



The City of Saint John

November 30, 2021

The Honourable Minister Daniel Allain
P.O. Box 6000
Fredericton, NB
E3B 5H1

Local Governance Reform – Saint John’s Initial Response to the White Paper

EXECUTIVE SUMMARY

We commend and thank the Government of New Brunswick for the release of “*Working together for vibrant and sustainable communities*” White Paper. This is a significant accomplishment that will help propel our Province forward. We see many benefits to the actions identified within the reform and will seek every opportunity to support the provincial efforts for this transformative change.

Our renewed energy and optimism are tempered by some concern, as key areas of the reform related to cities as urban centres and engines for growth require either a greater focus, further clarification, or immediate action. As we move forward, we hope to see some additional concrete initiatives that accelerate growth in our cities. We also need to secure our provincial and federal funding since cities should not have to shoulder the costs of reform in the rural areas. We request more information to support the value of enhancing of the regional service commissions as outlined in the White Paper; and how the associated risks will be mitigated. Finally, we are disappointed in the delays to comprehensive property tax reform.

We know that strong cities lead to strong provinces. As one of the three largest cities in New Brunswick, with a sharp focus on growth, we stand ready as partners to work towards our shared success and prosperity. Eyes are on New Brunswick. Our future is bright.

Dear Minister Allain,

First off, well done! On behalf of Saint John Common Council, I congratulate and commend you on the clear and focused leadership demonstrated within The White Paper: *“Working together for vibrant and sustainable communities.”* We recognize that this is, as the culmination of a year’s effort and decades of research, an incredibly positive step forward for the Province. To witness our provincial government taking on the challenge of major transformative change merits recognition and thanks. The last significant local governance reform was more than half a century ago. The world has changed several times since then. As one of the three largest communities in New Brunswick, we stand ready as partners to work together towards our mutual success.

In the spirit of partnership, Common Council has identified many opportunities within the White Paper, as well as some areas of concern. Our comments are preliminary as there are still many unanswered questions – questions that we are confident can be answered over time as we work together towards implementation.

Our letter outlines key general observations, elements relating directly to Saint John, and some constructive ideas to help guide the transformative reform as it develops.

Common Council will be an active and engaged partner throughout this reform and hopes to be able to express full support for all initiatives. This will be achieved through our full involvement in the detailed planning that lies ahead, and by addressing our concerns expressed below.

Key General Observations

A prosperous rural landscape is vital and reflects themes that are key to Common Council’s priorities. However, in elevating the rural requirements, we feel that we are not taking full advantage of this local governance reform to address the needs of our cities. In our view, the White Paper’s demonstrated priority is to address the challenges of rural New Brunswick and to develop action plans to assist those who reside in rural areas. We support this, but we also need concrete ideas and initiatives to make our cities stronger, especially by accelerating their growth. Most informed opinion in Canada suggests that strong cities lead to strong provinces. We believe there is a significant opportunity to enable cities to grow and prosper for the benefit of all New Brunswickers.

Our greatest concern is that province-wide comprehensive property tax reform will be delayed for up to another three years. Our cities are disadvantaged waiting for tax reforms that are considered best practices in provinces across Canada. We cannot support the premise that property tax reform must wait until local government structures are resolved and in place. Most issues for review within property tax have nothing to do with local government structures and, therefore, we believe that both could be reformed concurrently.

We understand that the creation of new municipal entities, and elimination of others, is necessary and will bring benefits. We further understand that the grant formula for the Community Funding and Equalization Grant and the agreement of the Canada Community Building Fund (gas tax funding) will need to be adjusted. However, we assert that the restructuring should not cause any significant reductions to grant funding for existing municipalities. Cities must continue to be the emphasis for growth since strong cities are essential to the long-term financial wellbeing of the province. Moreover, cities should not shoulder any financial burden in the creation new rural government structures. The City will be providing additional thoughts on this subject under separate correspondence.

We welcome the opportunity to enhance our collaboration as the urban hub of the Fundy Regional Service Commission (RSC). We will aim to be a model of success to the benefit of all residents. While enhancing the

capabilities of the RSCs is paramount, we acknowledge that there are also significant risks. Robust collaboration in development and execution will be critical to success. The approach must consider and leverage capabilities that are already in place in the municipalities within a region to minimize duplication and needless costs. As the RSC model is further developed, we believe that there should be increased flexibility to explore alternative approaches that enable regional delivery of services where it makes sense to do so, and where reasonable cost sharing can be achieved.

Key Observations Directly Associated with Saint John

After 18 months of collaborative effort, in August 2019, the Province of New Brunswick and the City of Saint John co-released and endorsed “*Sustaining Saint John – A Three Part Plan*”. A key element of the plan was a firm commitment by the Province to complete comprehensive property tax reform by 2022. This White Paper pushes that commitment out for at least another three years. We do recognize that most of the elements of potential reform are identified within the White Paper, but their implementation is too late.

Comprehensive property tax reform includes but is not limited to the following: analysis on tax fairness and appropriateness of exemptions; review of property assessment processes and outcomes; differential tax rates and flexibility by adopting different tax classes; double taxation; and tax distribution/balance between the Province and the municipalities. Common Council simply cannot support further delay to comprehensive property tax reform. The City’s overall sustainability plan was developed based on the firm commitment that comprehensive property tax reform would be in place by 2022.

In its current state, the Fundy RSC is quite modest and manages the landfill, our recycling processing, and a few other undertakings. For it to manage other regional services and be responsible for the coordination of regional cost sharing, it would require significant expansion of resources. This may lead to more challenges than benefits. The model suggested in the White Paper seems to not give enough credence to the reality that there is a large urban core with tremendous capacity within our RSC, and that our region has towns that are larger than some cities acting as the anchors within other RSCs. Therefore, alternative approaches to regional collaboration and associated cost sharing might be appropriate. More information is required before Common Council could give full support to the RSC model described in the White Paper.

Regional cost sharing must be more than just looking at the items listed in the White Paper. It must be broadened to find methods for everyone to benefit to the maximum extent possible, while paying for all services (including roads) that they use.

Requests

Working together to achieve municipal reform has tremendous potential to benefit all New Brunswickers. Our motivation is to make the most out of this major effort and we therefore request the following:

1. Robust collaboration as we move forward. Specifically:
 - a. That a collaborative provincial/municipal working group of senior public servants and thought leaders be established immediately to consider initiatives and ideas that could address some of the unique challenges experienced by cities and, more importantly, find ways to spur the growth and prosperity of our cities. Strong cities will benefit all New Brunswickers. We further request that this working group provide their final concrete recommendations to the Province in time for consideration in Phase 2 of this White Paper.

- b. That our city staff be intimately involved in all deliberations on the use of a strengthened RSC model. The role of the urban cores must be carefully considered within the model.
 - c. That our adhoc Committee of Council for Municipal Reform and provincial caucus members associated with the region meet on a regular and frequent schedule to discuss this local governance reform to seek the necessary alignment for success.
2. Property Tax Reform. That comprehensive property tax reform be accelerated. This will build stronger communities, be respectful of previous provincial commitment, and honour the fundamental underpinnings of our long-term financial plan, which were developed based on that commitment. We suggest that in the required effort to accelerate the various elements of property tax reform, perhaps the distinction of “classes” within the non-residential category and the authority for differential rates amongst those classes is something that could be achievable by January 1st 2023. The remaining elements could then follow as soon as possible and, ideally, no later than January 1st 2024.
3. Cost sharing. That, depending on the final model for RSCs and associated cost-sharing, other cost-sharing arrangements be developed for services provided by a municipality and its taxpayers to others who reside outside of its territorial boundaries.
4. Direct Funding. That we receive a provincial commitment that restructures will not be the direct cause of reduced funding within the Community Funding and Equalization Grant and the Canada Community Building Fund (gas tax funding).

Conclusion

We again thank the Province of New Brunswick for its effort towards local governance reform. We believe the White Paper is a positive step forward. However, we equally believe that there is more that must be addressed to deal with the challenges of the cities of New Brunswick and to spur our growth and prosperity.

For our part, as Common Council, we have established an ad hoc Committee of Council for Municipal Reform and we are prepared to put in the time and effort required to integrate our needs with those of the Province to optimize the outcomes of this transformative change. Moreover, our City Manager has assembled a staff team ready to assist the provincial transition efforts and to contribute to the development of the detailed action plans for this reform.

We stand ready as partners to work together towards our collective success.

Kind regards,

Mayor Donna Noade Reardon

cc: The Honourable Blaine Higgs, Premier

Ryan Donaghy, Acting Deputy Minister, Environment and Local Government
Union of the Municipalities of NB
Cities of NB Association
Mayors of Grand Bay-Westfield, Hampton, Quispamsis and Rothesay