

NOVA SCOTIA HOUSE OF ASSEMBLY
Wednesday, May 17, 2011

CHANGES TO MUNICIPAL FUNDING AGREEMENT

The honourable member for Queens.

MS. VICKI CONRAD: *Mr. Speaker, I rise to speak to tonight's late debate topic, the changes to the Municipal Funding Agreement that Minister MacDonell announced in March. I'd like to thank the members of the House for the opportunity to speak on this topic, which I have been following very closely.*

The changes to this agreement were necessary and fair. Back in 2007, the province agreed to gradually take over municipal contributions to corrections services and public housing and to limit the increases, in the amounts that municipalities contribute towards education, to the consumer price index. This agreement was made at a time when the province was flush with offshore revenue and the economy was strong. All members of this House know that's not the case today. To date this agreement with municipalities has cost the province about \$21.5 million. If government had continued with this funding arrangement until its scheduled expiry in 2014-15, it could have cost the province more than \$100 million.

Mr. Speaker, the province simply cannot afford this agreement anymore. The agreement itself anticipates that possibility. There is a clause in the memorandum of understanding, signed by both the province and the Union of Nova Scotia Municipalities that says, "The UNSM and the municipalities acknowledge that unforeseen costs or revenue losses may impair the Province's ability to achieve its commitments as expressed in this memorandum and that in any event all are subject to the appropriation of the necessary funds by the Legislature."

So you see, Mr. Speaker, the government of the day knew it might not always be able to afford this agreement. Municipalities will still be better off after the changes are made than they were before the agreement.

First of all they got a years notice of the amendments. For this entire fiscal year no changes will be made. That's better than the situation that health boards, school boards or universities are dealing with. District health authorities had their budgets held at last year's rate without notice. Universities are dealing with an approximately 4 per cent budget reduction this year and school boards are seeing their budgets go down, which is constant with dropping enrolment.

All those changes took effect immediately. We worked hard to give municipalities a full year to plan. When the changes do take effect, municipalities will not be paying one penny more towards corrections services or public housing than they were paying before the agreement. In fact, in the case of corrections, they will be paying less. Before the agreement, municipalities were paying \$17.4 million towards the cost of corrections and that amount went up each year by the consumer price index. Now they will be paying \$14 million and that amount will not go up by CPI, which will save another \$400,000 per year and until 2015 the province will hold the rate for municipal contributions to education at the 2010-11 levels.

Mr. Speaker, these amendments were made with taxpayers in mind. We know that there is only one taxpayer who foots the bill for all government services. Whether they are provincial services like health care and education, or municipal services like snow removal and garbage collections, all these services are important to Nova Scotians. They expect government to do what it has to do to protect those vital services for generations to come. Allowing the province to continue to absorb costs it cannot afford to pay will not help municipal taxpayers. Nova Scotians expect government to get its financial house in order. They do not expect government will continue with a financial arrangement it cannot afford and put those vital services at risk. It is a priority of this government to get spending under control. That's what we need to do to protect government services for decades to come.

Government, Mr. Speaker, is looking at its internal spending. About 60 per cent of government spending occurs outside of the civil service in places like school boards, health boards, universities and municipalities. That means these sectors must also do their part to help Nova Scotia improve its financial situation. I'd like to point out that the province offers many more important funding programs to municipalities.

In addition to sources of funding, municipalities across Nova Scotia will get over \$92 million this year to support services and programs like libraries, policing, and sports and recreation facilities. Service Nova Scotia and Municipal Relations works hard to support strong, sustainable communities and will continue to work with the provinces' 55 municipalities to do just that. Thank you.