



CENTRE  
D'EXPERTISE EN  
**GOVERNANCE  
LOCALE**

# THE FUTURE OF LOCAL GOVERNANCE IN NEW BRUNSWICK: **TIME FOR ACTION**

Report on Municipal Taxation  
in New Brunswick

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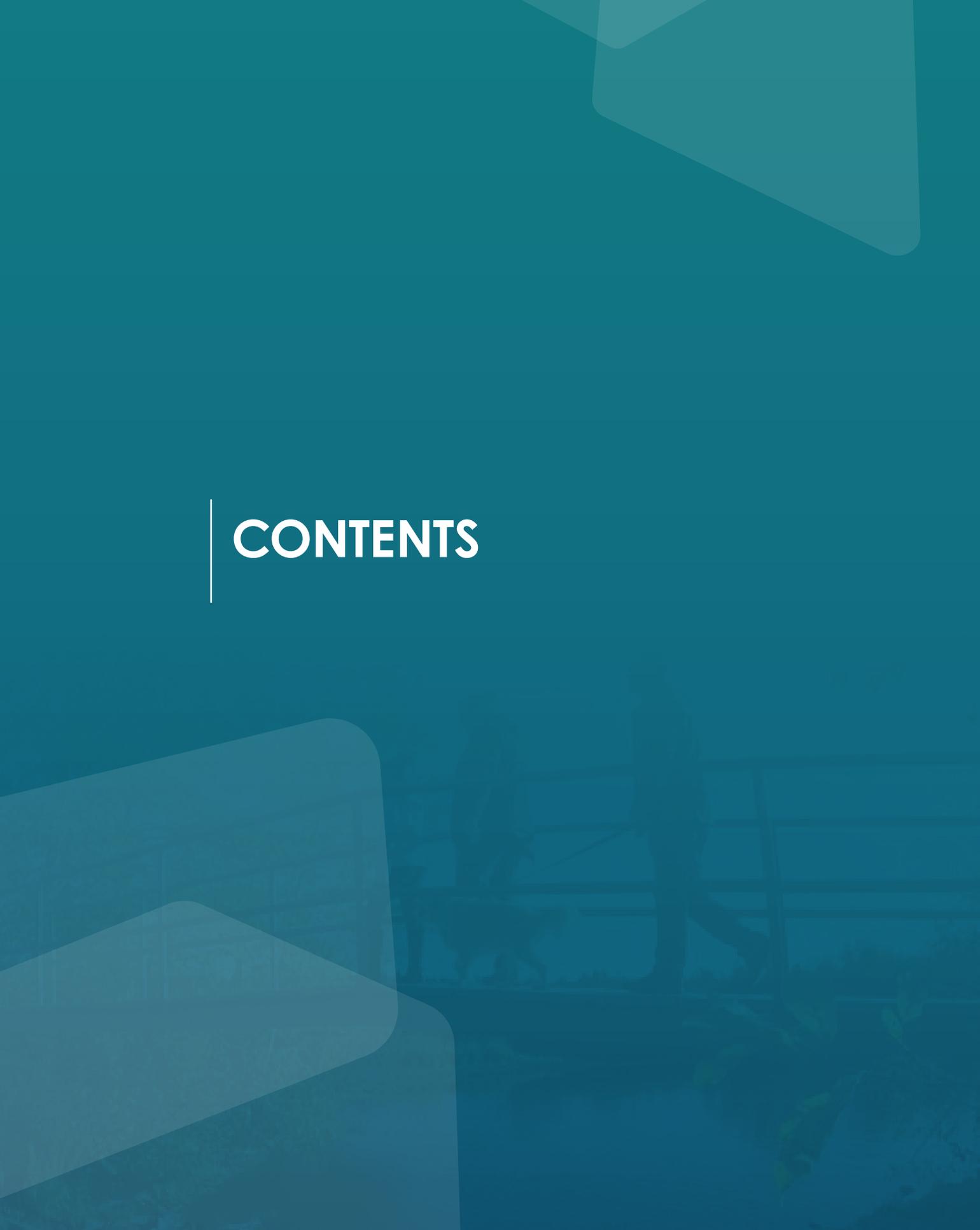
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# 1 Current local governance context in New Brunswick

What should we take away from the current state of local government in New Brunswick?

- Current classification of municipalities is **obsolete**.
- **Demographic trends** are having a major impact on some municipalities: they will create a surplus of assets and limit their ability to remain sustainable over the long term. Consideration of new revenue sources should be accompanied by consideration of local governance models.
- **Implementation of the RSC network has had several positive effects:** creation of a forum for discussion and consultation among local governance stakeholders in the various regions, contribution of LSD citizens to the funding of certain services, sharing of costs in the administration of regional services, improvement of staff skills, etc.
- Certain weaknesses remain in these regional commissions: the appointment of LSD representatives implies a significant democratic deficit for citizens, the complexity of the budgetary processes, etc.
- **Requiring local governments to adopt a balanced budget makes it difficult to identify the financial challenges they face.** Indeed, in this context, financial compromises are made in the budget process and cannot be caught by financial reports.
- On the revenue side: **municipal entities have a certain amount of leeway** to raise the money needed to finance services through the tax rate, **BUT:** the ability of residents to pay and the comparison, made by residents, of rates with neighbouring municipalities and LSDs limit this leeway.
- The presence of very different means according to the size of local governments: **differences in capacity between the different categories of municipalities.**
- On the expenditure side: large variations according to the size of municipalities, implies **municipal services available in varying quantity and quality.**
- **Strong financial constraints in the municipal world** in New Brunswick: financial efforts for services subject to provincial standards vary greatly depending on the type of municipality, and insufficient spending by many municipalities on essential services for which no standards are applied (e.g. emergency preparedness, climate change adaptation, solid waste management).
- The **new challenges** facing municipalities will create additional financial pressures: it will be difficult to meet these new needs without access to new financial resources and the sharing of responsibilities with neighbouring communities, as long as a community with such financial capacity is among those neighbouring communities.

## Fiscal inequity and new sources of revenue for municipalities

- Significant tax inequity between LSDs and municipal entities in New Brunswick.
- Municipalities operate within a fiscal framework that does not allow them to respond well to citizens' expectations, nor to prepare for the new challenges presented by the transformation of the socio-economic and climatic environment.

### A. SOURCES OF THE FISCAL IMBALANCE BETWEEN MUNICIPAL ENTITIES AND LOCAL SERVICE DISTRICTS

- **Responsibilities** vary from one type of local government to another (rural communities...).
- The **special provincial rate for roads** (the rate of 0.4115 per \$100 of assessment) does not apply to non-residential properties (commercial and industrial properties) or unoccupied residential properties (cottages and apartments) located in LSDs.
- **Tax rules** on non-residential buildings lead to a form of unfair competition depending on whether the business is in the municipality or the LSD.
- In 2019 the **average tax rate** was \$1.52 per \$100 of assessment in municipalities and rural communities, and \$0.97 per \$100 of assessment in LSDs. Adding to this rate the tax rate equivalent of the provincially absorbed costs for general administration (\$0.205 per \$100 of assessment) and the provincially absorbed costs for road maintenance and repair (average of \$0.4115 per \$100 of assessment), results in an adjusted LSD rate of \$1.591 per \$100 of assessment, which is higher than the average local government rate.

### B. IMPROVING THE FINANCIAL SITUATION OF MUNICIPALITIES

Seeks to develop **autonomous and sustainable organizations**, capable of meeting their responsibilities and tomorrow's challenges within their own financial means: arrival of new sources of revenue and more efficient management of expenses.

#### Potential New Sources of Tax Revenue

Property tax transfer, sharing of the tax base related to provincial personal income tax, sharing of the tax base related to the provincial portion of the HST, sharing of the tax base related to corporate profits tax, sharing of gas tax revenues, entertainment tax, accommodation tax, extraordinary property tax.

#### More Efficient Management of Expenditures

- Benefits generated by the grouping of local governments:
  - Economies of scale at the local level
  - Opportunity to reduce per household cost of municipal services
- Financing shared services at the sub-regional level: the issue of **sharing the cost of construction and operation** of municipal infrastructure among all users remains an **issue in the province**, both for existing and future infrastructure.

### 3 | Action plan

Same conclusion as Commissioner Finn: **the current governance model and fiscal environment are not sustainable.**

- **Too many local governments lack the financial autonomy necessary** to meet the current and future needs of their citizens.
- **The fiscal environment for LSDs creates inequities among residents and among businesses**, leads to decisions that impede the implementation of community and regional development plans, and undermines the financial position of the provincial government at a time when there is no fiscal room to maneuver.

#### Conditions to be met for local governance reform to take place:

- The changes to be implemented must allow the provincial government to change the **division of responsibilities** between the two levels of government in a context of budget neutrality;
- **Proposals must be endorsed by local communities.** No provincially imposed consolidating programs will be accepted;
- However, the Province must create an **environment for change** by announcing its commitment to achieving full municipalization within a given time frame, and its willingness to have LSD citizens pay the actual costs of the general administration of local services in these areas, road repair and maintenance;
- **Financial measures must be put in place** to encourage more autonomous and viable groupings of municipalities/communities.

#### The plan is based on the achievement of the five main objectives of the AFMNB:

- Achieve full municipalization by December 2025 (ownership, fight against the democratic deficit);
- Increase the financial autonomy of local governments (reduced dependence on provincial transfers);
- Strengthen the capacity of local governments (local governments with a strong and dynamic community of interest);
- Set up a sustainable network of local governments (financial capacity enabling them to meet their obligations in a changing world);
- Preserve the principles of Equal Opportunity for All (ensuring equity through change).

Orientation can work if: i- it is accepted by the other associations of municipalities and ii- it is the subject of a framework agreement with the provincial government.

## A. ELEMENTS OF THE GNB AGREEMENT

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- Approach integrating all stakeholders in the file: associations of municipalities, RSC, ministry.
- Deadline for achieving full municipalization.
- Identification of criteria for financial autonomy of local governments and incentives to encourage the necessary regroupings.
- Evaluation of the cost of transferring responsibility to local governments for local and regional roads and the fiscal space needed to finance them.
- In the absence of decisions respecting this objective, adjust tax rates in the LSDs to cover all governance and road-related costs.
- Assessment of the overall cost of governance and roads in LSDs, rural communities, and the Regional Municipality.
- Budget to support associations in their work with communities.
- Distribution of responsibilities among the 3 associations: cities, municipalities and LSDs with an Anglophone majority, and municipalities and LSDs with a Francophone majority.
- Organization of a decision-making process on full municipalization models. This process will involve consultation and ultimately, a vote on the proposed models.

## B. OPTIONS FOR IMPLEMENTING FULL MUNICIPALIZATION

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- Leaving the final decision on the governance model to local communities.
- To ensure an informed debate, several options need to be analyzed and presented.
- The action plan should have three main objectives:

### 1 | Full Municipalization of Unincorporated Areas

The provincial government must create a fair and realistic fiscal and financial environment that respects “Equal Opportunity” to encourage the municipalization of LSDs. Residents would have up to 18 months to evaluate the possible scenarios and decide in favour of one of the options. In the absence of a decision at the end of this transition period, Option B would be automatically applied.

#### **Option A • Consolidation of LSD residents with a neighbouring municipality**

It would be up to the LSD and the municipality to agree on the conditions for consolidation and operation within the municipality.

#### **Option B • Continued non-incorporation and management of the LSD by the provincial government**

Adjustment of the tax rate to cover all costs related to governance, including general administration costs. LSD residents could reassess their governance arrangements at a later date.

#### **Option C • Consolidation of all LSDs in an RSC into one municipality<sup>1</sup>** (adapting the British Columbia model and election of LSD representatives to the RSC).

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<sup>1</sup> It should be noted that the AFMNB does not favour this option for several reasons. Firstly, it is not an approach that will strengthen local governance, but rather a means of providing a minimal form of local governance to highly rural and sparsely populated areas. This model also does not constitute a municipality in the sense of proximity and does not respect the principle of communities of interest.

## 2 | Increasing the Financial Autonomy of Municipalities and Optimizing Shared Services

Any reform of local governance in NB must focus on strengthening financial self-sufficiency, particularly in smaller municipalities, and achieving efficiencies, both in terms of cost, meeting increasing standards, and the required level of service delivery.

Beyond efficiency measures at the level of individual municipalities, these objectives can be achieved at two levels: at the community of interest or sub-regional level, and at the RSC level. The Finn Report identified 53 communities of interest in the province based on very objective and rigorous indicators. Situations are continually evolving, and adjustments may be necessary or desired. But this identification of communities of interest remains relevant and provides an excellent starting point.

Regardless of the option selected for strengthening municipalities, the implementation by the provincial government of fiscal/financial measures and the transfer of associated responsibilities will be necessary.

### Option D • Consolidation of Municipalities and LSDs into a Community of Interest

This option stems directly from the Finn Report. In a favourable fiscal and financial environment, this approach is possible on a voluntary basis in certain cases.

### Option E • Creation of Inter-Municipal Councils Based on Communities of Interest

Municipal entities would remain, but inter-municipal councils based on communities of interest would have the mandate to enter into formal cost-sharing agreements and common services (e.g. culture and recreation, fire services, emergency services, economic development and tourism, public works, etc.) The mayors of the municipal entities (including the consolidated LSDs) would form the Inter-Municipal Council of the community of interest and would collaborate in the management of common services and the identification of new opportunities. This approach would also have beneficial effects at the RSC level by reducing the number of RSC members, facilitating the identification of regional opportunities and efficiencies, standardizing the status of RSC members and facilitating decision-making.

## 3 | Reviewing the Sharing of the Tax Base with the Province and the Equalization Program

The implementation of any of these five options will have an impact on the financial position of local governments. To measure this impact, it will be necessary to assess their financial implications. Once this new fiscal reality is established, it will be necessary to: i- identify the winners and losers, ii- see how changes in the sharing of the tax base between the province and local governments can ensure the fiscal stability of local governments, and iii- review the equalization program to ensure that municipalities of similar size across the province maintain a comparable fiscal effort.

Finally, given that one of the objectives of the AFMNB is the creation of sustainable municipalities, sustainability criteria will need to be established based on the new fiscal and financial framework. Once these criteria have been established, the various municipal projects under the various options will have to be evaluated to ensure that they meet these criteria.

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# **REPORT ON MUNICIPAL TAXATION IN NEW BRUNSWICK**

## Introduction

On the eve of the 50th anniversary of the adoption of the Municipalities Act, a component of the Robichaud government's Equal Opportunity Program, the AFMNB wishes to examine the relevance of legislative and fiscal instruments affecting the viability of municipalities.

Our communities have undergone significant changes at all levels during this period. More than twenty studies in New Brunswick have shown the numerous deficiencies related to municipal operations. Despite the arrival of new legislation dealing with local governance (2017) and urban planning (2017), concrete results in the areas of taxation and land use planning are still awaited.

The requirement to post a serious analysis of municipal assets in order to access federal and provincial grants (gas tax, etc.), revealed that municipalities had to be prepared to face significant challenges in community infrastructure and services<sup>2</sup>. Some of these challenges are well identified while others will gradually emerge with city councils and management teams:

- activities related to climate change;
- age of the infrastructures in place;
- municipal elected officials' obsession with a tax rate that is competitive with that of unincorporated neighbors;
- lack of documentation of best practices in municipal management;
- lack of availability of trained human resources for the municipal world;
- predictable, stable, and sustainable tax regime;
- low density in land use planning;
- access to public services.

The last major exercise dealing with the municipal world in New Brunswick was the Finn Report (2008). This report analyzed all the municipal studies that have been conducted in New Brunswick as well as recent studies in other Canadian and international jurisdictions.

Commissioner Finn's recommendations were intended to be a holistic restructuring of the scope of the actions taken by the Robichaud and Hatfield governments in the 1960s and 1970s.

The recommendations were also aimed at eliminating the democratic deficit between municipalities and Local Service Districts (LSDs) and establishing a viable and sustainable fiscal regime. The Graham government justified its rejection of the report by indicating its disagreement with the concept of full municipalization and the costs associated with these tax reforms.

It should be noted that a number of significant factors have impeded any discussion of the report's proposals, including the following:

- concerns expressed by many government MPs representing rural areas with a provincial election on the horizon;
- opposition from some Local Service District (LSD) leaders regarding tax impacts;
- opposition from many mayors of smaller municipalities regarding the impact of consolidating.

The refusal announced at the time of the report's release negated any opportunity for elected officials, public servants or the public to engage in discussions about the report's relevance and assess its merits.

The arrival of a new government in 2010 was accompanied by a resurgence of activity in the municipal world. Processes to modernize the Municipalities Act and the Community Planning Act, as well as the establishment of the Regional Service Commissions were legislated.

<sup>2</sup> This condition is found in the Federal Gas Tax Fund Administrative Agreement signed by Canada and New Brunswick. Schedule F of this agreement states that "New Brunswick will ensure that Ultimate Recipients in an incorporated area: conduct asset management planning ...". This planning is to be completed by December 2027. (Canada, Infrastructure, 2014).

The design process for the Regional Service Commissions began in the spring of 2012 and was completed on January 1, 2013. Most of Commissioner Finn's recommendations dealing with Regional Service Agencies were implemented without full municipalization of the territory.

Since then, a few changes have been made to the grant formulas, the cost distribution regime for policing services, etc. The following are some of the changes that have been made. But in no way could they be considered significant reforms or changes to the existing tax system.

In the meantime, society continues to evolve and adapt to technological, climatic, socio-economic, and demographic changes. On the other hand, our communities exist in parallel, equipped with decision-making and fiscal structures from another era. Thus, there is a need to address the potential linkages between the two realities.

This report has three objectives. First, it wants to take stock of the current situation of local governments in New Brunswick. It then wants to assess the new sources of funding available to these governments. Finally, an action plan is proposed.

The report is structured according to this logic. The next section therefore presents a portrait of the current reality of local government in New Brunswick.







# SECTION 1

## Current context of local government in New Brunswick

The first section of this report is constructed in five parts. The first, which is more methodological in nature, returns to the classification of municipal entities (municipalities, regional municipality and rural communities). The proposed categories will be used in the other chapters to analyze the situation of local governments in the province.

The second part briefly examines the evolution of the population and tax base of municipal entities. The next section analyzes the sources of local government revenues and the distribution of expenditures among the various responsibilities. The fourth part looks at the main innovation in the municipal sector since the Finn Report was published, i.e. the creation of the Regional Service Commissions (RSCs). The last section looks at the evolution of local government responsibilities.

### 1.1 CLASSIFICATION OF MUNICIPAL ENTITIES IN NEW BRUNSWICK

The current classification of municipalities in New Brunswick is several years old. This classification takes into account three factors: the size of the municipality, the range of services offered, and the relationship with neighbouring entities. It divides municipalities into eight categories:

- A: The 3 major cities (range and full level of services);
- B: Large towns (Wide range of services, but less complete than large cities);
- C: Medium-sized towns (not located close to urban centers and relatively high demand for services);
- D: 3 large residential municipalities (Close to and in close connection with the metropolitan municipalities);
- E: 36 small regional service centers (Good range of services offered beyond the municipality, municipal and other services);
- F: 43 small municipalities with limited level of services (Limited services offered within the municipality only and often provided on contract).

Two special categories are added to this list: rural communities (given their limited responsibilities) and the regional municipality of Tracadie (category added in the Municipalities Act to allow for the proposed amalgamation of this municipal entity).

The demographic changes and the development of certain municipalities since the adoption of this typology are such that the current classes are outdated. It is therefore important to review this classification. For example, following the population decline observed in Dalhousie, it is not clear that this municipality is still in the right category. There is also no justification for maintaining a specific category for three cities in the suburbs of Saint John and Moncton if we do not add to this category the cities of Dieppe and Oromocto, which have the same relationship with the City of Moncton and the City of Fredericton.

In the Finn Report, this issue was addressed in connection with the implementation of equalization. It recommended “establishing three groups of municipalities based on population (less than 10,000, 10,001 to 40,000, over 40,000)” (p. 146). This recommendation made sense in the context of municipalization of the entire territory and the reorganization of municipalities into 54 units. Since this reform has not taken place, the classification of municipal entities must be reviewed in the current context.

The use of population as the sole classification criterion is a common practice in Canada. For example, Quebec divides its municipalities into five categories based on the number of inhabitants (Quebec, MAMOT, 2018). Other governments place more emphasis on the level of services offered. This is the case in Ontario.

In our opinion, the classification model should divide municipalities into five categories and rural communities should be in a specific category given their particular responsibilities. Even though Tracadie is the only regional municipality in the province, we decided to integrate it into the municipalities since it represents a large entity with a fiscal capacity that is very different from that of rural communities.

Given that the three large cities really form a category apart from the New Brunswick context, a specific category has been reserved for them. Our objective is to separate the municipal entities using the following six classes<sup>3</sup>:

- A: the 3 big cities;
- B: large towns;
- C: small towns;
- D: large villages;
- E: small villages;
- F: rural communities.

In our opinion, to develop a classification of municipalities, it is important to adopt a comparative approach by testing several classification criteria. These criteria must be easy to understand and limited in number. They must first contain the elements that affect municipal spending. On this side two elements stand out: population and the number of kilometers of roads that municipalities have to serve. They must then include the revenue dimension of the municipalities. Given the fiscal context of municipalities in the province, one element stands out: the tax base associated with property tax.

Three keys were therefore used to construct a new classification: the number of inhabitants, the tax base and the kilometers of municipal roads.

Using these three keys, four different classifications of municipalities were developed. These four rankings used the following approaches:

1. **Population in 2016**  
(large cities - from 10,001 to 30,000 inhabitants, small towns - from 4,001 to 10,000 inhabitants, large villages - from 1,001 to 4,000 inhabitants, small villages - 1,000 inhabitants and less);
2. **Tax base in 2019**  
(large cities - \$1,001 million to \$4,000 million, small cities - \$301 million to \$1,000 million, large villages - \$76 million to \$300 million, small villages - \$75 million and under);
3. **2-criteria approach**  
(population and tax base):  
weighted % of population and tax base  
(equal weighting of 50%)  
(large cities - from 3.01% to 10.00%, small cities - from 1.01% to 3.00%, large villages - from 0.31% to 1.00%, small villages - 0.30% and less);
4. **3-criteria approach**  
(population, tax base and kilometers):  
weighted % of population, tax base and kilometers of municipal roads (equal weighting of 33%). Given the special agreement on road financing, however, the addition of this criterion poses a challenge for the regional municipality of Tracadie. Thus, for the latter, the score is established using only two criteria: population and tax base (the same critical values of the percentages as for Method 3).

<sup>3</sup> In the case of towns and villages, the use of the names “cities” and “villages” has nothing to do with the legal status of the municipal entity.

The following table provides a comparison of the results obtained by applying these 4 ranking methods. The 4 methods provide relatively stable results, which is reassuring. For example, the number of large cities varies between huit and neuf depending on the method and the number of small cities between 16 and 18.

In our opinion, it is preferable to use a multi-criteria approach since it allows us to better grasp the multiple facets of a municipality's reality. This is why we recommend using the ranking obtained by the 4th method, i.e. the one that uses the most information on the situation of municipalities.

Table 1 in Appendix 1 presents the detailed classification of municipalities that we will use for further work on the reform of municipal taxation in New Brunswick and the revision of the equalization system. For its part, Table 2 provides summary data on the classification criteria and the number of municipalities by class.

**Table 1. Number of municipalities by class by method**

CATEGORY	NUMBER			
	METHOD 1	METHOD 2	METHOD 3	METHOD 4
Large cities	3	3	3	3
Large towns	8	9	9	9
Small towns	16	16	16	18
Large villages	39	36	34	39
Small villages	38	40	42	35
<b>Total</b>	<b>104</b>	<b>104</b>	<b>104</b>	<b>104</b>



## 1.2 CHANGING DEMOGRAPHICS AND TAX BASE

Before analyzing the evolution of local government revenues and expenditures, it is necessary to look at the trend of 2 important variables: demographics and the tax base. They largely determine a community's fiscal capacity and its financial responsibilities.

Table 2 presents population growth by category of municipal entities from 2011 to 2016, according to the classification developed in the previous section<sup>4</sup>.

For the province as a whole, population growth was almost zero during this period, limited to 0.2%. Only the large cities and towns fared better than average, recording growth of 1.4 and 2% respectively.

Small villages experienced the largest population decline, with a decrease of 4.4%. Small towns and large villages saw their population decline by 2.4% from 2011 to 2016. In rural communities, the population decreased by 1.4%.

**Table 2.** Population growth by category, 2011-2016

CATEGORY	POPULATION		VARIATION (%)
	2011	2016	
Large cities	195,361	198,100	1.4
Large towns	143,458	146,306	2.0
Small towns	71,146	69,413	-2.4
Large villages	56,777	55,393	-2.4
Small villages	23,926	22,884	-4.4
Rural communities	24,802	24,459	-1.4
<b>Total</b>	<b>515,470</b>	<b>516,555</b>	<b>0.2</b>

Sources: New Brunswick, Environment and Local Government, New Brunswick Municipal Statistics Annual Report and Statistics Canada, 2016 Census.

<sup>4</sup> In 2016, the rural community of Haut-Madawaska did not exist during the census period. The data was obtained by adding up the population of the municipalities and local service districts that combined to create this rural community.

To get an idea of the magnitude of the differences in demographic performance, the following table shows the largest increase and the largest decrease in population observed in each category.

**Table 3. Differences in Population Growth by Category, 2011-2016**

CATEGORY	RESULT	MUNICIPAL ENTITY	POPULATION		VARIATION (%)
			2011	2016	
Large cities	Largest increase	Fredericton	56,224	58,636	4.3
	Largest decrease	Saint John	70,063	67,575	-3.6
Large towns	Largest increase	Dieppe	23,310	25,384	8.9
	Largest decrease	Bathurst	12,275	11,897	-3.1
Small towns	Largest increase	Shediac	6,062	6,664	9.9
	Largest decrease	Dalhousie	3,512	3,126	-11.0
Large villages	Largest increase	Cap-Pelé	2,256	2,425	7.5
	Largest decrease	Perth-Andover	1,778	1,590	-10.6
Small villages	Largest increase	Grande-Anse	738	899	21.8
	Largest decrease	Maisonnette	573	495	-13.6
Rural communities	Largest increase	Cocagne	2,540	2,649	4.3
	Largest decrease	Haut-Madawaska	3,982	3,714	-6.7

Sources: New Brunswick, Environment and Local Government, New Brunswick Municipal Statistics Annual Report and Statistics Canada, 2016 Census.

It is in the small villages that the greatest difference in variations is observed, with the village of Grande-Anse experiencing a population growth of 21.8% and that of Maisonnette a decrease of 13.6%. The smallest difference in variation is found among the large cities.

This data demonstrates the challenges faced by many municipal entities in New Brunswick. It is not easy to properly plan for the medium to long term in terms of municipal service delivery when such large variations in population are observed.



On the tax base side, the reality is quite different. As can be seen in Table 4, all categories of municipal entities saw their tax base grow from 2014 to 2019<sup>5</sup>.

**Table 4.** Variation in Tax Base by Category, 2014-2019

CATEGORY	TAX BASE		VARIATION (%)
	2014	2019	
Large cities	20,600,653,844	22,597,326,372	9.7
Large towns	12,424,805,865	13,963,177,300	12.4
Small towns	5,930,514,144	6,408,752,606	8.1
Large villages	3,632,743,850	4,135,644,400	13.8
Small villages	1,277,045,000	1,397,905,650	9.5
Rural communities	1,927,287,755	2,146,773,500	11.4
<b>Total</b>	<b>45,793,050,459</b>	<b>50,649,579,828</b>	<b>10.6</b>

Source: New Brunswick, Environment and Local Government, New Brunswick Municipal Statistics Annual Report

The lowest growth in the tax base was observed in small towns (8.1%) and the highest in large villages (13.8%). Two other categories recorded higher than the provincial average (10.6%) growth in the tax base: large towns (12.4%) and rural communities (11.4%). Large cities (9.7%) and small villages (9.5%) are in the same situation as small towns and see their tax base grow at a lower rate than the provincial average.

This brief look at the evolution of the population and tax base of municipal entities in New Brunswick shows that instability is more a demographic issue. The tax base, on the other hand, is growing everywhere. The challenge, therefore, seems to lie in controlling expenditures. This is what we analyze in the next section.

### 1.3 REVENUE AND EXPENDITURE STRUCTURE OF MUNICIPAL ENTITIES

This chapter examines the revenue and expenditure structure of municipal entities by category. Its objective is to identify problematic situations, i.e. those in which local governments are struggling to meet their commitments and the expectations of the population.

In New Brunswick, municipalities must adopt a balanced budget. This approach makes it difficult to identify the budgetary constraints facing municipalities because difficult choices must be made during the budget preparation process, a step that is not reflected in budgets and financial reports.

In an attempt to reveal these budgetary constraints, we therefore opted for a comparative approach. By comparing revenues and expenditures by category of municipality, we will be able to verify whether there are significant differences in the quantity and quality of municipal services offered to the population. We will also be able to see whether municipalities are meeting the expected standards of municipal services.

<sup>5</sup> The tax base for the rural community of Haut-Madawaska and the regional municipality of Tracadie is not available for the year 2014. We have estimated it by applying to each of these entities the same growth in the tax base of its category.

### 1.3.1 Sources of Revenue

Let's begin by presenting the various categories of municipal and rural community revenues, presented according to the six categories developed previously. It should be noted that since Tracadie's situation is unique, we present both the results for category 2 with and without Tracadie.

For each expense item, we present the following four statistics:

- Total average for the income item;
- Total average/population = total average for the income item divided by the population of the municipality;
- Total minimum for the income item;
- Total minimum/population = minimum for the income item divided by the population of the municipality.

Revenue data is presented on the basis of the various line items used by the Department of Environment and Local Government.



**Table 5. Warrant, 2017**

CATEGORY	TOTAL AVERAGE	TOTAL AVERAGE / POPULATION	MINIMUM TOTAL	MINIMUM TOTAL / POPULATION
Large cities	\$121,886,812	\$1,840.70	\$103,924,273	\$1,772.36
Large towns	\$21,993,400	\$1,330.81	\$14,655,423	\$1,229.72
Large towns with Tracadie	\$23,366,701	\$1,416.03	\$12,359,706	\$767.02
Small towns	\$6,278,610	\$1,417.27	\$3,959,403	\$920.97
Large villages	\$1,651,268	\$1,020.17	\$793,683	\$541.46
Small villages	\$554,466	\$864.25	\$121,962	\$398.57
Rural communities	\$1,371,248	\$442.28	\$113,687	\$110.06

Income in the mandate position is, as a function of population, much higher for category 1, i.e. large cities. They are much lower, again based on population, for smaller municipalities and rural communities in particular.

**Table 6. Community Funding and Equalization Grant, 2017**

CATEGORY	TOTAL AVERAGE	TOTAL AVERAGE / POPULATION	MINIMUM TOTAL	MINIMUM TOTAL / POPULATION
Large cities	\$7,693,214	\$114.07	\$1,832,790	\$31.26
Large towns	\$2,408,974	\$134.19	\$110,347	\$6.05
Large towns with Tracadie	\$2,239,468	\$140.28	\$110,347	\$6.05
Small towns	\$781,790	\$178.97	\$6,022	\$1.44
Large villages	\$251,639	\$159.19	\$2,466	\$3.47
Small villages	\$104,014	\$150.92	\$751	\$1.50
Rural communities	\$114,210.38	\$46.72	\$1,749	\$2.01

Community funding and equalization grants, based on population, are on average higher for category 4, followed by categories 5 and 6.

**Table 7. Services to Other Governments, 2017**

CATEGORY	TOTAL AVERAGE	TOTAL AVERAGE / POPULATION	MINIMUM TOTAL	MINIMUM TOTAL / POPULATION
Large cities	\$2,640,388	\$40.57	\$1,363,296	\$20.17
Large towns	\$723,816	\$46.66	\$47,064	\$2.58
Large towns with Tracadie	\$654,789	\$47.37	\$47,064	\$2.58
Small towns	\$271,064	\$56.41	\$36,380	\$14.59
Large villages	\$131,108	\$88.90	\$0	\$0.00
Small villages	\$89,378	\$156.32	\$0	\$0.00
Rural communities	\$6,778	\$2.97	\$0	\$0.00

Services to other governments tend - on average - to decrease as the size of the municipality decreases. When looking at per capita spending, it increases with population, with the exception of rural communities.

**Table 8. Sale of Services, 2017**

CATEGORY	TOTAL AVERAGE	TOTAL AVERAGE / POPULATION	MINIMUM TOTAL	MINIMUM TOTAL / POPULATION
Large cities	\$6,543,426	\$99.14	\$3,857,180	\$57.08
Large towns	\$1,027,112	\$57.70	\$403,043	\$34.57
Large towns with Tracadie	\$958,239	\$60.51	\$403,043	\$25.27
Small towns	\$432,891	\$88.72	\$46,700	\$9.41
Large villages	\$120,875	\$73.59	\$0	\$0.00
Small villages	\$13,424	\$20.06	\$0	\$0.00
Rural communities	\$25,580	\$8.27	\$0	\$0.00

Sales of service represent a declining source of revenue, depending on the size of the municipality, although the trend is not as clear when the analysis is done on a per capita basis.

**Table 9. Other Revenue - Own Sources, 2017**

CATEGORY	TOTAL AVERAGE	TOTAL AVERAGE / POPULATION	MINIMUM TOTAL	MINIMUM TOTAL / POPULATION
Large cities	\$3,017,407	\$45.34	\$2,087,239	\$35.60
Large towns	\$466,829	\$28.92	\$108,540	\$9.31
Large towns with Tracadie	\$439,015	\$30.41	\$108,540	\$9.31
Small towns	\$161,736	\$32.33	\$19,500	\$7.42
Large villages	\$56,762	\$35.13	\$3,200	\$2.51
Small villages	\$21,034	\$38.96	\$0	\$0.00
Rural communities	\$55,958	\$15.91	\$3,632	\$2.71

As with the sale of services, other revenues from own sources represent a declining source of revenue, depending on the size of the municipality, although the trend is not as clear when the analysis is done on a per capita basis.

**Table 10. Conditional Transfers, 2017**

CATEGORY	TOTAL AVERAGE	TOTAL AVERAGE / POPULATION	MINIMUM TOTAL	MINIMUM TOTAL / POPULATION
Large cities	\$2,408,134	\$35.72	\$0	\$0.00
Large towns	\$10,193	\$0.67	\$0	\$0.00
Large towns with Tracadie	\$9,060	\$0.67	\$0	\$0.00
Small towns	\$7,867	\$1.58	\$0	\$0.00
Large villages	\$5,183	\$2.96	\$0	\$0.00
Small villages	\$3,999	\$5.80	\$0	\$0.00
Rural communities	\$1,215	\$0.64	\$0	\$0.00

**Table 11. Other Transfers, 2017**

CATEGORY	TOTAL AVERAGE	TOTAL AVERAGE / POPULATION	MINIMUM TOTAL	MINIMUM TOTAL / POPULATION
Large cities	\$970,329	\$14.26	\$0	\$0.00
Large towns	\$705,874	\$39.25	\$0	\$0.00
Large towns with Tracadie	\$632,444	\$39.56	\$0	\$0.00
Small towns	\$158,598	\$31.94	\$0	\$0.00
Large villages	\$46,749	\$26.41	\$0	\$0.00
Small villages	\$11,187	\$16.79	\$0	\$0.00
Rural communities	\$10,878	\$1.71	\$0	\$0.00

**Table 12.** Surplus, 2017

CATEGORY	TOTAL AVERAGE	TOTAL AVERAGE / POPULATION	MINIMUM TOTAL	MINIMUM TOTAL / POPULATION
Large cities	\$785,858	\$13.34	\$0	\$0.00
Large towns	\$119,313	\$6.84	\$0	\$0.00
Large towns with Tracadie	\$106,056	\$6.84	\$0	\$0.00
Small towns	\$55,349	\$11.49	\$0	\$0.00
Large villages	\$35,499	\$25.28	\$0	\$0.00
Small villages	\$12,159	\$20.55	\$0	\$0.00
Rural communities	\$16,310	\$6.78	\$0	\$0.00

**Table 13.** Total Revenues, 2017

CATEGORY	TOTAL AVERAGE	TOTAL AVERAGE / POPULATION	MINIMUM TOTAL	MINIMUM TOTAL / POPULATION
Large cities	\$145,925,568	\$2,203.25	\$120,165,415	\$2,049.25
Large towns	\$30,204,687	\$1,645.03	\$17,840,000	\$1,365.64
Large towns with Tracadie	\$28,405,771	\$1,741.67	\$14,014,445	\$869.71
Small towns	\$8,147,905	\$1,818.71	\$4,786,680	\$1,146.78
Large villages	\$2,299,082	\$1,431.64	\$1,000,081	\$810.83
Small villages	\$809,661	\$1,273.66	\$261,888	\$775.34
Rural communities	\$1,602,176	\$525.27	\$136,353	\$121.18

Depending on the size of the municipality, total revenues tend to be declining. On a per capita basis, the total average is higher for municipalities in category 1. This is followed by category 3, category 2 with Tracadie, category 2 without Tracadie, and categories 4 and 5. Rural communities have the lowest average as a function of population.

Overall, we can therefore observe the presence of very different means according to the size of local governments. Large cities have an average per capita income

almost twice as high as small villages. This is a good illustration of the capacity gaps in the local government system in New Brunswick.

### 1.3.2 Distribution of Expenses

Let's now turn to the structure of expenditures. The data compiled by the Ministry are based on reports submitted by municipalities. For this reason, the distribution of expenditures under the various headings may vary from one municipality to another. This can skew the data. **They must therefore be interpreted with caution.** The data is presented in the same way as in the previous section.



**Table 14.** General Government, 2017

CATEGORY	TOTAL AVERAGE	TOTAL AVERAGE / POPULATION	MINIMUM TOTAL	MINIMUM TOTAL / POPULATION
Large cities	\$14,610,071	\$220.28	\$12,364,096	\$204.77
Large towns	\$3,246,673	\$208.02	\$2,168,644	\$129.79
Large towns with Tracadie	\$3,381,427	\$217.20	\$2,260,215	\$129.79
Small towns	\$1,135,738	\$270.00	\$755,640	\$152.22
Large villages	\$413,451	\$255.79	\$193,080	\$140.10
Small villages	\$189,607	\$289.03	\$50,255	\$122.27
Rural communities	\$464,276	\$148.91	\$86,848	\$81.60

The average tends to be higher in smaller municipalities, suggesting the presence of economies of scale<sup>6</sup>. The per capita minimum tends to be often much lower than the category average (category 1 being the exception).

**Table 15.** Police, 2017

CATEGORY	TOTAL AVERAGE	TOTAL AVERAGE / POPULATION	MINIMUM TOTAL	MINIMUM TOTAL / POPULATION
Large cities	\$23,103,244	\$352.38	\$21,027,627	\$292.50
Large towns	\$4,220,786	\$259.36	\$1,997,793	\$179.86
Large towns with Tracadie	\$4,366,182	\$245.09	\$1,163,165	\$72.18
Small towns	\$1,239,890	\$274.75	\$575,614	\$137.90
Large villages	\$323,412	\$198.20	\$99,466	\$105.91
Small villages	\$115,101	\$174.13	\$27,362	\$100.23
Rural communities	\$144,307	\$62.58	\$0	\$0.00

The average tends to be higher in larger municipalities. The minimum per capita tends to be often much lower than the category average.

<sup>6</sup> There is little recent research on economies of scale in Canadian municipalities. Economist Adam Found has examined this issue for Ontario municipalities. He shows that there are economies of scale for fire and police services (Found, 2012a). In the case of fire protection services, the minimum cost is reached when the population of a city is 20,000. For police services, the minimum cost is reached in cities with a population of 50,000. In a second, more general study, it observes the presence of economies of scale in several services: firefighting, police, ambulance, general administration, roads, snow removal, and waste management. However, in the following services, there would be no economies of scale: parks, recreation programs, and recreation infrastructure (Found, 2012b).

**Table 16. Fire Protection, 2017**

CATEGORY	TOTAL AVERAGE	TOTAL AVERAGE / POPULATION	MINIMUM TOTAL	MINIMUM TOTAL / POPULATION
Large cities	\$18,475,278	\$280.11	\$15,108,113	\$218.62
Large towns	\$3,443,131	\$211.57	\$2,105,864	\$146.37
Large towns with Tracadie	\$3,570,544	\$202.33	\$1,019,300	\$63.26
Small towns	\$460,555	\$102.80	\$135,000	\$31.48
Large villages	\$149,495	\$98.50	\$49,650	\$38.05
Small villages	\$82,418	\$147.47	\$9,523	\$23.85
Rural communities	\$188,913	\$61.95	\$0	\$0.00

The population-based minimum declines significantly with the size of the municipality, with a generally similar trend in the average.

**Table 17. Water Costs Transfer, 2017**

CATEGORY	TOTAL AVERAGE	TOTAL AVERAGE / POPULATION	MINIMUM TOTAL	MINIMUM TOTAL / POPULATION
Large cities	\$2,355,939	\$34.59	\$1,000,612	\$17.06
Large towns	\$611,717	\$37.59	\$111,529	\$6.11
Large towns with Tracadie	\$620,967	\$38.16	\$74,000	\$4.59
Small towns	\$140,465	\$31.85	\$0	\$0.00
Large villages	\$28,339	\$16.96	\$0	\$0.00
Small villages	\$10,505	\$14.42	\$0	\$0.00
Rural communities	\$30,790	\$10.10	\$0	\$0.00

The average is generally similar for the first three categories.

Many municipalities - especially smaller ones - have little or no such service.

**Table 18. Emergency Measures, 2017**

CATEGORY	TOTAL AVERAGE	TOTAL AVERAGE / POPULATION	MINIMUM TOTAL	MINIMUM TOTAL / POPULATION
Large cities	\$998,738	\$14.87	\$33,237	\$0.46
Large towns	\$312,250	\$19.19	\$6,000	\$0.24
Large towns with Tracadie	\$316,169	\$19.43	\$6,000	\$0.24
Small towns	\$8,346	\$1.98	\$0	\$0.00
Large villages	\$4,280	\$2.76	\$0	\$0.00
Small villages	\$2,220	\$3.74	\$0	\$0.00
Rural communities	\$7,098	\$2.33	\$1,000	\$1.05

Only the largest municipalities generally offer this service.

Many municipalities - especially, but not exclusively, smaller ones - offer little or no such service.

**Table 19. Other Protection Services, 2017**

CATEGORY	TOTAL AVERAGE	TOTAL AVERAGE / POPULATION	MINIMUM TOTAL	MINIMUM TOTAL / POPULATION
Large cities	\$2,385,119	\$35.35	\$1,466,475	\$25.01
Large towns	\$309,452	\$19.02	\$19,500	\$1.67
Large towns with Tracadie	\$323,202	\$19.86	\$19,500	\$1.67
Small towns	\$61,708	\$13.28	\$6,000	\$1.13
Large villages	\$6,114	\$3.90	\$100	\$0.14
Small villages	\$4,834	\$7.54	\$0	\$0.00
Rural communities	\$4,612	\$1.51	\$0	\$0.00

The supply of service, as measured by the average, decreases with the size of the municipality. Many municipalities - especially smaller ones - have little or no such service.

**Table 20. Transportation, 2017**

CATEGORY	TOTAL AVERAGE	TOTAL AVERAGE / POPULATION	MINIMUM TOTAL	MINIMUM TOTAL / POPULATION
Large cities	\$26,829,576	\$402.91	\$20,207,504	\$344.63
Large towns	\$5,262,144	\$323.35	\$2,950,209	\$199.08
Large towns with Tracadie	\$5,727,174	\$318.32	\$2,950,209	\$199.08
Small towns	\$1,641,504	\$369.91	\$650,985	\$155.96
Large villages	\$487,344	\$308.68	\$251,187	\$194.53
Small villages	\$172,613	\$261.12	\$33,011	\$114.69
Rural communities	\$155,286	\$50.93	\$0	\$0.00

The average decreases slightly with population size, but less than many other categories of expenditures. The minimum is higher for large cities but is nevertheless high for all categories. The minimum per capita in small villages is significantly lower than the average.

**Table 21. Environmental Health, 2017**

CATEGORY	TOTAL AVERAGE	TOTAL AVERAGE / POPULATION	MINIMUM TOTAL	MINIMUM TOTAL / POPULATION
Large cities	\$3,910,102	\$59.14	\$2,920,460	\$43.35
Large towns	\$826,390	\$50.78	\$340,509	\$28.62
Large towns with Tracadie	\$958,968	\$52.62	\$539,103	\$45.17
Small towns	\$292,141	\$67.41	\$1,062	\$0.21
Large villages	\$126,462	\$77.92	\$60,490	\$51.09
Small villages	\$51,387	\$84.22	\$17,781	\$33.50
Rural communities	\$177,137	\$58.09	\$0	\$0.00

The average tends to be higher in smaller municipalities, suggesting the presence of economies of scale. The minimum per capita tends to be often much lower than the average for the category (large cities being the exception).

**Table 22. Environmental Development, 2017**

CATEGORY	TOTAL AVERAGE	TOTAL AVERAGE / POPULATION	MINIMUM TOTAL	MINIMUM TOTAL / POPULATION
Large cities	\$9,970,185	\$152.16	\$9,010,807	\$125.34
Large towns	\$1,260,001	\$77.42	\$624,774	\$52.52
Large towns with Tracadie	\$1,360,306	\$70.52	\$685,067	\$56.42
Small towns	\$570,694	\$128.17	\$178,112	\$28.05
Large villages	\$116,746	\$72.83	\$28,675	\$25.89
Small villages	\$29,309	\$53.45	\$715	\$3.33
Rural communities	\$113,481	\$37.22	\$7,800	\$8.94

The average and minimum per capita is much higher for large cities.  
The minimum per capita tends to be often much lower than the average for the category (large cities being the exception).

**Table 23. Recreational and Cultural, 2017**

CATEGORY	TOTAL AVERAGE	TOTAL AVERAGE / POPULATION	MINIMUM TOTAL	MINIMUM TOTAL / POPULATION
Large cities	\$11,541,976	\$171.64	\$7,502,286	\$127.95
Large towns	\$4,291,160	\$263.68	\$1,869,894	\$175.82
Large towns with Tracadie	\$4,516,991	\$239.45	\$1,806,650	\$112.12
Small towns	\$1,374,883	\$294.15	\$505,100	\$112.07
Large villages	\$371,455	\$232.03	\$11,600	\$8.39
Small villages	\$66,090	\$103.73	\$1,000	\$1.13
Rural communities	\$181,223	\$59.43	\$13,543	\$5.11

The average per capita tends to be higher in smaller municipalities, except for small villages, suggesting the presence of economies of scale.  
In both large and small villages, the minimum per capita tends to be often much lower than average.

**Table 24. Debt Costs 2017**

CATEGORY	TOTAL AVERAGE	TOTAL AVERAGE / POPULATION	MINIMUM TOTAL	MINIMUM TOTAL / POPULATION
Large cities	\$15,578,590	\$228.47	\$5,829,830	\$99.42
Large towns	\$3,270,325	\$200.95	\$898,342	\$97.40
Large towns with Tracadie	\$3,430,874	\$175.11	\$898,342	\$79.71
Small towns	\$719,585	\$156.87	\$156,325	\$48.13
Large villages	\$167,039	\$101.77	\$0	\$0.00
Small villages	\$58,545	\$91.66	\$0	\$0.00
Rural communities	\$107,275	\$35.18	\$900	\$0.57

The average debt decreases with the size of the municipality and so does the debt service. It should be remembered that municipal borrowing decisions are very much controlled by the province. Smaller municipalities with populations of less than 5,000 also benefit from higher grant rates in some infrastructure programs.

**Table 25. Transfers, 2017**

CATEGORY	TOTAL AVERAGE	TOTAL AVERAGE / POPULATION	MINIMUM TOTAL	MINIMUM TOTAL / POPULATION
Large cities	\$16,153,164	\$251.16	\$12,499,843	\$184.98
Large towns	\$3,015,905	\$185.32	\$150,000	\$12.61
Large towns with Tracadie	\$3,057,692	\$158.57	\$150,000	\$12.61
Small towns	\$493,038	\$105.11	\$2,000	\$0.47
Large villages	\$85,504	\$49.73	\$0	\$0.00
Small villages	\$18,454	\$24.94	\$0	\$0.00
Rural communities	\$17,836	\$5.85	\$0	\$0.00

The average transfer decreases with the size of the municipality. This is not surprising. Many services for which grants are available are not offered by small municipalities. One example is public transit.

**Table 26. Total Expenditures, 2017**

CATEGORY	TOTAL AVERAGE	TOTAL AVERAGE / POPULATION	MINIMUM TOTAL	MINIMUM TOTAL / POPULATION
Large cities	\$145,925,568	\$2,203.25	\$120,165,415	\$2,049.35
Large towns	\$30,204,687	\$1,856.01	\$17,840,000	\$1,365.64
Large towns with Tracadie	\$31,958,507	\$1,741.78	\$14,030,559	\$870.71
Small towns	\$8,147,905	\$1,818.71	\$4,786,680	\$1,146.78
Large villages	\$2,299,082	\$1,431.64	\$1,000,081	\$810.83
Small villages	\$809,661	\$1,273.66	\$261,888	\$776.34
Rural communities	\$1,602,176	\$525.43	\$136,353	\$121.18

Average total expenditures decrease with the size of the municipality. The same trend is observed for the average per capita expenditure.

This brief analysis of expenditures reveals a very different reality for the different categories of local governments. It is clear that the quantity and quality of municipal services vary greatly depending on the size of the municipality.

The provision of specialized services in large cities, such as public transit, gives them access to significant transfers from the provincial and federal governments that are not available to other classes of local government.

Smaller municipalities struggle to meet minimum requirements in some essential services. If we take the example of emergency measures, large cities spend close to \$15 per inhabitant in the production of this

service. Large and small villages spend about \$3 per capita<sup>7</sup>. Not surprisingly, there is an inability to meet needs when emergencies occur.

We could illustrate the difficult situation of local governments in several other ways (degree of fiscal autonomy, fiscal capacity, sensitivity to interest rate fluctuations on indebtedness)<sup>8</sup>. If we look, for example, at the degree of fiscal autonomy of local governments, we observe a worrying reality. In fact, in 2019, unconditional grants and equalization accounted for 7.2% of their revenues. However, for 33 municipalities, this percentage was twice the average. It was even higher than 20% for 15 municipalities. In these cases, we are in the presence of a low degree of fiscal autonomy.

<sup>7</sup> The reaction of municipalities to the health and economic crises caused by COVID-19 could shed new light on this issue.

<sup>8</sup> In her last annual report, the Auditor General of New Brunswick showed that local government debt has increased from \$686 million in 2009 to \$950 million in 2018. Low interest rates have kept the interest cost of this debt stable. However, a significant increase in rates could complicate the situation for several municipalities (New Brunswick, Auditor General, 2019, Volume III, Chapter 9).

## 1.4 REGIONAL SERVICE COMMISSIONS

The major change in the municipal world in New Brunswick since the release of the Finn Report is certainly the creation of the 12 Regional Service Commissions. This chapter provides an initial assessment of the impact of this initiative. It begins with the context that gave rise to this innovation.

### 1.4.1 Mandate for the Local Governance Review Committee

The Study Committee on Local Governance in New Brunswick, commonly referred to as the Finn Report, was created in September 2007, following a recommendation made by the Provincial Self-Sufficiency Task Force (The Road to Self-Sufficiency - A Corporate Project). The Self-Sufficiency Report noted:

*“The size and number of local governments in the province fundamentally constrains the capacity of local governance to meet the challenges ahead and does not contribute to creating desirable, functional and sustainable communities at fair and affordable costs to taxpayers. If the province is to achieve self-sufficiency by 2026, New Brunswick communities, through their local governments, must be able to collectively contribute to this goal (2007, p. 16).”*

Commissioner Finn’s mandate can be found in Premier Shawn Graham’s appointment letter (September 17, 2007):

- *Structure and organization of local governance in the province,*
- *Regional cooperation between local governance entities (particularly in the areas of economic development and land use planning),*
- *Funding agreements with local governments,*
- *Property tax,*
- *Legislative framework related to the action plan.*

Despite the possibility of separating the above-mentioned elements for analysis, Commissioner Finn argued that the lack of strategic linkages between them jeopardized the success of sustainable municipal reform.

With respect to regional cooperation, the Prime Minister added:

*“The Commissioner will need to address the issue of regional cooperation in planning and service delivery. In particular, the Commissioner will need to examine the issues (urban sprawl, coordination of industrial and commercial sites, park designation, protection of watersheds and other resources) surrounding land use planning, especially in areas adjacent to cities, towns, and villages. It will also need to examine the issue of economic development and the role that local governments play in regional development. The action plan will outline the structures and mechanisms that can further promote services that can be delivered more effectively and efficiently at the regional and sub-regional levels, as well as the implications of regionalization for the local government structure.”*

In setting the context of his report, Commissioner Finn begins by pointing out:

*“Over the past fifty years, regionalization has proven to be an important factor in the organization of local governance institutions in several Canadian provinces. Since 1967, New Brunswick has been one of the few provinces that has not used some form of regional government (either the unitary regional municipality, the second-tier regional government or the regional service district.). (2.4 Finn Report)”*

The overwhelming majority of studies in the municipal sector have indicated the need for a regional structure in order to achieve a critical mass capable of supporting the development of a coherent regional development strategy. For example, various reports [Study Committee on Unincorporated Areas of New Brunswick (1976), Strengthening Municipal Government in New Brunswick Urban Centres (1990), Commission on Land Use and Rural Environment CUTER (1993), Local Governance Round Table (2001)] **have all argued that regional issues require regional responses.**

## 1.4.2 Recommendations of the Finn Report

After a year of research and deliberations, Commissioner Finn tabled his report in December 2008 and proposed, among other things, the following recommendations:

### A | Municipalities

- R-1 That municipal governments be established throughout New Brunswick.
- R-2 That a population threshold or property assessment threshold be established.
- R-8 That responsibility for local and regional roads in the former unincorporated territories remain with the provincial government until the proposed municipalities are well established.
- R-12 That the provincial government review the designation of municipalities as 'city', 'town' or 'village' and establish the criteria for the classification...

### B | Regional Service Commission

- R-4 That regional service districts be established with jurisdiction over the entire territory of New Brunswick. These RSCs should only exist with the mandatory participation of municipalities ...
- R-13 That twelve RSCs be created.
- R-14 That RSC Boards of Directors be composed of mayors and councillor(s).
- R-15 That a weighted voting system be developed to reflect the population of each municipality.
- R-16 That RSCs be funded primarily by participating municipalities.

### C | Mandatory Services - RSC

- R-17 That certain services be declared 'supra-municipal' and offered by RSCs....
- R-18 That five services be declared "supra-municipal": land use planning (urban planning), solid waste management, police services, emergency measures, and economic development.

### Regional Planning

- R-19 That the existing planning commissions be dissolved.
- R-20 Each RSC should develop a 'regional strategic plan' guided by provincial statements.

### Solid Waste Management

- R-21 That the responsibility for the entire solid waste management service, including planning, collection, treatment, recycling, and disposal, be transferred to the RSCs ... and that the current solid waste management commissions be dissolved.

### Emergency Measures

- R-25 That RSCs be responsible for emergency planning and management in their respective territories....

### Police Services

- R-23 Make policing a mandatory regional service (planned, organized and delivered regionally) .... based on the recommendations of the Grant Report ...

### Economic Development

- R-25 That economic development be closely linked to land use planning (regional development strategy), ... dissolve the current community economic development agencies and reassign staff to RSCs .... Local and municipal entities should also be dissolved.
- R-26 That the costs of regional economic development program activities be shared between municipalities, the province and the federal government.

### D | Collaboration and Cost Sharing

- R-27 That RSCs be authorized to facilitate cost-sharing or service delivery for the municipalities concerned.

Commissioner Finn proposed an integrated restructuring of the municipal management apparatus by supporting full municipalization through the creation of 53 municipalities. These would be grouped into 12 Regional Service Commissions, allowing regions to work together and tackle regional challenges head on. Initially, the RSCs would be responsible for the management of five regional services whose participation and funding by members would be mandatory. Following requests from its partners, the RSC would also be authorized to support collaboration and consultation processes within the region or sub-region.

The Graham government decided not to follow up on Commissioner Finn's recommendations.

#### **1.4.3 Action Plan for a New System of Local Governance - December 2011**

The election of a new provincial government has generated new discussions about municipal governance and management. The new provincial government launched its Action Plan for a New System of Local Governance in New Brunswick. This plan put forward five primary objectives:

- a. Building local government capacity and maintaining community identity
- b. A fair and efficient property assessment and taxation system over the long term
- c. Increased collaboration, communication, and planning between communities
- d. More equitable community funding
- e. Updated legislation to support local and regional decision making

This new intervention in the municipal world also rejected the concept of full municipalization. The government opted for a collaborative rather than coercive approach to encourage municipalities and local service districts to regroup into new entities.

In recent years, this approach has not delivered the expected results, as evidenced by the processes undertaken in Rogersville, Tracadie, etc. The most successful Rural Communities appear to be those that have resulted from the amalgamation of existing municipalities (villages) with surrounding LSDs (Kedgwick, etc.). Despite these so-called successes, the effectiveness of the latter as pseudo-municipalities (offering a limited number of services) has yet to be proven.

The democratic deficit has therefore remained intact in New Brunswick with the presence of Local Service Districts for which the Minister of Local Government remains the de facto mayor.

#### **1.4.4 Creation of Regional Service Commissions: Community Collaboration, Communication, and Planning**

In announcing the creation of the 12 Regional Service Commissions serving all of New Brunswick, the government aimed to put in place a decision-making structure that would allow communities to work together and intervene on behalf of the region. The objectives set out in the Finn Report seemed to be on the way to being accomplished. However, the government's decisions during implementation greatly reduced the scope and effectiveness of these new organizations:

1. The rejection of full municipalization created large boards of directors. The Finn proposal offered boards of 9 to 15 members while the current formula imposed boards of up to 26 members. It becomes very difficult to achieve regional consensus with such a large number of decision-makers.
2. The presence of Local Service District presidents in RSCs has certainly contributed to the establishment of a forum that brings together all the stakeholders in the region. The Board of Directors will therefore be able to discuss the various regional issues in a holistic manner. The panoply of former commissions of all kinds (planning, solid waste, economic development, etc.) ensured that the various issues were discussed in isolation.

LSD participation in the RSC ensures that these regions will participate in the funding of services through their tax base.

On the other hand, several observers question the legitimacy of LSD representatives since they are not elected by universal suffrage, but simply appointed by their peers. As representatives of advisory committees, they therefore serve as advisors to the Minister of Local Government. The Minister remains the ultimate decision-maker for all activities directed to the unincorporated community.

3. The presence of LSDs requires that the process of adopting the RSC's annual budget must follow two distinct and parallel niches.
  - a. When a mayor sits on the RSC Board, his or her vote constitutes a final vote on the issue. They act as a member of an independent entity called RSC. City Council makes its views on the budget proposal known through the consultation period. The power of final adoption of the budget is vested in the RSC Board of Directors and is recognized by the Regional Services Delivery Act.
  - b. However, a vote cast by members of local service districts on the budget shall be subject to a public meeting process and must receive the approval of the Minister of Local Government. Therefore, the Minister of Local Government reserves the right to reject any budget proposal notwithstanding the vote of the LSD representatives. The LSD representatives have only advisory powers.
4. In terms of service delivery, the presence of LSDs on the RSC Board of Directors means that the Minister of Local Government could potentially find himself in an apparent conflict of interest. When the Minister of Local Government considers recommendations for the provision of services to LSDs in a region, is he doing so as the Minister of Local Government who must consider the interests of all New Brunswick residents or as the Mayor of the unincorporated area of the RSC?
5. There were five mandatory services proposed by Commissioner Finn. The new government proposal reduces them to three. They are: i- land use planning for unincorporated areas including the development and implementation of a regional strategic plan, ii- solid waste management, and iii- emergency planning. Municipalities that had participated in a regional planning commission were to continue to be served by the RSC, but in the medium term could opt out by following a specific protocol in the legislation.

The Minister of the Environment and Local Government has reserved the right of decision on the choice of "mandated" services. As a result, an RSC wishing to instigate a "mandated" service must apply to the Minister and, if so,

must amend the affected provincial regulations. It becomes virtually impossible for RSCs to engage in discussions on this issue without the unanimous approval of a Board of Directors composed of a significant number of participants. If a positive step is taken, the viability of the service may be questioned at any time by a member who decides to withdraw at the next budget process.

6. The government proposal rejected the process of decentralization to RSCs in the area of economic development. Many regions were disappointed with this decision and the decision to centralize it in Fredericton.
7. The new government program also eliminated the need to create regional police forces. The RSC would therefore serve as a forum for discussion and collaboration among the police forces serving the region. No policy or guidance was offered to the RSCs. The status quo remains to this day.
8. RSCs were designated as advisory participants in the process of identifying and funding major new recreational infrastructure in the region.

### 1.4.5 Changes Made Since the Implementation of the RSCs

As noted above, the government proceeded to implement RSCs and the three “mandated” or mandatory services:

#### *“Mandated” Services - Mandatory*

As noted above, the Minister of the Environment has reserved the right to make decisions regarding the selection of mandatory services.

However, it is possible for the Board of an RSC to adopt an annual budget with the vote of support of two-thirds of the Board members representing two-thirds of the population. Several stakeholders argue that this methodology should be sufficient to establish a “mandated” service within an RSC.

With the existing process, there is no doubt that existing solid waste management services would never have been established.

#### *Solid Waste*

The former solid waste commissions have ceased operations and transferred them to the new RSCs. Commissioner Finn recommended the inclusion of all activities surrounding solid waste management including recycling, home collection, etc., in the new RSCs.

Initial implementation was limited to existing activities in the absence of a clear provincial policy on provincial objectives. To this day, New Brunswick does not provide specific guidance through a provincial solid waste strategy. The result is significant regional disparities in all sectors of solid waste management including recycling, composting, waste collection, etc.

#### *Emergency Planning*

The Regional Services Delivery Act and its regulations indicate that emergency planning and implementation activities fall under the jurisdiction of RSCs. Despite this legislative presence, the Ministry of Public Safety objected to the decentralization of emergency measures to RSCs. It therefore hired six coordinators whose mandate was to initiate collaborative activities with the RSCs. The leadership role of the RSC was usurped notwithstanding its legislative mandate and partly explains the lack of explicit funding in this sector. No appropriate mandate was developed by the provincial government for the role of the RSC.

#### *Regional Strategic Plan*

With the advent of the new Municipal Act and Community Planning Act (2018), the government changed the mandate of RSCs with respect to the requirement to develop a regional strategic plan. This activity is now considered optional and not mandated. The Minister justified this decision by stating that many RSCs had indicated to him that they were confused about the mandate. Others argued that their regions did not yet have the decision-making and financial maturity to undertake such an exercise in regional collaboration at this time.

#### *Regional Collaboration*

RSCs were designated as advisory participants in the process of identifying and funding major new recreational infrastructure in the region. The objective of the provincial government is to ensure that the required discussions take place between the parties (municipalities and LSDs) regarding the operation of the infrastructure prior to the formulation of grant applications to the various levels of government.

### 1.4.6 Lessons Learned from this Initiative

- The advent of the Regional Service Committees has enabled Local Service Districts to participate in funding and decision-making on some regional services.
- The elimination of former single-service commissions (urban planning, solid waste, etc.) has made it possible to centralize administrative support services (accounting, marketing, etc.) and to share costs among all departments.
- Expenses and revenues generated are tracked in greater detail to comply with legislated municipal standards.
- The presence of elected representatives on the RSC Board of Directors contributes to greater accountability and responsibility compared to the governance of the former single-service, appointment-based commissions.
- Bringing services together provides a critical mass allowing for the hiring of employees with targeted skills.

- Some RSCs have demonstrated a capacity for collaboration through improved services and targeted regional projects that have received unanimous support from members<sup>9</sup>.
- On the other hand, the question surrounding the legitimacy of LSD representatives and the democratic deficit in an unincorporated environment is still unresolved.
- Following the rejection of a municipal restructuring that includes full municipalization, the presence of an excessive number of members on RSC Boards (mayors and LSDs) can contribute to a governance structure that is susceptible to paralysis.
- The presence of the Minister of the Environment and Local Government as the final decision-maker for LSDs may create conflict of interest situations. The Minister of the Environment and Local Government must wear two hats: Mayor of the LSDs and a Minister of the Crown who must represent the interests of the affected RSC and New Brunswickers. It is sometimes impossible to reconcile these two roles.
- A two- or three-tier tax system and budgetary processes (municipalities, rural communities, LSDs) affect the capacity to deliver regional services throughout the territory.
- The lack of a clear mandate for emergency management and its funding remains a major impediment.
- By considering the development of a regional development strategy as an optional exercise, the majority of rural RSCs will not undertake such a regional approach. Short term day-to-day operational considerations will take over and the development of such a strategy will be relayed to the Greek calends.
- Here again, the lack of a specific regional economic development mandate and funding model remains a major constraint.
- The ability of a municipality to opt out of the land use service (without being a major urban center) affects the viability of the service for most RSCs. The lack of a provincial solid waste management strategy leaves RSCs without a clear framework, and as a result, services vary significantly across regions of the province.
- With more focused policies and guidance from the Government of New Brunswick, RSCs would enable municipalities to make a significant contribution to the development of their region.
- However, the question of the presence of LSDs in this decision-making structure will need to be discussed, particularly with respect to the democratic deficit and the role of the Minister of the Environment and Local Government.

<sup>9</sup> Several examples of this effective collaboration can be provided. In Kent, nine LSDs and three municipalities decided to share the operating costs of a community sports center (arena, gym, yoga studio, etc.). In the Acadian Peninsula, the RSC revived the Tourism Office on a solid foundation. This example was later replicated in the Chaleur region. In Restigouche, RSC members agreed to share the funding of the Charlo Airport.

### 1.4.7 Impact on the Distribution of the Tax Burden

The issue of inequity in tax treatment between residents and businesses in LSDs and municipalities has been a hot topic in New Brunswick. In this context, it is important to examine the impact of the creation of RSCs on this issue.

It is clear that the creation of RSCs has not changed the taxation rules<sup>10</sup>. The creation of the RSCs has, however, created a decision table that may change the LSDs' contribution to the funding of regional services.

The following table presents some comparative data on the status of municipalized and unorganized territories in New Brunswick in 2012 and 2019. It should be noted that the RSCs were created in 2013.

Overall, one observes a slow decline in the relative size of LSDs. This decline is present for two of the three variables: population and tax base. In the case of the budget, stability is observed.

The largest change is in the average tax rate. For municipalities and rural communities, the average tax rate increased from \$1.4975 per \$100 of assessment in 2012 to \$1.5157 in 2019, which corresponds to a 1.2% increase in the average tax rate. For the LSDs, the average rate increased from \$0.9144 per \$100 of assessment in 2012 to \$0.9710 in 2019. This represents an increase of 6.1%.

**Table 27.** Comparative Data - Municipalities and LSDs, 2012 and 2019

	POPULATION	BUDGET	TAX BASE	AVERAGE TAX RATE
2012				
Municipalities and RCs	489,339	775,445,651	40,746,850,638	1.4975
%	65.1%	84.9%	73.5%	
DSL	261,832	137,591,845	14,711,386,586	0.9154
%	34.9%	15.1%	26.5%	
<b>Total</b>	<b>751,171</b>	<b>913,037,496</b>	<b>55,458,237,224</b>	
2019				
Municipalities and RCs	516,540	934,971,560	50,669,633,781	1.5157
%	69.1%	84.8%	75.4%	
DSL	230,561	167,465,042	16,533,863,009	0.9710
%	30.8%	15.2%	24.6%	
<b>Total</b>	<b>747,101</b>	<b>1,075,604,750</b>	<b>67,203,496,790</b>	

Note: The 2012 LSD and RC budget has been adjusted for police and road expenditures by applying the base rate of 0.6315 to the tax base. The 2019 LSD and RC budget has been adjusted for road expenditures by applying the base rate of 0.4115 to the tax base.

Source: Government of New Brunswick. Environment and Local Government, Municipal Statistics, 2012 and 2019.

<sup>10</sup> We will present these rules in the second chapter of this report.

This suggests that, since the creation of RSCs, the tax inequity between LSDs and municipal entities has decreased in New Brunswick. What accounts for the faster increase in LSD spending?

Table 28 shows the evolution of LSD expenditures from 2012 to 2019. Columns 4 and 5 show the change in expenditures in percent and dollars. The last column provides the share of the variation in expenditures attributable to each budget line item.

**Table 28.** Evolution of LSD Expenditures from 2012 to 2019

EXPENSE ITEM	2012	2019	VARIATION IN %	VARIATION IN \$	PERCENT
General Administration	1,384,692	3,278,192	136.7%	1,893,500	12.4%
Urbanism	4,017,822	5,115,688	27.3%	1,097,866	7.2%
Evaluation cost	2,854,006	3,207,565	12.4%	353,559	2.3%
Fire Department	17,755,309	27,783,160	56.5%	10,027,851	65.6%
Dog Control	495,309	566,325	14.3%	71,016	0.5%
Street Lighting	3,022,254	2,631,823	-12.9%	-390,431	-2.6%
Recreation and Community Services	2,349,302	3,309,434	40.9%	960,132	6.3%
Solid Waste Management	17,391,882	18,270,053	5.0%	878,171	5.7%
Emergency Measures		389,089		389,089	2.5%
<b>Total</b>	<b>49,270,576</b>	<b>64,551,329</b>	<b>31.0%</b>	<b>15,280,753</b>	<b>100.0%</b>

Nearly two-thirds of the increase in LSD expenditures is due to increased fire protection service charges. This large increase is the result of increased provincially imposed requirements. This illustrates the impact of the imposition of new standards on the cost of services.

Four other items are responsible for an increase in expenditures of more than 5%: general administration (12.4%), urban planning (7.2%), recreation and community services (6.3%) and solid waste management (5.7%).



The faster increase in LSD spending on these services is partly the result of the implementation of RSCs. The creation of these commissions has therefore contributed slightly to a decrease in the tax inequity between LSDs and municipalized territories in New Brunswick.

It is important to continue efforts to explain the rate differential between LSDs and municipal governments. Two other aspects need to be documented.

The first is on the general administration expenses side. For local governments, general administration includes expenditures on governance (the operation of the municipal council) and the managers who run municipal operations. In 2019, general administration cost these governments \$50.7 million. Expressed per \$100 of assessment, this corresponds to an average expenditure of \$22.6 ¢.

In the case of the LSDs, the provincial government invoices them to cover certain general administration expenses: regional administrator, accounting, etc. In addition, there are some specific costs (publication, newsletters, meeting fees, etc.) and collaborative costs at the RSC level. In 2019, it is estimated that the LSDs spent \$3.3 million on these general administration expenses. Since the LSDs had an overall tax base estimated at \$16.5 billion, which is the correct assessment of the tax base to use in this context, this corresponds to an average expenditure per \$100 of assessment of \$2.1 ¢.

It can be concluded that the current governance arrangements in LSDs allow them to absorb the equivalent of 20.5 ¢ of general administration costs by the provincial and local governments for the production of local services (e.g., unrecorded expenditures of other government departments or costs of services accounted for in administrative costs by local governments).

The second item to be documented is on the side of expenditures for road repair and maintenance. Currently, the provincial government imposes a tax of \$0.4115 per \$100 of assessment on owner-occupied residential properties. In 2019, this tax base was valued at \$10.2 billion and this tax generated \$42 million. But what is the real cost of roads in LSDs?

We have two estimates of this cost. The first is the one made by Commissioner Finn in his 2008 report. At that time, the cost was estimated at \$68 million for 2008 (Finn, 2008, 152). Expressed in 2019 dollars, this represents a cost of \$83.4 million<sup>11</sup>. Based on this estimate,

the provincial deficit for road maintenance in the LSDs is \$41.4 million. To cover this cost, the Province would have to impose a tax on LSD residents of \$0.8164 per \$100 of assessment. This would account for an average rate differential of \$0.40 per \$100 of assessment between LSDs and local governments.

The second estimate of the cost of roads in LSDs is that made by the Association Francophone des Municipalités du Nouveau-Brunswick (AFMNB, 2015, 8-14). The methodology used is to apply the same logic to LSD roads as for municipal roads. Within municipalities, 100% of the maintenance and repair of local roads and 50% of the maintenance for regional roads (roads with a road number of 200 or more) is the financial responsibility of the municipality. To evaluate this cost, the fees used by the Ministry of Transportation when signing maintenance and repair work agreements on local roads in a municipality are applied to the kilometers of road<sup>12</sup>. Based on this approach, the AFMNB concludes that the actual cost of road maintenance in the LSDs is \$76 million for 2011. In 2019 dollars, we get an estimate of \$86.1 million. The provincial deficit for road maintenance in the LSDs then rises to \$44.1 million. The Province would have to impose a tax on LSD residents of \$0.8427 per \$100 of assessment to cover the full cost. This would explain an average rate differential of \$0.43 per \$100 of assessment between LSDs and local governments.

We have seen above that the average tax rate in the LSDs in 2019 was equal to \$0.971 per \$100 of assessment. Adding to this rate the tax rate equivalent of the provincially absorbed costs for general administration (\$0.205 per \$100 of assessment) and the provincially absorbed costs for road maintenance and repair (average of \$0.4115 per \$100 of assessment), results in an adjusted rate of \$1.591 per \$100 of assessment. This adjusted rate exceeds the average local government rate in 2019 which was equal to \$1.5157 per \$100 of assessment. This is not surprising given the nature of the LSDs, i.e. low population density and the wide dispersion of properties across the territory. The current taxation rules in the LSDs therefore lead to a misuse of public funds in New Brunswick.

<sup>11</sup> This adjustment was made using the Consumer Price Index for New Brunswick (Statistics Canada, Table 18-10-0004-01).

<sup>12</sup> In 2011, for maintenance, the Ministry of Transportation used track kilometer rates of \$101.50 for the 6 summer months and \$331.00 for the 6 winter months. On the road repair side, the Ministry of Transportation calculated \$40,000 per lane kilometer on two-lane highways for an 8-year life span.

## 1.5 EVOLUTION OF MUNICIPAL RESPONSIBILITIES IN NEW BRUNSWICK

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The Equal Opportunity Program, designed by the Robichaud government in the 1960s, served as a springboard for the restructuring of the municipal world in New Brunswick. Conceptually, this program was based on three fundamental elements:

1. Services for individuals are now the responsibility of the provincial government: education, health, justice, social services, etc.
2. Property services are the domain of local governments. An exception to this is that local property assessment becomes a provincial responsibility.
3. Communities considered viable are reconstituted or transformed into municipalities (cities, towns, villages). Rural or remote areas outside municipalities are the responsibility of the Minister of Municipal Affairs.

In 1970, the government of the new Premier Richard Hatfield, in accordance with the elements of the Equal Opportunity Program, proceeded to adopt a new Municipalities Act. Despite the abolition of county governments, the modalities dealing with the creation of municipalities (cities, towns, villages) remained intact. As for the unincorporated territory, it was divided into Local Service Districts with the Minister of Municipal Affairs assigned to the role of mayor and council.

The range of services that municipalities are empowered to provide to residents and property owners is comprehensive. However, only two services are considered mandatory: policing and emergency measures. In terms of human resource requirements, only the hiring of a clerk and an independent auditor is mandatory.

During the process leading up to the preparation of the Finn Report, the City of Fredericton outlined in its submission to the Commissioner the scope of municipal services requested by residents. The following is a summary of the submission:

### Police Services

- Highway patrol – traffic law enforcement
- Criminal code offences
- Emergency response
- Legal proceedings
- Court security
- Victim/witness assistance
- Community policing services
  - Neighbourhood programs
  - Educational programs
  - Crime prevention programs
- Maintenance of prisons and detention facilities
- Specialized services
  - Emergency response team
  - Canine units, etc.

### Fire Services

- Fire suppression and prevention
- Fire investigation, first responder medical assistance
- Rescue on ice and water, hazardous materials, etc.
- Vocational training and professional development
- Emergency measures

### Development Planning and Control

- Building permit and inspection
- Development control
- Long-term planning
- Strategic planning
- Heritage conservation and preservation planning

### Tourism

- Visitor services
- Tourism promotion
- Tourism development
- Event coordination
- Convention management
- Charter coach management
- Tourism centers and infrastructure

### Arts and Culture

- Construction and maintenance of facilities
- Financing of operations
- Grants to organizations
- Heritage preservation
- Library
- Museums
- Art galleries

### Governance

- Enactment of by-laws and policies
- Transparent governance
- Public consultations and comments
- Litigation management
- Adoption of budgetary guidelines
- Allocation of public funds

### Public Works

- Roads and streets
- Construction (road surfacing, curbs, gutters and sidewalks)
- Pavement maintenance (cleaning, repair, marking)
- Winter maintenance
  - Snow and ice control
  - Snow clearing and snow removal
- Traffic control
- Streetlights
- Parking
- Collection, retention, and drainage of rainwater
- Technical support
- Geographic information systems
- Solid waste collection
- Recycling
- Solid waste disposal (regional facilities)

### Water and Sewer Services

- Collection, treatment and distribution of drinking water
- Water supply for the fire department
- Water conservation and public awareness
- Wastewater collection, treatment, and disposal

### Trees and Parks

- Development and maintenance of parks and trails
- Arboriculture and horticulture
- Grounds maintenance
- Composting

## Public Transportation

- Predetermined route services
- Transportation of persons with disabilities

## Leisure

- Construction, maintenance, and operation of facilities
  - Arenas, swimming pools, fitness centers, community centers, ball fields, tennis courts, etc.
- Organizing community sports, recreation, and leisure activities
- Recreation program (preschoolers to seniors)
- Fitness classes, recreational activities, and cultural instruction
- Coordination and holding of special events (community)

## Administrative Services

- All internal services in support of public services (financial services, human resources, legal services, information technology, property management, asset and fleet management, telecommunications, etc.)

## Economic Development

- Strategies
- Grants
- Accompaniment
- Job creation

## Others

- Airport capital and operating expenditures
- Granting subsidies for affordable housing
- Numerous issues relating to the protection of the environment
- Homelessness
- Cab management and licenses

For the past 45 years, the provincial government has taken a strict interpretation of the parameters of the Municipalities Act. For example, one region decided to proceed with solid waste recycling and use various collection methods. In order to undertake this activity, the Municipalities Act had to be amended. This restrictive approach certainly served communities that were not adequately resourced. However, those communities that have taken innovative measures to improve the efficiency and cost-effectiveness of these services have been hampered by an overly restrictive framework aimed at maintaining the status quo.

### 1.5.1 The Local Governance Act - 2017

In 2017, the provincial government passed a new legislative framework, the Local Governance Act. The objective was to modernize the 1970 Act. While this new act updated the legal language, the elements dealing with the creation of new municipalities, annexations, and the granting of powers to municipalities are almost unchanged and support the status quo.

An exception to this is section 7 of the said act, which seeks to broaden the interpretation and scope of the powers intended for municipalities:

#### *“Broad Interpretation of Local Government Powers*

7. Recognizing that a local government is a responsible and accountable level of government, the powers of a local government under this or any other Act shall be interpreted broadly in order to provide broad authority to the council to enable it to govern the affairs of the local government as it considers appropriate and to enhance the council's ability to respond to issues in the local government."

When the municipalities discussed the possibility of introducing a tax on tourism accommodation, the provincial government agreed to their request. The provincial government proceeded with an amendment to the Local Governance Act to add a direct reference to it, as evidenced by the addition of:

#### *“10.1 (m.1) the tax on tourism accommodation”.*

This approach suggests that the Department of Justice considers that section 7 of the Local Governance Act does not allow municipalities to undertake new services or rates without an amendment to the Local Governance Act. It will be necessary to wait for the courts to address this issue in litigation and clarify the scope of section 7.

### 1.5.2 Challenges

In light of this observation, major challenges remain with respect to the potential supply of new services and their financing.

- **Economy:** Municipalities face economic disruption both geographically and in terms of the type of activities. These changes are modifying the nature of jobs available. Municipal revenues are strongly linked to property revenues. Property values within communities are linked to the state of the local economy, which in turn affects the supply and demand for housing stock and associated property revenues.
- **Environmental Factors:** Events resulting from climate change such as damage to municipal property and infrastructure, drinking water safety challenges, sanitary sewer treatment, erosion, and energy conservation are at the forefront of the concerns of elected officials and insurers. Infrastructure management plans identify deficiencies in most of our communities.
- **Evolving service standards:** Over the past three decades, the minimum standards required for public safety services have become increasingly defined. These standards focus on operations, minimum infrastructure and human resources in areas such as climate change, policing, emergency measures, fire departments, building inspection, etc. A comprehensive analysis of the capacity of communities to meet the minimum standards required would highlight a gap that needs to be filled, particularly for smaller communities<sup>13</sup>.
- **Offer of services without compensation:** Many services available to surrounding municipal residents are provided without compensation from the LSDs. In the case of agreements with the Minister of the Environment and Local Government (on behalf of the LSDs), compensation is, in most cases, inadequate in terms of the quality of services (fire, recreation, etc.) made available to the surrounding communities. Should this situation persist, the financial and social viability of many communities will be compromised.

It is clear that the majority of New Brunswick municipalities do not have the capacity to provide standardized services without the cooperation of neighbouring communities or through a regionalized service.

Any analysis of municipal financial viability must be preceded by a qualitative analysis of the services currently available to residents. This analysis should be compared to standards approved by the provincial government or professional associations.

<sup>13</sup> It is interesting to note that elected municipal officials who are members of the Association Francophone des Municipalités du Nouveau-Brunswick are aware of this trend. During a discussion session held during the 30th Annual Conference of the AFMNB, participants were asked the following question: Should we identify certain expense items where there are provincial standards to be met? A strong majority of respondents (89.6%, 95/106) answered yes.

## 1.6 CONCLUSION OF THE FIRST SECTION

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What should we learn from the current situation of local governments in New Brunswick? Here we take up again, in the form of a point list, the essence of this reality:

- The current classification of municipalities is outdated, and a new classification based on criteria directly related to local government expenditures and revenues should be negotiated with the Department.
- Demographic trends are having a major impact on some municipalities. They will create surplus assets for some municipalities and limit their ability to remain sustainable over the long term. Reflection on new sources of revenue should be accompanied by reflection on local governance models.
- The establishment of the RSC network has had several positive effects: creation of a forum for discussion and consultation among local governance stakeholders in the various regions, contribution of LSD residents to the funding of certain services, cost sharing in the administration of regional services, improvement in staff skills, etc.
- The creation of the RSCs also contributed to reducing the fiscal inequity between LSDs and municipalities in New Brunswick.
- Certain weaknesses remain in these regional commissions: the appointment of LSD representatives implies a significant democratic deficit for residents, the complexity of the budgetary processes, etc.
- The requirement for local governments to adopt a balanced budget makes it difficult to identify the financial challenges they face. Indeed, in this context, financial trade-offs are made in the budget process and cannot be captured by financial reports.
- On the revenue side, municipal entities have some leeway to raise the amounts needed to finance services through the tax rate. However, residents' comparison of rates with neighbouring municipalities and LSDs limits this room for manoeuvre. In addition, they must always take into account the residents' ability to pay.
- There are very different means available depending on the size of local governments. Large cities have an average per capita income almost twice as high as small villages. This shows the differences in capacity between the different categories of municipalities.
- On the expenditure side, there are wide variations according to the size of municipalities. This implies that municipal services are available in varying quantities and quality.
- To show the presence of real financial constraints, one can compare spending levels for services that are subject to provincial standards. Police services, and water and sewer services are two good examples. We have seen that, for example, for police services, the financial effort varies greatly depending on the type of municipality. In our view, this is evidence that financial constraints are severe in the municipal world in New Brunswick. Added to this is the insufficient spending by many municipalities on essential services for which no standards are applied (e.g. emergency measures, climate change adaptation, solid waste management).
- The new challenges facing municipalities will create additional financial pressures. Municipalities will find it difficult to meet these new needs without access to new financial resources and the sharing of responsibilities with neighbouring communities, as long as a community with this financial capacity is among those neighbouring communities.

# SECTION 2



## Fiscal iniquity and new sources of revenue for municipalities

We saw in the previous section that there is a significant fiscal iniquity between LSDs and municipal entities in New Brunswick. We have also seen that municipalities were operating within a fiscal framework that did not allow them to adequately meet the expectations of residents and prepare for the new challenges presented by the changing socio-economic and climatic environment.

This section has two objectives. First, it aims to take stock of the source of fiscal iniquity between incorporated and non-incorporated territories. It then aims to present the various changes that could improve the financial situation of local governments.

### 2.1 SOURCES OF THE FISCAL IMBALANCE BETWEEN MUNICIPAL ENTITIES AND LOCAL SERVICE DISTRICTS

In the relationship between municipal entities and local service districts (LSDs), the issue of fiscal imbalance has always been a contentious issue. This section wants to take stock of this issue and see if the gap in the fiscal burden between the two has changed since the creation of the Regional Services Commissions. Indeed, since these new commissions took office, LSD residents have been contributing to the financing of certain services to which they did not previously contribute. Let us briefly recall the nature of this fiscal imbalance.

This imbalance stems primarily from the fact that the territory of New Brunswick is not completely municipalized. Residents living in unincorporated areas live in LSDs. These LSDs were created in 1967 and remain administrative entities under the jurisdiction of the provincial government. Some LSDs have an Advisory Committee. The decision-maker for these areas is the Minister of the Environment and Local Government. The provincial government is ultimately responsible for local services to the population. Since some services are not available to all residents in an LSD (streetlights are an example), there are also taxing areas known as “taxing authorities”.

This imbalance is also due to the fact that responsibilities vary from one type of local government to another. In municipal entities (municipalities, regional

municipalities and rural communities), since they have an elected council, the determination of property tax rates is the responsibility of the council. These three types of local governments differ in their responsibilities and not in their taxing authority. For example, rural communities may leave responsibility for roads, police and other services usually under the jurisdiction of a local government to the provincial government. A similar provision applies to the Regional Municipality of Tracadie for the territory of the former LSDs (eight-year special agreement for road upgrades). In addition, the Regional Municipality has a benefit on the cost side of the policing service (reimbursement of the RCMP service at 70% of the cost).

This variety of local government models leads to a relatively complex fiscal environment. In New Brunswick, there are three types of properties: i- owner-occupied residential properties, i.e. the principal residence; ii- non-owner-occupied residential properties, i.e. rentals, cottages, etc.; and iii- non-residential properties, i.e. businesses and factories.

For the first type of property, owner-occupied residential properties, municipalities vote on the property tax rate. This rate may also vary from one area to another within the municipality. The adoption of different rates in a municipality's tax zones may be explained by a different service offer from one zone to another or may result from a memorandum of understanding signed during a consolidation.

In rural communities and the regional municipality, the council votes a rate to finance the services for which it is responsible. The provincial government sets a rate for the services for which it is responsible in both types of local government. In LSDs, the government sets a rate for roads and road maintenance. This rate is \$0.4115 per \$100 of assessment. In addition, there is a rate for police, fire protection, dog control, administrative services, and additional services provided in some taxing authorities. This rate currently averages \$0.5595 per \$100 of assessment.

In the case of the other two types of properties (non-owner-occupied residential properties and commercial and industrial properties, i.e. non-residential properties), the tax space represented by property taxes is shared between local governments and the

province<sup>14</sup>. Thus, in addition to the rate collected by the local government, there is a rate collected by the province. The revenue from this tax is used by the province to fund all of its services and is not just used to fund “municipal” services. For non-owner-occupied residential properties, the provincial property tax rate is \$1.1233 per \$100 of assessment<sup>15</sup>. For commercial and industrial properties, the provincial property tax rate is \$2.1860 per \$100 of assessment.

The special provincial rate for roads, i.e. the rate of 0.4115 per \$100 of assessment, does not apply to non-residential properties (commercial and industrial properties) or unoccupied residential properties (cottages and apartments) located in LSDs. This is the other source of fiscal imbalance between LSDs and municipalized territories.

Local governments also tax these two types of properties using the same decision-making process as for owner-occupied residential properties. For non-owner-occupied residential properties, the rate for local service financing is the same as for the first type of property. For commercial and industrial properties, the local property tax rate is given by the following product: 1.5 x the local utility rate set by the municipality. For LSDs, in 2019, the average rate on non-residential properties is \$0.83925 per \$100 of assessment, i.e. 1.5 times \$0.5595.

The following table summarizes the property tax models applied in the four types of local governments in New Brunswick with an emphasis on the taxing authority, i.e. the government responsible for setting the rate.

**Table 29. Model of Property Taxation by Type of Local Governance**

PROPERTIES	TYPE OF RATE	MUNICIPALITIES	REGIONAL MUNICIPALITY	RURAL COMMUNITIES	LOCAL SERVICE DISTRICTS
<b>Owner-occupied properties</b>	Rate - local services	Council	Council	Council	Province
	Rate - local services provided by the province		Province	Province	Province
<b>Non-owner-occupied properties</b>	Rate - local services	Council	Council	Council	Province
	Provincial tax rate	Province	Province	Province	Province
<b>Non-residential properties (commercial and industrial)</b>	Rate - local services (1.5 x Rate - local services)	Fixed Rule	Fixed Rule	Fixed Rule	Fixed Rule
	Provincial tax rate	Province	Province	Province	Province

<sup>14</sup> Technically, this provincial rate also applies to owner-occupied properties. However, the provincial government offers a property tax credit that cancels out this tax.

<sup>15</sup> To be specific here, it should be added that there are in fact, from a tax perspective, two types of non-owner-occupied residential properties to which different provincial rates apply. The first, Group A, includes cottages and apartments. The province applies a rate of \$1.1233 per \$100 of assessment, regardless of where the property is located. Group B includes vacant land and properties and is taxed at a rate of \$1.2173 per \$100 of assessment province wide.

Because responsibilities vary from one type of local government to another and the provincial government retains authority to set certain rates, these different property tax models have led to significant differences in tax rates for the funding of local services. As discussed in Section 4.7, in 2019 the average tax rate was \$1.52 per \$100 of assessment in municipalities and rural communities and \$0.97 per \$100 of assessment in LSDs.

For non-residential buildings, the tax rules lead to a form of unfair competition. This can be illustrated with an example. Assume two commercial businesses with the same tax assessment for property taxes, say \$2.5 million. The two businesses compete with each other in the local market. Examples include gas stations and hardware stores. To make an estimate of the cost of property taxes, we will locate the two businesses in the Caraquet region. One is located in the city and the other in the DSL of Caraquet.

Table 30 presents the result of this comparison. Thus, the business located in the town of Caraquet pays a total property tax rate of \$4.4386 per \$100 of assessment. For the company operating in the LSD of Caraquet, the property tax rate is \$2.9929 per \$100 of assessment.

In total, the business located in the LSD of Caraquet pays \$36,142.50 less in property taxes than the business located in the Town of Caraquet. This represents a reduction of 32.6%. This amount can be used to change the price of goods sold by the business located in the LSD to compete unfairly with the business located in Caraquet. This represents another source of tax inequity that leads to business location decisions to the detriment of community and regional land use plans.

**Table 30.** Comparison of the Property Tax Bill between a City and an LSD, 2019

PROPERTY VALUE	\$2,500,000		
	Rule	Rate	Tax Invoice
<b>Town of Caraquet</b>			
Local rate (1.5 x local rate on residences)	1.5 x 1.5017	2.2526	\$56,313.75
Provincial Rate	2.1860	2.1860	\$54,650.00
Total		4.4386	\$110,963.75
<b>Parish of Caraquet</b>			
Local rate (1.5 x local rate on residences)	1.5 x 0.5379	0.8069	\$20,171.25
Provincial Rate	2.1860	2.1860	\$54,650.00
Total		2.9929	\$74,821.25
<b>Gap = Town - DSL</b>			<b>\$36,142.50</b>

## 2.2 IMPROVING THE FINANCIAL SITUATION OF MUNICIPALITIES

By improving the financial situation of municipalities, the goal is to develop autonomous and sustainable organizations capable of meeting their responsibilities and the challenges of tomorrow with their own financial means. This new financial context may result from two changes: the arrival of new sources of revenue and more efficient management of expenditures.

### 2.2.1 New Sources of Tax Revenue

Several reports and research have recently addressed this issue in Canada. In addition, several provinces have agreed to share tax revenues with municipalities in an effort to correct fiscal imbalances caused by the increased responsibilities of local governments.

In the New Brunswick context, several options are possible. Eight of these options are documented in this subsection<sup>16</sup>: property tax transfer, sharing of the tax base related to provincial personal income tax, sharing of the tax base related to the provincial portion of the Harmonized Sales Tax (HST), sharing of the tax base related to corporate profits tax, sharing of gas tax revenues, imposition of an entertainment tax, and an accommodation tax.

#### *a) Property tax transfer*

As noted above, property taxation is a shared tax field between the provincial government and local governments in New Brunswick. When looking for options to increase local government own-source tax revenues, the transfer of some or all of the tax space occupied by the province represents a prime opportunity.

#### *b) Sharing the provincial personal income tax base*

Two approaches are possible. The first is a sharing of the tax base at the provincial level according to a formula that can take different forms. The second is a sharing of revenues within the territory of each municipality. Note that the approach could be completely different: we could have municipalities develop their own income tax that they would administer themselves, independently of the federal and provincial governments.

One advantage of this measure is that it is a source of revenue that grows when the economy is growing, a time when demand for municipal goods and services is often on the rise. However, it is a relatively cyclical source, which increases and decreases with the health of the economy. This source of revenue then becomes less predictable and more volatile.

One feature of this source of revenue is that it may increase disparities between municipalities compared to property taxes. This is a result of the fact that spending on housing generally does not increase in proportion to income. On the other hand, this source of income represents a more progressive source of revenue than property taxes, as it is directly related to individuals' "ability to pay."

#### *c) Sharing the Tax Base for the Provincial Portion of the HST*

There is no municipal sales tax in Canada. Rather, the option presented is a revenue sharing of the provincial portion of the HST<sup>17</sup>. Two alternatives are possible, as for income tax: the sharing of the provincial tax base, based on a formula, or a portion of the sales tax collected on the territory of the municipality.

The HST has many of the characteristics of personal income tax. However, it is more regressive. Revenues would increase with economic growth, would be cyclical and relatively unpredictable. The sales tax would have the added advantage, when collected within the municipality, of taxing individuals living outside the municipality but consuming when they are present, for example, to use the municipality's services.

<sup>16</sup> This sub-section draws on the reports prepared by Wade Locke in 2011, a report entitled: *Municipal Fiscal Sustainability: Alternative Funding Arrangements to Promote Fiscal Sustainability of Newfoundland and Labrador Municipalities - The Role of Income and Sales Taxes* (<http://www.municipalitiesnl.com/userfiles/files/Wade%20Locke%20final%20rpt%20without%20tables.pdf>) and by Harry Kitchen and Enid Slack in 2016 entitled *More Tax Sources for Canada's Largest Cities: Why, What, and How?* ([https://munkschool.utoronto.ca/imfg/uploads/348/1839\\_imfg\\_no\\_27\\_online\\_oct.11\\_final\\_revised\\_oct\\_11\\_2016.pdf](https://munkschool.utoronto.ca/imfg/uploads/348/1839_imfg_no_27_online_oct.11_final_revised_oct_11_2016.pdf))

<sup>17</sup> During the cannabis legalization process, the AFMNB advocated that the province should share the profits from the sale of cannabis with the municipalities since they will have to cover some of the expenses related to this activity. Since then, New Brunswick has taken steps to privatize Cannabis NB. If this process is completed, municipalities will be able to benefit from the revenues generated by this activity by receiving a portion of the provincial government's revenue from the provincial portion of the HST or corporate income tax.

#### **d) Sharing of the Tax Base for Corporate Income Taxes**

The analysis of the sharing of this tax base is similar to that of personal income tax. However, Locke adds that this option should not be recommended if it only targets profits within the municipality's territory, for four main reasons:

- It is difficult to determine where profits are generated.
- The tax base is very mobile.
- Profits are extremely volatile.
- There is little connection between profits and municipal services.

#### **e) Sharing Gas Tax Revenues**

The federal government transfers a portion of the gas tax to municipalities to fund infrastructure projects through the federal Gas Tax Fund. The Ontario government transfers 2% of its gas tax to municipalities. The benefits of such a tax, especially when the revenues are used for public transit, are similar to the principles of a carbon tax.

#### **f) Entertainment Tax**

This is a tax that is added, for example, to the price of tickets for shows, movies, etc. The city of Winnipeg, for example, has an entertainment tax on any ticket for an event in a venue with a minimum of 5,000 seats and for all private theatres. Revenues from this tax are used to fund arts and culture.

#### **g) Accommodation Levy**

This tax is added to the bill of guests renting hotel rooms in the municipality. It has the advantage of taxing residents from outside the municipality who will be using municipal services during their stay.

In March 2019, the Government of New Brunswick announced changes to the Local Governance Act to allow local governments to introduce, by by-law, a tax on tourism accommodation (New Brunswick, 2019). Several municipalities have already announced the introduction of such a tax. The province has thus favoured the adoption of a tax at the local level rather than at the regional level. We will have to see the effect of this choice on the location decisions of future projects in the tourism accommodation sector.

#### **h) Extraordinary Property Tax**

In special circumstances, local governments may decide to temporarily increase their revenues from their current tax base. For example, from 2000 to 2004, an extraordinary property tax was in effect in Cheticamp, Nova Scotia<sup>18</sup>. This was 8 cents per \$100 of assessment for residential and 4 cents per \$100 of assessment for commercial. The objective was to fund improvements to the downtown area in preparation for the 2004 World Acadian Congress. Understandably, this is a temporary measure that cannot ensure the long-term financial stability of a local government.

<sup>18</sup> <https://ici.radio-canada.ca/nouvelle/474125/ne-taxe-cheticamp>



The following table presents five examples of potential tax base transfers from the provincial government to municipalities. The provincial revenue data is taken from the Minister of Finance's budget forecast for the 2019-2020 fiscal year. The last column estimates the increase in municipal revenue caused by the 1% tax room transfer. It is simply a matter of having a simple basis for evaluation. These amounts make no reference whatsoever to the amounts municipalities need to meet the population's expectations.

**Tableau 31. Tax Space Transfer and Municipal Revenues**

	PROVINCIAL REVENUES	MUNICIPAL REVENUE (TRANSFER OF 1% OF TAX SPACE)
HST	\$1,539,100,000	\$15,391,000
Personal income tax	\$1,773,000,000	\$17,730,000
Corporate income tax	\$381,000,000	\$3,810,000
Provincial property tax	\$538,000,000	\$5,380,000
Cannabis law	\$8,250,000	\$82,500

Source: New Brunswick (2019). Main Estimates, 2019-2020.

We will return to this issue in the final section of the report.

### **2.2.2 More Efficient Management of Expenditures**

On the expenditure side, two elements need to be analyzed. The first element relates to the benefits generated by the grouping of local governments. The second relates to the financing of shared services at the sub-regional level.

#### ***a) Benefits generated by the grouping of local governments***

We addressed this issue in section 3.2 when we referred to research on economies of scale in local government. Research by Found (2012a and 2012b) shows that economies of scale exist at the local level. This researcher shows that in small rural municipalities in Ontario, the total cost of municipal services per household declines until the municipality has reached almost 5,000 in northern Ontario and 15,500 in southern rural municipalities.

These results imply that it is possible to reduce the cost per household of municipal services by adopting a strategy of increasing the size of municipalities through the consolidation of local units.

Found (2012b) results for small rural municipalities in northern Ontario show that the average cost of municipal services decreases as the size of the municipality increases. For example, the average cost of municipal services decreases from \$4,400 per household in a municipality with a population of 1,000 to \$3,700 in a municipality with a population of 5,000. This is a 16% average cost reduction.

In New Brunswick, efforts in this direction have yielded few results in recent years (the various attempts for the 2005-2017 period are presented in Appendix 2). In fact, several attempts to group together have not received public support. As we have seen, several barriers explain this situation. These constraints will have to be removed if the full benefit of the effects of size is to be realized.

#### ***b) Shared services funding at the sub-regional level***

The issue of sharing the cost of building and operating municipal infrastructure among all users remains an issue in the province. In fact, the financing of several recreational facilities has made headlines in all regions of the province.

There are two cases in point. The first is the case of financing the operation of an infrastructure once it has been built by a municipality. This is a difficult case. However, the RSC in the region where the infrastructure is located should help solve the problem. The first step is the submission of a document from the entity owning the infrastructure presenting the problem and the basic data. On the basis of this submission, RSC members who are not involved in the case must decide whether there is a case for further analysis. Following a positive decision, the RSC is responsible for documenting the file by studying the origin of the users of the service. If it turns out that a significant percentage of the clientele comes from outside the entity that owns the infrastructure, a proposal for sharing the operating costs is presented to the parties concerned for discussion. If the parties fail to reach agreement, the RSC will vote on the proposal and ensure that the decision is implemented.

The second case is that of financing the construction and operation of new infrastructure in a sub-region (grouping of a few municipalities, rural communities and LSDs in an RSC). In this case, the RSC will have to create a working committee composed of representatives of all the units in the subregion<sup>19</sup>. This committee is responsible for:

- analyzing the needs of the population of the subregion in the area under study;
- setting the objectives to be achieved with the implementation of this service;
- proposing a project to meet this need and achieve the desired objectives;
- developing a business plan including the costs of building the infrastructure, if applicable, and delivering the service;
- identifying sources of funding, and
- proposing a timeline.

The costs related to the work of this committee will be covered by the population of the subregion. The report of this committee will be presented to all the communities of the subregion to verify the support of the population.

If it turns out that support exists, the RSC will have to create a project implementation committee. The mandate of this committee will be to work on the financial arrangements for the project and its implementation if the financing is successful. Once the project is completed, a service management committee will be appointed by the representatives of this sub-region to the RSC. This committee will report to the units of the subregion.

In case of conflict at any of these stages, the RSC will act as an arbiter. If an impasse arises, the Ministry will be called upon to manage the conflict.

The other issue relates to the contribution to the financing of infrastructure operations. The basic logic is that the cost should be shared equitably among all users, taking into account the average degree of use and the total cost of use (infrastructure services and transportation).

To illustrate this logic, assume that the average residential property value in the target area is \$250,000. Also assume that users live within a 40 km radius of the infrastructure. To estimate the total cost of using the service according to place of residence, we separate the population into four distance classes presented in Table 31: urban core, 5 - 10 km outside the urban core, 10 - 20 km from the infrastructure and 20 - 40 km outside the urban core.

We also assume that the intensity of infrastructure use decreases with distance from the urban core. In the example we use, we assume that the number of visits to the infrastructure is 200 visits per year for residents in the urban core and decreases to 75 for residents 20 - 40 km from the infrastructure.

The place of residence in relation to the infrastructure allows us to estimate travel costs based on the average distance between residence and the infrastructure. For example, for residents living within 10 to 20 km of the infrastructure, the annual cost of transportation is estimated at \$240. This estimate is obtained by multiplying the number of visits (100) by the number of kilometers travelled per year (an average of 15 km per visit) and the price per km (\$0.16)<sup>20</sup>.

Finally, we assume that the municipality must impose a property tax rate increase of \$0.20 to fund the operations of the services provided by this infrastructure

<sup>19</sup> The approach suggested here is inspired by the Rivière-du-Loup MRC's way of working in the development of shared services on a regional or sub-regional scale.

<sup>20</sup> This assessment comes from the Canadian Automobile Association (2013, 4). It was set using the price of \$1.25 per liter of gasoline.

The objective of this approach is to propose a rationale for estimating the additional tax rate to be imposed on different groups of residents based on their place of residence. Table 32 shows the additional rate that different groups of residents would have to pay to ensure an equitable cost of using the services offered by the regional infrastructure.

**Table 32.** Estimated Differential Property Tax Rate

VALUE - RESIDENTIAL PROPERTY	\$250,000					
	Number of visits per year	Distance travelled	Cost - transport	Tax increase	Increase - property tax	Invoice total
Urban core	200	400	\$64	0.20	\$500	\$564
5 - 10 km outside	150	1.125	\$180	0.15	\$375	\$555
10 - 20 km outside	100	1.500	\$240	0.10	\$250	\$490
20 - 40 km outside	75	2.250	\$360	0.05	\$125	\$485

Thus, given the higher average transport costs that residents living farthest away have to cover, it is normal that the increase in the property tax rate they are asked to absorb is lower than for those living in the urban core. This logic actually applies to the last three groups of residents shown in table 32.

The use of this logic should make it possible to estimate the differentiated tax burdens to be applied in such cases.



# SECTION 3



## Action plan

The overall conclusion of this assessment of the financial situation of municipalities is clear: the current governance model and fiscal environment is not sustainable. This leads us to the same conclusion as Commissioner Finn. On the one hand, too many local governments do not have the financial autonomy to meet the current and future needs of their residents. On the other hand, the fiscal environment for LSDs creates inequities among residents and among businesses, leads to decisions that impede the achievement of community and regional development plans, and undermines the financial position of the provincial government at a time when there is no fiscal room for manoeuvre.

The debate on the Finn Report, however, has brought to the forefront the conditions that must be met for local governance reform to take place:

- the changes to be implemented must allow the provincial government to change the division of responsibilities between the two levels of government in a context of budget neutrality;
- proposals must be endorsed by local communities. No provincially imposed consolidating programs will be accepted. This position is shared by all stakeholders (the province, municipal associations and residents);
- the province must, however, create an environment for change by announcing its commitment to achieve full municipalization within a given time frame and its willingness to have residents in LSDs pay the actual costs of the general administration of local services in these areas, road repair and maintenance;
- financial measures must be put in place to encourage more autonomous and viable groupings of municipalities/communities.

In addition, the Finn Report brought about some important changes such as the creation of the Regional Services Commissions and the adoption of a new Planning Act and a new Local Governance Act.

On the basis of these observations, we proposed two orientations to the AFMNB. The first direction would be to propose to the AFMNB a number of recommendations establishing a negotiating agenda with the province to ensure the long-term viability of local governments. The second direction is to establish an action plan in which the AFMNB plays a dynamic role in the transformation of local governance in New Brunswick.

Following a discussion in the various bodies of the association, the second orientation was favoured. How is this orientation articulated?

First of all, this plan is based on the achievement of the five main objectives of the association:

- Achieve full municipalization by December 2025 (ownership, fight against the democratic deficit);
- Increase the financial autonomy of local governments (reduced dependence on provincial transfers);
- Strengthen the capacity of local governments (local governments with a strong and dynamic community of interest);
- Set up a sustainable network of local governments (financial capacity enabling them to meet their obligations in a changing world);
- Preserve the principles of Equal Opportunity (ensuring equity in change).

Second, the direction chosen by the AFMNB can work if: i- it is accepted by the other associations of municipalities and ii- it is the subject of a framework agreement with the provincial government.

As a first step, the association will need to negotiate with the other associations of municipalities to see if they share its objectives and approach. If so, the associations will need to define the parameters of an agreement to be negotiated with the province.

Once these steps are completed, the associations will need to convince the provincial government that their strategy is the right one. If common ground is possible, the associations will need to sign a framework agreement that should include the following elements:

## 1. ELEMENTS OF THE GNB AGREEMENT

- Approach integrating all stakeholders in the file: associations of municipalities, RSC, ministry.
- Deadline to achieve full municipalization.
- Identification of criteria for financial autonomy for local governments and incentives to encourage the necessary regroupings.
- Evaluation of the cost of transferring responsibility to local governments for local and regional roads and the fiscal space needed to finance them.
- In the absence of decisions to ensure full municipalization, adjust tax rates in LSDs to cover all governance and road-related costs.
- Assessment of the overall cost of governance and roads in LSDs, rural communities, and the regional municipality.
- Budget to support associations in their work with communities.
- Distribution of responsibilities among the three associations: cities, municipalities and LSDs with an Anglophone majority, and municipalities and LSDs with a Francophone majority.
- Organization of a decision-making process on full municipalization models. This process will involve consultation and ultimately a vote on the proposed models.

## 2. OPTIONS FOR IMPLEMENTING FULL MUNICIPALIZATION

The action plan wants to leave the final decision on the governance model to be retained to the local communities. To ensure an informed debate, several options must be analyzed and presented. These options are grouped together with an emphasis on achieving three main objectives.

### i | Full municipalization of unincorporated areas

The provincial government must create a fair and realistic fiscal and financial environment that respects “Equal Opportunity” to encourage the municipalization of LSDs. Residents would have up to 18 months to evaluate the possible scenarios and decide in favour of one of the options. In the absence of a decision at the end of this transition period, Option B would be automatically applied.

#### **Option A • Consolidation of LSD residents with a neighbouring municipality**

It would be up to the LSD and the municipality to agree on the conditions for consolidation and operation within the municipality.

#### **Option B • Continued non-incorporation and management of the LSD by the provincial government**

Adjustment of the tax rate to cover all costs related to governance, including general administration costs. LSD residents could reassess their governance arrangements at a later date.

#### **Option C • Consolidation of all the LSDs in an RSC into one municipality<sup>21</sup> (adapting the British Columbia model<sup>22</sup> and by electing LSD representatives to the RSC).**

21 It should be noted that the AFMNB does not favour this option for several reasons. Firstly, it is not an approach that will strengthen local governance, but rather a means of providing a minimal form of local governance to highly rural and sparsely populated areas. This model also does not constitute a municipality in the sense of proximity and does not respect the principle of communities of interest.

22 For a brief overview of the model for representation of British Columbia's unincorporated regions on regional boards, see <https://www2.gov.bc.ca/gov/content/governments/local-governments/governance-powers/councils-boards/board-organization>

## ii | Increasing the financial autonomy of municipalities and optimizing the sharing of services

Any reform of local governance in N.B. must focus on strengthening financial self-sufficiency, particularly in smaller municipalities, and achieving efficiencies, both in terms of cost, meeting increasing standards, and the required level of service delivery.

Beyond efficiency measures at the level of individual municipalities, these objectives can be achieved at two levels: at the community of interest or sub-regional level, and at the RSC level. The Finn Report identified 53 communities of interest in the province based on very objective and rigorous indicators. Situations are continually evolving, and adjustments may be necessary or desired. But this identification of communities of interest remains relevant and provides an excellent starting point.

Whichever option is chosen for strengthening municipalities, the implementation by the provincial government of fiscal/financial measures, and the transfer of associated responsibilities, will be necessary.

### Option D • Consolidation of Municipalities and LSDs into a Community of Interest

This option stems directly from the Finn Report. In a favourable fiscal and financial environment, this approach is possible on a voluntary basis in certain cases.

### Option E • Creation of inter-municipal councils based on communities of interest

Municipal entities would remain, but inter-municipal councils based on communities of interest would have the mandate to enter into formal cost-sharing agreements and common services (e.g. culture and recreation, fire services, emergency services, economic development and tourism, public works, etc.). The mayors of the municipal entities (including the consolidated LSDs) would form the Inter-Municipal Council of the community of interest and would collaborate in the management of common services and the identification of new opportunities. This approach would also have beneficial effects at the RSC level by reducing the number of people on the RSC and facilitating the identification of regional opportunities and efficiencies, standardizing membership status, and facilitating decision making.

## iii | Reviewing the sharing of the tax base with the province and the equalization program

The implementation of any of these five options will have an impact on the financial position of local governments. To measure this impact, it will be necessary to assess their financial implications. Once this new fiscal reality is established, it will be necessary to: i- identify the winners and losers, ii- see how changes in the sharing of the tax base between the province and local governments can ensure the fiscal stability of local governments, and iii- review the equalization program to ensure that municipalities of similar size across the province maintain a comparable fiscal effort.

Finally, given that one of the objectives of the AFMNB is the creation of sustainable municipalities, sustainability criteria will need to be established based on the new fiscal and financial framework. Once these criteria have been established, the various municipal projects under the various options will have to be evaluated to ensure that they meet these criteria.

## Conclusion

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We therefore conclude that the local governance model in New Brunswick is unsustainable, that it leads to inefficient use of land and public funds, and that many local governments will not be able to adjust to the new environment that develops over time. Major changes are required to ensure that local governments will have the capacity to play their full role in the future.

This is all the more worrisome for Acadian communities. The linguistic reality of the province is such that local governments are the only level of government in which Acadian communities exercise full control. This is why they attach so much importance to it.

This situation explains the place that the AFMNB has taken in the provincial Acadian organizations since its creation. As a representative of elected governments, the AFMNB enjoys a unique legitimacy in this network of provincial organizations.

It is this special status that led us to propose an action plan that places the AFMNB at the heart of a process of in-depth transformation of local governance in Acadian communities and the province. In our opinion, the lack of clear political will on the provincial side represents a major obstacle. However, the reorganization of local governance is impossible without a commitment on the part of the provincial government to set broad objectives to guide this process. This is the minimum that can be demanded.

In order for this strategy to work, it will also require the collaboration of the other two municipal organizations in the province. One could imagine a specifically Acadian approach, or a pilot region, however, given the presence of a large number of mixed linguistic communities, these options are unlikely to succeed.

The current political context in the province opens up some avenues for negotiation with the province. First, the financial difficulties in Saint John and the province's intervention have highlighted the weaknesses of the local governance model and prepared public opinion for the need to seek a model that is better adapted to the communities' current context. Second, the current health, economic and financial crises are creating enormous pressure on the provincial government and some municipalities, particularly those offering heavily penalized services such as public transit. This is forcing governments to review public policy, and local governance is one element of this. Finally, the September 2020 provincial election has led the major political parties to take positions, with varying degrees of clarity, on the future of local governance in the province. All of these factors are forcing municipal associations to define a strategy to place this issue at the heart of the political debate in New Brunswick.



# APPENDIX 1

## Ranking of New Brunswick Municipal Entities by Population Size Criteria

### 1.1 Detailed Table

Municipalities	Tax Base 2019	%	Population 2016	%	Km of municipal roads	%	% pop. weight, tax base and km of roads
Moncton	8,371,165,050		71,889		443.37		
Fredericton	7,303,077,073		58,636		326.66		
Saint John	6,923,084,249		67,575		573.98		
Dieppe	3,158,918,100	12.2%	25,384	8.6%	140.84	5.1%	8.63%
Miramichi	1,513,668,000	5.8%	17,537	6.0%	236.31	8.5%	6.77%
Quispamsis	1,748,060,900	6.7%	18,245	6.2%	181.64	6.5%	6.50%
Edmundston	1,436,009,300	5.5%	16,580	5.6%	158.05	5.7%	5.62%
Riverview	1,518,568,050	5.9%	19,667	6.7%	115.32	4.1%	5.57%
Tracadie	1,036,231,050	4.0%	16,114	5.5%			4.74%
Rothsay	1,293,791,950	5.0%	11,659	4.0%	115.76	4.2%	4.37%
Bathurst	1,054,828,400	4.1%	11,897	4.0%	117.96	4.2%	4.12%
Oromocto	1,203,101,550	4.6%	9,223	3.1%	71.67	2.6%	3.45%
Sackville	634,635,750	2.4%	5,331	1.8%	81.36	2.9%	2.40%
Shediac	682,166,400	2.6%	6,664	2.3%	53.41	1.9%	2.27%
Campbellton	596,394,900	2.3%	6,883	2.3%	49.42	1.8%	2.14%
Grand-Sault/Grand Falls	549,086,700	2.1%	5,326	1.8%	61.96	2.2%	2.05%
Memramcook	316,302,900	1.2%	4,778	1.6%	75.15	2.7%	1.85%
Caraquet	386,549,900	1.5%	4,248	1.4%	72.80	2.6%	1.85%
Woodstock	506,937,600	2.0%	5,228	1.8%	45.95	1.7%	1.80%
Grand Bay-Westfield	375,785,600	1.5%	4,964	1.7%	50.31	1.8%	1.65%
Hampton	365,177,400	1.4%	4,289	1.5%	46.66	1.7%	1.52%
Sussex	415,421,200	1.6%	4,282	1.5%	35.87	1.3%	1.45%
St. Stephen	338,618,950	1.3%	4,415	1.5%	37.81	1.4%	1.39%
Belledune	387,300,156	1.5%	1,417	0.5%	58.90	2.1%	1.37%
Beresford	281,851,450	1.1%	4,288	1.5%	38.84	1.4%	1.31%
New Maryland	346,887,100	1.3%	4,174	1.4%	27.44	1.0%	1.25%
Dalhousie	225,636,600	0.9%	3,126	1.1%	34.28	1.2%	1.06%
Atholville	221,648,200	0.9%	3,570	1.2%	28.97	1.0%	1.04%
Saint Andrews	319,920,050	1.2%	1,786	0.6%	33.18	1.2%	1.01%
Boucoucher	219,289,400	0.8%	2,361	0.8%	30.84	1.1%	0.92%

Shippagan	239,196,300	0.9%	2,580	0.9%	24.81	0.9%	0.90%
Cap-Pelé	202,512,650	0.8%	2,425	0.8%	24.30	0.9%	0.83%
Neguac	128,640,200	0.5%	1,684	0.6%	34.43	1.2%	0.77%
Grand Manan	200,289,150	0.8%	2,360	0.8%			0.79%
Salisbury	179,275,400	0.7%	2,284	0.8%	18.74	0.7%	0.71%
Minto	104,275,800	0.4%	2,305	0.8%	24.51	0.9%	0.69%
Florenceville-Bristol	219,154,400	0.8%	1,604	0.5%	17.89	0.6%	0.68%
Saint-Quentin	134,930,500	0.5%	2,194	0.7%	20.51	0.7%	0.67%
Charlo	83,860,300	0.3%	1,310	0.4%	31.14	1.1%	0.63%
Perth-Andover	118,115,500	0.5%	1,590	0.5%	23.10	0.8%	0.61%
Norton	75,778,950	0.3%	1,382	0.5%	27.68	1.0%	0.59%
Eel River Dundee	83,177,250	0.3%	1,953	0.7%	21.87	0.8%	0.59%
St. George	136,418,100	0.5%	1,517	0.5%	18.91	0.7%	0.57%
Saint-Antoine	111,287,500	0.4%	1,733	0.6%	15.73	0.6%	0.53%
Bas-Caraquet	70,540,400	0.3%	1,305	0.4%	23.49	0.8%	0.52%
Petit-Rocher	107,150,300	0.4%	1,897	0.6%	14.47	0.5%	0.53%
Petitcodiac	91,222,250	0.4%	1,383	0.5%	17.70	0.6%	0.49%
Richibucto	109,076,350	0.4%	1,266	0.4%	14.46	0.5%	0.46%
Hillsborough	85,182,400	0.3%	1,277	0.4%	16.41	0.6%	0.45%
Balmoral	98,313,550	0.4%	1,674	0.6%	11.20	0.4%	0.45%
Lamèque	94,306,100	0.4%	1,285	0.4%	13.72	0.5%	0.43%
Gagetown	59,893,550	0.2%	711	0.2%	20.97	0.8%	0.41%
Bertrand	60,016,750	0.2%	1,166	0.4%	16.54	0.6%	0.41%
Sussex Corner	101,434,500	0.4%	1,461	0.5%	9.59	0.3%	0.41%
McAdam	50,094,900	0.2%	1,151	0.4%	16.46	0.6%	0.39%
Nackawic	91,843,500	0.4%	941	0.3%	13.94	0.5%	0.39%
Saint-Léonard	79,221,750	0.3%	1,300	0.4%	11.03	0.4%	0.38%
Hartland	85,793,250	0.3%	957	0.3%	12.54	0.5%	0.37%
Doaktown	56,463,100	0.2%	792	0.3%	16.14	0.6%	0.36%
Rogersville	56,557,600	0.2%	1,166	0.4%	10.84	0.4%	0.33%
Plaster Rock	60,764,500	0.2%	1,023	0.3%	10.83	0.4%	0.32%
Chipman	66,972,900	0.3%	1,104	0.4%	8.63	0.3%	0.31%
Grande-Anse	36,906,850	0.1%	899	0.3%	12.81	0.5%	0.30%
Rexton	82,741,700	0.3%	830	0.3%	8.68	0.3%	0.30%
Blacks Harbour	61,350,400	0.2%	894	0.3%	9.14	0.3%	0.29%
Lac Baker	62,563,600	0.2%	690	0.2%	10.76	0.4%	0.29%
Sainte-Anne-de-Madawaska	44,439,200	0.2%	957	0.3%	9.70	0.3%	0.28%
Nigadoo	54,425,850	0.2%	963	0.3%	8.64	0.3%	0.28%
Blackville	48,914,000	0.2%	958	0.3%	9.16	0.3%	0.28%

Pointe-Verte	42,868,850	0.2%	886	0.3%	8.71	0.3%	0.26%
Sainte-Marie-Saint-Raphaël	33,232,500	0.1%	879	0.3%	9.63	0.3%	0.26%
Tide Head	60,489,900	0.2%	938	0.3%	6.38	0.2%	0.26%
Saint-Isidore	49,191,250	0.2%	764	0.3%	8.52	0.3%	0.25%
Paquetville	51,933,050	0.2%	720	0.2%	8.04	0.3%	0.24%
Dorchester	58,889,500	0.2%	1,096	0.4%	3.98	0.1%	0.25%
Rivière-Verte	39,731,800	0.2%	724	0.2%	8.62	0.3%	0.24%
Le Goulet	26,661,250	0.1%	793	0.3%	8.80	0.3%	0.23%
Saint-Louis-de-Kent	60,167,050	0.2%	856	0.3%	4.81	0.2%	0.23%
Fredericton Junction	41,365,400	0.2%	704	0.2%	7.90	0.3%	0.23%
Cambridge-Narrows	95,084,350	0.4%	562	0.2%	2.34	0.1%	0.21%
Saint-Léolin	20,108,550	0.1%	647	0.2%	8.34	0.3%	0.20%
Drummond	54,200,100	0.2%	737	0.3%	4.11	0.1%	0.20%
Centreville	37,140,250	0.1%	557	0.2%	5.42	0.2%	0.18%
Tracy	25,734,250	0.1%	608	0.2%	5.66	0.2%	0.17%
Maisonnette	25,707,250	0.1%	495	0.2%	5.51	0.2%	0.16%
Port Elgin	24,245,600	0.1%	408	0.1%	5.76	0.2%	0.15%
Stanley	29,980,800	0.1%	412	0.1%	5.06	0.2%	0.15%
Bath	21,823,200	0.1%	476	0.2%	4.48	0.2%	0.14%
Riverside-Albert	22,183,850	0.1%	350	0.1%	5.09	0.2%	0.13%
Alma	28,648,950	0.1%	213	0.1%	5.16	0.2%	0.12%
Harvey	19,996,800	0.1%	358	0.1%	3.19	0.1%	0.10%
Canterbury	13,793,900	0.1%	336	0.1%	3.27	0.1%	0.10%
Aroostook	10,079,400	0.0%	306	0.1%	2.58	0.1%	0.08%
St. Martins	21,951,400	0.1%	276	0.1%	1.59	0.1%	0.08%
Millville	10,229,400	0.0%	273	0.1%	2.43	0.1%	0.07%
Meductic	14,152,550	0.1%	215	0.1%	1.81	0.1%	0.06%

### 1.2 Summary Table

Category	Number	Lower Limit	Upper Limit
Large cities	3		
Large towns	9	3.01%	10.00%
Small towns	15	1.01%	3.00%
Large villages	34	0.31%	1.00%
Small villages	35	0.00%	0.30%
Rural communities	8		
<b>Total</b>	<b>104</b>		

# APPENDIX 2

## Municipal Consolidation Results 2005-2017

Year	Region	Question	Results
2005	Rural Community of Saint-André	Saint-André Village and DSL of Saint-André	<b>YES</b>
2005	Rural Community of Beaubassin East	Botsford, Saint-André-LeBlanc, Grand-Barachois, Boudreau-Ouest, Haute-Aboujagane, and Cormier-Village.	<b>YES</b>
2006	Lac Baker LSD and Village of Lac Baker	Do you support the annexation of the portion of the Baker Lake Local Service District to the Village of Baker Lake as proposed in the November 2006 Feasibility Report Summary?	YES = 160 <b>NO = 174</b>
2007	LSD of Cocagne <i>Rural Community</i>	Do you support the incorporation of the <b>Cocagne, Grande-Digue, and Shediac Bridge-Shediac</b> River Local Service Districts into a <b>rural community</b> , as proposed in the June 2007 Feasibility Report Summary?	YES = 232 <b>NO = 929</b>
2007	LSD of Grande-Digue <i>Rural Community</i>	Do you support the incorporation of the <b>Cocagne, Grande-Digue, and Shediac Bridge-Shediac</b> River Local Service Districts into a <b>rural community</b> , as proposed in the June 2007 Feasibility Report Summary?	YES = 196 <b>NO = 1073</b>
2007	LSD de Shediac Bridge-Shediac River <i>Rural community</i>	Do you support the incorporation of the <b>Cocagne, Grande-Digue, and Shediac Bridge-Shediac</b> River Local Service Districts into a <b>rural community</b> , as proposed in the June 2007 Feasibility Report Summary?	YES = 52 <b>NO = 646</b>
2007	Trout River LSD and Town of Tracadie-Sheila	Do you support the annexation of the <b>Trout River Local Service District</b> to the <b>Town of Tracadie Sheila</b> as proposed in the June 2007 Feasibility Report Summary?	YES = 67 <b>NO = 162</b>
2007	Baker Lake LSD and Baker Lake Village	Do you support the annexation of the portion of the <b>Lac Baker Local Service District</b> to the <b>Village of Lac Baker</b> as proposed in the November 2007 Feasibility Report Executive Summary?	<b>YES = 286</b> NO = 75
2007	Rural Community of Upper Miramichi	Do you support the incorporation of the Upper Miramichi Local Service District as a rural community as proposed in the November 2007 Feasibility Report Summary?	<b>YES = 555</b> NO = 243
2011	Grimmer Parish DSL (M 01)	Do you support the incorporation of the <b>Local Service District of Grimmer Parish</b> and the <b>Village of Kedgwick</b> as a rural community as proposed in the September 2011 Feasibility Report Summary?	<b>YES = 337</b> NO = 85
2013	Lincoln	Do you support the incorporation of the <b>Lincoln Parish Local Service District (LSD)</b> into a <b>village</b> as proposed in the April 2013 Feasibility Report Summary?	YES = 262 <b>NO = 893</b>
2013	Rural Community of Cocagne	Are you in favour of the <b>Cocagne Local Service District</b> becoming a <b>rural community</b> ?	<b>YES = 806</b> NO = 341

2013	Rural Community of Cardwell - Hammond - Studholm - Sussex	Do you support the <b>Local Service Districts of Cardwell Parish, Hammond Parish, Studholm Parish, Sussex Parish and Waterford Parish</b> becoming a <b>rural community</b> ?	YES = 433 NO = 1422
2013	Rural Community of Hanwell	Do you support the incorporation of the <b>Hanwell Local Service District</b> as a <b>rural community</b> ?	YES = 487 NO = 451
2013	Grand Tracadie-Sheila	Are you in favour of the constitution of the <b>LSDs of Benoit, Brantville, Gauvreau-Petit Tracadie, Upper Portage River</b> (Haut-Rivière-du-Portage), <b>Haut-Sheila, Leech, Pointe-à-Bouleau, Pont LaFrance, Sainte-Rose, Pont Landry, Rivière à la Truite, Portage River-Tracadie Beach, Saumarez, Parish of Saumarez</b> (Canton des Basques), <b>Pointe-à-Tom, Pointe-des Robichaud, Saint Irénée and Alderwood, Saint-Pons, Inkerman Parish</b> (Six Roads), <b>Val-Comeau</b> and a small portion of the local service districts of <b>Tabusintac and Inkerman Centre</b> (Four Roads) and the <b>Town of Tracadie-Sheila</b> into a <b>regional municipality</b> ?	YES = 3211 NO = 2878
2014	Estey's Bridge LSD and City of Fredericton	Do you support the annexation of part of the <b>Estey's Bridge Local Service District</b> (Chateau Heights area) to the <b>City of Fredericton</b> ?	YES = 138 NO = 86
2014	Rural Community of Dundas	Do you support the incorporation of the <b>Dundas Parish Local Service District</b> , part of the <b>Moncton Parish Local Service District</b> (part of MacDougall Settlement, part of Irishtown), part of the <b>Shediac Parish Local Service District</b> (part of MacDougall Settlement) and part of the <b>Shediac Bridge-Shediac River Local Service District</b> (part of MacDougall Settlement) into a rural community?	YES = 420 NO = 420
2014	Rural Community Woodstock - Northampton	Do you support the incorporation of the <b>Woodstock Parish Local Service District</b> and the <b>Northampton Parish Local Service District</b> into a <b>rural community</b> ?	YES = 268 NO = 383
2014	Atholville, Val D'Amours, St-Arthur	Do you support the annexation of the <b>St. Arthur and Val D'Amours Local Service Districts</b> and a portion of the <b>Blair Athol Local Service District</b> (consisting of one property) to the <b>Village of Atholville</b> ?	YES = 742 NO = 358
2015	Atholville, Val D'Amours, St-Arthur	Do you support the annexation of the <b>St. Arthur and Val D'Amours Local Service Districts</b> and a portion of the <b>Blair Athol Local Service District</b> (consisting of one property) to the <b>Village of Atholville</b> ?	YES = 383 NO = 281
2014	Eel River Crossing, Dundee, McLeods, and Dalhousie Junction	Do you support the annexation of the <b>Dundee Local Service District</b> , and a portion of the <b>local service districts of Dalhousie Parish, McLeods Parish, and Dalhousie Junction</b> to the <b>Village of Eel River Crossing</b> ?	YES = 274 NO = 108
2015	Petit-Rocher	Are you in favour of the annexation of the <b>local service districts of Petit-Rocher-Nord</b> (Devereaux), <b>Petit-Rocher-Sud, Tremblay, Laplante, Madran</b> and part of the <b>parish of Beresford</b> (Petit-Rocher-Ouest) to the <b>village of Petit-Rocher</b> ?	YES = 480 NO = 614

2015	Rural Community of Haut-Madawaska	Do you support the incorporation of the <b>villages of Lac Baker, Clair, Baker-Brook, the Village of St. Francis of Madawaska, the Village of St. Hilaire and the Local Service Districts of the Parish of Lac Baker, the Parish of St. Francis, the Parish of Clair, the Parish of Baker Brook, the Parish of St. Hilaire and the Parish of Madawaska</b> into a rural community?	<b>YES = 475</b> NO = 269
2016	Rural Community of Haut-Madawaska	Do you support the incorporation of the <b>Local Service Districts of Lac Baker Parish, Saint-François Parish, Clair Parish, Baker Brook Parish, Saint-Hilaire Parish and Madawaska Parish and the Villages of Clair, Baker-Brook, the Village of Saint François de Madawaska, and the Village of St. Hilaire</b> into one rural community?	<b>YES = 493</b> NO = 299
2017	Rural Community of Lamèque and Miscou Islands	Are you in favour of incorporating the <b>local service districts of Cap-Bateau, Coteau Road, Haut-Lamèque, Île de Miscou, Ste Cécile, Petite-Lamèque, Pigeon Hill, Pointe-Alexandre, Pointe-Canot, the parish of Shippagan, the village of Sainte-Marie-Saint-Raphaël and the town of Lamèque</b> into a rural community?	YES = 725 <b>NO = 1600</b>
2017	Rural Community of York	Do you support the incorporation of the <b>Keswick Ridge, Douglas, Bright, part of the Kingsclear Local Service District, and part of the Queensbury Local Service District</b> into a rural community?	YES = 1234 <b>NO = 2066</b>
2019	Rural Community of Rogersville	Do you support the incorporation of the <b>Village of Rogersville, the LSD of Collette, the Parish of Acadieville, the Parish of Rogersville, and parts of the Local Service Districts of the Parish of Harcourt, the Parish of St. Louis, and the Parish of Weldford</b> into a rural community?	YES = 286 <b>NO = 844</b>

Source: Table prepared by the Association Francophone des Municipalités du Nouveau-Brunswick.

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