



NOVA SCOTIA FEDERATION
OF MUNICIPALITIES

June 18, 2020

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Town of Yarmouth

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Halifax Regional Municipality

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RURAL CAUCUS CHAIR:

Deputy Mayor Geoff Stewart
County of Colchester

TOWNS CAUCUS CHAIR:

Mayor Brenda Chisholm-Beaton
Town of Port Hawkesbury

The Honourable Catherine McKenna, P.C., M.P.,
Minister of Infrastructure and Communities

The Honourable Bill Morneau, P.C., M.P.,
Minister of Finance

Dear Ministers McKenna and Morneau:

Delivered via email

RE: Safe Restart Agreement

I write to you today on behalf of the Nova Scotia Federation of Municipalities (NSFM). NSFM has been the collective voice for municipal governments across our province since 1906. With 376 members comprising Mayors, Wardens, and councillors across all of Nova Scotia's 49 municipalities, NSFM represents the interests of our members on policy and program matters that fall within provincial and federal jurisdiction.

On June 5th, Prime Minister Trudeau announced that up to \$14 billion in federal transfers will be made available to provinces and territories through what is being reported as a 'safe restart agreement.' It is our understanding that the federal government will require some manner of a spending plan before these funds can be accessed.

NSFM has collected detailed net revenue loss numbers from nearly all of Nova Scotia's municipalities. Today, we released a report of our findings and are forwarding that to you.

Taking public health directives seriously means that Nova Scotians are staying home, and municipalities are not booking the same amount of revenues that they had planned to collect in their yearly budgets. With 47 of 49 municipalities reporting—and representing 99.84% of Nova Scotia's population—the total expected shortfall amounts to approximately \$66.5 million.

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A significant portion of this \$66.5 million—approximately \$23.18 million—comes from transit losses, primarily in Halifax. Other municipal services dependent on user fees, like recreation (\$8.46 million) are suffering, as well as those collections that are based on economic activity, such as real estate transfer taxes and permits. The \$66.5 million also includes COVID-19 PPE and office renovation costs. It does not include any losses from unpaid property tax.

Our total of \$66.5 million may not seem substantial, especially when looking at the diversity of need across our great nation. However, averaged out across our own province, this \$66.5 million is equivalent to a 7.1 per cent residential tax hike for Nova Scotians.

Fiscal restraints on Nova Scotian municipalities mean that we are unable to carry this shortfall forward for more than one year. Unless Nova Scotian municipalities receive some form of non-repayable financial assistance by March of 2021, this shortfall will be on the backs of Nova Scotian taxpayers.

Many sources are reporting that we have just finished the weakest month of May in three decades for home sales, and the Canadian Mortgage and Housing Corporation has forecast a 9.2 to 14.6 per cent drop in average home sale prices in Nova Scotia. These drops will almost certainly affect the assessment values of our residential housing stock.

In sum, we are facing a predicted drop in housing prices, a \$66.5 million shortfall, and the normal inflationary pressures driving annual municipal service cost increases (wage arbitration for fire and police, raw materials for roads). Between these three factors—and following a province-wide municipal election this October 17th—we know our members will need financial assistance.

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Nova Scotian municipalities have scrambled to make cuts over these past months, axing programs and laying off hundreds of staff. We are doing our best to find a way to live with COVID-19. Further, we are confident that through making up for the lost revenues, our members can continue to invest in projects and programs that spur economic growth.

This work to find efficiencies will continue, but to prevent significant tax increases, non-repayable transfers are needed from other levels of government. The support of the federal government can cover the lost revenues that municipalities had previously budgeted to receive, the added expenses being incurred because of COVID-19, and can contribute to municipal efforts to help the Nova Scotian and Canadian economies recover.

NSFM, through the hard work of our members, has provided the basis of an effective municipal spending plan for Nova Scotia with our report.. You will find the report attached to this letter.

As the experts in local government in Nova Scotia, we are ready to work with you and the Province of Nova Scotia on our request.

Sincerely,



Mayor Pam Mood
President, Nova Scotia Federation of Municipalities



Juanita Spencer
Chief Executive Officer, Nova Scotia Federation of Municipalities

CC: The Honourable Chrystia Freeland, P.C., M.P., Deputy Prime Minister and
Minister of Intergovernmental Affairs
The Honourable Jaime Battiste, M.P.
The Honourable Kody Blois, M.P.
The Honourable Chris d'Entremont, M.P.
The Honourable Andy Fillmore, M.P.
The Honourable Darren Fisher, M.P.
The Honourable Sean Fraser, M.P.
The Honourable Bernadette Jordan, P.C., M.P., Minister of Fisheries, Oceans, and the
Canadian Coast Guard
The Honourable Mike Kelloway, M.P.
The Honourable Geoff Regan, M.P.
The Honourable Darrell Samson, M.P.
The Honourable Lenore Zann, M.P.
Brock Carlton, CEO, FCM
Councillor Bill Karsten, President, FCM