this 6 cents:

- 4 cents is given back to the host municipality (approximately \$6 million per year)
- 1 cent is to the Province of Ontario. (approximately \$1.5 million per year)
- ½ cent goes to the upper tier municipality (approximately \$750,000 per year); and
- ½ cent is provided to the Abandoned Pit and Quarry Rehabilitation fund. (approximately \$750,000 per year)

This levy is collected by an 'arms length' crown corporation and applies on private land consistently across virtually all of southern Ontario. An amendment increasing these rates is presently being considered.

2.4.2 Alberta

This province amended its *Municipal Government Act* effective January 1, 2006, to introduce authority for municipalities to pass a Community Aggregate Payment Levy Bylaw.

Under this amended legislation, municipalities may charge a levy of up to \$0.25 per tonne on aggregate producers in their jurisdiction. This innovation was developed in consultation with the Alberta aggregate producers to deal with the same problems facing Manitoba.

2.4.3 Saskatchewan

Since 1979 this province has authorized individual municipalities to charge a Municipal License Fee of \$0.044 per tonne and an Aggregate Transportation Fee of \$0.24 per tonne per klm by

invoking a bylaw. (Manitoba's current requirements were based on the Saskatchewan model when they were first developed in the 1990's).

These rates were last reviewed in 1986. In 2003, the Saskatchewan Association of Rural Municipalities passed a resolution asking the provincial government to again review and adjust the aggregate license fees, and a consultative process has been established to undertake this task.

3.0 EXPLANATION OF THE PROPOSAL

3.1 What is a Consolidated "Community Enhancement Levy (CEL)?"

The concept of a consolidated "Community Enhancement Levy (CEL)" arose in discussion of the committee investigating this issue. It recognizes that a system already exists in Manitoba to collect the "Aggregate Pit & Quarry Rehabilitation Levy" under **The Mines & Minerals Act**. This levy is universally applied across the province, enforced by inspection staff and administered by the Mining Recording Office of the Department of Industry, Mines and Economic Development.

Since 1992, pit and quarry operators are required to register with the Mines Branch before commencing mining, and required to remit the Rehabilitation Levy payment (\$0.10 per tonne produced) at the end of each year. By taking advantage of this existing administration and enforcement structure, a municipal fee could be concurrently collected virtually without any added public cost. At the end of each year, the monies collected by this provincial department would be distributed to the respective municipalities in proportion to the aggregate production that occurred within each jurisdiction.

It is proposed that these monies would be directed by municipalities into dedicated accounts established by each municipal jurisdiction called a pit & quarry "Community Enhancement Fund (CEF)". The monies would then be expended at the individual municipality's discretion, subject only to broad guidelines referenced in Section 3.5.

From industry's standpoint, such a universal tax would maintain a level competitive playing field, since it would be universally applied throughout the Province. At present there is a degree of uncertainty for contractors bidding on projects, since it is never apparent which municipalities have invoked the Aggregate License Fee or which are planning to do so. This alternative brings certainty to the tendering process.

More importantly, the significantly increased contribution to local municipal infrastructure costs would help offset the negative image of the industry and concerns regarding the long term erosion of the tax base. Municipal councils and local residents would have motivation to consider economic growth and its revenue generations and contributions back to community priority as a basis upon which to consider approving new pit and quarry development proposals and even promote such land uses.

The increased access to undeveloped aggregate mineral resources is a benefit from the provincial standpoint. This will have the overall and long term effect of lowering infrastructure construction costs, and improving the business climate in the province.

3.2 What Legislative Changes Would Be Required?

As noted above, the actual collection of the levy in terms of administration and enforcement would be quite simple if it is linked the *Aggregate Pit & Quarry Rehabilitation Levy*. However, an amendment to **The Municipal Act** would be required to establish the necessary legal authority for such a province-wide municipal aggregate levy.

It must be emphasized that although the collection of the Community Enhancement Levy (CEL) would be administered by a provincial department, this is not a new provincial tax but rather an amendment to an existing system of municipal revenue collection from aggregate pits and quarries.

3.3 Establishing a Fair Municipal “Community Enhancement Levy (CEL)” Rate

The existing municipal “Aggregate License Fee” was initially enacted in the mid-1990’s to address inequities in the tax assessment system related to pit and quarry operations. It has been partially successful, but is impeded by its associated administrative cost and complication. As a consequence, many municipalities have not passed the necessary bylaws to enact the fees.

Replacement of this charge and the associated “Aggregate Transportation Fee” with a new single municipal CEL of \$0.20 per tonne is proposed to achieve the purposes described in this discussion paper.

To fully adjust for past inflation, it is proposed that this rate would be increased by one cent over each of the next five years, starting in 2014 notwithstanding the eventual date of legal implementation. The rate would then be adjusted regularly thereafter based on a review by a committee of stakeholder representatives.

Joint collection of this new municipal CEL (of \$0.20 tonne) with the “Aggregate Pit & Quarry Rehabilitation Levy” (of \$0.12 /tonne) would create a single province wide levy of \$0.32 per tonne. Pit and quarry operators would remit this single charge. The prescribed separation of the monies and redistribution of the municipal component to the respective jurisdictions would be done internally by Mines Branch.

Based on average production statistics from private property in recent years (*see Table 3*), it is anticipated that the \$0.20 per tonne municipal CEL would generate approximately \$4.77 million in total or \$1.19 million more than currently collected, which would be proportionately distributed among all the municipalities with pit & quarry operations. The communities experiencing the most intense mining activity would also benefit the most from the levy (*see Table 4*).

The nature of the levy makes it relatively easy for industry to pass on to the consumers of aggregate products in the construction industry.

3.4 Expenditures of Pit & Quarry - “Community Enhancement Funds”?

Expenditure of monies set aside in each municipality’s “Community Enhancement Fund” would be at the discretion of Council.

However, in order to achieve the purpose and objectives discussed in this paper, such expenditures would be subject to the broad guidelines detailed in Section 3.5, which could be incorporated in the mandating legislation.

3.5 Principles of Agreement Guiding Program Development and Operation

1. The creation of the municipal Community Enhancement Fund (CEF) is intended to supplement the ability of local municipalities to address local capital construction investments which serve to enhance the quality of life and services in local communities. Accordingly, revenues from the CEF would be required to be disclosed in municipal balance sheets and the use of these funds would be restricted to augmenting eligible capital investments enforced only on the basis of good will and honor.
2. Expenditures would be restricted to enhancing the following types of capital projects:
 - roads and transportation
 - recreation, parks, and arenas
 - sewer and water line construction
 - business / industrial park development
3. To ensure these funding benefits from aggregate pit and quarry operations are appropriately recognized within the local community:
 - i) Communications associated with transfer of collected funds from the Province to recipient municipalities would feature prominent acknowledgment of the industry

- ii) Communications and signage regarding individual projects undertaken or cost shared with monies from the local “Pit & Quarry – Community Enhancement Fund” would feature and acknowledge the financial contribution of the aggregate industry.
4. The express intention is to ensure that this new municipal Community Enhancement Levy (CEL) (CEL) is applied universally across Manitoba, required by Provincial Regulation to be disclosed on sales invoices, collected on behalf of municipalities by the provincial government (Mines Branch) in conjunction with the existing Aggregate Pit & Quarry Rehabilitation Levy, and distributed to the respective municipalities each year in a manner that acknowledges industry involvement and support.

Recipient local municipal governments would administer their individual Community Enhancement Funds subject to the above principles.

- 5. To keep pace with inflation and industry dynamics, both the Community Enhancement Levy (CEL) and the Rehabilitation Levy should be reviewed every five (5) years.
- 6. In consideration of the simplicity of this change and attendant support to provincial policies, there shall be no financial charge to municipalities imposed by the province for the collection or any administrative handling of the Community Enhancement Levy (CEL).

3.6 Refinement for Circumstances Where the “Community Enhancement Levy (CEL)” Cannot Be Collected

Since the proposed CEL replaces municipal taxation of private pits and quarries with a single tonnage based charge, universal and uniform application within all municipalities is a fundamental underlying principle.

There are only two possible circumstances where damage to municipal roads by aggregate hauling trucks might be incurred, without the offsetting capacity to collect this new CEL. (To speed up travel and reduce vehicle wear, industry is highly motivated to use provincial highways as much as possible.)

- i) Although no actual examples could be identified by committee members, it is at least hypothetically possible that gravel from a licensed pit or quarry in one municipality may be hauled over a municipal roads in an immediately adjoining municipality.
- ii) Aggregate and other minerals on Crown lands are subject to Provincial taxation / royalties as opposed to municipal taxation. Although the vast majority of Crown land is found in ‘unorganized’ portions of the province, in a small number of situations, aggregate from a Crown pit or quarry may be hauled over a short stretch of municipal road before reaching the nearest provincial highway.

To equitably accommodate these relatively few and unique circumstances, it is proposed that the existing **Aggregate Transportation Fees** as set out in MR48/97 under *The Municipal Act* should continue to apply, but only where no CEL is otherwise collected by the municipality.

These Transportation Fees are charges per tonne per kilometer of municipal road used, which offset the road maintenance and shortened road-life costs incurred by that municipality.

Municipalities currently have the authority to pass bylaws requiring such fees. In 2006, for example a Transportation Fee \$0.026 / tonne/ kilometer could be collected on aggregate hauled from a Crown pit or quarry over a municipal road.

Payment of the CEL in one municipality and the Transportation Fee in the adjoining municipality would constitute double taxation, which would unfairly affect the relative competitive position of the operator. Allowance therefore needs to be made for such operators.

These Transportation Fees under *The Municipal Act* were reviewed in 2003 and a schedule for increases to adjust for inflation was established by revision of the regulation at that time.

4.0 CONCLUSION

This proposal is supported by the Manitoba Heavy Construction Association (MHCA) as an alternative to a simple amendment of the Municipal Aggregate License Fee rate established in Manitoba Regulation 48/97 under *The Municipal Act*.

In summary, the benefits of consolidating the existing licensing fees and aggregate levies in this manner would be as follows:

1. Aggregate pit and quarry businesses would be seen to be more visibly contributing to the finances of the local municipality in which they operate.
2. Local residents and municipal councils would be more welcoming to the development of new pits and quarries in their community, since the generous ongoing financial contribution would offset concerns regarding the erosion of the local tax base and displacement of other land uses that have higher amenity values.
3. At virtually no administrative cost, the provincial objective of maximizing the availability of scarce aggregate mineral resources for infrastructure development and construction activity throughout Manitoba would be supported. This is consistent with the land use policies embodied in MR 184/94 under *The Planning Act* and with the *Principles of Sustainable Development*.
4. Local communities would benefit through access to sustained, transparent revenue streams derived directly from local economic activity. This is additional revenue which could be effectively allocated to urgently needed local infrastructure development projects.
5. Once the legal framework is in place, future incremental adjustments of the levy to accommodate inflation and changing economics could be implemented administratively through consensus, at little or no cost to the province. The attendant benefits of a mutually supportive relationship between local residents and industry would support provincial policy and economic objectives, while serving local community interests.

Respectfully submitted,
Manitoba Heavy Construction Association (MHCA)



Per:

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President MHCA

Table 1: Existing Aggregate License and Transportation Fees Rates from Schedules A and B from MR 18/2008 and 46/2009

SCHEDULE A
(Subsection 2(2))
FEES FOR MINING AGGREGATE

Year	Rate per cubic metre	Rate per cubic yard	Rate per tonne	Rate per ton
2008	\$0.178	\$0.136	\$0.10	\$0.110
2009	\$0.196	\$0.150	\$0.11	\$0.121
2010	\$0.214	\$0.163	\$0.12	\$0.132
2011	\$0.231	\$0.177	\$0.13	\$0.143
2012	\$0.249	\$0.190	\$0.13	\$0.143
2013 and following	\$0.267	\$0.204	\$0.15	\$0.165

SCHEDULE B
(Subsection 2(3))
FEE FOR TRANSPORTING AGGREGATE

Time Period	Column 1 Rate per tonne	Column 2 Rate per cubic metre
March 2009 to the end of November 2009	\$0.0291	\$0.0510
December 2009 to the end of February 2010	\$0.0146	\$0.0256
March 2010 to the end of November 2010	\$0.0303	\$0.0530
December 2010 to the end of February 2011	\$0.0151	\$0.0266
March 2011 to the end of November 2011	\$0.0315	\$0.0551
December 2011 to the end of February 2012	\$0.0157	\$0.0277
March 2012 to the end of November 2012	\$0.0328	\$0.0573
December 2012 to the end of February 2013	\$0.0164	\$0.0288
After February 2013, during the months of March to November	\$0.0341	\$0.0596

TABLE 2: PROJECTION OF ADDITIONAL REVENUES THAT WOULD HAVE BEEN RECEIVED IF THE COMMUNITY ENHANCEMENT LEVY (CEL) WAS INSTITUTED WHEN FIRST PROPOSED BY THE MHCA (IN THE FALL OF 2006)

	2012 (projected)	2011 (projected)	2010	2009	2008	2007
SUB-TOTAL FOR PRIMARY AGGREGATE PRODUCING MUNICIPALITIES	-\$131,168	-\$262,335	-\$393,503	-\$510,986	-\$533,089	-\$1,344,541
SUB-TOTAL WHERE MUNICIPALITIES REPORTED PRODUCTION THAT WAS LESS THAN 100,000 TONNES OR LESS THAN 4 OPERATOR REPORTS RECEIVED	-\$26,499	-\$52,998	-\$79,497	-\$128,984	-\$140,129	-\$289,873
TOTAL ANNUAL REVENUE DIFFERENCE	-\$157,667	-\$315,333	-\$473,000	-\$639,970	-\$673,218	-\$1,634,414

CUMULATIVE REVENUE DIFFERENCE FROM 2006 TO 2012 -\$3,893,603

Table 3

AGGREGATE PRODUCTION IN MANITOBA 1993 - 2010 (tonnes)			
	<i>PRIVATE LAND</i>	<i>CROWN LAND (Leases & Permits)</i>	<i>TOTAL</i>
1993	9,813,880	3,102,850	12,916,730
1994	10,118,340	3,849,980	13,968,330
1995	10,592,830	3,563,570	14,156,410
1996	11,498,940	3,271,960	14,770,910
1997	13,034,250	3,405,260	16,439,510
1998	14,118,650	2,515,290	16,633,940
1999	12,850,004	3,514,986	16,364,990
2000	10,746,781	3,109,516	13,856,297
2001	11,427,489	3,569,120	14,996,609
2002	10,539,135	3,779,885	14,319,020
2003	11,903,401	2,117,723	14,021,124
2004	12,338,804	2,630,630	14,969,434
2005	13,880,860	3,203,613	17,084,473
2006	14,176,063	3,322,966	17,499,029
2007	15,375,341	3,506,048	18,881,389
2008	13,584,353	3,680,715	17,265,068
2009	16,118,037	4,494,867	20,612,904
2010	15,831,367	4,460,818	20,292,185
2011	17,937,746	5,917,462	23,855,208

See added numbers for 2011

**TABLE 4: AGGREGATE PRODUCTION (EXCEEDING 100,000 TONNES)
FROM PRIVATE LAND BY MUNICIPALITY - 2010**

Municipality	Tonnes
CITY OF BRANDON	137,695
RM OF ARGYLE	109,582
RM OF CORNWALLIS	745,575
RM OF DALY	107,137
RM OF HANOVER	887,911
RM OF LA BROQUERIE	132,739
RM OF LANSDOWNE	123,988
RM OF LORNE	173,978
RM OF PEMBINA	178,519
RM OF PIPESTONE	184,172
RM OF ROCKWOOD	4,682,230
RM OF ROSEDALE	136,276
RM OF SHELLMOUTH-BOULTON	138,738
RM OF SOUTH NORFOLK	321,040
RM OF SPRINGFIELD	3,798,989
RM OF ST. CLEMENTS	273,304
RM OF STANLEY	342,827
RM OF STE. ANNE	375,347
RM OF STUARTBURN	107,983
RM OF SWAN RIVER	119,609
RM OF WALLACE	111,398
RM OF WOODLANDS	124,804
RM OF WOODWORTH	170,743
Reporting less than 100,000 tonnes or only one return received	2,346,785