

Municipal Solutions Platform

The Municipal Solutions Platform details MNL's advocacy priorities designed to advance the municipal sector and improve local governance by addressing municipal fiscal sustainability, innovation in municipal infrastructure, regionalization and a municipal seat at decision-making tables.



**Stable Fiscal
Reality for the
municipal sector**



Regionalization



**Innovation in
Infrastructure**



A Seat at the Table

"Municipalities are the level of government closest to the people in our province. We must remember that municipal issues are provincial issues. We've been asked for big, bold ideas to solve the crisis that we are in. Our sector has solutions. We need a seat at the table with government and a strong collaborative relationship to make sure we can make those solutions a reality."

Craig Pollett, MNL Chief Executive Officer.



Stable Fiscal Reality for the municipal sector

Sector Challenges

- COVID-19 has exposed the fragility of our municipal fiscal structure. Lost revenue and increased expenses have put additional pressures on the municipal operational bottom line.
- Property tax is the main source of revenue for municipalities in this province. It accounts for 75% of municipal revenue.
- An aging, declining population in most municipalities impacts the ability to raise revenue through property tax. As a regressive tax, it places an extra burden on low-income individuals and households.
- Nationally, municipalities have the responsibility for 60 percent of Canada's infrastructure but access to only 10 cents on every tax dollar
- Funding is always announced annually. Municipalities need to be able to plan farther into the future. We need stable, predictable revenue. We need more of the provincial and federal investments to be multi-year.
- Municipalities in Newfoundland and Labrador will continue to face operational and infrastructure cost demands. They need access to additional revenue streams to lessen the burden on property tax.

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- Research shows that a 1% transfer from the provincial portion of the HST could increase municipal budgets by 16%; 1% of personal income tax would increase municipal budgets by 21%. A small change in provincial fiscal policy can mean big outcomes for the sector.
- Property tax will never be able to raise this kind of revenue.
- In 2015, MNL advocacy led to municipalities receiving approximately \$7 million in a provincial gas tax transfer (1 cent per litre). This additional source of revenue is essential and shows what can be done when orders of government work together to solve a problem.
- If municipalities are unable to continue to fund vital infrastructure and municipal services in the future, it will simply fall to the provincial government to do it anyway.

Questions for the candidate: Municipal Fiscal Stability

1. Municipal governments do not have enough revenue or the right revenue tools to be sustainable. Do you support exploring additional sources of revenue for municipalities such as access to income and sales tax, thereby alleviating the burden currently placed on property tax?



Innovation in Infrastructure

Sector Challenges

- Municipalities in Newfoundland and Labrador are facing an infrastructure crisis. Increasing demands, changing cost-share ratios and rising costs are all straining the system.
- Nationally, municipalities have the responsibility for 60 percent of Canada's infrastructure but access to only 10 cents on every tax dollar.
- Access to clean drinking water is a public health issue. Properly treating wastewater is an environmental health issue. Municipalities are responsible for both drinking water and wastewater infrastructure in communities. Municipalities in this province are looking at a \$600 Million price tag to comply with federal wastewater regulations on top of the \$400M required to replace existing water systems.
- Dr. Tom Cooper's 2014 report on the risks around municipal infrastructure in this province found that the level of municipal infrastructure is at \$2.4 billion with over \$1.35 billion in amortization or beyond its expected life. For municipal water and sewer systems, 43% was fully amortized or beyond its expected life.

Municipal Solutions

- We need a better and planned approach to municipal infrastructure in NL over the long-term. Our approach to infrastructure needs to evolve. It needs to include innovative solutions scaled to the realities of our communities.
- Greener, cheaper and more effective solutions are out there. We must explore them. Investment in innovative infrastructure and working with other sectoral partners would support the government's wider social economic objectives for Newfoundland and Labrador.
- We must modernize the way we manage these large investments. Making responsible infrastructure choices and changing the way infrastructure is planned, procured, delivered and operated will allow us to make the most out of our investment.
- Municipalities need access to multi-year capital works funding on an ongoing basis. Proper planning cannot happen through annual infrastructure project calls. They need access to approved project funds now.
- Asset management will allow us to make informed decisions on what to prioritise, what and how to build, and better understand the full lifecycle cost of projects. The Province must give immediate priority to developing a provincial asset management framework and engaging MNL to help towns complete their asset management plans.

Questions for the candidate: Innovation in municipal infrastructure

1. Will you advance efforts to support the design, funding and implementation of new, innovative infrastructure solutions that address longstanding but solvable municipal issues?
2. Will you ensure that that asset management planning is accelerated and supported in our province?



Regionalization

Sector Challenges

- Newfoundland and Labrador is facing serious demographic, governance and service delivery challenges that are coming home to roost now – not ten years from now.
- We lack a modern municipal system to support people living in all of our communities and to attract new residents.
- We have 275 municipalities; 75% of them have fewer than 1000 people. Over half have populations under 500. For these communities, around 27% of their residents fall into the 65+ age category. The national average is only 17%.
- Approximately 300 communities in the province are either local service districts or unincorporated areas where 10% of the population are not paying into a municipal taxation system or benefitting from essential municipal services.

Municipal Solutions

- MNL and our members have been talking about regionalization and regional approaches for over a decade. We need to stop talking and start acting.
- MNL is a member of a regionalization working group with the Department of Environment, Climate Change and Municipalities and the Professional Municipal Administrators. We are working toward a set of recommendations.
- Regionalization makes it possible for communities to come together to share costs, services and to have a stronger voice together. In some cases, it can mean establishing a regional government.
- The work of Drs. Heather Hall and Gerald Hodge outlines that successful regionalization requires 5 key resources, including: regulatory, financial, political, professional and planning. These things need to be in place for regionalization to occur.

Questions for the candidate: Regional Government

1. Will you support moving regionalization forward in your area?
2. Are you willing to work with MNL and the elected local leaders of this province to implement the necessary structural and legislative changes to implement regionalization in NL?



A Seat at the Table

- When legislation or regulations affecting municipalities change or when new federal – provincial funding agreements for municipal infrastructure are negotiated, municipalities are often on the outside looking in.
- We are sometimes consulted as a “stakeholder”, but we are not a partner in these important discussions.
- Municipalities are the level of government closest to the people in our communities. Funding agreements and legislation dictate how and where municipal funds can be spent. As the order of government taxing residents to raise those funds, we should be at the table when those decisions are made.

Questions for the candidate: A Seat at the Table

1. What concrete plans do you have for giving the municipal order of government a real seat at the table when making decisions about us?
2. Do you agree that new policies, regulations, legislation or funding programs should not be implemented without a municipal voice at the table?