



170 Main Street  
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March 4, 2015

Hon. Ross Wiseman  
Minister, Department of Finance and President of the Treasury Board  
Main Floor, East Block, Confederation Building  
P.O. Box 8700  
St. John's, NL, A1B 4J6

**Re: Provincial Pre-Budget Consultations**

Dear Minister Wiseman,

On behalf of the Town of Port Blandford, I thank you for the opportunity to present at these pre-budget consultations.

Before I start addressing financial issues, I have to convey Council's thoughts on these consultations. There was a general feeling by Council that this presentation may be futile as there was very little notice given to municipalities and being this late in the fiscal year, there was a sense that the budget decisions are already made.

Regardless, we felt that we would take this time to further support the work done by Municipalities Newfoundland and Labrador (MNL) and the Department of Municipal and Intergovernmental Affairs (MIGA) in the findings and recommendations from this past year's fiscal framework review.

As you are aware, municipal infrastructure around the province is aging at an alarming rate. While most Town's are looking to replace old water lines, our major concern is that there are still parts of our community without these basic services. We have senior citizens that have lived on the main thoroughfares of our community all of their lives, paying their municipal taxes since we incorporated 40 years ago, and still cannot access the Town's water supply. In today's society, if you are living in a municipality and paying municipal taxes, water should not be a luxury.

As you review your budget and look to spend provincial taxes more efficiently, our Town recommends a review and overhaul of the Municipal Capital Works program. As a member of Council, it is very frustrating when you have to try and explain to a resident why our Town hasn't installed new water lines since 2007 yet a neighbouring community that is not an incorporated municipality, that does not do any land use planning and zoning, that has no development regulations and does not collect taxes from their residents, has a new water distribution system installed through the Municipal Capital Works program.



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This is not fair to our residents as they incorporated their community years ago and agreed to pay taxes so that they can have access to better services. As a municipality, we do proper planning, we have staff that does regular maintenance and in the event of major repairs or cost overruns, we have borrowing power. As stated before, we feel the Municipal Capital Works program is just not working to help small municipalities like ours. We have the fiscal capacity to increase our share of the costs, and if a Town is willing to pay more and has the means to do so, that should be considered. This will allow provincial and federal funds to go further and increase the number of projects completed each year.

As identified in the fiscal framework review, all three levels of government have to do their share in addressing these financial issues, and our Town is starting to do its part. This past year, without raising the mil rate and trying to spare the most vulnerable in our community, we reconfigured our tax structure and were able to raise our revenues by an additional 10 percent which was used to go back into improving our services. There is only so much that we can do with the limited taxing methods we have, so we ask that the province seriously consider and start implementing recommendations from the MNL Fiscal Framework Position Paper, such as reforming the Municipal Operating Grants (MOG's) and allocating a percentage of the HST for municipalities.

Some of the recommendations outlined by MNL will cost nothing for the provincial government to implement but will mean so much to municipalities. This includes changing legislation which will treat municipal taxes the same as provincial or federal taxes in the legal system. Currently, a municipality has to take a taxpayer to civil court, which can be costly and time consuming, whereas provincial and federal taxes are prosecuted through the provincial and federal supreme court systems. We are a level of government too, and should be treated as such.

Another piece of legislation which can assist municipalities, and again, would not cost the provincial government any money would be to increase the business utility tax rate from 2.5% to 5%. Currently, municipalities charge the base rate of 2.5%, which is the maximum under the Municipalities Act, and have the option in charging the extra 2.5% on its own, but it has proven difficult to implement, especially for small Towns with limited capacity. As a result, if the provincial government just changed the legislation to combine both the base and optional rates into one at 5%, it would be a significant boost for municipalities.



Council is pleased with the government's decision to move the Crown Lands Division to the Department of Municipal and Intergovernmental Affairs, but we feel that more can be done. Like many other Towns, our Council recommends that the provincial government has to come up with a better mechanism for municipalities to access Crown Land, and we would even go as far as suggesting that all Crown Land located within a municipal boundary should be turned over to that Town. This will reduce administrative costs for the provincial government as it will be the municipality's responsibility to use, develop or sell these properties.

Municipalities have a great interest in ensuring that the land within their boundaries becomes properly developed as once the properties are sold, they become taxable. In addition, there are other benefits to municipalities as extra revenue for Towns can be generated through the sale of these lands, as well as the potential to use them for a variety of economic development projects. This would cost the province very little but be a great benefit to municipalities.

In closing, municipal government is the most hands on level of governance. We take care of the most basic needs of the residents in our province. If a sewer backs up, if the garbage is not collected, if there is a water leak or a question on the requirements of a building permit, residents don't have to go through a large bureaucracy. We get the call at our homes. Our Councillors receive just a few hundred dollars per year as a stipend, so we are not in it for the money. We devote years of service to our Town because we love our community, and we do the best we can with our limited resources. We are privileged to have a strong team around our Council table, but not all municipalities are as fortunate. Without additional supports and the growing fiscal challenges, many areas will lose their local governments, which will create additional burdens on the provincial government. As your department prepares its budget, we want you to consider the importance of investing in the province's municipalities. We are not asking for a free ride; we just want to be partners in developing our province and we ask for your government's support.

Thank you,

Chad Holloway  
Mayor, Town of Port Blandford