

# **UMNB's Position on Local Reform and the Finn Report**

**Prepared by:  
UMNB's Governance and Fiscal Advisory Committees**

**June 2011**



## Table of Contents

<b>Context and Introduction.....</b>	<b>Page 2</b>
<b>Committee Membership.....</b>	<b>Pages 2 – 3</b>
<b>Methodology.....</b>	<b>Pages 3 – 5</b>
<b>Results.....</b>	<b>Pages 5 – 16</b>
<b>Recommendations of the Committee.....</b>	<b>Pages 16 to 18</b>
<b>Concluding Remarks and Acknowledgements.....</b>	<b>Page 19</b>
<b>Appendices-.....</b>	<b>Pages 20 - 44</b>
<b>Appendix A - Workshop Participation</b>	
<b>Appendix B - Feedback from the Workshop Exercises</b>	
<b>Appendix C - Survey Questions</b>	
<b>Appendix D - Survey Results (summary)</b>	
<b>Appendix E - Regional Governance and Service Delivery Framework</b>	
<b>Appendix F - Recreation NB Submission on Local Government</b>	

## 1. Context / Introduction

In November of 2008, the report *Building Stronger Local Governments and Regions – An Action Plan for the Future of Local Governance in New Brunswick*, was presented to the provincial government. This report, now commonly referred to as the “Finn Report”, called for sweeping changes to the local government system in New Brunswick – structurally, financially and in terms of how services should be delivered. The government of the day claimed that implementing the recommendations was too expensive, given the economic climate, and immediately shelved the report. Consequently, the vast majority of municipalities as well as two of the three municipal associations (the UMNБ and the Cities Association) set aside the report and did not undertake further analysis.

Following the recent provincial election, the new government indicated that it wanted to take the Finn report “off the shelf” and possibly act on some of the recommendations proposed. In this regard, the provincial government is currently engaged in a consultation exercise with stakeholders and with the general public. The focus of this consultation is on regional service delivery, property taxation, property assessment and municipal funding arrangements. This consultation exercise is to conclude in June and the Government has signalled that it will take action in the Fall of this year. Given this situation, it was determined by the UMNБ’s Board of Directors that the association should attempt to formulate a position on the Finn Report and its key recommendations, particularly if it wishes to influence what the provincial government will ultimately determine as a course of action. The AFMNБ (Association francophone des municipalités du Nouveau-Brunswick) as well as the Cities of New Brunswick Association are also engaged in developing positions with respect to local reform.

The Board of Directors of the UMNБ asked the members of its Governance and Fiscal Advisory Committees to prepare a report outlining recommendations for a position the UMNБ could take with respect to the Finn report and future local government reforms. This report is the culmination of the work of these two committees. It outlines the methodology used, the results obtained, and recommendations for consideration by the Board of Directors of the UMNБ.

## 2. The Committee

For the work required, the UMNБ’s Governance and Finance Committees were essentially merged. Member of this committee included the following individuals:

Dan Dionne, Administrator, Perth-Andover (Co-Chair)

Chris MacPherson, Assistant City Administrator, City of Fredericton, (Co-Chair)

Donna Bennett, Mayor, Village of Hillsborough

Richard Corey, Acting Mayor, Village of Harvey  
Barry Glencross, Clerk / Administrator, Village of Rexton  
Ken Harding, Chief Administrative Officer, Town of Woodstock  
John Jarvie, Manager, Town of Rothesay  
Paul Stapleton, City Administrator, City of Fredericton  
Raymond Murphy, Executive Director, UMNB  
Martin Corbett, Policy Advisor, City of Fredericton

The Committee worked on the basis of consensus and shared the workload throughout the process. The Committee's work was carried out by way of individuals collaborating and agreeing to take on specific tasks, conducting conference calls and face-to-face meetings, and through frequent email exchanges.

### **3. The Methodology**

In order to formulate the UMNB's potential position relative to the Finn report and local reform, it was determined that two key activities should be undertaken. They included: i) the organization and hosting of information workshops for UMNB members; and ii) the conducting of a survey of the UMNB's member municipalities.

#### **i) Information Workshops**

One of the challenges of formulating a potential position for the UMNB was that many member municipalities had not actually reviewed the Finn Report and / or considered its implications for their respective communities. It was also felt that if UMNB members were to be surveyed, they should receive adequate background information to be better equipped to respond to the questions. As such, it was agreed that a series of information sessions be organized across the province focussing on the Finn Report and related issues. In all, five of these information sessions were held. Locations for these workshops included Riverview, Fredericton, Belledune, Woodstock, and Grand Bay-Westfield. The agenda for each of these two-hour sessions was as follows:

- a. Introductions and Context
- b. Issue Identification Roundtable Exercise
- c. An overview of the Finn report (12 slide presentation)
- d. A Potential Financial Model
- e. Questions and Answers
- f. Obstacles, Challenges and Opportunities Roundtable Exercise
- g. An overview of the Survey

Participation at each session ranged from 30 to 50 municipal officials (mayors, councillors and some administrators). **A total of 139 individuals from 46 municipalities attended the five sessions.**

Participants showed significant interest in the matter of local reform and the Finn Report. Each session was jointly facilitated by the members of the Governance and Finance Committees, with each member taking turns leading one or more of the agenda items. Appendix A provides participation information for the five sessions.

The issue identification exercise served to get people engaged and talking in small groups about the key issues facing their respective municipal corporations and the communities they serve. Participants were asked to take about 15 minutes to identify and record these issues and to rank, if possible, the top three. The information recorded by each of the roundtables was collected by the Committee members and is one of the information sources used in formulating the recommendations contained in this report.

Following the first exercise, an overview of the Finn report was presented. This twelve slide summary outlined Mr. Finn's key observations in terms of the issues confronting our local government system and the recommendation he put forward to respond to these challenges. This presentation was intended to give participants a better appreciation of the rationale behind the Finn report's call for changes to the local government system as well as a better understanding of the report's key recommendations. A summary of the issues identified through this exercise is attached as Appendix B.

The third component of the agenda focused on presenting a potential financial model (based somewhat on the Finn model but going a step further by way transferring the entire property tax field to municipalities) to support a revamped local government structure in New Brunswick. Presenting this model (which was developed by the City of Fredericton) at these information sessions was intended to give municipal officials a sense that local reform, as proposed in the Finn Report, could work without substantially increasing property tax rates. Following the two presentations, participants were given an opportunity to ask questions and seek clarifications.

In the second exercise, participants were asked to consider, discuss and record at their tables the potential obstacles and/or challenges of implementing local reform along the lines of what the Finn Report was proposing. They were also asked to identify the potential benefits or opportunities arising out of the proposed local reforms. Again, this information was collected by the Committee members and used as one of the information sources in preparing the recommendations contained in this report. A summary of the points raised through this exercise is contained in Appendix B.

The final segment of the information sessions focused on the survey that was to be distributed to all member municipalities of the UMNB. The purpose of the survey as well as the procedures for submitting survey responses were highlighted by the committee members. This survey was circulated to municipalities in each region a few days following each of the information sessions.

## ii) Survey of the UMNB Membership

In order to get a more accurate picture of the UMNB membership's views on the Finn Report, it was determined that a survey be undertaken. This survey, which was to be completed by each member municipality (one per municipality), was developed jointly by the Governance and Finance Committee members. The questions focused primarily on the specific recommendations contained in the Finn report. Municipal officials had the flexibility to answer "yes" or "no" and / or to provide their more detailed perspectives on the questions being posed. The survey that was circulated to municipalities is attached as Appendix C.

Results of the survey were compiled and analyzed by the Committee members. The information generated through the responses to the survey was used as the primary source of data that informed the findings and recommendations presented in this report. 32 of the UMNB's 55 members responded to the survey, which equates to a response rate of approximately 58%. The Committee was of the view that this response rate provides a very good sampling and one through which some general conclusions can be made with respect to views of the UMNB membership on the Finn report and potential local reform. Appendix D provides a summary of the responses to the survey.

## 4. The Results

In consideration of the information collected through the five workshops and through the survey, it is apparent that the UMNB membership recognizes the need for reform of the local government system. However, it is also clear that members, in general, do not support the proposed local restructuring, as presented in the Finn report. The following presents and summarizes the information that was collected at the five workshops through the roundtable exercises and through the survey. We also attempted to formulate key findings or observations that flow out of the feedback received.

### i) From the roundtable discussions at the information sessions

#### Exercise 1 – Issue identification

- "Infrastructure" was raised as the predominant challenge for local governments. The committee understood this to mean the costs of renewal of and / or expansion of

infrastructure (water and wastewater systems, roads and accompanying infrastructure, etc.). It could also mean that for some municipalities, being able to take advantage and make the best use of available provincial and federal infrastructure funding programs is posing significant financial challenges.

- The second challenge that surfaced in a variety of ways was the general cost of providing local services, combined with the availability of adequate revenues for local government. Specifically, this was expressed as concern over policing and fire protection costs, meeting changing service standards, unconditional grant decreases, downloading service responsibility without funding, lack of financial support from the Province, limited sources of revenue, and funding for infrastructure.
- Related to the second challenge was the matter of cost sharing with local service districts. This point was raised mostly in the context of the need for improved cost sharing for recreation services (primarily facilities but perhaps also programs).
- Concern was also expressed regarding the property taxation system and the fairness of its application, and with particular reference to the apparent imbalance between incorporated and unincorporated areas. Very clearly, this concern is tied into the issue of identifying and paying the true costs of services provided in unincorporated areas, particularly for policing and transportation (road maintenance and upgrading of local roads).
- Some mention was also made of population challenges for municipalities (decreasing and aging population). We would assume that such challenges were noted in the context of continuing to be able to offer affordable local services, keeping the public engaged and involved (council participation and general volunteerism) and be able to build, or at least maintain, capacity.

**If we were to try and sum up these concerns, as expressed by the workshop participants – financial capacity, given current demands and limitations (pressures on local tax rates, evolving standards, citizen expectations, infrastructure requirements, limited sources of revenue, etc.) and the nature of the current system (tax structure, incorporated vs. unincorporated, lack of cost sharing), is really the major preoccupation for the vast majority of our local governments.**

## **Exercise 2 – Obstacles and Opportunities of Local Reform as Proposed in the Finn Report**

### *Potential Obstacles / Challenges to Local Reform*

- Many more *obstacles* were identified than *benefits and opportunities*. This is to be expected considering the general distress over change and the considerable uncertainty inherent in the process.
- The most frequently recorded obstacle related to concerns about the costs associated with implementation of the various recommendations in the Finn Report including:

- what would happen to current assets (in a given municipality, rural community or LSD)
  - whether costs of providing services would increase overall
  - who would pay
  - what would happen to existing collective agreements and would more staff resources be required in the new structure, and
  - how the taxation system would work and would taxes increase.
- A second major series of obstacles related to the uncertainty around the transition process and whether the parties involved, including the provincial government and the LSDs, would be fully engaged in the transition. There were a variety of concerns raised around the specifics of the new governance structures and of their efficacy and economy.
  - Issues related to the large geographical areas to be included in the entity and regional boundaries were raised, as were concerns about smaller communities of interest being lost.

### *Potential Benefits / Opportunities to Local Reform*

- With respect to benefits, many of those identified were also economic. In other words, the participants see both positive and negative results inherent in Finn's recommendations. Among the specific comments were anticipated cost efficiencies associated with larger-scale operations and increased tax base. Fairness in funding and more equitable cost sharing were also anticipated. This could be interpreted to mean that more detail around how the implementation would take place in each geographic area could resolve uncertainty and potentially result in greater support. Fairer taxation was mentioned repeatedly.
- There were also a considerable number of benefits seen in terms of the relationship with the provincial government. Larger municipal units and perhaps regional organizations were seen as having more influence through greater autonomy and a stronger voice in communicating with the provincial government.
- Some also thought there would be societal benefits, with more engagement of the public foreseen. The number of comments in this regard approximately offset the same number of obstacles recorded related to public perception of the Finn proposals.

**Summing up the thoughts expressed through the second exercise, we would note that there is significant concern and discomfort with what was proposed in the Finn Report with respect to the local restructuring, the actual process of restructuring and the uncertainty around its potential effects relative to service provision, costs, tax rates and in terms of community identity. However, we also note that participants did identify some potential opportunities and benefits, most notably the potential for cost efficiencies, stronger tax bases, fairer cost sharing and more equitable property taxation.**

ii) **From the survey**

The following provides a summary of the responses to each of the questions posed in the survey.

Category A: Overall Recognition of Need for Local Reform

***Question 1***

**Do you think there is a need to reform the local government system in New Brunswick?**

While there were some qualifications, the responses pointed to an overwhelming recognition of the need for some kind of local government reform in New Brunswick. Those municipalities that did provide additional comments suggested that reform was definitely needed but not to the full degree as contemplated in the Finn Report.

Category B: Positions of Individual Municipalities

***Question 2***

**Has your Municipal Council taken a formal position on any of the recommendations in the Finn Report?**

Generally speaking, municipalities that had responded indicated that their Councils had not taken a formal position on the Finn Report. The few that did provide additional comment indicated that they were in favour or not in favour of the Finn Report's direction.

***Question 3***

**Are you willing to share your Council's position on the Finn Report?**

Generally, respondents indicated their willingness to share their position on the report (once one was taken).

***Question 4***

**Have you conveyed your position to Government?**

Only a few of the respondents indicated having shared their views with the provincial government. This may be attributable to the recently elected Government deciding to take the Finn Report off the shelf and that many municipalities would not have concerned themselves with the report until now.

Category C: Views on local Structures and Regional Service Delivery

***Question 5***

**The Finn report recommends that local government cover the entire province and the present local service districts, rural communities, villages (with the exception of Campobello) be discontinued and reconstituted into larger municipal units and that the boundaries of the eight cities be redrawn to reflect the annexation of some of the present non-incorporated areas. Do you agree?**

While some municipalities support this type of structural reform, the majority of respondents indicated that they were not supportive of the local structural changes proposed in the Finn report. Some indicated that they felt the proposed entities would be simply too big to properly manage and service, while others indicated that the currently unincorporated areas should have some form of local elected representation and that there should eventually be some consolidation. Other comments indicated concerns over community identity and representation.

***Question 6***

**The Report recommends that a minimum population of 4,000 and/or a property assessment threshold of \$200M be required in order for a community to be incorporated as a municipality, and that exceptions to this rule be strictly controlled. Do you agree?**

About one-third of the respondents indicated support for establishing some baseline criteria for the establishment of new entities in terms of population and assessment base. Those not agreeing indicated that accommodating these two factors would make some entities too large. A further comment was made that if a local government was financially stable and sustainable as it is, why should it be obligated to change.

***Question 7***

**The Report recommends there be 12 regional service districts and that these be governed by a board made up of elected officials from the municipalities in each region. Revenue for the operation of this board and the services it provides would come from the municipalities. The cost sharing formula would be based on population and tax base or some other formula agreed by the municipalities in the region. Do you agree with this recommendation?**

About one-third of respondents indicated some level of support of the notion of regionalization, though indicated a need to see more details in order to make a more informed decision. Those disagreeing with this concept indicated concerns about representation,

decision-making, the ability to deliver quality services, adding another layer of government, and the size of the proposed regions.

**Question 8**

**The Report suggests that solid waste management, policing, emergency measures, economic development and land use planning be provided at the regional level. Do you agree with this recommendation?**

About half of the respondents indicated some level of support for the regionalization of services. However, several supporting this approach provided the following qualifications: that not all five services should be regionalized, that some services should be optional (i.e., that a municipality could decide whether to offer the service itself or obtain it from the regional service district) and / or that parts of the proposed services be fully “regionalized”. It is also apparent that we need to clarify what we mean by regionalization as the term does not appear to mean the same thing for everyone.

**Question 9**

**The regional committees would be responsible for preparing a regional strategic plan that would be consistent with provincial planning statements for key principles. Local plans would have to conform. Do you agree with this concept?**

About half of the respondents indicated support for the concept of establishing a regional strategic plan that would be consistent with provincial planning policies and with which local plans would have to conform. Some indicating support added the following comments or cautions: the need to understand where the province stands on the major land use issues, the need for consistency among regions, the need for the appropriate delegation of authority along with the necessary funding, the need for careful attention to representation / appointment processes, the need for input into provincial planning statements, and the need to consider urban and rural perspectives. One municipality pointed out that this regional strategic planning process would be a good tool to identify services that would be best provided on a regional basis. Those opposed to regional planning indicated concerns over “red tape” and that having to conform to provincial standards might not always be a good thing.

Category D: Local Government Finances

***Question 10***

**The Finn Report recommends the use of a province-wide, centralized, uniform, market-based approach for property assessments be continued and that assessment values not be capped or frozen and that a “three-year averaging” approach to assessments be considered for implementation after due consultation with the municipal entities. Do you agree?**

50% of the respondents indicated clear support for this approach to assessment. Several others indicated that they needed more information or were simply unsure.

***Question 11***

**The Finn Report recommends each new or reconfigured municipality establish specific property tax rates for each property class commensurate with the type and level of services available in each part of the municipality (area rates). Do you agree?**

Over half of the respondents were supportive of this approach to establishing local tax rates. Some respondents did indicate concerns over making the tax structure too complicated. The difficulty for some with this question appears to be that two concepts were presented: 1) the notion of establishing specific rates for classes of property and 2) establishing rates for zones with a municipality. Some were comfortable with one concept but not with the other or may have considered the concepts as one in the same. It does appear that there is general support for the notion of area rates to reflect different service levels.

***Question 12***

**The Report recommends that \$.75 from the \$2.25 Provincial non-residential property tax rate be available to municipalities and that the Provincial non-owner occupied residential tax rate be eliminated and potentially available to municipalities. The unconditional grant in its present form would be abolished. Do you agree with these changes?**

12 respondents indicated support for this direction, though several provided further comments including the following: transfer the entire property tax field rather than just a portion of it, provides an opportunity to correct LSD taxation issues, and the need to pursue a cost-neutral approach vis-à-vis the provincial government. It appears from the responses that far more details would be required on this model to give people more comfort in providing their views one way or the other.

**Question 13**

**The Report recommends to address revenue raising disparities between municipal entities, an equalization mechanism be established in conjunction with the property tax room transfer. Three municipal groupings based on population (under 10,000, from 10,001 to 40,000 and over 40,000) would be established for equalization purposes. Do you agree?**

About half of the respondents indicated support for such a mechanism, but with several qualifiers:

- need to ensure we are comparing municipalities with similar expenditure pressures, need to consider service delivery costs
- consider basing equalization only on core services,
- should not use population alone for groupings, and
- consider standard levels of service.

Those not supporting this model expressed the following concerns: 1) the AFMNB had a more suitable approach and 2) it would be costly to municipalities that have been careful with their expenditures. Again, some respondents expressed the need for more information before deciding.

Category E – General questions

**Question 14**

**Finn recommends that responsibility for local services in former LSDs be subject to transitional provisions and local roads open to negotiation between the Province and the individual municipal entities. Do you agree?**

About 40% of respondents agreed with this recommendation from the Finn Report, but with several conditions as follows:

- the need to carefully consider road classification and condition,
- the need to move to a real cost model in LSD areas,
- only if money is transferred for proper upkeep, and
- concern about downloading of the financial responsibility.

Those not supportive of this approach indicated concern over potential costs, particularly for those entities spread across a vast area, with little population. Again, it appeared that more information would be needed to offer an informed perspective.

**Question 15**

**The Finn Report recommends that, with the exception of the consequential change required in the Farmland Identification Program with respect to the use of the average local service districts tax rate in determining the amount of the tax deferral, the property taxation rules currently applicable to forests and farmlands remain unchanged. Do you agree?**

About half of the respondents indicated support for this approach regarding the Farmland indemnification Program (FLIP). Several others indicated that they would need more information regarding this matter and how it would actually work before providing a response.

**Question 16**

**Finn recommends all municipal legislation in New Brunswick be consolidated in two acts and broader authority be delegated to municipalities. Do you agree?**

About 65% of respondents agreed with the recommendations of developing two acts for local government (one for finances, one for governance) that would give broader and more flexible authority to local governments. Some concerns were expressed about what would actually be included in the Acts, the cost to municipalities of broadening powers (and the potential for downloading), as well as what the future role of the MLAs might be.

**Question 17**

**Do you agree with the 'accountability and transparency' measures recommended in the Report?**

Over 50% of respondents indicated that that were in agreement with the transparency and accountability measure proposed on the Finn report.

**Question 18**

**Do you agree with Finn's conclusion that all the recommendations must be adopted?**

An overwhelming majority of respondents (over 90%) indicated that not all of the recommendations of the Finn Report should be adopted. There may be several reasons for this but the most obvious is the majority of municipalities were not comfortable with, nor supportive of, the local restructuring that was proposed (as we saw in the responses to question #5). It is also very difficult to connect all of the issues and recommendations and to understand how they relate and support one another. Furthermore, it is quite expected that agreement with 100% of the recommendations would be extremely difficult to achieve, as every area of the province has its particular concerns and perspectives.

**Question 19**

**When it comes to local reform, what do you think is the most important consideration among citizens?**

- a. Community of interest \_\_\_
- b. Community identity \_\_\_
- c. Tax rates \_\_\_
- d. Service quality \_\_\_
- e. Cost sharing \_\_\_
- f. Others? \_\_\_

Property tax rates appear to be the most important consideration when it comes to local reform; however, service quality and community identity were also deemed to be very important considerations by the respondents. Cost sharing was also identified as a concern. These responses appear to be in line with the comments being received through the provincial government's current public consultation process.

**Question 20**

**Are there other concerns or issues for municipalities in NB not addressed by the Finn Report?**

Respondents took the time to provide a wide variety of comments in regard to this open-ended question. Summarized, these comments included the following:

- Reform should start immediately to be ready for the 2012 municipal elections
- Need to deal with concerns related to the providing service in large geographic areas (with low density)
- Examine other means of raising revenues
- Consider the effects of large swings in seasonal residential occupancy on grants and taxes
- New approaches to enable municipalities to invest in growth
- New for open and regular communications with the provincial government when new policies and procedures being considered
- Various implementation concerns (staffing, location of offices, make-up of council, impacts on debt loads and reserve funds)
- What will the cost sharing formulas be?
- Impact for First nations and the use of municipal infrastructure?
- Need for more information on the reform process
- Serious concern over the recommendations of the report
- Cost of the changes
- Concerns regarding local economic development
- The smaller municipalities will be the one that lose out in the reform

- More information needed and more consultation – look at some modeling
- Not all the recommendations should be implemented
- Focus should be on consolidating the LSDs and looking at cost recovery for services (Reform as per the Finn report would result in downloading of costs to existing municipalities)
- Timelines and costs of transition need to be articulated

So what do the responses to these twenty questions tell us about what the UMNB's member municipalities think about reform? The following presents what we believe are the key findings resulting from the exercises conducted through the five information workshops and through the survey of the UMNB's member municipalities.

- There is clearly no perfect consensus that can be reached by the members of the UMNB.
- Members clearly recognize that change in New Brunswick's local government system is needed, as evidenced by the issues and challenges identified and by the overwhelming response to question #1 in the survey.
- There are concerns with the magnitude of the reform envisaged in the Finn report, particularly as they relate to local structures (i.e., that all local boundaries will have to change).
- There is little support among members for the realignment of local boundaries, despite ongoing economic and demographic changes.
- There is general support for enhanced regionalization of services, though defining what this might actually mean requires more work.
- The scope of the proposed reforms is also difficult to fully grasp – connecting all of the pieces and their implications, be they financial, structural, or legislative, is a challenge in of itself.
- To some extent, the responses reflect the diversity of current municipalities – in terms of their size, capacity and current economic circumstances. Small and less densely populated areas often have differing perspectives as compared to larger more populated areas in terms of what reform should look like.
- Before municipalities accept to move forward (no matter what the scope of the changes is), they need more detail in terms of service, cost and structural implications.
- There is clear concern among municipalities regarding the ability to equitably cost share for services with local service districts.
- There is a need to look a new revenue streams, including the transfer of property tax room currently occupied by the provincial government.
- The current property assessment generally works well and should be linked to market values.
- There is significant concern regarding the property taxation regime in the unincorporated areas, and particularly in relation to appropriately recovering the costs for policing and roads (local and regional).

- There is a view that some of the system's more fundamental changes must focus on the currently unincorporated areas –i.e., somehow, the unincorporated areas need to have an elected voice to represent them and make decisions on their behalf (and not by the provincial government).
- Impacts on tax rates, community identity and service quality appear to be the major concerns of most member municipalities when it comes to considering reform of any kind.

## 5. Recommendations of the Committee

In developing recommendations for consideration by the Board of Directors of the UMNb, the Committee members were challenged to reconcile the view that change in the local government sector is clearly needed with the perspective that changing of local municipal structures is not generally supported at this time. The Committee is proposing a position for the UMNb that aims to bridge these seemingly conflicting views and that includes specific recommendations for the provincial government to consider. The Committee was of the opinion that it was simply not enough to indicate that the UMNb should or should not support the Finn Report and eventual local reform. Rather, it was the Committee's view that a more constructive and proactive approach be taken and that the UMNb should be prepared to make specific recommendations regarding local reform. It should also be noted that what the Committee is proposing also bears in mind the provincial government's stated position that amalgamations will not be forced upon municipalities, rural communities or local service districts.

### Proposed Position for the UMNb

#### *General Premise:*

1. The UMNb supports the provincial government's efforts to examine, consult on and move forward with local governance and service delivery reform in New Brunswick. It is time to make changes that are meaningful and that will put us on a path to greater sustainability for the long term. There have been enough studies conducted and there are clearly significant challenges facing the local governance sector to warrant major changes. Our economic and demographic situation demands that changes be made in the near future.
2. The UMNb recognizes the need for change but also acknowledges that there are markedly different situations and perspectives across the province; this means that what may make sense or be supported in one area may not be the case in another. Reform needs to occur in a comprehensive and organized way but must also be flexible enough to consider varying local and regional circumstances.
3. The UMNb recognizes that municipalities must be part of the change process and that local reform is not just about changing how the unincorporated areas are governed. The UMNb recognizes that

the solutions lie in far greater collaboration between local entities, which can be accomplished through various means – enhanced cost sharing, local restructuring and regionalization.

***Governance, Representation and Service Delivery:***

4. The UMNБ recommends that the entire province have access to local elected representation and that such representation be determined every four years through the normal municipal election process. This is absolutely critical to any meaningful reform of local governance and service delivery in New Brunswick.
5. The UMNБ is of the view that that the provision of local services should ultimately be the responsibility of local governments.
6. The UMNБ recommends that the provincial government establish a regional governance and service delivery agency framework that will provide for local elected representation and local service delivery in currently unincorporated areas, facilitate cost sharing between local administrative units, require cost recovery for services provided and generate opportunities for greater cost efficiencies. Appendix E of this report provides an overview of this concept.
7. In light of the many issues that have arisen with respect to recreation and cost sharing for this service, the UMNБ generally supports the position outlined by Recreation New Brunswick in its official submission to the Department of Local Government as part of the recent consultations on enhancing local governance. Addressing issues related to recreation services and financing must be included as a key component of local-regional reform.

***Finances:***

8. The UMNБ recommends that the provincial government, in the context of greater equity, accountability and transparency, identify and make known the current actual costs of providing all local services to the unincorporated areas of the province, with particular emphasis on the costs related to the provision of policing and transportation (road maintenance and upgrading).
9. To support municipalities and the proposed regional framework, the UMNБ recommends a complete transfer of property tax room to the local government sector; however, it is recognized that this transfer must be rebalanced with some local service responsibilities to ensure cost and revenue neutrality between the local and provincial levels of government.
10. The UMNБ recommends that the operations of the regional agencies (administration and the services to be provided) be based on a full cost recovery approach.
11. The UMNБ considers that the current unconditional grant transfer program is not working as it should – in terms of both its adequacy and in terms of how the funding is distributed. As such, the UMNБ recommends that a new local government equalization program be developed and implemented in the context of the overall reform process.

12. The UMNb recommends that the property assessment service continue to be based on a market value approach and that it continue to be delivered through a centralized agency.
13. In light of recent assessment spikes and consequent property tax increases, the UMNb recommends that a three year averaging mechanism be put in place. Such an approach could help to smooth out sharp property tax increases.
14. The UMNb does not favour the blanket capping of assessments but rather more targeted interventions such as making improvements to provincially funded property tax credit programs for certain property owners having difficulty paying their property taxes. Blanket assessment caps to certain groups without consideration of capacity to pay ultimately (and inappropriately) shifts the tax burden to other taxpayers.

#### ***Infrastructure Funding***

15. The UMNb recommends that the provincial government examine carefully the current and growing local infrastructure deficit in this province and consider ways in which this matter can be more readily addressed. The UMNb notes that as the new Public Sector Accounting Board standards come into practice in New Brunswick's municipalities, actual infrastructure deficits will become more apparent and will further reinforce the need for a proactive approach to infrastructure funding – locally and provincially.

#### ***Land Use Planning***

16. The UMNb would encourage the provincial government to put in place more stringent land use planning guidelines with respect to commercial / industrial and residential development in currently unincorporated areas, particularly in areas adjacent to or near cities, town and villages.

#### ***Provincial Support for Restructuring***

17. The UMNb recommends that the provincial government put in place a program and / or resources to assist in municipalities, rural communities and local service districts in evaluating their long-term viability and in determining appropriate restructuring measures.
18. In an effort to strengthen local governance capacity, the UMNb recommends that the provincial government introduce incentives to encourage municipalities, rural communities and local service districts to consider restructuring as well as cost and infrastructure sharing options.

## **Concluding Remarks and Acknowledgements**

The Committee acknowledges that the recommendations being made will not be supported by all members of the UMN B. Some members (albeit very few!) have essentially advocated for the status quo, while a few others are supportive of the complete reform contemplated in the Finn report. The Committee has aimed to strike a balance between the imperative for local reform with the practical political realities we face, both provincially and locally.

The Committee would like to thank all those municipal officials who attended the five workshops and shared their perspectives and to all of those who took the time to complete the survey. We would also like to thank the five municipalities that hosted the workshops (Belledune, Fredericton, Riverview, Grand Bay – Westfield and Woodstock). The information obtained via the workshops and the survey proved to be very helpful in preparing this report.

## Appendix A – Workshop Participation

Municipality	Participants
Villages	
Alma	Andrew Casey
Aroostook	Marven Demmings, Tina Lockhart, Ellen McLaughlin
Athoville	Raymond Lagacé, Roger Cormier, Maurice Power
Bath	Troy Stone, Joseph Hopkins
Belledune	Nick Duivenvoorden, David Hughes, Elaine Levesque-Godin, Mary Emma Flanagan, Paul Daley, Jerry Guitard, Brenda Cormier
Blackville	Glen Hollowood, Cindy Ross, Kurt Marks
Cambridge-Narrows	Bruce Dunsmore, Alexis Trebbel
Canterbury	Susan Patterson, Glendon Luimes
Centreville	Gary Thomas, Robert Lee, Teresa Burt
Chipman	Edward Farris, Thomas Gillet, Robin Wasson
Fredericton Junction	John Bigger
Doaktown	Charles Stewart
Harvey	Ron Goodine, Bert Matheson
Hillsborough	Donna Bennett, Patrick Armstrong, George Forsythe, Shari Collins, Grant Woodworth, Danny Jonah
McAdam	Frank Carroll, Douglas Laking, Doug Goss
Meductic	Pamela Gavel, Donna Marie Davidson, Pamela Grant
Millville	Beverly Herbert Forbes, Lise Belisle, Julie Marie McConaghy
Minto	Eric Barnett, Dwain Barton, Kris Austin
Norton	Wendy Alcorn, Ann-Marie-Snyder
Perth-Andover	Dr. Carter Kennedy, Rochelle Jackson Pelletier, Karen Titus
Petitcodiac	Gary Barbour, Janice Conley, Sandra Kelly
Plaster Rock	Judy St. Peter, Carolyn Crawford
Rexton	David L. Hanson, Elaine Warren, Rodney Girvan
Riverside-Albert	Adrian Kennie, Elizabeth Collins
Salisbury	Terry Keating, Robert Lamb, Beverly Best, Allan Ayles
Stanley	Richard Storey, James Pinnock, Barbara MacDonald, Shelley Douglass
Sussex Corner	Arie Ruitenber
Tide Head	Randy Hunter, Joni Lanteigne, Christine Babcock, Donald Munroe, Judy Murray

**Appendix A continued**

<b>Towns</b>	
Dalhousie	Clem Tremblay, Robert Harquail, Christy Arseneau, Kenneth Savoie
Florenceville-Bristol	Darrell Giggie, Nancy Shaw
Grand Bay-Westfield	Grace Losier, Mike Likely, David Calvin, Sandra Gautreau
Grand-Sault	Marcel Deschênes, Peter Michaud, Richard Keeley, Jacques Lafrance
Hampton	Kenneth Chorley, Richard Malone, Dwight Bond, Robert Doucet, Charles Keirstead
Hartland	Wayne Britton, Linda Brown, David Gormley, Roy Layte
Nackawic	Kathryn Clark, Jacques Laroche, Rowena Simpson
Quispamsis	Murray Driscoll, Beth Thompson
Richibucto	Gérard Richard
Riverview	Robert Higson, Clarence Sweetland, Wayne Bennett, Don Lenehan, Ian MacDonald, Martha Shaw-Murphy, Denis Pleau
Rothsay	William Bishop, Terry Kilfoil, Mary Jane Banks, Norma Mullett, Scott Cochrane
Sackville	Pat Estabrooks, Bruce Phinney Michael Tower, Gwen Zwicker
Saint Andrews	Edie Bishop, Mary Myers, Stanley Choptiany, Tim Henderson
St. George	Ross Norman, John Norman
Sussex	Ralph Carr, Marc Thorne, Eric Cunningham
Woodstock	Arthur Slipp
<b>Cities</b>	
Fredericton	Stephen Chase, Eric Megarity
Saint John	Bill Farren
<b>Other groups</b>	
AMANB	Eva Turnbull

**A total of 139 individuals from 46 municipalities attended the 5 Regional Forums.**

**Appendix B – Feedback from the Workshop Exercises**

<b>Exercise 1 – Current Challenges Facing Communities</b>		
<b>Belledune Area</b>		
1. Regionalization – Job Loss	2. Number of Recommendation in Finn Report – some good & bad	3. Job Losses
1. Cost of providing services Increasing	2. Increased infrastructure cost	3. Keeping Tax Rate Low with decreasing & aging population
1. Loss of Youth	2. Loss of Jobs	3. Loss of Tax Base
<b>Fredericton Area</b>		
1. Dwindling Population	2. Infrastructure	3. Lack of LSD Financial Support
1. Adequate Funding	2. Maintaining Infrastructure	3. Providing New Infrastructure
1. Policing Cost	2. Loss of Services – Present & Future	3. Loss of Government investment in community
1. Fire Service – Mutual Aid	2. Policing	3. Aging Population
<b>Riverview Area</b>		
1. Limited Sources of Revenue	2. Infrastructure Deficit	3. Cost Sharing
1. Infrastructure Funding	2. LSD's not Cost Sharing	3. Public Participation - volunteerism
1. Property Tax Fairness with LSD's	2. Infrastructure	3. Meeting Service Standards
1. Infrastructure Funding	2. Cost Sharing – Policing	3. Financing – small municipalities
<b>Woodstock Area</b>		
1 Infrastructure	2. Down Loading on Municipalities	3. Unconditional Grant Decrease
1 Infrastructure	2. Fire Dept (too many rules from Prov - \$\$\$)	3. Policing
1 Infrastructure	2. Meeting Service Standards	3. Public Participation
1 Lack of Financial Support from Province	2. Government Restraints – ie Gas Tax	3. Aging Infrastructure
<b>Other Comments Listed</b>		
Increased cost of Administration	Protection of Tax Base for Community	Negative impact of new Finn Map Boundaries & Cost to provide services to LSD's
Higher operation cost	Cost of maintaining equipment	Regional Services
Cost to comply with Well Field Regulations	Lack of resources	Jobs
Schools/education	Lack of Skilled Labor Force	Demands of LSD's for services –recreation
Unreliable agreements with LSD's	PSAB	Increased Regulatory Cost
Infrastructure	Planning & Development	LSD's are unaware of cost of services
Lack of Population growth	Volunteers	Shift in Population
Economic Development	Lack of Communication on day to day issues with government	Boundaries not large enough
Declining Tax Revenue	Population	Region Support for Recreation
Policing	Taxation	Taxation Property
Increasing and complex regulations	Policing Standards	Lack of Revenue generating options

Appendix B Continued

Exercise 2 –Challenges & Benefits of Finn Report	
Obstacles / Challenges	Benefits / Opportunities
<b>Belledune Area</b>	
Bilingualism – cost, time, emotions...	More cost effective provision of essential services
Potential for increased staffing cost	Greater potential for sharing of ideas & economic development
Location of First Nation separates two communities	Sharing of Recreation Facilities
Distance between communities	Sharing of Equipment
Knowing Cost to Provide Services to LSD's	Sharing of Infrastructure – water & sewer
Linguistic and Cultural Issues with Amalgamation	More People to Serve on Boards
Equalization of Resources between Communities & LSD's	More Community Involvement
Getting LSD's involved	Growth Opportunities
Adapting/Accepting	Possible Job Creation
Taxation	
Collection of Property Taxes	
Acquiring information before going forward	
Equipment required – snow removal	
Fear of Job Losses	
<b>Fredericton Area</b>	
Geographic Areas to Large?	Reduced taxation rates
Different Communities with Different Issues	Better resources & talent pool
How do you achieve equal representation	Potential to improve services
Opportunity to address Taxation issues	
Realization that there is a need for change – change must happen	
Municipal Elections – Ward, at Large?	
Taxation – will equalization be effective?	
Not enough understanding/education on issues	
Loss of Services & Programs	
Bigger not always better	
Loss of autonomy – greater loss of volunteers	

Appendix B Continued

Exercise 2 –Challenges & Benefits of Finn Report	
Obstacles / Challenges	Benefits / Opportunities
<b>Riverview Area</b>	
Inheritance of others problems and cost	Increased Tax Base
Native issues within regional entities	Better Service at lower cost (dream!)
Boundary designation for regional entities	Economies of scale
Language issues	Chance for LSD's to contribute more to facilities owned by Villages
Staffing for long term employees and impact	Better chance for a stronger voice
Leadership from government toward implementing regional entities	Better chance for more control over police, planning commissions, etc.
Communities have different values	
RCMP/Policing different within communities	
LSD's & smaller communities – will tax rate increase?	
Cost of regional boards?	
Collective Agreements – different in each community	
Cost of Implementation - \$80,000,000 from where?	
Boundaries – some communities will not want to join along with LSD's	
Job loss	
Liability for roads and bridges	
Extra cost for people on fixed incomes	
Difficulty in large region getting Council to meeting (there is difficulty now)	
Hospitals – how will they be funded?	
Loss of Unconditional grant – will new funding suffice	
Difficulty providing quality services to widespread and low population areas	
What happens with Community reserve funds?	
What happens with Community debt?	
<b>Woodstock</b>	
Entity 52 Boundaries Issues	More equal tax system
Employees???	LSD's would have Local Government
Maintenance of Roads and Streets	Great Voice when speaking to Government
Small Communities lose identity	Cost Sharing
Representation System	More Volunteers to draw from
Would need more Staff	Greater Tax Base
Taxation	Increased Population
Where is Federal Government regarding shared financing with native communities	Rationalized Services

**Appendix B Continued**

Obstacles / Challenges	Benefits / Opportunities
Geographically too large	Size would allow services to be provided
LSD participation/Acceptance	Shared tax base amongst Units
How would election process be?	Eliminates competition between communities
Where would central office be?	LSD Supporting Services
Unknown cost to provide LSD services (roads, policing, recreation	Possible greater community spirit
Obtaining equal level of funding to pay for services	Enhanced presence to generate economic development
Will we have taxation authority to make up the difference?	Self Sufficient
Buy in from the public	Able to enhance Infrastructure
Maintain a distinctiveness between communities in a regional entity	
How do you treat communities equally	

**Appendix C – The Survey Questions**

<p>1. Do you think there is a need to reform the local government system in New Brunswick?</p>	<p>11. The Finn Report recommends each new or reconfigured municipality establish specific property tax rates for each property class commensurate with the type and level of services available in each part of the municipality (area rates). Do you agree?</p>
<p>2. Has your Municipal Council taken a formal position on any of the recommendations in the Finn Report?</p>	<p>12. The Report recommends that \$.75 from the \$2.25 Provincial non-residential property tax rate be available to municipalities and that the Provincial non-owner occupied residential tax rate be eliminated and potentially available to municipalities. The unconditional grant in its present form would be abolished. Do you agree with these changes?</p>
<p>3. Are you willing to share your Council's position on the Finn Report?</p>	<p>13. The Report recommends to address revenue raising disparities between municipal entities, an equalization mechanism be established in conjunction with the property tax room transfer. Three municipal groupings based on population (under 10,000, from 10,001 to 40,000 and over 40,000) would be established for equalization purposes. Do you agree?</p>
<p>4. Have you conveyed your position to Government?</p>	<p>14. Finn recommends that responsibility for local services in former LSDs be subject to transitional provisions and local roads open to negotiation between the Province and the individual municipal entities. Do you agree?</p>
<p>5. The Finn report recommends that local government cover the entire province and the present local service districts, rural communities, villages (with the exception of Campobello) be discontinued and reconstituted into larger municipal units and that the boundaries of the eight cities be redrawn to reflect the annexation of some of the present non-incorporated areas. Do you agree?</p>	<p>15. The Finn Report recommends that, with the exception of the consequential change required in the Farmland Identification Program with respect to the use of the average local service districts tax rate in determining the amount of the tax deferral, the property taxation rules currently applicable to forests and farmlands remain unchanged. Do you agree?</p>
<p>6. The Report recommends that a minimum population of 4,000 and/or a property assessment threshold of \$200M be required in order for a community to be incorporated as a municipality, and that exceptions to this rule be strictly controlled. Do you agree?</p>	<p>16. Finn recommends all municipal legislation in New Brunswick be consolidated in two acts and broader authority be delegated to municipalities. Do you agree?</p>

Appendix C continued

<p>7. The Report recommends there be 12 regional service districts and that these be governed by a board made up of elected officials from the municipalities in each region. Revenue for the operation of this board and the services it provides would come from the municipalities. The cost sharing formula would be based on population and tax base or some other formula agreed by the municipalities in the region. Do you agree with this recommendation?</p>	<p>17. Do you agree with the 'accountability and transparency' measures recommended in the Report?</p>
<p>8. The Report suggests that solid waste management, policing, emergency measures, economic development and land use planning be provided at the regional level. Do you agree with this recommendation?</p>	<p>18. Do you agree with Finn's conclusion that all the recommendations must be adopted?</p>
<p>9. The regional committees would be responsible for preparing a regional strategic plan that would be consistent with provincial planning statements for key principles. Local plans would have to conform. Do you agree with this concept?</p>	<p>19. When it comes to local reform, what do you think is the most important consideration among citizens?</p> <ul style="list-style-type: none"> <li>a. Community of interest ___</li> <li>b. Community identity ___</li> <li>c. Tax rates ___</li> <li>d. Service quality ___</li> <li>e. Cost sharing ___</li> <li>f. Others? ___</li> </ul>
<p>10. The Finn Report recommends the use of a province-wide, centralized, uniform, market-based approach for property assessments be continued and that assessment values not be capped or frozen and that a "three-year averaging" approach to assessments be considered for implementation after due consultation with the municipal entities. Do you agree?</p>	<p>20. Are there other concerns or issues for municipalities in NB not addressed by the Finn Report?</p>

**Appendix D – Survey Results**

Question	# of Yes	# of No
1. Do you think there is a need to reform the local government system in New Brunswick?	29	2
2. Has your Municipal Council taken a formal position on any of the recommendations in the Report?	6	24
3. Are you willing to share your Council's position on the Finn Report?	23	2
4. Have you conveyed your position to Government?	5	23
5. The Finn Report recommends that local government cover the entire province and the present local service districts, rural communities, villages (with the exception of Campobello) and most towns be discontinued and reconstituted into larger municipal units and that the boundaries of the eight cities be redrawn to reflect the annexation of some of the present non-incorporated areas. Do you agree?	9	14
6. The Report recommends that a minimum population of 4,000 and/or a property assessment threshold of \$200M be required in order for a community to be incorporated as a municipality, and that exceptions to this rule be strictly controlled. Do you agree?	12	16
7. The Report recommends there be 12 regional service districts and that these be governed by a board made up of elected officials from the municipalities in each region. Revenue for the operation of this board and the services it provides would come from the municipalities. The cost sharing formula would be based on population and tax base or some other formula agreed by the municipalities in the region. Do you agree with this recommendation?	10	13
8. The Report suggests, that solid waste management, policing, emergency measures, economic development and land use planning be provided at the regional level. Do you agree with this recommendation?	15	11
9. The regional committees would be responsible for preparing a regional strategic plan that would be consistent with provincial planning statements for key principles. Local plans would have to conform. Do you agree with this concept?	16	12
10. The Finn Report recommends the use of a province-wide, centralized, uniform, market-based approach for property assessments be continued and that assessment values not be capped or frozen and that a "three-year averaging" approach to assessments be considered for implementation after due consultation with the municipal entities. Do you agree?	16	6
11. The Finn Report recommend s each new or reconfigured municipal establish specific property tax rates for each property class commensurate with the type and level of services available in each part of the municipality (area rates). Do you agree?	17	7

**Appendix D continued**

12. The Report recommends that \$.75 from the \$2.25 Provincial non-residential property tax rate be available to municipalities and that the Provincial non-owner occupied residential tax rate be eliminated and potentially available to municipalities. The unconditional grant in its present form would be abolished. Do you agree with these changes?	12	10
13. The Report recommends to address revenue raising disparities between municipal entities, an equalization mechanism be established in conjunction with the property tax room transfer. Three municipal groupings based on population (under 10,000, from 10,001 to 40,000 and over 40,000) would be established for equalization purposes. Do you agree?	15	5
14. Finn recommends that responsibility for local services in former LSDs be subject to transitional provisions and local roads open to negotiation between the Province and the individual municipal entities. Do you agree?	13	11
15. The Finn Report recommends that, with the exception of the consequential change required in the Farmland Identification Program with respect to the use of the average local service districts tax rate in determining the amount of tax deferral, the property taxation rules currently applicable to forests and farmlands remain unchanged. Do you agree?	15	6
16. Finn recommends all municipal legislation in New Brunswick be consolidated in two acts and broader authority be delegated to municipalities. Do you agree?	20	5
17. Do you agree with the "accountability and transparency" measures recommended in the Report?	14	5
18. Do you agree with Finn's conclusion that all the recommendations must be adopted?	1	20
19. When it comes to local reform, what do you think is the most important consideration among citizens? Community interest, community identity, tax rates, service quality, cost sharing, others?	N/A	N/A
20. Are there other concerns or issues for municipalities in NB not addressed by the Finn Report?	N/A	N/A

**\*Note: While there were 32 responses to the survey, not all responded to each question or provided a "neutral", "unsure" or "undecided" answer and therefore would not be reflected in the numbers above.**

**\*\*Specific comments provided by the respondents pertaining to each of the questions have been compiled as a separate document and may be obtained from the UMNB.**

## Appendix E – Regional Governance and Service Delivery Framework

### Purpose:

- A regional governance and service delivery framework that will provide for local elected representation local service delivery in currently unincorporated areas, facilitate cost sharing between local administrative units, foster cost recovery for services provided and generate opportunities for service improvements and greater cost efficiencies.

### General Approach / Philosophy:

- While the provincial government would establish the regional framework and the agencies themselves, it would be up to the member units to determine what services are to be delivered regionally (other than those specifically mandated by the provincial government). Cost sharing formulas would be determined by the regional agencies and default mechanisms would be put in place where agreements could not be reached.
- The establishment of such agencies would be a way of bridging divisions between and among both municipalities and local service districts, and pave the way for potential future local restructuring.

### Governance and Representation:

- Twelve Regional agencies across the province based loosely on the current boundaries used by the 12 solid waste commissions.
- Each agency governed by a Board of Directors made up of representatives of municipalities, rural communities and local service districts.
- Municipal representatives selected by their respective councils to be on the Board of Directors.
- Rural Community representatives selected by their respective councils to be on the Board of Directors
- Local service districts directly elect their representatives to the Board as part of municipal elections, according to provincial ridings

### Roles:

- Governance of the local service districts (no longer with provincial government)
- Facilitation and provision of local services to local service districts
- Facilitation of agreements between local administrative units

**Appendix E continued**

- Mandatory services (for all member units): solid waste management, regional strategic planning, aspects of emergency measures planning and management, policing (note that local land use planning could be offered by the regional agency but it would be up to the member units to decide whether they provide the service themselves or get it from the regional agency).
- Water systems currently owned and operated by the provincial government via the Department of Environment would be turned over to the regional agencies.
- Optional / future services: Building inspection, recreation facilities and programs, water and wastewater management, fire prevention and suppression, road maintenance and various corporate-type services such as tendering and purchasing, etc.
- Determination of tax rates for the areas remaining as local service districts.

**Decision-making:**

- All members of the Board would have voting privileges with respect to matters affecting the whole corporation (e.g., the budget, staffing, strategic plan, region wide services).
- Some decisions would be required weighted voting to reflect relative burdens being carried by the participating groups (e.g., for the budget, borrowing, etc.).
- Specific service decisions relating to one particular local service district would only require the support of the representatives of that area (but perhaps supported by a vote at a public meeting). The specific mechanics of this approach would have to be carefully examined.

**Finances:**

- The primary source of funding for the regional agencies would be property taxation; however, the provincial government would have transferred all property tax room to the municipalities and to the regional agencies on behalf of the current local service districts.
- Services would be provided on a “pay for what you get” and “get what you pay for principle”. That is, all services would be provided on a cost recovery basis.
- Member municipalities would contribute their share of funding to the regional agencies through their own budget processes.
- The regional agency would establish the tax rates for the local service districts.
- The regional agency would be able to charge fees for some aspects of the services it provides.

**Other details**

- Local units will remain as they are (municipalities, rural communities and local service districts).
- By being part of this regional agency, some units may see some benefit in more closely aligning themselves with neighbouring entities.
- Budgets for the currently unincorporated areas would be looked after by the regional agencies.
- All assets associated with local service provision (e.g., fire halls and equipment, community and recreation halls, etc.) in the unincorporated areas would be turned over to the regional agencies.
- The provincial government would not be involved in facilitating service provision agreements between local units.

## Local District Service Delivery and Governance Model Summary

Municipalities and Local Services Districts (LSD's) remain as they currently exist.

Municipalities can continue to provide services to their citizens as at present.

LSD's would gain elected local representation via the RD Council.

12 or so regions would be created, each with representatives appointed to the RD Council.

Together, incorporated municipalities and incorporated regional districts would form a single-tier RD Council.

RD Council would be a single-tier, weighted body.

RD's would be responsible for:

1. Providing all municipal services through the RD Council.
2. Facilitating joint service / cost sharing agreements between 2 or more local units, and negotiates / manages service contracts as requested.
3. Negotiating / managing service contracts as requested.
4. Providing general governance for LSDs (i.e., regulatory role – by-laws, budgeting and taxation, property ownership, general administration).

For service delivery, the RD Council would replace the Department of Local Government.

(Municipalities)

266 Local Service Districts (advisory committees & taxing authorities)

Each municipal and rural community council appoints one council member to sit as their representative on the Regional District Council (for a total of 105 representatives)

Each region elects an average of 10 representatives from the LSDs in the area for a total of 110 to 120 representatives from LSDs

± 12 Regional District Councils

On behalf of municipalities and rural communities, delivers / facilitates certain local services on a regional basis, facilitates joint service / cost sharing agreements between 2 or more local units, and negotiates / manages service contracts as requested.

Facilitate intra-regional service delivery agreements as needed / requested

On behalf of LSDs, delivers / facilitates all local services (whether on a regional or localized basis), facilitates joint service / cost sharing agreements between 2 or more local units, and negotiates / manages service contracts as required. Also provides general governance role for LSDs (i.e., regulatory role – by-laws, budgeting and taxation, property ownership, general administration).

Note: By "local services" we generally mean municipal type services as identified in the First Schedule of the *Municipalities Act*, as well as policing, land use planning / development related services, as well as other services typically provided by local governments. These services may be provided on a localized basis, a regional basis or on a province-wide basis.

Appendix F – Recreation New Brunswick Submission

*Submitted to the Department of Local Government*

**Consultation on Enhancing Local Governance**

*presented by*

**RECREATION NEW BRUNSWICK**

***“RECREATION...FOR FUN...FOR LIFE...FOREVER!”***



55 Whiting Road, Unit 34  
Fredericton, NB E3B 5Y5  
Tel : 506- 459-1929  
Fax: 506- 450-6066  
rnb@recreationnb.ca  
www.recreationnb.ca

## Consultation on Enhancing Local Governance

### INTRODUCTION

Recreation New Brunswick would like to take this opportunity to express our thoughts regarding the local governance consultations starting April 18<sup>th</sup>. Recreation New Brunswick is compelled to take this opportunity to express the importance recreation plays in all our communities and how it benefits our citizens and the province as a whole. Recreation New Brunswick wants to ensure that the recreation voice is heard throughout this consultation process and given the attention it needs to continue to ensure the health of our citizens and communities.

### STRUCTURED RECREATION IN OUR MUNICIPALITIES

Municipalities are noted as being the cornerstones of the local governance framework in New Brunswick. By examining municipal statistics in *“Annual Report of Municipal Statistics for New Brunswick – 2010 from the Department of Local Government”* and looking at municipal recreation and cultural budgets we have concluded:

- ✓ Cities, towns and villages invested approximately **\$80,759,858** on Recreation and culture services, representing 11.40% of their total expenditures. In comparison they are investing **\$70,940,813** or 10.01% in the Fire Protection and **\$107,300,892** or 15.17% in the Police services.
- ✓ The average per capita expenditure (from the 2006 Census) on Recreation and Culture for incorporated areas is \$176.56. The highest per capita expenditure is by the smallest cities (Group “B”) at \$234.65 and the lowest is by the smallest villages (Group “F”) at \$64.14. The following table show the difference between all 6 groups:

Group of municipalities	Population	Rec. and Culture Budget	Average per capita
Group A	182,706	\$30,803,923	\$168.59
<b>Group B</b>	<b>77,111</b>	<b>\$18,094,109</b>	<b>\$234.65</b>
Group C	50,478	\$10,695,636	\$211.88
Group D	44,708	\$6,941,042	\$155.25
Group E	65,523	\$11,859,939	\$181.00
<b>Group F</b>	<b>36,870</b>	<b>\$2,365,209</b>	<b>\$64.14</b>
<b>TOTAL</b>	<b>457,396</b>	<b>\$80,759,858</b>	<b>\$176.56</b>

## RECREATION SERVICES IN RURAL NEW BRUNSWICK

Unincorporated areas comprise **approximately 35% of the population and 90% of the geographical area** of the landmass of New Brunswick (*Annual Report of Municipal Statistics for New Brunswick – 2010*). Recreation in rural New Brunswick is not as structured as in incorporated areas. The quality of life and well-being of citizens living in rural New Brunswick depends on an acceptable level of recreation services and accessibility.

Upon reviewing Community and Recreation budgets of Local Service Districts:

- ✓ Local Service Districts invest **\$ 2,218,910** on Community and Recreation services, representing 4.80% of their total expenditures. In comparison the Fire protection services represent 35.6% and the waste collection and disposal 36.9% of their total expenditures.
- ✓ The average **per capita expenditure on Community and Recreation Services is \$4.80**. To break those numbers down further:
  - In LSD's with populations of less than 2000, the per capita expenditure is \$3.59;
  - In LSD's with populations of less than 3000, the per capita expenditure is \$4.36;
  - In LSD's with a population greater then 3000, the per capita expenditure is \$2.24.
- ✓ Only 118 LSD's or 36.2% have a Community and Recreation Budget.

## RECREATIONAL ISSUES FACING RECREATION IN OUR COMMUNITIES

### EQUITABLE SERVICES:

In April 1994, the Province adopted the *Sport and Recreation Policy for New Brunswick*. Fundamental to this policy statement is the belief that sport and recreation provide a critical foundation for the quality of life and well-being that make New Brunswick unique. The first principle in the policy states; "*Sport and recreation are essential public services which respond to our citizens' rights to physical activity, play and other leisure activities*". The policy goes on to state; "*Sport and recreation services in New Brunswick will be delivered in an equitable manner.....*"

Local government predominantly delivers and manages the public recreation services in municipalities, whereas unincorporated areas rely on volunteer organizations such as Recreation Councils. Can we conclude that citizens are being serviced equitably between incorporated and unincorporated areas?

## **RECREATION FACILITIES/INFRASTRUCTURE:**

The Governments of Canada and New Brunswick made significant Centennial and 1970's investments in the construction of community-based, stand-alone, single function recreational infrastructure. During the following 1980-90 decades, federal/provincial capital funding declined considerably putting pressure on local governments to provide, operate and maintain recreational infrastructure that has seen operational costs escalate dramatically largely due to energy costs that are not offset by robust revenue streams.

In 2009, Recreation New Brunswick and the Government of New Brunswick partnered to conduct a comprehensive analysis of the present stock of recreational infrastructure in the province and to ascertain the go-forward challenges and opportunities to ensure all citizens have equitable access to high quality recreational opportunities that are financially sustainable. In keeping with this mandate, RNB undertook a number of tasks that are contained in the report *NB Recreational Infrastructure Renewal Strategy*.

### ***Demographic and Industry Implications for Future Recreational Infrastructure Planning:***

In New Brunswick, as in most Canadian provinces/territories, recreational infrastructure needs and decisions have historically been narrowly assessed in terms of children/youth. An analysis of New Brunswick demographics points to quite a different population profile in the next 30 years and is a major starting point to understanding and planning for future citizen recreational needs. In effect, the New Brunswick population has stagnated, is aging at a faster rate than most other jurisdictions in the country and is rapidly transitioning from rural to urban putting service pressure on the greater Moncton, Fredericton and Saint John metropolitan areas and reducing pressure on depopulating communities.

At the same time, provincial population health behaviours are deteriorating as reflected in increasingly high rates of overweight/obesity and population health measures such as high blood pressure, Type II diabetes, cardio vascular and chronic diseases. Canada-wide aging recreational infrastructure coupled with evolving citizen needs, deteriorating population health and fiscal constraints challenges recreational planners right across the country to innovate new, more strategic approaches to the provision of recreational infrastructure that is more user and programming friendly, operationally and energy efficient and affordable than traditional facilities. Today's recreational infrastructure is deliberately designed to be an enticing magnet for citizens of all ages: as a result, facilities are typically larger-scale, operational year-round, multigenerational, multi-functional, higher quality, energy efficient and co-located/clustered with community services/amenities (education, health care, retail, civic, day care, seniors centres, business, parks, active trail networks, dog parks, etc.) to support a wide variety of physical, artistic, creative, cultural, social and intellectual recreational opportunities.

### ***New Brunswick Recreational Infrastructure Planning: Realities and Opportunities***

Demographic and recreation industry trends provide a base to predict and plan for the future recreational needs of New Brunswick citizens. There are, however, three significant realities that will limit, to varying degrees, provincial and individual community capacity to plan, design, construct and operate recreational infrastructure that equitably fulfills future citizen needs and expectations:

1. The fiscal environment
2. The state of local governance in New Brunswick
3. The state of the recreation/sport/wellness industry in New Brunswick

New Brunswick's historic and current approach to recreational infrastructure cannot continue: the status quo is simply no longer tenable. New Brunswick can lead the requisite paradigm shift or be forced into a shift not of its own making. If it chooses the former, there are four significant opportunities that collectively are the pillars of recreational infrastructure planning, development and operations for the future:

1. Complete integration of all aspects of recreation, sport and wellness into a singular provincial healthy/active living structure and system.
2. A strategic, fully-integrated recreational infrastructure system that incorporates the facilities of various providers including those of all educational institutions (public and post-secondary) to eliminate redundancy, maximize returns-on-investment, enhance infrastructure utilization and achieve economies of scale.
3. A collaborative, regional approach to planning, construction and operation of large scale recreational infrastructure that complements smaller-scale community-by-community infrastructure efforts.
4. Where viable, cluster recreational infrastructure in accessible locations with links to education, health, employment, community (day cares, senior centres, art galleries, churches, etc.), civic (libraries, theatres, etc.) and business infrastructure and services.

### ***The Investment Case for Recreation Infrastructure***

There is a wealth of research-based benefits of recreation to an individual, society, the economy and the environment. Future investments in recreation will contribute to reducing health care costs and supporting economic development efforts by enhancing provincial and community quality of life such that industry/business want to locate and people want to live, work and raise their families in New Brunswick.

### ***A Regional Approach to Recreation Infrastructure Planning and Operations***

The historical and still dominantly exclusive community-by-community approach to planning, constructing, owning and operating recreational infrastructure in New Brunswick is no longer viable. For a host of sound reasons, New Brunswick must transition to a regional approach for large scale, capital and operationally intensive recreational infrastructure that complements the smaller scale recreational facilities individual communities can afford. Given the state of local governance in the province this will not be easy. A

regional recreational infrastructure planning model is recommended to support this transition but, in and of itself, the regional planning

framework will not suffice.

### ***A New Brunswick Recreational Renewal Strategy***

New Brunswick Recreational Infrastructure Renewal needs to provide a bold strategy requiring bold leadership to aggressively pursue a new philosophy, approach and model for planning, constructing, managing and investing in recreational infrastructure throughout the province. Likewise, the Strategy is not a panacea for population health and community and economic development: it is, however, a fundamental component because people need and expect high quality indoor and outdoor recreation facilities, parks, open space and trails where they can pursue recreational activities of choice. If New Brunswick proactively chooses strategic and significant change, there are six critical pillars that are foundational to a new paradigm:

1. A province-wide strategic focus on citizen healthy/active living.
2. Development of New Brunswick recreation facility standards.
3. Values-based recreational infrastructure system planning.
4. Introduction and incentives for a collaborative, regional approach to planning, constructing and operating large-scale recreational infrastructure that complements smaller-scale neighbourhood - community infrastructure.
5. Innovative partnering, designing and managing multi-generational, multifunctional, year round recreational facilities.
6. A dedicated 25 year recreational infrastructure investment program of \$15 million per annum.

If New Brunswick is successful in undertaking and integrating each of these pillars over the next 25 years, it will ensure that all citizens have equitable access to high quality neighbourhood, community, regional and provincial facilities that enable their pursuit of physical, artistic, creative, cultural, social and intellectual recreational activities that are a significant factor in quality of life, population health and community and economic development.

### **REGIONAL COLLABORATION:**

In the province we have approximately 25 LSD's that have entered into agreements for recreation services with 11 incorporated municipalities - this means that - less than 10% of the LSD's contribute to regional recreation services provided by municipalities. Most of the agreements are for capital cost associated with arena construction. The current process for LSD's to contribute to recreation services needs to be addressed. Currently, an LSD can make a 20 year commitment during a meeting, and then change the commitment 12 months later. This is unacceptable, whereas, the municipality cannot walk away from a debenture for a facility. Why should LSD's have this option?

## **RECOMMENDATIONS**

Recreation New Brunswick wishes to present the following four (4) recommendations/ comments for consideration by the Department of Local Government:

### **1) RECOGNITION OF RECREATION AS AN ESSENTIAL SERVICE**

Public recreation provides benefits to a community by adding value and benefit to the lives of the people who live in our communities. Public recreation has effects that are far more lasting and invasive than just the simple enjoyment benefit derived from playing an hour of basketball. It impacts the quality of life that we all strive to attain every day of our lives.

*"Recreation should be treated as an essential and designated service. Leisure is an essential part of life. Recreation and parks are foundations for leisure, for active lifestyles and for quality of life that make Canadian communities vibrant, unique and attractive. Leisure and recreation are fundamental human needs, essential to every person's psychological, social, physical, and spiritual well-being and happiness. The recreation and parks field is evolving to more fully respond to the nation's social, economic, and environmental priorities."*  
- Canadian Parks and Recreation Association, 1995

**Recreation New Brunswick recommends to the Department of Local Government that it realizes that recreation plays a vital role in community development & wellness and must be included in any governance plan for the development of rural and suburban communities.**

To not ensure the inclusion of recreation services in a plan would be to neglect a vital element of the community.

We have highlighted a few of the benefits that recreation provides to a community's well-being:

#### ***Enhances Individual Wellness:***

- Recreation reduces stress
- Recreation develops leadership capacities and social skills in adults and children
- A 3% increase in physical activity by Canadians would save taxpayers over \$41 million in related health care costs.

#### ***Enhances Family Wellness:***

- Recreation and parks build strong families – the foundation of a healthy community
- Families that play together – stay together
- Recreation provides safe, developmental opportunities for the latch-key child

**Enhances Community Wellness:**

- Recreation and parks build pride in a community – enhancing perceived quality of life
- Recreation provides opportunities for community involvement, and shared management and ownership of resources
- Recreation, facilities and the quality of the local environment are the foundations of community pride

**Enhances Government and Community Partnership:**

- Recreation and parks are significant employment generators – professional athletes/artists, agency/program staff, equipment manufacturing/retail
- Recreation and parks generate tourism expenditure – the essential foundation of the world's third largest industry
- Recreation and parks attract and retain business – a key component of quality of life, one of the most important business magnets

*Evidence and fact that support each one of the statements associated with recreation and parks benefit can be found in The Benefits Catalogue, a document produced by the Canadian Parks and Recreation Association in partnership with Health Canada and Parks and Recreation Ontario, 1997.*

## **2) FORMATION OF REGIONAL RECREATION COMMISSIONS**

Historically, public recreation providers have been all things to all people. Over time, this approach has caused municipalities to overextend their service delivery systems. In the “have” times of days gone by, recreation was available to everyone who walked through the door, regardless of where they resided. Today, with fiscal cutbacks and financial restraint, municipalities are no longer able to offer their services as universally.

Recreation programs and services are already provided on a regional basis – however, they are not supported on a regional basis. The leisure services, programs and facilities of many of our many municipalities and local service district areas are utilized by individuals from all around a given area. In some cases, user fees are levied to non-residents but it is widely acknowledged that these user fees are not substantial enough to actually contribute to the real cost of a program's delivery. It is also recognized that there needs to be more widespread input into how a region's recreation services are developed and offered in order to ensure that the leisure needs of a given area are met.

Regional Recreation Commissions could be established, in a manner similar to the arrangements currently in place for waste disposal and fire protection. The purpose of these Commissions would be to collaborate with local governments to manage and support the recreation services and programs of regions around the province. Authorized recreation representatives from the various areas within a region would develop and agree to a plan that provides the best use of the recreational resources for the residents of the involved areas. The cost of the regional recreation system would be determined and each area would share in the support of these services. Areas within the region, who are unable to join or do not wish to join the “Commission” may be levied a realistic user fee to access regional resources.

The development of “Regional Recreation Commissions” would address a number of issues. Firstly, it would ensure that the recreation resources of a region are equitably utilized and accessible and that the recreation resources of an area are equitably supported by all

users of the region. Secondly, by providing a mechanism that allows for input from all users of the region's recreation resources and any future resources, we ensure that there is a means whereby residents have an opportunity to provide input into the system and receive feedback. Finally, it provides the networking and cost sharing mechanism to ensure that all resources are managed properly and that we do not experience further losses or declines in our recreation assets.

***Recreation New Brunswick recommends the development of Regional Recreation Commissions through which a region's recreation services and resources may be effectively managed and supported.***

Critical to any discussion about recreation is the acknowledgement that recreation is about more than facilities. Equally vital to the delivery of recreation services are program development, activity organization, event management and community leadership. The system needs to ensure that we do not lose our most valuable asset – the human resources at the local level.

We are not here to suggest a model of governance – we believe that ultimately the residents of an area need to be the ones who direct the type of governance that will represent them. We are here to ask that regardless of the model chosen, it must include the provision and recognition of recreation to the residents of New Brunswick.

### **3) RECREATION INFRASTRUCTURE**

The Department of Local Government can and will be a key player in the implementation of the 6 pillars outlined in the Recreation New Brunswick report *NB Recreational Infrastructure Renewal Strategy*. Recommendation to assist in the implementation of the following six pillars of recreation infrastructure renewal in New Brunswick

- A province-wide strategic focus on citizen healthy/active living.
- Development of New Brunswick recreation facility standards.
- Values-based recreational infrastructure system planning.
- Introduction and incentives for a collaborative, regional approach to planning, constructing and operating large-scale recreational infrastructure that complements smaller-scale neighbourhood - community infrastructure.
- Innovative partnering, designing and managing multi-generational, multifunctional, year round recreational facilities.
- A dedicated 25 year recreational infrastructure investment program of \$15 million per annum.

***Recreation New Brunswick recommends that the Department of Local Government support the idea of regional approaches to the building and management of recreation facilities/infrastructure.***

#### 4) STOP THE EROSION!

The final point we wish to raise is one of concern.

In our opinion, the recreation and leisure services system has already experienced some significant losses. Over the last decade, we have witnessed the erosion of service in a number of our communities, a loss of programming as staff and volunteer resources decline, and a decrease in the funding available to provide these services. As practitioners in the field, there is a deeply held belief that participation in recreation is about more than Saturday morning hockey games and maintaining municipal facilities. It is about the value that recreation adds to people's lives and how that value adds to a community's development and character.

**Recreation New Brunswick believes that a failure to address the issues that face the recreation system will result in serious future consequences.**

- ✓ Hardly a day passes when the health of our population is not mentioned in the media. Wellness begins in our communities and recreation is an integral part of this wellness. If we continue to lose people and services, the wellness and health of our communities cannot help but also decline. ***Are we prepared to take care of that future health burden?***
- ✓ Special events, festivals, tournaments, tourism and recreational activities are major economic generators in our communities – both big and small. However, these events and services fall largely under the mandate of recreation councils, recreation departments and volunteer groups. ***If we are forced to reduce these organising groups, where will the management for these activities come from?***
- ✓ Without addressing the issue of services in our incorporated areas, the disparity between services offered to urban and non-urban residents will increase. Without an effective and fair means of cost recovery, municipal councils will be forced to limit the service they are able to provide to non-residents. ***Where will these individuals then go to meet their leisure needs and if there is no where to go for these needs, what happens to their level of wellness and quality of life?***
- ✓ Many facilities in our province are aging and lack the proper level of funding and maintenance in order to ensure that they are operated in an efficient and safe manner. New Brunswick is in a position whereby it may have to close a number of facilities and cancel existing programs in order to ensure that the public is not put at risk. Closed facilities and cancelled programs are difficult, often impossible, to bring back. ***Are we willing to lose these valuable foundations of our communities?***

These are some of the important questions we need to ask ourselves. Fortunately, we in the field of recreation do not believe that these possibilities need to become the realities of tomorrow. Collaboration already exists within the recreation system - we need to build upon this collaboration to make the system even stronger.

## CONCLUSION

**In conclusion, we ask that the Department of Local Government ensures that ACTION is taken to guarantee that recreation is included as an essential element in the communities of our province.** Recreation opportunities need to be delivered in a manner that ensures that all residents in New Brunswick receive equal benefit and enjoyment from the activities in which they participate.