

Resolution 4

FINANCIAL ARRANGEMENTS (PASSED)

WHEREAS the Towns Task Force report concluded the challenges facing municipalities were long standing and raised the question of whether the current municipal government structure, roles and responsibilities were viable in the long term; and

WHEREAS the Fiscal Review concluded the current provincial operating grant was inadequate to allow all municipalities to provide a basic level of service at a reasonable cost; that the grant-in-lieu-of taxes by NSPI was inappropriately being used by the province; that the province needed to financially compensate towns for provincial roads and arterials, that the province needed to take responsibility for the disposal of schools; that the province needed to take responsibility for mandatory payment as a provincial property tax, among other financial concerns; and

WHEREAS the province's property cap program has distorted and increased the unfairness of the property tax, the primary revenue source of funding for municipal operations; and

WHEREAS economic growth requires municipal infrastructure and services, yet does not generate municipal revenues, as it does for the provinces through income and sales taxes; and

WHEREAS there are a number of municipalities in difficult financial situations; and

WHEREAS amalgamation has not been proven to resolve all financial issues;

THEREFORE BE IT RESOLVED that the UNSM request that the Province:

- work with municipalities to explore other governance models for shared service delivery and structural change, and provide support to municipalities to explore community interest and commitment to change;
- support the tools provided in the MGA for structural change (amalgamation, annexation and dissolution) including funding in support of structural change;
- form an all party working group to develop an education and awareness campaign to inform the public and other stakeholders of the impact of the Cap Program and to engage them in a discussion of how best to support rate payers;
- consider the establishment of an innovation fund for municipalities to assist in projects aimed at increasing efficiencies; and
- respond to the recommendations of the Fiscal Review, and work with UNSM and AMA to address the financial issues, including additional

provincial funding, both in the short run and the long run so that municipalities are truly able to deliver their responsibilities with a reasonable tax burden.

Response from:
Department of Municipal Affairs

RESPONSE:

This fund is already in place and being used by municipalities: The Municipal Capacity Building Fund (MCB) provides grants to municipalities for innovative projects and capacity building. The annual MCB budget of \$518,000.00 has allowed the Province to support:

- *the development of shared services between neighboring municipalities,*
- *the municipal education project (lead by the Association of Municipal Administrators),*
- *the Local Decision NS project encouraging people to run and vote in municipal elections, and*
- *the pre-dissolution costs for several municipalities.*

DMA encourages municipalities to contact their municipal advisor if they are considering innovative projects that will increase efficiencies or build capacity.