

## TALKING POINTS:

### SUMA'S RESPONSE TO THE 2017 PROVINCIAL BUDGET

Hometowns are where people live, work and play.

SUMA members are on the front lines of growth and are key to the quality of life we expect and deserve in Saskatchewan.

### LOSS OF PAYMENTS IN LIEU

#### What's happened?

- The provincial government is eliminating \$33 million of payments in lieu to 109 urban municipalities.
- There was no consultation with urban municipalities or clear, concise indication of what was coming in the provincial budget.
- Eliminating payments in lieu is **permanent**, leaving hometowns to find ways to make up this shortfall *every year* going forward.
- Over the next 10 years, this amounts to nearly \$400 million in lost funding.
- In some hometowns, this would have resulted in funding decreases equivalent to 40 to 50 per cent of this year's municipal revenue sharing.
- On March 29, SUMA representatives met with four cabinet ministers to discuss the claw back of payments in lieu. We heard that they were willing to work with us and listen to options we could suggest.
- On March 31, Government Relations Minister Harpauer gave a surprise announcement that they would cap the payments-in-lieu, but only for nine municipalities and only at 30 per cent of their revenue sharing amount.
- On April 5, the Province introduced 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.

### **What does this mean to Saskatchewan hometowns?**

- With a predictable dip in municipal revenue sharing amounts, hometowns already built efficiencies into their budgets.
- Most municipalities had completed their budgets for the year.
- Local councils are now scrambling to make up the additional shortfall.
- By law, municipalities cannot run operating deficits, unlike the provincial and federal governments.
- With limited revenue sources (basically just funding from other orders of government and property taxes), many councils will need to hike property taxes, slash services, or both — to avoid running a deficit.

### **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 last 10 years saw the largest percentage increase in Saskatchewan population growth since 2007: 16 per cent (or 163,000 people).
- 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 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.
- There are two real options for hometowns: Slashing programs and services or hiking property taxes.
- People are still paying the fees to Crown corporations that were used for payments in lieu. Those funds will now go to the province.
- In addition, people will likely be facing increased property taxes – essentially a double whammy.
- This is no longer a respectful partnership between governments.

## **What does SUMA want?**

**We want the provincial government to reverse its decision to cut payments in lieu to urban municipalities.**

## **SHUTTERING STC**

The provincial government shuttered STC in the 2017-18 provincial budget.

From [our July 2016 policy position](#):

- The Saskatchewan Transportation Company (STC) provides an important link between communities in Saskatchewan.
- It provides low-cost transport for those needing to travel to a larger centre, important linkages with inter-provincial transport companies, and package delivery to destinations that are not serviced by courier companies.
- STC provides the sole public transportation option for many small urban municipalities.

- SUMA called on the Government of Saskatchewan to continue funding STC at sufficient levels to ensure service continues at present levels for both public transport and package delivery services.

### **What does SUMA want?**

**SUMA is calling on the government to reverse its decision to close STC.**

## **URBAN PARKS**

- Urban parks are joint ventures between municipalities and the province — they provide recreational space and are environmental preserves.
- Until last year there was shared interest in seven urban parks around the province.
- In the 2016-17 budget, the province cut funding for the majority of parks, save for Wascana Centre Authority in Regina and Meewasin Valley Authority in Saskatoon.
- In the 2017-18 budget, the province cut \$400,000 in funding from Meewasin Valley Authority, and took control of the Wascana Park Authority, but still expects the City of Regina to provide funding.

### **What does SUMA want?**

**SUMA is calling on the government to reconsider these decisions to ensure further responsibilities aren't downloaded onto hometowns.**

## **COMMUNITY RINK AFFORDABILITY PROGRAM**

The provincial government suspended the Community Rink Affordability Program in the 2017-18 budget.

- The Community Rink Affordability Grant helped municipalities maintain and operate their indoor skating and curling rinks. Municipalities were able to register their indoor rinks for the \$2,500-per-ice-surface grant, which was used to help pay for operating costs and put towards minor capital upgrades.
- Between 2012 and 2015, this grant provided \$6.6 million to municipalities, First Nations, and school boards.

## What does SUMA want?

SUMA would like clarification on the term “suspended” and would like to know when the program will be reinstated.

## URBAN HIGHWAY CONNECTOR PROGRAM

The provincial government has cut funding to this program by 1/3 in this year’s budget.

*The Urban Highway Connector policy recognizes that our urban communities play an important role in the provincial economy as generators of economic activity. Urban communities serve as key collection points where manufactured goods are warehoused and shipped by truck or rail to and from gateway ports...Urban connectors form an essential part of both the national and provincial transportation system. Efficiencies and the public interest are best served by the free flow of traffic, including travel on urban connectors. Producers and shippers cannot afford delays in urban areas caused by transportation bottlenecks.*

- From [the Ministry of Highways and Infrastructure website](#).

- The original agreements under this program stated that the province would undertake the first rehabilitation of all UHCP roads, but on their own schedule.
- Once rehabilitation has been completed, the province considers itself absolved of any further responsibility.
- The UHCP has been under-funded to the point where the province has failed to live up to its responsibilities and hometowns are being forced to pick up the slack.
- Many of these roads have since deteriorated to the point that cities must take on the rehabilitation themselves for public safety and liability reasons.
- Even before the recent cuts, it would have taken roughly 20 years to rehabilitate all the outstanding UHCP roadways (assuming there is no growth in operations and maintenance grants given to cities and towns, which decreases the amount of available capital funding).
- With these fresh cuts, it will take even longer.
- Urban municipalities cannot wait that long; 71 kilometres of these roads are already in poor condition — the **worst** rating given under the program.

## **What does SUMA want?**

**SUMA is calling on the government to adequately fund the Urban Highway Connector Program.**

## **CUTTING FUNDS TO LIBRARIES**

In 2017-18 provincial budget, the Province cut a total of \$4.8 million in funding to libraries. Regina and Saskatoon had their provincial funding (\$1.3 million) completely eliminated. Seven of the eight regional library systems faced a reduction of \$3.5 million – 58 per cent of their budget.

- Regional libraries were faced with two choices: Internalize the cuts ([imagine no new materials, no transfers of material between libraries, staff and programming cuts, and more](#)), or rely on municipalities to make up for provincial funding cuts.
- For the last three years, SUMA has been pushing the provincial government to increase their share of funding. Provincial funding has remained static, not even keeping pace with inflation.
- On April 24, the [Province announced that it would restore funding](#) to 2016-17 levels, and said their government would engage with libraries, the public, and municipalities to develop a long-term strategy for the future of libraries.

## **What does SUMA want?**

**SUMA is calling on the province to engage in meaningful consultation around libraries, and stop downloading further responsibilities on to hometowns.**

## **DOWNLOADING**

- Revenue sharing was originally called the Municipal Operating Grant, and it was calculated based on the provincial interest in municipal services, such as policing, fire, and recreation.
- Since revenue sharing was introduced, the provincial government has begun downloading further provincial costs and responsibilities onto municipalities, suggesting they use revenue sharing to pay for the downloaded costs.
- Municipalities are already struggling with a significant infrastructure deficit and the need to provide services to a growing population. Revenue sharing is an essential part of paying for current levels of service, not a windfall that can be

used to save the provincial government money.

- There is only one pool of taxpayers. What the province downloads to municipalities must be paid for through property tax increases, which do not take into account the ability to pay in the same way that sales taxes and income taxes do.
- The partial or complete transfer of provincial programs and services onto municipalities without dedicated revenue streams is unacceptable. The Government of Saskatchewan can no longer treat revenue sharing as an excuse to overburden urban governments, whose budgets are already stretched thin.

### **What does SUMA want?**

**SUMA is calling on the provincial government to cease any further downloading, and reverse the downloading that has occurred in the last few years.**

## **CONSULTATION**

- Effective collaboration between the Province and SUMA members enhances growth and opportunity for the people of Saskatchewan, promotes a better quality of life, and ensures responsive and responsible government.
- Prior meaningful consultation ensures that municipal and provincial interests are identified and understood so that both orders of government can work together more effectively.

### **What does SUMA want?**

**SUMA is calling on the province to engage in meaningful consultation with SUMA members — before making changes that have a direct impact on them.**

## **WHAT CAN WE 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 MLA and/or members of cabinet. There are template letters available on the SUMA website.~~
- ~~• Send a letter to local media outlets. We've drafted a template letter to the editor you can use.~~

- ~~Ask the public to write their MLAs and visit our website and social media accounts to share our content.~~
- ~~Website: [www.suma.org/issues/how-the-provincial-budget-punishes-hometowns](http://www.suma.org/issues/how-the-provincial-budget-punishes-hometowns)~~  
~~Facebook: [www.facebook.com/SUMAamplify](http://www.facebook.com/SUMAamplify)~~  
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