



Union of Municipalities
of New Brunswick

Union des municipalités
du Nouveau-Brunswick



Pre-Budget Submission 2025

Union of Municipalities of New Brunswick

www.umnb.ca/prebudgetsubmission

Executive Summary

In 2023, municipalities invested a total of **\$1.205 billion dollars** in the province of New Brunswick, accounting for 2.6% of the provincial GDP¹, stimulating the economy and providing essential community services that New Brunswickers need to live vibrant, healthy lives. Strong partnerships with adequately resourced local governments are the key to accomplishing provincial goals related to housing creation, affordability, and healthcare recruitment. Municipal governments are mandated to deliver several core services to community members including maintenance of municipal road and capital infrastructure, policing and fire services, water and wastewater management, planning services, recreation and waste collection.

We know that the current moment has cause for political, economic and social uncertainty and requires careful attention. Whether it is the changing relationship with our neighbours to the south or the increased pressures from climate change, healthcare and housing crises – it is vital that the decisions we make now, at all levels of government, set New Brunswickers up for success.

Local governments are essential partners in that decision-making process. We work in lockstep with our provincial colleagues, ensuring that New Brunswickers receive the best care and attention possible through direct service and infrastructure means. Local governments understand the unique, local needs of our community members and we are the on the ground experts that will help the Government of New Brunswick to deliver on their key priorities relating to access to primary care, building more affordable housing and incentivizing economic growth to contribute to our overall provincial financial sustainability.

Although we are eager partners in fulfilling these priorities, we must ensure that all local governments have the financial resources to move forward. With local governance reform, over 85% of New Brunswickers now live, work and play within municipal boundaries, increasing the strain on existing core services and introducing new costs, without corresponding revenues.

Enclosed are five recommendations from the Union of Municipalities of New Brunswick, a 60 municipal member strong organization, that will help to achieve New Brunswick government goals at a local level.



Recommendations in advance of the 2025 - 2026 provincial budget

Recommendation #1: That the provincial government provide interim funding measures to municipal governments for the 2025 municipal budget year and commit to long-term sustainable financing.

Recommendation #2: That the provincial government invest in housing infrastructure and address the homelessness crisis as jurisdictional leaders.

Recommendation #3: That the provincial government increase investments in road and cellphone service infrastructure through the Department of Transportation and Infrastructure.

Recommendation #4: That the provincial government provide a “*Municipal Support Fund*” to newly formed municipalities.

Recommendation #5: Empower the Union of Municipalities of New Brunswick to expand services to support municipal government.

About the Union of Municipalities of New Brunswick (UMNB)

The Union of Municipalities of New Brunswick (UMNB) is a bilingual association of 60 local governments of all sizes, representing over half the New Brunswick population. Since 1994, UMNB has been a dedicated advocate for the creation of strong, sustainable communities throughout the province.

At UMNB, we actively engage and collaborate with all New Brunswick municipalities, working toward building vibrant and sustainable communities through advocacy and the provision of valuable services for our members. Our organization is committed to being member-driven, serving as both the voice and authority of municipalities in New Brunswick and striving to ensure effective representation for our diverse membership.

Our members actively shape UMNB's priorities and policies through member resolutions, at regional Zone meetings, and during our Annual General Meeting. This collaborative decision-making process empowers our members to address local challenges and share effective solutions, ultimately enhancing the quality of life for their citizens.

In 2024, UMNB successfully amalgamated with the Cities of New Brunswick Association, uniting as a practical response to concerns stemming from the provincial government's mandated municipal reform process. This merger strengthens our ability to present a united front, addressing challenges collectively.

Recommendation #1

That the provincial government provide interim funding measures to municipal governments for the 2025 municipal budget year and commit to long-term sustainable financing.

In 2024, UMNB commissioned a report by Dr. Craig Brett of Mount Allison University titled *Toward a New Fiscal Framework for New Brunswick Municipalities* that demonstrated the current municipal funding gap and the importance of creating a framework for adequate, sustainable, and transparent funding to local governments.

The current fiscal structure supporting municipal government is no longer adequately serving our communities in an ever-changing and complex world. Dr. Brett's [report](#) clearly demonstrates an increased hyper-reliance on property tax revenue as a primary source of revenue for municipalities, accounting for 84% of total revenue in 2023, up 12.8% from 2001. Affordability remains a challenge for many New Brunswickers with the municipal tax base becoming increasingly residential over the last twenty years. Municipalities are facing a \$2.5 billion infrastructure deficit that requires a restoration of funding that has been reduced by the provincial government over the last 20 years.

Dr. Brett's report calls for investments of \$220 million annually to address both operational and infrastructure deficit, and notes that the longer these investments are delayed, the more serious the deficits will become, requiring even greater funding increases. Municipalities require a more consistent, indexed source of revenue that moves beyond reliance on residential property tax. This could include 1% of the HST allocated to municipalities to offset and stabilize the property tax rates while allowing municipalities to address their sizeable infrastructure gaps.

During the 2024 provincial election campaign, at the municipal forum hosted by the UMNB and l'Association Francophone des municipalités du Nouveau-Brunswick (AFMNB), the Premier committed to a temporary measure during the 2025 municipal budget year to assist municipalities through the implementation of a structural fiscal reform process. This was an important recognition of the challenges that municipalities are facing. Collectively, with the AFMNB, we advocated for a phased in approach to the HST in 2025, with a half point in this fiscal year, followed by the full point in 2026. This funding, or approximately \$110 million in the 2025 municipal budget year would allow municipalities to begin addressing the infrastructure and operational gaps in their communities and will assist with local economic projects which are critical given the economic challenges facing our province and country.



What municipalities need:

- The capacity to prepare for future shocks and changes and to keep more of their own revenues to ensure stability, sustainability and affordability within their own communities.
- Indexed, consistent source of revenue to be provided yearly and through an unconditional funding mechanism.
- Funding to address the \$2.5 billion infrastructure deficit over the next 20 years at an indexed amount of \$120 million per year.
- Operational support via an equalization formula at \$85 million per year to ensure that municipalities with lower fiscal capacities can provide adequate local services.
- A temporary measure of \$110 million in 2025 to help municipalities until the comprehensive fiscal reform process is completed for municipal budget year 2026.

Recommendation #2:

That the provincial government invest in housing infrastructure and address the homelessness crisis as jurisdictional leaders.

New Brunswick must expand its current housing infrastructure funding to catch up with the population growth within the province. Since 2019, New Brunswick has seen a population growth of 77,000 new residents and the Moncton region growing by 5.1%, making it the second highest population growth rate in the country.

This growth comes with increased service needs within our communities including the growing need for affordable housing. Municipalities are at the forefront of the housing crisis with many municipal governments such as the City of Fredericton and the Town of Saint Andrews stepping up to contribute municipal dollars directly to tackle the housing crisis either through subsidy programs or increasing available service infrastructure. Although existing provincial funding programs such as the Pre-Construction and Infrastructure Fund to Support Housing at the Regional Development Corporation and removing the PST on new builds are important steps in the right direction, more is needed to be done to accelerate development.

Federal programs such as the Housing Accelerator Fund have been noted as a successful means to reduce administrative barriers and empower the role of municipal government to contribute more directly to the development of more housing. We recommend a similar model to be replicated at a provincial level but to be provided to all municipal governments across the province in an equitable manner.

In alignment with the need to invest in more housing infrastructure, municipal governments have also been at the forefront of the growing homelessness crisis in our province. The major cities – Fredericton, Saint John, Moncton – as well as smaller rural communities like St. Stephen have seen a large increase in the unsheltered population since 2020. Due to the complex service needs of the unsheltered population, municipalities have felt increased costs related to public safety, cleanups, housing, and more.

What municipalities need:

- Direct capital and resource-based funding to help accelerate the development of affordable housing within municipal boundaries.
- Commitment and action from the provincial government to address the root causes of homelessness including increasing supportive, transitional and deeply affordable housing capacity.
- Streamlined process for transferring surplus GNB land to municipalities for affordable housing development.

Recommendation #3:

That the provincial government increase investments in road and cellphone service infrastructure through the Department of Transportation and Infrastructure.

Infrastructure renewal is a key municipal responsibility. With population growth, climate change, and deteriorating physical conditions there's a need for increased investment in the infrastructure that connects communities to the services they need. Whether that is via the Provincial Municipal Highway Program, or municipal streets, we need roads that are safe to get people where they need to go, and that are resilient to extreme weather events. While the PMHP has been increased, over the last few years investment has not kept pace with inflation, which has led to municipalities investing in roads that do not belong to them. We need a new model that addresses local priorities and allocates more resources to completing those projects, in collaboration with local governments who understand local needs.

Access to a reliable cellphone service is another key piece of infrastructure for our shared residents. The gaps in our service map create risks for public safety and limits the access to some citizens to educational, health, and economic development opportunities which unfairly punishes rural residents. It is key that the provincial and federal government invest in the network to ensure those gaps are filled and that we can support our residents to live safe, active and healthy lives. There are too many areas in our province that are disconnected from the network.

What municipalities need:

- More input into the DTI process for infrastructure maintenance and road repairs.
- Significant expansion of the funding of the PMHP program, and then indexing for inflation.
- Convene industry and all levels of government to create a strategic plan with clear priorities to improve cellphone service.
- Creation of an accompanying fund to address cellular service gaps across the province.



Recommendation #4:

That the provincial government provide a “*Municipal Support Fund*” to newly formed municipalities.

Local governance reform saw the creation of six new municipalities, five of which are members of UMNB – Fundy Shores, Butternut Valley, Maple Hills, Alnwick, and Central York. A survey administered by UMNB demonstrates extra care and attention is needed to temporarily provide financial resources and additional support to these new municipalities.

We propose that a rural support fund be established for the next five years to help support the staffing, asset, financial, and service requirements needed for these municipalities to be on an equal playing field to their established municipal counterparts.

What municipalities need:

- Greater support to build the capacity of newly formed municipal staff and councils to fulfil their roles and responsibilities as municipal officials.
- A total of \$250,000 annually invested over 5 years toward new municipalities to help support them in the areas of auditing and accounting, asset management, and council and staff roles and responsibilities.

Recommendation #5:

Empower the Union of Municipalities of New Brunswick to expand services to support municipal government.

UMNB has served New Brunswick municipal governments for over 30 years and continues to grow as an organization representing communities of all sizes and both official languages. In the last three years, UMNB has doubled its staff capacity as well as its advocacy and support in critical areas such as policing and public safety, housing, healthcare and fiscal reform. UMNB continues to be an important voice for municipal governments as we strive to represent their needs on multiple levels.

Many of our municipal members have identified the need for further assistance in three core areas: accounting and finances, asset management, and training support. UMNB has established itself as a centrally based, bilingual organization that can successfully administer additional support to our municipal members. Many Canadian provinces support the capacity building work of municipal associations and we propose that the provincial government provide core funding to support the services of UMNB and by extension, empower municipal membership to successfully fulfil their roles and responsibilities. Core funding provided to UMNB at \$250,000 annually will allow the organization to bring on more capacity in these three priority areas.

Conclusion

In changing geopolitical times, it is important that municipal government is strong, well-resourced and prepared to take on any challenge in support of our shared residents. We need to work together to think differently about how we fund and ensure services for all New Brunswickers so that communities may thrive.

When local governments and the provincial government work in partnership to provide trusted leadership to New Brunswickers, we can ensure good stewardship of public dollars and make smart investments that make our shared vision a reality.