

NEWS RELEASE

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FOR IMMEDIATE RELEASE

UNSM Shocked with Province's Dismantling of MOU

Halifax, March 23, 2011: The Union of Nova Scotia Municipalities (UNSM) is shocked and dismayed with the Province's decision to dismantle the MOU with municipalities. Under the current MOU, municipalities were saving over \$100 million over seven years as the result of the Province taking over responsibility for Corrections and Public Housing and limiting increased municipal contributions to education at CPI. This agreement, which is enshrined in legislation, was the result of the UNSM's Fair and Equitable Funding Report which recommended the Province take over responsibility for services where municipalities had no mandate.

Now the Province has told municipalities that starting in 2012-13, it will no longer accept responsibility for corrections, public housing and municipal education costs. Annual costs for corrections and public housing alone will result in a \$21 million download onto municipalities. This does not include education cost increases tied to CPI which will be at least another \$6 million passed on to municipalities annually. The end result is that municipalities will now incur a \$27 million annual cost rather than the savings provided for in the MOU.

"The dismantling of the MOU is a major step backward for municipal-provincial relations in this province," said Mayor Billy Joe MacLean, UNSM President. The savings from the MOU would have been factored into multi-year budgets as prepared by municipalities. "Municipalities were counting on the savings from the MOU to provide the financial capacity for much needed infrastructure upgrades, services, and providing tax breaks onto residents. As a result of this download, municipalities may be forced to raise tax rates, cut services, lay off staff, or a combination of all three," MacLean further stated.

UNSM's frustration stems from the fact that there was no consultation with the UNSM or municipalities in arriving at this decision. "For a Government that prides itself on consultative decision making, this announcement came out of nowhere. We were told two hours prior to the media release," said MacLean.

The UNSM would have appreciated sitting down with officials from the Department of Finance, the Treasury Board and Service Nova Scotia and Municipal Relations prior to this decision to try to arrive at alternative solutions to the Province's fiscal challenges.

As part of the MOU, municipalities agreed to work with the Province to establish a Municipal Auditor General. With the savings granted to municipalities under the MOU, the Province justified the establishment of a Municipal Auditor General Office paid for by municipalities. Now this position is in jeopardy. "Clearly the justification for establishing a Municipal Auditor General was due to the savings received by municipalities as a result of the MOU. Now that those saving will not be realized, the UNSM feels that municipalities should no longer have to pay for such a position. If the Province feels it is important, than they should fully fund it," MacLean said.

The UNSM will correspond with its membership of all 55 municipalities to gather input on how to proceed in addressing this serious issue.