The Provincial Budget is Hurting Hometowns

While Saskatchewan municipalities knew the 2017-18 provincial budget would be difficult thanks to the predictable dip in municipal revenue sharing, we were appalled by the provincial government's decision to strip $33 million of payments in lieu from 109 of Saskatchewan's urban municipalities. Without any clear, concise indication of what was coming in the provincial budget, hometowns were shocked.

The elimination of these payments in lieu, which came without consultation, has left many hometowns facing a fiscal crisis.

What does this mean to local hometowns?

Many hometowns already built efficiencies into their budgets because they expected the 5.1 per cent dip in municipal revenue sharing. With municipal budgets close to being finalized, local councils are now scrambling to figure out how to make up the additional shortfall.

In some cases, this move would have resulted in funding decreases equivalent to 40 to 50 per cent of this year's municipal revenue sharing. Unlike the fluctuating nature of municipal revenue sharing, eliminating payments in lieu is permanent, leaving hometowns to find ways to make up this shortfall *every year*. Over the next 10 years, this would amount to nearly $400 million in lost funding.

In Saskatoon, cutting services to fill the $10.6 million shortfall would eliminate all the city's leisure programs for a year. In Regina, the $10.6 million is equivalent to the city's annual budget for park maintenance. In Yorkton, the $1.6 million shortfall is equivalent to running the Gallagher Centre for a year.

By law, municipalities cannot run operating deficits. Since they also have limited revenue sources (mainly funding from other orders of government and property taxes), many councils will need to hike property taxes or slash services just to stay in the black.

What about reserves?

The provincial government is suggesting hometowns use reserve funds to make up the difference. However, large reserves are the exception, not the rule. Reserve funds are short-term savings to protect operating budgets in case of major events like unexpected snowfalls or catastrophic infrastructure failure.

Draining those reserves can also make it harder for hometowns to borrow for big infrastructure projects, or keep them from having matching dollars ready for federal infrastructure funding.

Haven't municipalities gotten record funding through the Municipal Revenue Sharing Formula?

The provincial government likes to point out that municipal revenue sharing has increased significantly since 2007. But the last 10 years saw the largest percentage increase in Saskatchewan population growth since 2007: 16 per cent (or 163,000 people).

Our hometowns were on the front lines of growth, providing the programs, services, and infrastructure we all rely on every day. The increase in municipal revenue sharing has been crucial to ensuring hometowns keep pace during this decade of unprecedented growth.

What does this mean for the future?

Hometowns are being punished and told to drain their own rainy day funds, because the provincial government failed to save and prepare for an inevitable economic downturn.

After 10 years of exceptional growth, the provincial government is cutting economic growth off at the knees. Despite being long-standing partners in building our Saskatchewan, hometowns have been ambushed and are now faced with a fiscal crisis that has no end in sight.

This leaves two options for hometowns: Start slashing programs and services or take more money out of people's pockets by hiking property taxes.

People are still paying the fees to Crown corporations that used to flow to municipalities. But now the funds will go the province. On top that, people will likely be facing increased property taxes – essentially a double whammy.

SUMA raised our concerns soon after the budget was released, and on March 29, President Gordon Barnhart and Vice-President of Cities Bob Maloney joined Regina Mayor Michael Fougere and Saskatoon Mayor Charlie Clark at a meeting with ministers Harpauer, Hargrave, Wyant, and Doherty to discuss the claw back of payments in lieu.

We were hopeful that the provincial government wanted to engage SUMA and our members in a true consultation. We heard that they were willing to work with us and listen to options we could suggest.

Instead Government Relations Minister Harpauer gave a surprise announcement on March 31 that they would cap the payments-in-lieu, but only for nine municipalities and only at 30 per cent of their revenue sharing amount.

Despite our dismay at this announcement, we continued to work on a response to the provincial governments. Then came the April 5 introduction of Bill 64, which cancels all municipal services agreements (i.e., payments in lieu) and strips right to legal action against the government or the Crowns.

This is no longer a respectful partnership between governments. Hometowns are handcuffed by limited revenue sources and the inability to run an operating deficit. And now, they are being forced to do province's dirty work.

Hometowns are where people live, work and play. These cities, towns, villages, resort villages, and northern communities are key to the quality of life we expect and deserve in Saskatchewan.

What does SUMA want?

We want the provincial government to reverse its decision to cut payments in lieu to 109 SUMA members, and to stop downloading provincial responsibilities to hometowns.

What can you do?

~~This budget has **not yet passed**; you can still make a difference. Tell the Government of Saskatchewan to **stop downloading** and **stop cutting crucial funding** for hometowns. Write your MLAs and visit our website and social media accounts to get involved.~~