
Commentary: Municipal Revenue Sharing

Municipalities in Saskatchewan achieved a huge breakthrough when the provincial government signed-off on the revenue sharing deal back in 2007.

With the latest review, municipalities across the province are sharing in around \$270 million annually, give or take (the northern portion is just shy of \$20 million). Since 2007, the government says that the Municipal Operating Grants (MOGs) to municipalities have increased by an average of 101%, although the average across the north is about 88%.

The agreement between the municipalities and the province is quite rightly considered the envy of the nation. The revenue sharing agreement in Saskatchewan enables municipalities a greater flexibility in how they spend their money, and allows them to pursue a wide range of interests quite apart from those that are legislatively mandated. The legislation that governs municipalities reflects this autonomy: it is referred to as “permissive legislation” for a reason.

So what are the issues, then? From the provincial government’s point of view, there are clearly some (hopefully not unexpected) problems popping up. The recently thrown-back-together Taskforce on Policing, mentioned earlier, provides a hint of the wider issue: despite the new money flowing in, municipalities are still bucking at the costs associated with their legislated responsibilities.

Although considerable work was done by the province and the municipal associations to figure out how much money municipalities needed to operate, the amount of revenue sharing dollars made available by province is actually an “arbitrary” amount; that is to say, across the province, that \$270 million in revenue sharing dollars has no real relation to the actual cost of doing business. That amount is simply the 1% of PST collected by the province set aside for revenue sharing.

The exception is in the north; here, the Northern Municipal Trust Account allocates money according to a formula that reflects the estimated cost of the four most expensive services provided by municipalities: roads, administration, water and sewer, and landfills. On top of that, in what we may call a “fifth pillar,” is a “discretionary” amount, which can vary from year to year, and is distributed according to census population.

In all cases, grants are unconditional.

It is easy to see the danger here. Having secured a revenue stream from government, municipalities will increasingly become more accountable for their legislated responsibilities, as the provincial government might have decided that municipalities now have adequate resources to handle the costs of any and all future responsibilities. To illustrate the folly of this notion, we have in front of us a letter from a small hamlet in northern Saskatchewan complaining about a bill for almost \$50,000 for fire protection: four times its total tax assessment. (To put this in perspective, it would be the equivalent of the government handing Regina a bill for about \$800 million.) Fire protection is a legislated responsibility, but clearly no community as small as some hamlets can afford it. Fire protection is not one of the four pillars.

Municipalities have a broad mandate—they can, in actual fact, do almost anything they like—get into the housing business (e.g., pay for subdivision development), start up an economic development arm, subsidise a childcare centre.

In the north, as we all know, the village or hamlet office can be the centre of a lot of activity that elsewhere is provided by non-government agencies, or the provincial gov-

ernment itself. Over the years, northern elected officials have even sought a role for the municipal office in the provision of social services, so frustrated have they been with the lack of service obtained through the traditional providers.

To complicate matters is the recent disappointing news that the New Building Canada Fund will be far, far less bountiful than we all hoped. MOGs, as the name suggests, are operating grants. Clearly, however, as municipalities begin to drain their own tax base to finance capital expenditures, the MOGs will come under increasing pressure to fill service gaps. SUMA CEO, Laurent Mougeot, has recently said that municipalities will now need to ensure that they are prioritizing their spending on core services.

Revenue sharing dollars come straight out of the government's bottom line; money that could be spent on highways, schools and hospitals. Last year, the provincial budget swung very nearly into deficit; some would argue it did. Any part of that \$270 million would have been a very handy buffer. It is easy to see, therefore, why the province might have decided that enough money has been made available to municipalities.

However, there is clearly an ongoing need to ensure that the responsibilities that are handed to the municipalities by the province—both historically and going forward—are distributed fairly, and are attuned to the sector's capacity to fund them. To serve this end, the province and the municipalities will need to continue to engage in productive dialogue. The revenue sharing deal was good, and is good, but it should not be interpreted as the final word.

Administrators Conference: October 15

As you can see, we have a date. A draft agenda has been sent out, which should be very close to its final form. The venue is La Ronge, as before. Invitations to register have been sent out as well, but if you didn't get one, call the office to tell us you're coming. The Administrators Conference is considered must-attend event. It is important for communities to support the ongoing professional development of administrators.

Wildfire Cost Recovery: What's Going on With That?

We've recently received information from a few communities that they have been invoiced for the costs of firefighting assistance. As far as we know, this is the first instance of the Ministry of Environment seeking cost recovery since 2012.

The first step for communities to take is to write to the minister asking that the costs be waived. Generally, the minister will use his discretion to waive the cost substantially.

November 25-27: Northern Justice Symposium, Art Hauser Centre, PA

This is considered a must attend-event for members of Community Police Boards and everyone interested in justice and policing issues in the north. Registrations will be available soon.

Local Beard Not Going Anywhere: Sources

Now into its sixth month, the beard is still there, sources indicate.

Sources say that the beard appears as entrenched as ever.

"We thought with all the hot weather we had the beard would be gone by now. But it's still there," sources said. "If anything, it looks to be making a permanent home."

Sources suggest that the beard will once again most likely be at the **New North Mayor and Council meeting on October 2nd, at the Prince Albert Inn.** Starts at 8.30am.

From the CEO: Al Loke

When Mayor Gord Stomp asked the Prime Minister about the Building Canada Plan infrastructure funding announced recently, the response didn't take us by surprise: the federal government says it just provides the money, but it's up to the province to decide how it is spent.

It doesn't really matter anymore that infrastructure funding has become a political hockey puck. We accept that we have lost this round, and the fact that the vast majority of municipalities in the province will see very, very little of the BCP money over the next decade.

Yet, in all this, there is one word that keeps springing to mind: frustration.

Frustration at not knowing how municipalities will find the money to renew their critical infrastructure; frustration at knowing that municipalities are not really prepared for the challenges that lie ahead; and frustration that many of the smaller communities in the province seem to be left out of political calculations.

The Manager of the City of Regina recently said that "growth does not pay for growth"; what he means is that the new revenues generated by a growing population (that is, taxes) do not cover the costs of servicing the infrastructure accommodating the new population.

If this is true of Regina, what hope do the smaller communities have, with even higher relative costs, and much worse economies of scale?

Certainly, there are things the province can do right now: debt limits too low; fees for utilities that come nowhere near covering the user costs. Another step might be to allow other ways for municipalities to broaden their tax base.

And from the municipalities' perspective, have a look at the summer edition of SUMA's *Urban Voice*, where you will find SUMA CEO Laurent Mougouet's "Maximizing Your Own Source Revenues," a pragmatic response to the infrastructure funding crisis. It's available at www.suma.org.

New North Executive

Chair:

Mayor Georgina Jolibois · West

Board Members:

Councillor Al Sayn (Vice Chair) · Far North

Mayor Gordon Stomp, Village of Air Ronge - Central region

Mayor Val Deschambeault · Eastern Region

Mayor Kelvin Roy · Member at Large

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New North Mission Statement

New North - SANC Services Inc. (Saskatchewan Association of Northern Communities) through strength in unity is organized to advocate, negotiate and initiate, improvements for the interests and concerns to the Local, Provincial and Federal Governments to enhance the quality of life for Northern people within the Northern Administration District (NAD) of Saskatchewan.