

SUMA'S PATH TO GROWTH BUILDING *our* SASKATCHEWAN





TABLE OF CONTENTS

- 1. SUMA's Path to Growth:
Building Our Saskatchewan**
- 2. Build an Economy that Lasts**
- 3. Prioritize Infrastructure Investments**
- 4. Priorities for Secure, Sustainable Growth**
 - a. Predictable, Sustainable Funding**
 - b. Legislative & Regulatory Streamlining**
 - c. Regional Models to Address Capacity Gaps**
- 5. Appendix A**
- 6. Appendix B**
- 7. Appendix C**

A COMPREHENSIVE GROWTH STRATEGY IS THE WAY TO SECURE THE FUTURE SASKATCHEWAN CITIZENS DESIRE

THERE ARE CRUCIAL ELEMENTS THAT MUST REMAIN IN FOCUS IN ORDER FOR SASKATCHEWAN TO CONTINUE TO GROW.

SUMA'S PATH TO GROWTH: BUILDING OUR SASKATCHEWAN

Our members, who represent 82 per cent of the population, are on the front lines of growth. People are moving to our cities, town and villages from inside and outside our province. They are coming to our urban centres seeking vibrant, safe communities, meaningful employment, and opportunities for themselves and their children. Our members provide services on behalf of the province to create these communities and drive growth.

BUILD AN ECONOMY THAT LASTS

This means breadth and depth. Industry diversity provides stability when certain segments struggle; economic specialization creates new value, innovation, and cost savings. The new Saskatchewan needs both. Saskatchewan can learn from others and adapt to a Saskatchewan context. A key lesson learned from Alberta is that getting ahead of the growth curve is less expensive than trying to catch up to it. This means investing not only where growth is happening, but where it will happen. Saskatchewan needs to invest in research and development to keep ahead of the growth curve.

Saskatchewan's food, fuel, and fertilizer production provides a solid base for growth. However, too much of it leaves the province before receiving value-added treatment. Creating the environment for other parts of the product value chain to be present in Saskatchewan will further solidify our growth. We need to keep getting better at the things we are already good at. Innovation and efficiency are hallmarks of clustered

economies. Large urban centres serve as natural hubs for these clusters because they are cultural and recreational centres that attract the best and brightest employees.

Once we get the right people, we need to keep them here. This means fully engaging current populations and finding those we need to grow Saskatchewan, bringing them here, and helping them build local connections and careers that endure. With current and future job growth, Saskatchewan should lead the way in Canada in attracting new immigrants.

World-class urban centres have welcoming communities that embrace this diversity. Investing in these areas ensures that immigrants brought to Saskatchewan choose to stay here. As a growing potential resident workforce, First Nations and Metis populations must be engaged fully in the economic opportunities here in Saskatchewan.

PRIORITIZE INFRASTRUCTURE INVESTMENTS

Urban infrastructure is essential to both growth and quality of life, and therefore must be a top priority. This includes the development and implementation of a long-term provincial infrastructure program.

Public infrastructure is necessary to attract and retain private capital and high-potential citizens. Investing in capital projects also produces direct and indirect returns for the Saskatchewan economy. When governments invest in infrastructure, it creates jobs, builds communities, means more money for citizens and

corporations, and produces revenue for government. In short, everyone wins. Responsible infrastructure investment considers the full life cycle costs of assets, and ensures options like user-pay and public-private partnerships are fully explored.

Innovative investments reduce construction, maintenance, and replacement costs, extend the useful life of assets, and apply best practices to enhance taxpayer value.

THE FOLLOWING PRIORITIES ARE ESSENTIAL FOR URBAN GOVERNMENTS

WHICH WILL ENSURE THE SUCCESS OF THESE CRUCIAL ELEMENTS AND SECURE SUSTAINABLE GROWTH.

Securing a funding environment that ensures urban governments can meet the needs of growth. We believe that the following steps for sustainable funding are essential for urban governments to secure sustainable growth:

- a. Rebalance the distribution of the revenue sharing program to ensure operational funding flows to the areas of greatest population growth.
- b. Secure an initial provincial investment in urban infrastructure, with a commitment to full development when a federal program is launched.
- c. Collaborative exploration of new revenue options for urban governments with a focus on innovation, fiscal responsibility, and taxpayer fairness.
- d. Explore innovative options for leveraging private capital and accessing public-private partnerships.

(Further information available in APPENDIX A)

Building a legislative and regulatory environment that promotes local autonomy and encourages growth. We believe that the following steps for legislative and regulatory change are essential for urban governments to secure sustainable growth:

- a. Conduct a collaborative review, led by SUMA, of the legislative and regulatory environment facing local governments in Saskatchewan. The review should be mandated to identify and recommend mutually acceptable solutions to streamline this environment.
- b. Targeted changes to current regulations governing urban debt limits. Changes should be made as quickly as possible to alter the current provincial restrictions on urban borrowing. These changes should focus on ensuring growing urban centres can borrow the funds required to sustain their growth.

(Further information available in APPENDIX B)

Urban governments must be able to meet all of the obligations placed upon them and work effectively with their neighbours. This requires strong support for the development of local and regional capacity. We believe that the following steps for local government capacity are essential for urban governments to secure sustainable growth:

- a. Provincial bridge funding to support the Municipal Capacity Development Program as it transitions to a fee-for-service, cost-recovery model.
- b. An active presence from provincial government staff, identifying local capacity challenges and supporting local governments as they work to address challenges through regional models.

(Further information available in APPENDIX C)

APPENDIX A

Currently the municipal revenue sharing program (MOG) provides one point of the province's PST revenue to support local government operations. Cities receive 46 per cent of these funds, despite representing 60 per cent of the population and having an economic impact that far outstrips their share. In the interest of growth, these funds should be distributed in a way that ensures program and service funding flows to the key areas of population growth. While providing funding needed for growth, the program has also begun to compensate for decades of chronic under-funding.

Urban governments today are too dependent on federal and provincial governments for funding. This dependency is restrictive to all governments. Cities, towns, and villages must wait for approval to move forward with growth-related investments, and the provincial government is always left wondering how much money these governments will need. The dependency exists because of the fiscal imbalance between governments.

In Canada, the federal government takes \$0.50 of every tax dollar, while provincial governments get \$0.42 and local governments only get \$0.08. In Saskatchewan, much of that \$0.08 is actually used to support schools and libraries, both outside of urban government jurisdiction.

The province's sharing of PST revenue to support local operations has begun to shift that imbalance. However the sharing still requires a transfer from one government to another. This is not the best option for any of the parties. If the province were to give responsible local governments access to new local taxation powers, these governments would be able to respond more quickly to growth needs.

Additionally, this would free up provincial revenue for other purposes. A Minister's Council should be established to focus on local government revenue options to explore the feasibility of various options and report back within the fiscal year with recommendations.

Building a sustainable funding environment for local governments requires the development of a long-term plan to support local infrastructure. Proper infrastructure funding requires federal, provincial, and municipal investments in strategic, local priorities.

A report co-sponsored by the cities of Saskatchewan and the provincial government recently provided a range of new revenue options specifically to relieve the infrastructure pressures on our urban centres. Responsible infrastructure investment considers the full life cycle costs of assets, and ensures options like user-pay and public-private partnerships are fully explored. Innovative investments reduce construction, maintenance, and replacement costs, extend the useful life of assets, and apply best practices to enhance taxpayer value.

SUMA is leading a province-wide initiative to support our members' use of proper asset management and will continue our leadership role in this key area.

Securing sustainable growth begins with investing in urban infrastructure, but it does not end there. We must pursue federal investment, and watch the upcoming provincial budget for the beginning of the government's long-term commitment to urban infrastructure.

The solutions we implement today must be mindful of the impact now and into the future. Water allocation, climate change, land-use planning, solid waste management, water and wastewater, and regional services are some of the areas requiring sustainable approaches.

APPENDIX B

A growing Saskatchewan needs a legislative and regulatory environment built for the 21st century and beyond. This type of environment is flexible, and designed to allow high performers to move quickly. A modern legislative and regulatory environment is built on the principles of local autonomy, provincial interests, and regulatory intervention only when necessary.

SUMA has been an engaged partner with the provincial government during the development of the Saskatchewan Environmental Code. While this code will increase some of the environmental requirements that our cities, towns and villages must meet, we have been engaged in the process because we are committed to protecting the environment and supporting the government's efforts to modernize the regulatory system through a results-based approach. We believe it is time to take a similar approach with the legislation and regulation surrounding local governments.

Current local government legislation and regulation paints the local government sector with broad strokes. While there are separate acts for cities, northern municipalities, and all other local governments, these acts do not recognize the great diversity within each group.

In towns alone, we have populations ranging from 75 in Scott and 80 in Zealandia, to 4,265 in Nipawin and 4,678 in Kindersley. It is reasonable to assume that these towns have varying capacity to meet the needs of their citizens. The question is: Does it make sense for Scott and Nipawin to have to follow the exact same regulations in the exact same ways?

Regulatory competitiveness means restrictions should exist only to the extent that they are necessary and apply only to those necessary. To pursue a competitive environment, we need a new model for local government regulation. Regulations could still apply where local governments clearly need the guidance.

However, the default approach to provincial oversight of local governments must switch from one of a regulatory umbrella to targeted regulation – we must allow the fast to go fast.

APPENDIX C

There are 786 local governments in Saskatchewan; 676 of these governments (86 per cent) have populations of less than 1,000 citizens, while 532 (68 per cent) have less than 500. Virtually all population growth is taking place in cities and large towns, or the regions immediately surrounding them. While this settlement pattern is consistent with global patterns for population shifting, it creates challenges for the roughly 25 per cent of citizens outside these growing regions.

Many local governments operate below the organizational capacity level necessary to play a leadership role in growth. Likewise, there are a growing number that struggle to meet the basic requirements placed upon them. SUMA believes that local governments must act responsibly in meeting the obligations placed on them by other governments and by the public. However, to be able to do so, they must have the organizational capacity locally or regionally to accomplish these tasks.

One or two person municipal offices, common in Saskatchewan, struggle to provide the full range of professional and specialized services required of local governments such as legal; engineering; land-use planning; solid waste management; water and wastewater system operation; tax collection and enforcement; bylaw enforcement; economic development; and recreation management – just to name a few. These services are necessary for growing urban and regional centres, but even the larger towns currently struggle to provide this full range of service independently.

Investing in Municipal Infrastructure





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