



*Action Plan for a New Local Governance
System in New Brunswick*



Progress Report

Introduction



After nearly half a century without significant change, our Government has put in place an Action Plan that is leading to major enhancements to the local governance system. To help shape this Action Plan, we undertook an extensive consultation process and one message was consistent, the current system no longer served the needs of New Brunswickers and change was needed. We recognized that by making necessary changes to the way services were delivered, paid for, and shared, New Brunswick's communities would be better positioned to meet the needs of citizens into the future.

By undertaking improvements in support of service delivery and community governance structures, Municipalities, Rural Communities, and Local Service Districts (LSDs) will have the tools to better sustain communities and regions over the long-term.

Reconfiguring the property taxation and assessment system will help to bring fairness, efficiency, equity and accountability to the taxation and local governance system.

This Action Plan Progress Report outlines the actions taken to date, and provides an overview of the actions that are currently in the works.

The Action Plan was organized under five objectives and this progress report will review each objective individually, but it is important to be aware that the local governance system is complex, interconnected, and each objective works together to make the entire system better, more transparent and accountable, and better able to serve our communities.

Sincerely,

Honourable Bruce Fitch
Minister of Environment and Local Government

Progress to date



Objective 1:

Strengthen capacity of local governments while maintaining their community identity

While some communities are growing and prospering, many face challenges that make it difficult to provide or pay for basic services. Virtually all communities, regardless of size or population, have difficulty keeping pace with the costs of maintaining facilities, infrastructure and equipment in good operating condition. Many of these same challenges exist in local service districts, and are further complicated by the fact that these communities do not have direct responsibility for, or management of their local affairs.

The Action Plan provides for new or improved tools aimed at building community capacity, so that communities of all sizes, and in all areas of the province, can position themselves for a better future.

Actions undertaken to date:

- Government has announced a property tax reform package that will make the system more fair and effective.
- The property tax reform includes a fairer cost-sharing model for RCMP services.
- An interim policy for the fairer allocation of local responsibilities for roads has been put in place while a long-term policy is developed to assist communities that want to restructure.
- Government is providing technical and financial assistance to locally-led community restructuring projects.
- New Rural Community sustainability criteria has been developed.
- The promotion of differential tax rates is being encouraged in community restructuring projects.

Anticipated outcomes from actions taken:

- An increased number of communities pursuing restructuring projects that will make them more sustainable for the long term.
- As communities choose to restructure the number of local government entities will be reduced.
- More New Brunswickers will be represented at the local level through locally elected representation.

Objective 2:

Fair and effective property taxation and assessment system for the long-term

A fair and effective property taxation and assessment system begins with transparency and accountability. Taxpayers need to know what services they are paying for and how much these services cost.

Actions undertaken to date:

- *Improving New Brunswick's property tax system: A white paper* was released outlining government's intentions with regard to property tax reform, including its plans for property assessment, property taxation, and a new provincial RCMP cost-sharing model.
- The property tax reform includes making additional information available on your property tax bill to show how your tax dollars are being used.
- A monthly property tax equalized payment plan is now available. Application forms are available through the Department of Finance website.
- A property tax deferral program for seniors has been created. Application forms are available through the Department of Finance website.
- The Municipal Assessment Committee has been formed and has been meeting.

Anticipated outcomes from actions taken:

- The property tax system will be fairer and more effective once the White Paper's actions are implemented.
- There will be increased transparency and accountability for taxation and assessment.
- A new monthly payment option for property taxes will provide choice for property owners and provide an alternative to having to make a lump sum payment.
- Property owners will have a better understanding of the elements of their property tax bill and which level of government is responsible for certain elements of the bill.
- An enhanced relationship between the provincial assessment function and municipal officials is occurring due to the work of the Municipal Assessment Committee.

Objective 3:

Increased collaboration, communication and planning between communities

The establishment of 12 Regional Service Commissions, to replace the 12 Solid Waste Commissions and the 12 District Planning Commissions, will help communities to communicate, collaborate, as well as plan regionally.

The new Commissions will better enable communities across New Brunswick to work together and share services to meet their common needs. The Commissions will serve communities and be governed by them, creating direct accountability to the taxpayers. This new structure will ensure that Municipalities, Rural Communities and Local Service Districts will be better positioned to meet the service needs of residents and to benefit from collective efforts to build and sustain stronger regions.

Actions undertaken to date:

- A province-wide tour was undertaken by the Minister to explain the new Commission model.
- A Regional Service Delivery Act has been passed by the Legislative Assembly enabling the creation of the 12 Regional Service Commissions as of January 1st, 2013.
- Boundaries for each of the 12 regions have been established in regulation, following public review.
- Interim Boards have been put in place for each of the 12 regions to develop and approve budgets for the new Commissions.
- LSD representation has been defined in regulation, following public review.
- Six Transition Leaders have been retained by the province to help each region transition to the new Commission model.
- A general regulation, to guide the key functions of the Commissions, is under development and will be in place January 1, 2013, following a public review period.
- The new Regional Service Commissions will be responsible for the following mandated services:
 - Regional Planning;
 - Local Planning in Local Service Districts and some municipalities;
 - Solid Waste Management;
 - Ensuring the collaboration of police forces within the region;
 - Regional Emergency Measures Planning.

- Planning and cost-sharing of regional sport, recreational and cultural infrastructure.

Anticipated outcomes from actions undertaken:

- Increased accountability in the evaluation and performance of the Regional Service Commissions.
- Increased collaboration between communities.
- Uninterrupted delivery of services.
- Increased opportunities for cost savings through reduced duplication in service delivery.
- Improved service quality and effectiveness.
- Stronger regions, better able to meet common needs and to plan for the future.
- Concurrent boundaries (RSCs, RCMP services, Economic Development) will facilitate the planning and delivery of local, regional and provincial services.

Objective 4:

More equitable community funding arrangements

The current provincially-funded arrangement, known as the unconditional grant, was developed more than 40 years ago. While the intention has always been to provide for an equitable distribution of unconditional grant funding to communities in recognition of varying ability to raise taxes locally, the distribution of the unconditional grant has become increasingly inequitable and is simply not accomplishing its true purpose.

Communities require a new principle-based arrangement that will provide stability for purposes of effective financial planning and that will support the most effective use of dollars available.

Actions taken to date:

- The unconditional grant was established for 2012.
- Discussions have been held with community stakeholders regarding the future of the unconditional grant.
- A new community funding and equalization formula will be brought forward this fall with the introduction of legislation.
- The cost of managing services has been transferred to those receiving the services in LSDs.

Objective 5:

Modernized legislation supporting local and regional decision-making

Anticipated outcomes from actions undertaken:

- Increased fairness between communities.
- A community funding formula based on sound principles such as predictability and equalization.
- A community funding system that is easily understood by communities.

Much of the existing legislation was created more than 40 years ago and is prescriptive in nature. This approach tends to limit local decision-making and discourages local responsibility.

'Modernizing' legislation takes many forms, from using plain language rather than complex legal language, to providing general authorities, which enable greater adaptability to local circumstances and emerging issues.

Actions taken to date:

- A new *Regional Service Delivery Act* was introduced in the spring 2012 session of the Legislature which provides general authority and requires responsibility at the regional and local levels.
- A process is being designed to begin the work of creating frameworks for new planning and local governance legislation.

Anticipated outcomes from actions undertaken:

- The creation of legislation that is easier to understand and that increases local decision-making and accountability.
- Less cumbersome legislation that is adaptable to support the needs of communities.

Conclusion



While the system cannot be fixed overnight, government will continue to move forward with its Action Plan to renew and strengthen the local governance system. There are many significant challenges that lie ahead – financial, demographic and social – and we have to ensure that our communities are equipped to address these challenges.

The actions implemented to date are major steps forward. Government will continue to work with its stakeholders to ensure changes being made have the best interests of New Brunswickers in mind.

As change is made, we move closer to the goal of a system that is more transparent and accountable, with a foundation for New Brunswick communities to provide affordable services to citizens on a long-term and sustainable basis.

To learn more about local governance and for additional information about the Action Plan, visit:

www.gnb.ca/localgovernment

Or write to: Department of Environment and Local Government
P.O. Box 6000
Fredericton NB E3B 5H1

Action Plan Milestones



The following is a list of completed key actions, identified by season.

Fall 2011 (December)

- ✓ Establish the 2012 Unconditional Grant for Municipalities, Rural Communities and Local Service Districts. - Objective 4
- ✓ Transfer the cost of service administration for Local Service Districts to those who receive the service, effective January 2012, by introducing amendments to the Municipalities Act. - Objective 4
- ✓ Develop an interim arrangement for fairer allocation of local responsibilities for roads, removing a barrier for communities that choose to join together, while a longer term policy is developed. - Objective 1

Winter 2012 (January-March)

- ✓ Provide details to stakeholders on the new regional services model, including confirmation of regional service delivery boundaries. - Objective 3
- ✓ Develop access for First Nations communities to services under the new regional services model, as desired. - Objective 3
- ✓ Implement property tax relief for senior homeowners. - Objective 2
- ✓ Seek stakeholder input on a new community funding arrangement. - Objective 4
- ✓ Provide support to communities expressing interest in restructuring. - Objective 1
- ✓ Provide support to each Region to transition to the new Regional Service Commissions. - Objective 3
- ✓ Establish the Municipal Assessment Committee. - Objective 2
- ✓ Establish improved criteria for the establishment and restructuring of Rural Communities. - Objective 1
- ✓ Announce a property tax reform plan as part of the 2012/2013 budget. - Objective 2

Spring 2012 (April-June)

- ✓ Announce changes to address property assessment spikes and year-over-year increases. - Objective 2
- ✓ Introduce legislation to create a Regional Services Delivery Act, to become effective January 2013. - Objectives 3 and 5

Fall 2012 (October – December)

- ✓ Name representatives to the Boards of Regional Service Commissions. - Objective 3

Soon to be completed:

- Enhance the Rural Community model, by introducing amendments to the *Municipalities Act*. - Objectives 1 and 5
- Create a new community funding arrangement, replacing the Unconditional Grant, by introducing amendments to the *Municipal Assistance Act*. - Objectives 4 and 5
- Enable transition of Regional Solid Waste Commissions to the new Regional Service Commissions, effective January 2013, by introducing amendments to the *Clean Environment Act*. - Objective 3
- Enable transition of District Planning Commissions to the new Regional Service Commissions, effective January 2013, by introducing amendments to the *Community Planning Act*. - Objective 3