



**NOVA SCOTIA
FEDERATION OF
MUNICIPALITIES**

Title: "Modernizing Municipal Services: A Step Forward for Nova Scotia"

By Brenda Chisholm-Beaton, President, Nova Scotia Federation of Municipalities (NSFM) and Mayor of the Town of Port Hawkesbury. NSFM is the legislated voice of all 49 Nova Scotia Municipalities.

As Bill 340 progresses through the provincial legislature, NSFM is unequivocal in our endorsement of Bill 340. This bill paves the way for a new *Service Exchange Agreement* Memorandum of Understanding (MOU), a longstanding priority of our members. In simple terms, the MOU clarifies the roles and responsibilities of each order of government and addresses critical areas of mutual interest. Bill 340 will establish the legislative framework for a new MOU for 48 municipalities, along with a separate MOU for the Halifax Regional Municipality (HRM).

NSFM was gratified when the honorable Minister John Lohr of Municipal Affairs and Housing received a mandate in September 2021 to renegotiate the *Service Exchange Agreement* (MOU), incorporating the Municipal Financial Capacity Grant (MFCG) and roads as discussion topics. With the stars aligning, both orders of government embarked on negotiations for a new MOU.

NSFM collaborated with municipalities to compile MOU priorities, sharing them with the newly formed *Service Exchange Review and Municipal Government Act Review* (SERMGAR) advisory committee, comprising provincial staff, NSFM staff, and municipal elected officials and administrators. After 18 months of concerted effort, the Province and SERMGAR presented the MOU proposal to municipalities, culminating in consultations in August 2023. These consultations engaged 215 diverse participants representing 92% of Nova Scotia municipalities.

Overall, the MOU proposal garnered favorable reception, although concerns were voiced regarding one of the roads programs, and one regional municipality sought a distinct MOU. On September 14, 2023, NSFM conveyed its support for the MOU proposal to Minister Lohr, accompanied by some recommendations based on the consultations.

In essence, the features of the MOU that we endorse include an unfrozen, modernized municipal financial capacity grant formula, the cessation of municipal contributions toward corrections and housing net operating losses, a provincial program for infrastructure, a roads program for trunks and collectors for Towns, and the transfer of responsibility for obsolete schools to the Province. We have also requested that Roads Program B be returned to what SERMGAR, and the Province refer to as "Schedule A," which outlines other municipal priorities for future phases of MOU negotiations.

Furthermore, it is evident that the Cape Breton Regional Municipality (CBRM) has expressed reservations about the MOU proposal and aspires to have a separate MOU, similar to HRM. This stance was abundantly clear during consultations and a special meeting of NSFAM and CBRM. Therefore, NSFAM has lent its support to their request and direction in the letter.

On September 28, 2023, Minister Lohr acknowledged NSFAM's support for the MOU and recommendations, including the removal of Part B of the Roads program. Regarding CBRM, the Minister noted that his department held discussions with CBRM staff in September and sent two letters to CBRM indicating a willingness to consider a separate MOU, contingent on CBRM's decision to forgo the current savings under the proposed MOU in favor of a separate agreement or to be included in the MOU proposal with the other 47 municipalities. These deliberations currently rest with CBRM and the Province.

NSFAM recognizes that municipalities face substantial challenges often beyond their control, impacting their sustainability. We will persist in urging the Provincial and Federal governments to collaborate with municipalities on finding solutions. Negotiating a new MOU will not fully address all these challenges, but it represents a significant step in the right direction.

In conclusion, three essential considerations regarding Bill 340:

1. Our 49 members place an exceedingly high value on consultation, collaboration, and negotiation. NSFAM greatly appreciates the inclusion of these elements in the MOU discussions with the Province.
2. Municipal financial growth is pivotal to our work. The MOU offers new revenue options. While some may view the "corrections and housing" changes as a "flow-through," municipalities have the discretion to reinvest these funds or reduce taxes. Additionally, cost-sharing options will materialize through infrastructure and roads programs. Moreover, several municipalities will experience increased revenues under the new municipal capacity grant formula, and as an adjustment measure, the Province will commit to a five-year top-up for those municipalities negatively impacted, ensuring they receive the same funding as before.
3. Ultimately, it is resoundingly clear that our members demand a new MOU. Bill 340 provides the legislative framework for enacting this MOU into regulation, including the pathways for HRM's MOU and the potential for CBRM's MOU if they choose that direction. One thing NSFAM cannot support is maintaining the 'status quo' embodied by a three-decades-old MOU that no longer serves our needs.

NSFAM will participate in law amendments in support of Bill 340 and extends an invitation for others to do the same.