

October 29, 2023

The Honourable Brad Johns
Chair, Standing Committee on Law Amendments
Email: Legc.office@novascotia.ca

Dear Minister Johns & Members of the Standing Committee on Law Amendments;

RE: Bill 340 – Municipal Reform Act

I write today on behalf of the Municipality of the County of Antigonish in support of Bill 340, the Municipal Reform Act (the Act). Thank you for considering the County's views.

First, I'd like to thank officials from the Department of Municipal Affairs and Housing (DMAH) and Nova Scotia Federation of Municipalities (NSFM) who have worked diligently to bring these proposals forward. These are not easy issues or conversations, but they are important and will move our province and communities forward.

As introduced on October 17, the Act will remove mandatory municipal contributions for corrections and public housing. These are clearly provincial responsibilities, and this is a welcomed change. These changes will result in an estimated annual savings of over \$400,000 for Antigonish County.

We also applaud the creation of a new \$15-million application-based infrastructure program, which we understand to follow the approval of the Act. In the development of that program, we encourage DMAH to make calls for applications predictable and early so municipalities and their contractors can appropriately plan. This will make limited public funds go much further. We also encourage the province to increase the amount of funding available over time.

The Act will also see pre-1981 surplus schools remain in provincial ownership, rather than being transferred to municipalities, while providing municipalities with the first right of offer to purchase these facilities. This is also a positive step that will reduce risk for municipalities and create opportunities for our communities. As this process is further defined, we encourage the province to work closely with the local municipalities and communities to determine the best use for surplus schools that reflect their needs.

Antigonish County is one of nine municipalities that do not receive a Municipal Financial Capacity Grant, and this will not change as a result of this Act. Similarly, Antigonish County will not see any benefit from a new infrastructure program that will support

municipally owned trunks & routes. Therefore, we will not provide comment on those aspects of the Act and Service Exchange proposal.

The Act will not result in a windfall of savings and significant extra funding for Antigonish County; the benefits and implications are greater for other municipalities. Rather, it will make small but meaningful adjustments to our municipality's relationship with the province, which is why we are providing our support. We don't consider this an end, but a beginning.

Our province and communities are growing. Meeting the challenges of growth means thinking and acting in new and innovative ways. Like municipal modernization more broadly, we understand and respect that this may look different in different communities; what works for or is supported in one part of our province may not be in another. At the end of the day, we are each doing what we believe to be right, and in the best interest of our communities.

The Municipality of the County of Antigonish embraces the challenges of growth and we are committed to working with our partners, including the province, for the betterment of our communities. The Municipal Reform Act is an important step in the right direction, which is why it has our support. We look forward to all the steps that come after and continuing to work with the provincial government on matters that increase capacity, address challenges, and strengthen communities and municipalities.

Sincerely,



Owen McCarron
Warden

Cc: Mayor Brenda Chisholm-Beaton, President, NSFM
Mayor Laurie Boucher, Town of Antigonish
Honourable John Lohr, Minister of Municipal Affairs and Housing
Honourable Greg Morrow, MLA for Guysborough Tracadie
Honourable Michelle Thompson, MLA for Antigonish c
Bryon Rafuse, Deputy Minister, DMAH
Juanita Spencer, CEO, NSFM



COUNTY of ANNAPOLIS
NATURALLY BEAUTIFUL

752 St. George Street, PO Box 100
Annapolis Royal, Nova Scotia, Canada B0S 1A0
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Website: AnnapolisCounty.ca

October 29, 2023

Honourable Brad Johns
Chair
Law Amendments Committee
CIBC Building, Suite 802
1809 Barrington Street
Halifax, Nova Scotia B3J 2X1
legc.office@novascotia.ca

Dear Chairman Johns:

Municipality of the County of Annapolis has now had a chance to review the proposed legislation as it relates to Bill 340 respecting Municipal Reform. Our Municipality received the proposed detailed funding chart several weeks ago and reviewed the legislation recently to ensure we fully understood the financial ramifications of the proposed changes and fairness for our Municipality as it compared to other municipalities in the province in relation to the proposed Bill.

After a thorough review, the changes are positive both in the short term and long term for Annapolis County. Additionally, the proposed new plan removes the cost-sharing by municipalities for provincial services of corrections and housing which has been a sore spot for more than two decades. We appreciate the province listening to our concerns regarding the removal of these costs.

We understand that Bill 340 is coming before the Law Amendments Committee on Monday, October 30, 2023. We are unable to attend in person due to scheduling conflicts however; we encourage the government to pass this Bill so that the residents of Annapolis County can see these savings immediately beginning on April 1, 2024.

We appreciate the province's sincere commitment to seeing this joint municipal / provincial process through to a successful conclusion.

Yours sincerely,

Chris McNeill
Chief Administrative Officer

From: Terrydonnagillis [REDACTED]
Sent: October 26, 2023 10:47 AM
To: Office of the Legislative Counsel
Subject: Bill 340

[You don't often get email from terrydonnagillis@ns.sympatico.ca. Learn why this is important at <https://aka.ms/LearnAboutSenderIdentification>]

**** EXTERNAL EMAIL / COURRIEL EXTERNE ****

Exercise caution when opening attachments or clicking on links / Faites preuve de prudence si vous ouvrez une pièce jointe ou cliquez sur un lien

Good morning. My name is Donna Hagen-Gillis and I am a resident of CBRM. I am disheartened with what my Provincial Govt is offering my community. We are the 2nd largest municipality in NS and much larger than the 3rd however we are lumped in with 47 small communities. Halifax is allowed their own MOU and receive a large amount even though they are a much richer community than CBRM. We are falling short every year and in need of a hero that will see our worth and our immense need. I pay \$3660 a year currently in taxes to my municipality for sewer and garbage collection. The communities amalgamated many years ago yet I fall under the province for rd care. I have a small bungalow and my taxation is extreme for the 2 services I receive. We cannot endure another tax increase as Minister Lohr seems to think we can afford. He seems to have a real problem with CBRM on a personal level. In his position he shld be professional and care about all areas of N.S. this does not seem the case. Now I know my Council cannot agree all the time and may have not jumped on this as quickly as they shld. However as a constituent of NS (not just CBRM) I am ashamed to say my home is N.S. I am appealing to the Provincial Govt to not include CBRM in Bill 340 and to come to the table with a fair offer for the 2nd largest Municipality in N.S. allow Cape Breton residents to be happy with our council and province and to live with a little ease and not poverty. So many are suffering everywhere in Canada and I am asking my Provincial Govt to see us in CBRM, see our struggles and be our Hero.

Thank you

From: Amanda M. McDougall

Sent: Monday, August 14, 2023 3:45 PM

To: keithbainmla@bellaliant.com; Comer, Brian <brian3@novascotia.ca>; JohnWhiteMLA@outlook.com

Cc: Carmichael-MacMullin, Ken <Ken.Carmichael-MacMullin@novascotia.ca>; All Council

<AllCouncillors@cbrm.ns.ca>; Marie J. Walsh <mjwalsh@cbrm.ns.ca>; John F. MacKinnon

<jfmackinnon@cbrm.ns.ca>; Wayne H. Macdonald - Eng <whmacdonald@cbrm.ns.ca>; Michael E. Ruus

<meruus@cbrm.ns.ca>; Jennifer L. Campbell <jlcampbell@cbrm.ns.ca>

Subject: Meeting follow-up – Proposed Provincial/Municipal MOU

Good Afternoon, Colleagues:

I want to again express my gratitude on behalf of CBRM Council and staff for making the time to sit down with us and discuss the proposed Provincial/Municipal MOU. As promised, see below for suggested changes put forward by Cape Breton Regional Municipality regarding the proposed Provincial/Municipal MOU:

- The proposed Provincial/Municipal MOU eliminates Housing and Corrections tax collection as a municipal responsibility. **We are asking that Education taxation be removed as well.**
- We request that the Provincial Government **honour the doubling of the Municipal Capacity Grant** that was allocated to CBRM.
- Studies such as the CBRM Viability Report (2019) and Dalhousie Review (2000) have indicated that CBRM possesses a unique set of challenges around infrastructure, growth, and demographics. **We ask that CBRM be offered the same opportunity as HRM to negotiate an agreement outside of the general MOU process that reflects these exceptionalities.**

Included to this correspondence are the requested studies and supplementary information that was cited in our discussions this morning. We also ask that you advise when this information will be brought forward to the PC Caucus and when we might expect a response to our suggested changes.

In kindness,

Mayor McDougall-Merrill

Amanda McDougall-Merrill

Mayor

Cape Breton Regional Municipality



**Municipal Affairs and Housing
Office of the Minister**

PO Box 216, Halifax, Nova Scotia, Canada B3J 2M4 • Telephone 902-424-5550 Fax 902-424-0581 • novascotia.ca

September 21, 2023

Her Worship Amanda McDougall-Merrill
Mayor
Cape Breton Regional Municipality
VIA EMAIL: mayor@cbrm.ns.ca

Dear Mayor McDougall-Merrill:

Further to your conversations with Deputy LaFleche from earlier this morning, and our previous letter dated September 15, 2023, there are two options available to CBRM regarding Service Exchange.

OPTION 1 – Participate in the proposal currently being discussed for Service Exchange. Through the recent consultations, and as outlined in our CBRM one page summary sent on July 31, 2023, CBRM would see savings of approximately \$4.5 million upon implementation of the new Service Exchange Agreement, including the following:

- 1) **MFCG** – Under the new formula, CBRM will receive \$13,647,641. The Province will top that amount up with an additional \$1,688,197 for the next 5 years.
- 2) **Corrections** – The Province will stop collecting this amount from CBRM annually. The most recent figure for this was from the 2022/2023 fiscal year and showed CBRM would save \$1,054,547. This amount may fluctuate slightly annually but will generally increase in small amounts.
- 3) **Housing Net Operating Losses** – The Province will stop collecting this from CBRM annually. The exact annual amount is determined annually but is expected to continue to increase as additional funding and attention are paid to our extensive public housing properties in CBRM. The current estimate for the 2023/2024 figure is \$3,535,675.
- 4) In addition, if you are part of this proposed agreement, you will be eligible to participate in a new \$15 million annual infrastructure program and the Roads Part A program worth \$6.1 million annually.
- 5) Finally, the Province will take responsibility for any obsolete schools which are closed following the approval of this agreement.

OPTION 2 - Proceed with a separate negotiation. Should CBRM proceed in this way, it is important to be clear on two points:

- 1) The above savings of approximately \$4.6 million will not occur, at least until a separate agreement is reached.
- 2) The financial parameters outlined in the existing Service Exchange proposal will guide any separate negotiation with CBRM. That means the above annual savings of approximately \$4.6 million will be considered a cap within our negotiations.

If your preference is to pursue a separate agreement, the Province is willing to commit to maintaining funding to match your previous Municipal Financial Capacity Grant for the next five years. Also, within the process of negotiating, the Province is willing to work with you to develop a separate CBRM Charter.

As I requested on September 15, 2023, we request a motion of council clearly stating whether you:

- 1) want to be included in the Service Exchange Agreement and receive the immediate additional financial support for CBRM totalling \$4.5 million (current estimate), or
- 2) delay these potential additional savings while a separate agreement is negotiated with you.

Once we have that clarity, we can schedule future meetings with my office.

Sincerely,



Honourable John A. Lohr
Minister of Municipal Affairs and Housing

Attached

c: Honourable Tim Houston, Premier
Honourable Brian Comer, MLA
Marie Walsh, CAO, CBRM
All Councillors, CBRM
Valerie Pottie Bunge, Acting Deputy Minister, DMAH



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September 28, 2023

Her Worship Amanda McDougall
Mayor
Cape Breton Regional Municipality
320 Esplanade - Suite 400
Sydney, NS B1P 7B9

Via Email: mayor@cbrm.ns.ca

Dear Mayor Amanda McDougall:

In furtherance to my letter of September 21st outlining your options regarding CBRM's participation in the proposed Service Exchange agreement, I wanted to provide some clarity around timing. In that letter I requested a motion of council confirming your desire to participate in the proposed new service exchange agreement. I want to clarify that we need a response by noon Tuesday, October 4, 2023.

If we do not receive a response by that time, I will go forward with a proposal for a new service exchange agreement that includes CBRM.

Respecting the observance of Truth and Reconciliation Day on Monday, we are happy to receive your response through a scanned version sent via email directly to me at Dmamin@novascotia.ca or via fax at 902 424 0581.

Sincerely,

A handwritten signature in cursive script, appearing to read 'John A. Lohr'.

Honourable John A. Lohr
Minister of Municipal Affairs and Housing

Amanda M. McDougall-Merrill

MAYOR, CAPE BRETON REGIONAL MUNICIPALITY

October 3, 2023

Hon. John Lohr, Minister
Department of Municipal Affairs and Housing
14th Floor North, Maritime Centre - 1505 Barrington Street
P.O. Box 216 Halifax, NS B3J 2M4
Email: dmamin@novascotia.ca

Dear Minister Lohr:

While I am grateful the Department recognizes the importance of moving forward with the proposed Municipal/Provincial MOU your deadline of providing a council motion to enter into this agreement by noon today is logistically impossible.

A motion of council requires a public meeting and debate - I welcome you and your staff to attend an upcoming meeting of CBRM Council to provide the necessary detail and policy associated with the proposed MOU for Council to decide upon. As you can appreciate, voting on something as important as the MOU requires significant thought and preparation – and answers to the many questions staff and Council continue to have regarding the proposal DMAH has put forward to all municipalities, and additionally the suggestion of a possible separate agreement specific to CBRM.

CBRM has two Regional Council meetings scheduled for the month – **October 10th at 6:00 pm** and **October 24th at 9:30 am**. Should neither of these meetings work within your schedule, we can call an Emergency Meeting of Council on a date that is more accommodating.

With gratitude,



Mayor Amanda McDougall-Merrill

Cc: Paul LeFleche, Deputy Minister DMAH
Marie Walsh, CAO CBRM
CBRM Council

320 Esplanade - Suite 400
Sydney, NS, B1P 7B9
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**Municipal Affairs and Housing
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September 28, 2023

Her Worship Amanda McDougall
Mayor
Cape Breton Regional Municipality
320 Esplanade - Suite 400
Sydney, NS B1P 7B9

Via Email: mayor@cbrm.ns.ca

Dear Mayor Amanda McDougall:

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Sincerely,

A handwritten signature in cursive script, appearing to read "John Lohr".

Honourable John A. Lohr
Minister of Municipal Affairs and Housing



**Municipal Affairs and Housing
Office of the Minister**

PO Box 216, Halifax, Nova Scotia, Canada B3J 2M4 • Telephone 902-424-5550 Fax 902-424-0581 • novascotia.ca

October 6, 2023

Your Worship Amanda M. McDougall-Merrill
Mayor, Cape Breton Regional Municipality
320 Esplanade – Suite 400
Sydney, NS B1P 7B9
VIA Email: mayor@cbrm.ns.ca

Dear Mayor McDougall-Merrill:

Thank you for your letter dated October 3, 2023, in which you invited myself and Department staff to attend a CBRM Council meeting regarding the proposed Municipal/Provincial Memorandum of Understanding.

Staff in the Department have worked hard over the summer to gather feedback from Municipalities regarding the proposed Memorandum of Understanding. As you are aware we conducted extensive consultations, including two meetings dedicated to hearing from CBRM. The timing of this process was done at the request of the SERMGAR committee in an effort to get a proposal in front of the legislature this fall.

In my most recent letter provided to you on September 28, 2023, I explained our position on this matter and provided a deadline for your response. I realize the final request to you included a short timeline, but my staff met with your staff on August 31 making the same request verbally and I followed up with letters on September 15 and 21 again asking for clarification. We needed clarity on council's position as we did not want to take the benefits of this deal away from CBRM unless council was explicit with us as to that being their preference. None of those requests were addressed by CBRM council.

Given time restrictions to move the proposed Memorandum of Understanding forward, I have to maintain the direction from my September 28, 2023, letter. Accordingly, I will be recommending CBRM remain in the proposed Memorandum of Understanding on service exchange.

With respect to my attending a council meeting, as noted above, the Department, both through meetings with my staff and formal correspondence from myself, has given you ample opportunity to clarify your preference. That, combined with my responsibilities with the Legislature sitting next week mean I will be unable to attend a council meeting at this time.

Sincerely,

Honourable John A. Lohr
Minister of Municipal Affairs & Housing

C-0642

Net Impact of MOU - CBRM

	Estimated Budget	Estimated Budget	Estimated Budget	Estimated Budget	Estimated Budget	Estimated Budget	Estimated Budget
Net Provincial Transfer Projection (excludes roads)	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
C.B./Victoria School Board	\$ 16,530,308	\$ 17,803,142	\$ 18,559,775	\$ 19,348,566	\$ 20,170,880	\$ 21,028,142	\$ 21,921,838
Island Housing Authority (CBIHA)	2,477,613						
Correctional Costs (Provincial)	1,135,747						
	\$20,143,668	\$17,803,142	\$18,559,775	\$19,348,566	\$20,170,880	\$21,028,142	\$21,921,838
Municipal Capacity Grant	\$ 15,335,838	\$ 15,335,838	\$ 15,335,838	\$ 15,335,838	\$ 15,335,838	\$ 15,335,838	\$ 13,647,641
Net Transfer (to) from Province	<u>\$ (4,807,830)</u>	<u>\$ (2,467,304)</u>	<u>\$ (3,223,937)</u>	<u>\$ (4,012,728)</u>	<u>\$ (4,835,042)</u>	<u>\$ (5,692,304)</u>	<u>\$ (8,274,197)</u>

Based on Education average increase in last 5 yrs 4.25% after 2024-25

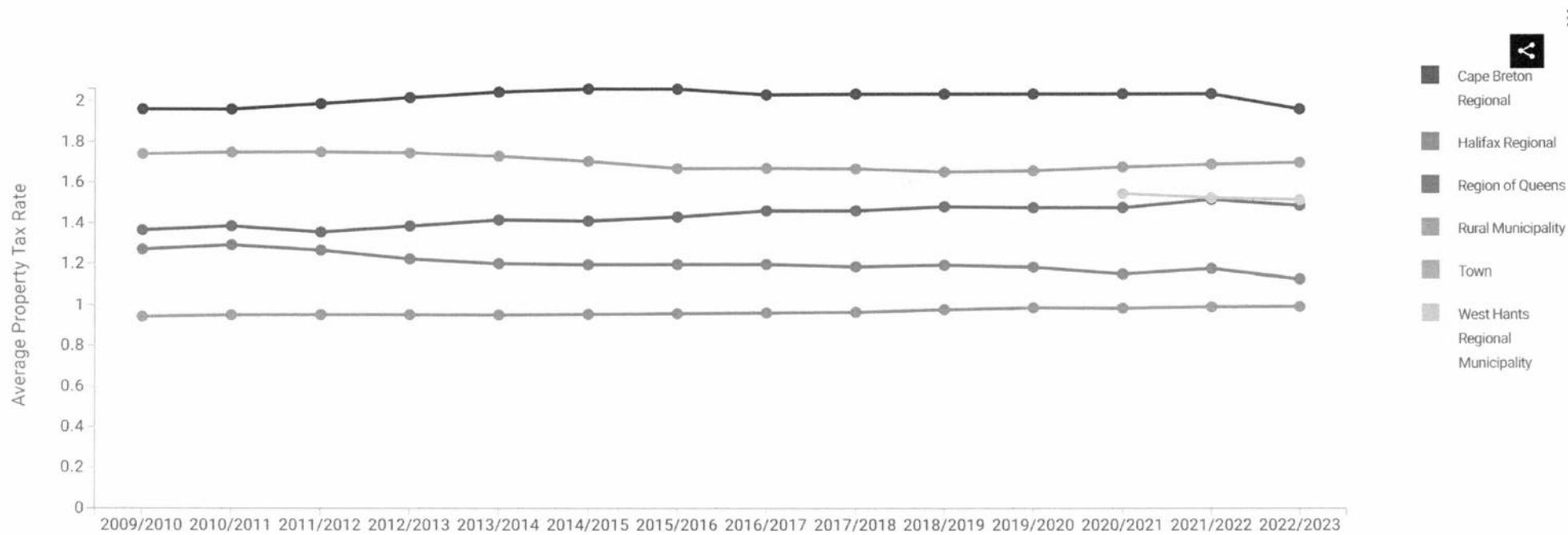
CBRM's net transfer to the Province increases from
 (\$4.8M) to (\$8.27M)
 \$3.47M in added pressure due to Bill 340 even though
 Housing and Corrections are eliminated.

Jennifer Campbell CBRM

CBRM - Historic Net Provincial Transfers

	<u>2006-07</u>	<u>2012-13</u>	<u>2014-15</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
Unconditional Grants						
Equalization	\$ 17,716,646	\$ 15,832,580	\$ 15,335,838	\$ 15,335,838	\$ 30,671,676	\$ 15,335,838
Provincial Mandated Costs						
Education	10,528,212	\$ 11,588,280	\$ 12,713,730	\$ 14,871,660	\$ 15,282,089	\$ 15,534,623
Corrections	1,454,612	1,111,696	1,102,720	1,070,466	1,066,680	1,054,547
Housing	1,770,364	1,802,619	1,969,379	2,157,152	2,136,004	2,534,492
Total Provincial Mandated Costs	\$ 13,753,188	\$ 14,502,595	\$ 15,785,829	\$ 18,099,278	\$ 18,484,773	\$ 19,123,662
Spread	3,963,458	1,329,985	(449,991)	(2,763,440)	12,186,903	(3,787,824)
Total Operating Budget	\$ 106,141,659	\$ 136,996,915	\$ 142,730,595	\$ 154,216,771	\$ 157,362,157	\$ 162,223,985
Provincial costs as a % of Total Budget	13.0%	10.6%	11.1%	11.7%	11.7%	11.8%

In 2006, CBRM received net financial assistance of \$3,963,458. Fast forward to now - CBRM transfers \$3,787,824 MORE to the province than we receive in financial aid. Cost pressure added to CBRM's tax base is over \$7.75M - a direct result of a stagnant Municipal Capacity Grant funding pool and inflation on provincial transfers.



Jennifer Campbell CBRM

Good morning. My name is Jennifer Campbell and I am the Chief Financial Officer of Cape Breton Regional Municipality. Thank you for the opportunity to voice my concerns respecting Bill 340.

CBRM is highly reliant on the Municipal Capacity Grant, in fact we currently receive about one-half of the entire fund. We have the highest municipal tax rates in the province, and by a very large margin. We do not have the taxation capacity required to address the climbing infrastructure and operating needs of our large, growing community - pressures that other municipalities simply don't have – like transit and wastewater treatment infrastructure.

Last year marked our first ever operating deficit, largely the result of increased transit service demands and steep inflation. This year's budget deliberations were the most challenging yet as we struggle to balance the cost of service delivery to our residents with what they can reasonably afford in taxes. We've cut our budgets so deep to survive up til now that we had no choice but to increase tax rates further.

We just finished construction of a new wastewater treatment plant – forced by environmental regulation. Our share of that one project was \$13million dollars. It's going to add \$2.5M in Debt servicing and operating costs to our budget next year. We have more plants coming online in the next few years, with more needed that aren't even being built yet - I could go on and on.

The viability study commissioned by the Province in 2019 highlighted the fact that CBRM is facing significant challenges – I've already named a few. The study found that CBRM's per capita cost of delivering municipal services were the lowest in almost every category compared to municipalities of similar size and characteristics. But despite our efforts, it was clear in the findings that our tax base cannot financially sustain future operating and capital pressures without substantial changes to legislative policy on taxation and other strategic actions to grow our tax base.

When the municipal capacity grant was doubled in 2021 and a commitment made to modernize the municipal capacity grant formula, we thought that was the turning point for CBRM and all struggling NS municipalities. But what is proposed in this Bill falls short of what is needed. Instead of additional funding, the municipal capacity grant fund remains the same.

The new formula redistributes the same old 1995 funding, leaving 17 municipalities with less money than they're getting today...and CBRM is one of them. We are 1 municipality but comprised of 8 former units. By definition, the Municipal Financial Capacity Grant is given to assist municipalities whose costs of delivering a core set of services exceed their ability to pay, when compared to similar municipalities. But there are no other similar municipalities in Nova Scotia to compare CBRM to. Like it or not, we have unique challenges and need to be look at through a different lens.

I'd like to speak a bit about CBRM's taxes. Our tax rates are a huge impediment for growth, whether one is purchasing a new home or building one. Our Municipal Indicators Report – which is our Provincial Financial Report Card - tells a much different story. It indicates that even though our rates are the highest in Nova Scotia, CBRM has the capacity to increase tax rates further...by ALOT.

The residential tax effort indicator assesses what % of household income is spent paying property taxes. The calculation is simple - Total audited residential tax revenues divided by the total # of dwelling units gives you an average tax bill per household. Take that average tax bill and divide it by median household income to determine the % of income paid towards property taxes. The thresholds set by the province say that if your average tax bill compared to your median income is anything less than 4%, you're not trying hard enough.

The formula suggests, based on the CBRM's median household income, that the average tax bill should be around \$2,500 per household. The calculation shows we are at around \$1,900 or 3%, which would indicate that CBRM has a fair bit of room to increase tax rates if needed without significantly impacting the affordability of our taxes.

The logic is fair...but only if everyone's taxes were based on the market value of their home – the whole premise of ones "ability to pay" in the assessment act. But, with an average tax rate of over \$2.00, if you're lucky enough to get a bill for \$1900, that means your taxable assessment is only \$95,000. When was the last time you could buy or build a house for \$95,000?

But like I said, it's a simple formula – perhaps too simple. The average tax bill calculation is heavily diluted by taxes charged on properties that are owner unknown or not able to be developed that are still assessable under legislation. So a bill is still generated and included in our revenues, even though they never get paid. It doesn't reflect that of our 48,000 dwelling units, that many are abandoned, unsafe, and need to be torn down; that many apartment complexes (like provincially owned public housing) represent high unit counts with low tax values compared to a typical single family home - all of which result in an understatement of what an average tax bill in CBRM truly looks like. And many residents are in fact paying a significantly higher % of their income on property taxes than the 4% provincial benchmark.

For context, a young family is likely in the market for an average sized house which will probably cost around \$250,000 if they're lucky. Their tax bill, based on today's rates in Sydney would be \$5,475 (2x what the formula says our average tax bill should be). Let's assume this couple makes \$120,000 in "gross" household income (nearly double CBRM's current median household income and pretty good for a young family starting out). Property taxes as a % of income for this family would start at 4.6%...- higher than the parameters of affordable taxation according to the province's own benchmark.

Yes, many residents can afford to pay more – most of those folks, even though their homes may be valued at \$250,000, are paying based on a capped assessment amount at less than half that value. Unfortunately, there is no mechanism available to shelter those who are already taxed beyond their income. There are thousands of examples just like this one in our community.

I encourage you to do some quick math on your own. Apply CBRM's tax rate of \$2.00 to your own market assessment – how does that compare to what you pay now. Is our tax bill something you or your children's families could easily afford if you were to pick up and move to CBRM tomorrow?

That is why CBRM residents critically need the funds that the Municipal Capacity Grant provides to help in the cost of delivering core services and protect against increases in tax rates beyond what they already are, and why CBRM has been so vocal in our disappointment of this Bill.

The elimination of “flow-through taxes” for housing and corrections as proposed in this Bill is great news. But the financial benefit of no longer taxing our residents for these provincial services is going to be rapidly absorbed by continued increases to our education transfers which are 4.5x what we pay for housing and corrections combined, AND increase each year with inflation, while the municipal capacity grant doesn’t.

Next year, CBRM’s education transfer will increase \$1.1m – that’s more than the total we pay for corrections today. Our “capacity” will decrease \$3.5m per year (even with housing and corrections eliminated) - the result of continuing education transfer increases and the \$1.6m loss of capacity grant funding that will be taken from CBRM and redistributed to other municipalities when the formula top up is lifted after 5 years.

We understand that including the entire education transfer in this Bill requires much more discussion and planning. But, an amendment to the Bill that would see the immediate freezing of education at current amounts is needed to support the mounting pressures faced by municipalities and their residents by this one remaining transfer, which IS a provincial responsibility.

The Province taking over pre-1981 schools on a go-forward basis is also great news. However, dozens of schools have been closed that have already reverted back to municipalities. The former CB-V-RSB closed 17 before the dissolution of school boards. These schools remain a significant financial burden given their current states of disrepair. For example a former school in Glace Bay cost our residents \$300K to demolish and that was 10 years ago.

To take down the dozens of remaining schools would cost municipalities millions, which is why having this Bill limited to future school closures comes with disappointment. Schools are exempt from taxation, meaning we don’t receive any tax revenues on school properties while they’re in use, yet municipal dollars are required to take them down. Bill 340 needs to be amended to address all pre-1981 schools that have been closed, and not just those schools closing in the future.

The inherent issues with the municipal capacity grant today remain unchanged with this Bill. The formula has been modernized, yet the total fund has not and is still not indexed for annual inflation. Municipalities facing increased challenges tomorrow will get help by making today's struggling municipalities struggle more. 17 municipalities receive less in capacity grant funding, not because they need it less, but because other municipalities simply need it too.

Bill 340 needs to be amended to include the recommendations of the SERMGAR Committee that are ignored in this legislation. Double the municipal capacity grant fund allotment and index it for inflation, amend it to address all former abandoned pre-1981 schools, and freeze municipal contributions to education until a plan is in place for the province to take them over entirely.

Thank you for this opportunity and your time.

LAW AMENDMENTS BILL 340

Councillor Pam Lovelace, Halifax Regional Municipality

October 30, 2023

Page 1 of 5

Kwe, Good morning, Bonjour mes colleagues, thank you for the opportunity to speak and be heard today. My name is Pam Lovelace, Councillor for Hammonds Plains-St. Margarets in Halifax Regional Municipality. Happy to be here once again to offer subject matter advice to the Province of Nova Scotia.

As a local government representative elected in 2020, I've had the pleasure to sit on the Board of Nova Scotia Federation of Municipalities (NSFM) as a Regional Representative for the past three years. NSFM is the legislated voice of all 49 municipalities in Nova Scotia, as determined by provincial legislation, of course.

What is Local Government? It is: "a provider of services based on local needs and desires; a forum for local citizens to make decisions on the way they want to live; a forum for the resolution of conflicting views within local communities; and representative of the community to lobby on its behalf. All of the above fall under an umbrella principle of Democratic Local Self Government." (Hayward Report)

With my 25 years' experience in communications and public engagement, it's been a noteworthy experience observing the intentional lack of involvement of those most impacted by Bill 340: Nova Scotians.

During the early stages of consultation, I raised my concerns about the voices of those most impacted by this provincial reform, and was informed by Deputy Minister Paul LaFleche, that notice to the public was not the provincial government's concern.

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Councillor Pam Lovelace, Halifax Regional Municipality

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The unfortunate approach of the province not being concerned with engaging, informing, or involving the end-user in this Reform Mandate, will result in confusion, frustration and a breakdown of trust of those who carry the burden to pay for the outcomes of this reform. I would argue that confusion and mistrust is already a byproduct of this process as seen in recent media.

Colleagues, please indulge me while I share some history with you. It's important to know your history and from what I've heard in the Legislature the last few weeks, it seems provincial legislators may not know how we actually got here.

I've often heard politicians point to former Premier John Savage for municipal reform when in fact, it started long before he took the Premier's office. In 1990, then Housing Minister, Roger Bacon, who became the Interim Premier in 1991, started down the road of Municipal Reform. There were 66 municipalities and at a time when local governments financed housing, income support, child welfare, social services, senior homes with special care, community planning, education, policing, corrections, and so on, and so on.

Then Progressive Conservative Premier Don Cameron's government initiated the "Task Force on Local Government" in December 1991 with the support of the Union of Nova Scotia Municipalities, known as NSFM today.

The Task Force delivered their findings to government in 1992, known as the Hayward Report, named after Facilitator William Hayward. It stated: "Using municipalities as bill-payers for services over which they have no control is an infringement on their autonomy."

Have you read the Hayward report on local government in Nova Scotia? Well, you still have time to read it before Committee of Whole House and Third Reading.

If you have read the 1992 report, you would know that the service exchange was **costed**. It was clear to municipalities, to the public, and to the province, who paid for what and what the new model would cost each order of government.

Here's another quote from the 1992 Hayward Report:

"The fact that both urban and rural ratepayers pay provincial taxes to finance police and roads in rural areas, while the urban ratepayer (but not the rural) has to pay extra for local police and roads, is **one of the great inequities in the present system**. It can be argued that rural residents tend to pay more in gas taxes, but urban residents pay more income tax."

Sound familiar? This is the same system we have today. The tax system remains inequitable 30 years later.

We are one province and there is one taxpayer. The service delivery model and division of tasks must be fair, equitable, effective, modernized, and benefit all stakeholders. Unfortunately, we continue to uphold a tax scheme that still places a heavy burden on property taxpayers.

Here's another quote from the 1992 Hayward report:

"The structure of municipal government in Nova Scotia has remained essentially unchanged since the establishment of the rural municipalities in 1879."

Unchanged. It is 2023. 144 years later, Nova Scotia continues to maintain an inequitable tax scheme.

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The reality for municipalities is that they have the burden of maintaining upwards of 60% of all infrastructure and services with the legislated **restriction** to only collect 10% of all taxes.

This fiscal framework remains unsustainable. Bill 340 does not contemplate the significant fiscal burden on growing municipalities.

Upon introducing Bill 340 for Second Reading in the Legislature, Minister John Lohr said, “A new service exchange agreement will mean more support for Nova Scotian municipalities, and that will help build safer, more vibrant communities with more opportunities for housing, better roads, and infrastructure improvements.”

I applaud this government for hearing the call of Nova Scotia’s 49 municipalities to modernize the Memorandum of Understanding (MOU). However, the Minister’s claims of more housing, better roads and infrastructure improvements are not based on any sound financial evidence available to municipalities or the public.

Bill 340 remains uncoded. Or, perhaps, Finance Minister Allan MacMaster has coded the Service Exchange, but the Cape Breton MLA decided not to release the numbers?

As you know, members of the Service Exchange Renegotiation & Municipal Government Act Review (SERMGAR) Advisory Committee were under strict orders by the province not to provide details to their councils on the MOU discussions. The use of Non-Disclosure Agreements, known as NDAs, ensured that the contents of this Bill, Bill 340 The Municipal Reform Act 2023, would not be released prematurely or debated by councils. Local Government was not even permitted to debate SERMGAR In Camera.

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The February 2023 SERMGAR recommendation report does not mention the 1992 Hayward report. **Perhaps provincial government did not provide committee members with this foundational report?**

The SERMGAR recommendations suggest that “mandatory municipal contributions (housing, corrections, and education) remain a top priority for the NSFM. These contributions account for one-fifth of all municipal expenditures and occur in areas of **Provincial responsibility**. Last year, municipalities collected \$293,985,347 on behalf of the provincial government. Municipalities do not have input on how the contribution amount is determined, nor do they have control over how they are spent. Municipal expenditures are continuing to rise faster than the CPI and mandatory contributions add undue pressure on municipalities.”

While the intent of this new Bill 340 is to create a piece of legislation that includes amendments to four existing pieces of legislation: the Corrections Act, the Education Act, the Housing Supply and Services Act, and the Municipal Grants Act, **the financial consequences of these amendments are missing.**

Unfortunately, with the accelerating provincial Education area rate still on the property tax bills, this continues to be an infringement on municipal autonomy.

Bill 340 implies millions in savings for municipalities, yet, those savings have not been demonstrated. Afterall, the taxpayer will still need to pay the provincial government for those services.

It is my recommendation, that the Minister of Finance provide reliable and accurate costing for Bill 340. Thank you, Merci beaucoup, Wela’liq.



October 21, 2023

To: Office of Legislative Counsel

From: Mayor Wendy Donovan, Town of Wolfville, NS

Dear Committee Members:

On behalf of the Town of Wolfville I am writing to support Bill 340 and encourage the Committee and the House to approve it.

As a small community, local taxes support the daily pressure on local infrastructure, police, and fire services of not only our own residents but 1,000's of regional residents for whom Wolfville is a service centre, 1,000's of tourists, and 1,000's of university students. The current Service Exchange agreement is over a quarter of a century old. So much has happened during that time and we welcome a modernized formula that will help our residents and businesses meet the significant demands of modern requirements.

Highway 1 runs through our Town and through the Municipality of the County of Kings. Unlike the County, Wolfville currently receives no provincial support for this corridor while our neighbours do. This is an inequity that must be rectified, as it is in the MOU.

As with several other Towns in Nova Scotia, Wolfville is experiencing unprecedented growth. We support this and are doing our very best to be a partner in the objectives of the Province. As a university Town we have the additional pressure of accommodating and dealing with the impact of many non-permanent young residents including international students. While the MOU did not address this specific situation the modernized agreement, including elimination of contributions to corrections and provincial housing will support the services we must provide as a university town. Towns throughout this Province are critical to the future of Nova Scotia. Growth has rightly been focused on existing urban areas and we need the Province's help to manage this process.

I urge you to understand the importance of Towns and larger urban centres to the Province's future and pass this Bill.

Sincerely

Wendy Donovan
Mayor, Town of Wolfville

Cc: Town of Wolfville Council
Minister of Municipal Affairs and Housing John Lohr
MLA Keith Irving



Town of Truro
695 Prince Street
Truro, NS B2N 1G5
www.truro.ca

October 27, 2023

Via Email: legc.office@novascotia.ca

Law Amendments Committee
c/o Office of the Legislative Counsel
Mr. Gordon Hebb, Chief Legislative Counsel
CIBC Building, Suite 802
1809 Barrington Street
PO Box 1116
Halifax, NS B3J 2X1

Dear Law Amendments Committee:

Re: Bill 340

Truro Town Council has been anxiously awaiting the results of the Service Exchange review as we are facing increasing financial challenges. Truro is a regional commercial service center for several communities and counties in the region. Many non-residents rely on services provided within the Town of Truro. The burden of this growing regional role has been for the most part carried by Town taxpayers as residents cover the cost of services enjoyed by many non-residents. While we welcome everyone into Town as it drives the economy, it does place additional strain on our infrastructure and in many cases requires us to build additional capacity to accommodate the increased demand.

On behalf of Truro Town Council, I would like to thank the SERMGAR committee for the challenging work they have completed. This work has resulted in several recommendations, some of which the Province is prepared to act on and bring into legislation. I would also like to recognize the Department of Municipal Affairs and Housing and their effort in a very short period of time to consult with municipalities on what was being brought forward from the committee's report and for taking action on some of the concerns they heard from municipalities.

With the recommended changes to the Municipal Financial Capacity Grant and access to additional funds for former provincial roads now vested to the Towns, Truro Town Council sees the proposed agreement as a positive step towards rebalancing some of the inequity that exists in the current agreement. We support the approval of Municipal Reform Bill 340 and implementation for the 24/25 fiscal year. Council also feels that it is vital that the Province continue to increase the funding allocation for the Municipal Financial Capacity Grant to support the growing cost of services and the ever-expanding responsibilities municipalities face.

We also support the establishment of a legislative framework that will permanently remove the financial obligation for municipalities to fund corrections and the shortfall for provincial housing located within municipalities. These changes have been recommended. Clearly neither of these services are a municipal responsibility and we strongly encourage the changes to be made, and the applicable Acts to be amended.

Truro Town Council understands that not all issues that were part of the discussion resulted in amendments and these have been included as part of Schedule A. It is important that none of these items be allowed to linger on this list and an agenda needs to be created to drive the required discussions so they can be addressed in a timely manner. Currently Part B of the Roads proposal is to be moved to Schedule A to allow for further discussion given issues identified by municipalities during the consultation process. We support this action but feel that there must be a clear process for finalizing the roads discussion to ensure that recommendations are fair to all concerned, including Towns that assume this responsibility mostly on their own under the current agreement.

While this agreement provides financial benefit to many municipalities, some will be disadvantaged. In the case of CBRM, the Province should extend the new agreement to CBRM until such time separate terms can be negotiated and implemented for their unique circumstances under their own Charter. It is important that the Province negotiates fairly with CBRM and recognizes the critical importance the regional municipalities play in the sustainability of Cape Breton as a whole.

We look forward to the approval of Municipal Reform Bill 340 and to ongoing consultation on the items in Schedule A and to a fair resolution on the Roads proposal.

Sincerely,

A handwritten signature in black ink, appearing to read "W.R. (Bill) Mills". The signature is fluid and cursive, with the first name "W.R." and the last name "Mills" clearly legible, and "(Bill)" in parentheses in the middle.

W.R. (Bill) Mills
Mayor
Town of Truro



Submission to Law Amendments – Oct 30, 2023

Submitted by: John Traves, K.C., CD, Municipal Solicitor

Thank-you for the opportunity to speak today.

My name is not Cathie O'Toole and I am not the Chief Administrative Officer of the Halifax Regional Municipality. Ms. O'Toole sends her regrets. My name is John Traves and I am Executive Director of Legal and Legislative Services as well as Chief Governance Officer with HRM. Unlike Ms. O'Toole, who is a Fellow Chartered Professional Accountant and was a member of the Service Exchange Committee, I am the Municipal Solicitor.

We wish to commend the government on initiating service exchange discussions; as it has been almost 30 years since the last significant service exchange discussions. It is imperative to the continued success of the Province to have strong, financially viable local governments.

Halifax Regional Municipality is currently home to approximately 480,582 residents and makes up approximately 47% of the provincial population and 57.5% of the GDP. We are the fastest growing "big city" in Canada.

There are 49 municipalities in Nova Scotia, but this Bill applies to only 48, leaving the door open for a service exchange agreement with the Halifax Regional Municipality. We are committed to working with the Provincial government to reach an agreement to hopefully come into effect on April 1, 2024 at the same time as changes to other municipalities.

As the CAO of the municipality, there are three important points Ms. O'Toole would like you to consider:

- Tax-payers within the Halifax Regional Municipality deserve the same consideration as municipal tax-payers elsewhere in the Province. To move forward with service exchange April 1st without HRM would not be equitable.
- HRM has not asked for any special or separate deal and would have liked the choice of whether we could participate in the arrangement with the other municipalities. The Province has suggested HRM must be dealt with separately and that they recognize there is more complexity and different matters that potentially could be discussed with HRM.
- We are asking the Province to commit to a schedule of meetings to completed service exchange discussion with HRM, and would like assurance that no incremental costs would shift to HRM taxpayers in the interim as a result of Bill #340 relieving other municipalities from their obligation to pay toward housing and corrections or otherwise.

Bill #340 would relieve HRM of approximately \$12 million dollars in mandatory payments to the Province next year. These savings will benefit HRM taxpayers, however, it is important to note it will have no impact to savings in terms of general rated expenditures to deliver municipal services.

In our view all tax-payers, businesses, and residents within the Halifax Regional Municipality should be paying attention to the issue of service exchange and whether the municipality is being dealt with in a fair manner.

Thank you

DRAFT BILL 340 LAW AMENDMENTS NOTES:

The Town of Port Hawkesbury has been following Bill 340 as it is being debated in the Nova Scotia legislature.

I am speaking today on behalf of our Council to support this bill.

There is a great deal at stake for municipalities should this bill fail.

Today I'm going to talk about how the bill will benefit the Town of Port Hawkesbury.

Let me start by saying that I can certainly understand the challenges of negotiating a new MOU with 49 Municipalities, many of whom are different types - like towns regionals and rural municipalities - all of whom have different geographies, varied populations and sometimes, unique circumstances.

One thing that unites all municipalities - is in the fact that the MOU we have now is three decades old. We all know this. And we all can agree that we need a new MOU to ensure that municipalities, and ultimately the people we represent, are better served by local and provincial orders of government.

I want to remind the law amendments committee that we - municipalities- have been asking for a new MOU. And I want to commend this current government - and Premier Houston - for committing to this Mandate under the leadership of Minister Lohr and the Department of Municipal Affairs and Housing!

Another thing I would like to commend this government on, is the commitment to collaborate. There was an "ask" of Minister Lohr and his department. That ask was for direct collaboration with municipalities. And the answer to that ask was "yes".

I want to also acknowledge and thank all members of the advisory committee who worked with Minister Lohr's department for more than 18 months. These advisory committee members included representatives from NSFM, elected officials, and municipal administrators. This was a heavy lift - and numerous hours of time and dedication.

Then many of these advisory committee members worked with the province to consult with municipalities in August. I understand there was a lot of engagement- which is great.

So, what we learned is that a new MOU is a huge negotiation job that will need to be done in phases. For this phase there is a new municipal financial capacity grant formula, changes for corrections and housing transfer payments, changes for obsolete schools, as well as roads and infrastructure programs.

What does this all mean for the Town of Port Hawkesbury?

Eliminating the requirement for municipalities to cover deficits for housing and corrections will save our Town annually; freeing up funds means we can reinvest in our communities - and we all know that municipalities face major infrastructure challenges - and we need new revenue streams to tackle these!

Additionally- we can take these savings and leverage it in the new 50-50 cost-sharing infrastructure program being proposed. For example \$15 million is a significant amount to earmark for municipal infrastructure at 50 cent dollars. I can share that the Town of Port Hawkesbury is excited to potentially participate because we want to be proactive with housing - and to do that we need to make sure we are development ready. We can't do that alone - so having a program like this can make a big difference!

Although the Town of Port Hawkesbury does not see any immediate benefits from changes to the MOU for the Province to take over obsolete schools built prior to 1981 - we can certainly benefit from application to the roads program for trunks and collectors for Towns.

The MOU also includes changes to the Municipal Financial Capacity Grant.

The Municipal Financial Capacity Grant is a critical piece of the MOU because it helps bridge some of the gap for the financial sustainability of municipalities.

The Town of Port Hawkesbury is one of the municipal recipients of this grant - and under the unfrozen and newly proposed formula - we will receive additional funds for a new total of nearly \$300,000. This capacity grant boost will be greatly appreciated- as every year we sit down together as a council for budget deliberations- and having this extra funding means we can get more work done without raising taxes.

The Town of Port Hawkesbury's support for Bill 340 also lies in the next phases of MOU negotiations. We know this is only one step and that much more work is needed on important files of mutual interest- like mandatory education transfers, policing and more.

We believe Bill 340 is an important piece of legislation- because it will start us on a pathway that will modernize service exchange MOUs that will not only benefit all 49 municipalities - but also all the communities and people we serve.

Lastly, we thank this government for listening to the collective input of Nova Scotian municipalities. Bill 340 and continued work on modernizing the MOU will have great value to the Town of Port Hawkesbury- as well as other municipalities and citizens in Nova Scotia.

Thank you for your time on behalf of the Port Hawkesbury Town Council.

October 24, 2023

Office of the Legislative Counsel
CIBC Building, Suite 802
1809 Barrington Street
PO Box 1116
Halifax, NS B3J 2X1

Re: Support for Bill 340

A new Service Exchange Agreement Memorandum of Understanding (MOU) has been a long-standing priority of the Nova Scotia Federation of Municipalities (NSFM) and the Town of Berwick. I was fortunate to sit on the Service Exchange Review and Municipal Government Act Review (SERMGAR) advisory committee, which had a large mandate and number of topics to consider. The advice and recommendations we were able to provide should be considered a success, and a step in the right direction.

The MOU will address areas of mutual interest between the province and municipalities. The Municipal Fiscal Capacity Grant formula has been modernized to recognize the changes in municipal services since the last MOU. The cessation of municipal contributions to housing net operating losses and corrections reduces the financial stress on municipalities who have higher populations of vulnerable people.

Roads have been another long-standing priority of NSFM, particularly the inequity of funding, which for Towns with municipality-owned trunks and routes, is considerable. Part A recognizes this inequity, the drastically deteriorating infrastructure and the radically rising costs associated with roads and provides municipalities with much needed funding that was previously not available.

The new infrastructure funding will make it possible for smaller municipalities to secure their share of funding to address other critical infrastructure, such as storm and sanitary systems.

On behalf of the Town of Berwick, I implore you to support the proposed law amendments in Bill 340, and we hope to see progress continue with work on the topics identified in Schedule A.

Yours truly,


Mayor Donald E. Clarke

DEFEATED

Bill #340
Municipal Reform (2023) Act

CHANGES RECOMMENDED TO THE
LAW AMENDMENTS COMMITTEE

PAGE 4, Clause 14 - add after proposed subsection 8(3) the following subsections:

(4) Notwithstanding subsection (2), the total municipal financial capacity grants payable to municipalities in a fiscal year may not be an amount less than double the total municipal financial capacity grants paid to municipalities in the fiscal year immediately preceding the coming into force of this Section.

(5) Notwithstanding subsection (2), the total municipal financial capacity grants payable to municipalities in a fiscal year may not be an amount less than total amount payable in the previous fiscal year adjusted in accordance with any change in the Consumer Price Index, as determined by Statistics Canada.

PAGE 4 - add immediately after Clause 18 the following heading and Clause:

CAPE BRETON REGIONAL MUNICIPALITY

19 The Minister of Municipal Affairs and Housing shall, within one year of the coming into force of this Section, consult and negotiate with Cape Breton Regional Municipality on a separate funding agreement that accounts for the unique challenges and needs of Cape Breton Regional Municipality.

Renumber accordingly.