

May 1st, 2020

The Honourable Blaine Higgs
Premier
Province of New Brunswick
Chancery Place
P.O. Box 6000
Fredericton, N.B. E3B 5H1

Dear Premier,

On behalf of New Brunswick's three municipal associations, we are writing to ask for your help to ensure essential local services continue during the COVID-19 crisis, and to help New Brunswick's communities do our part to kickstart our province's economic recovery.

First, we would like to express our solidarity and support. This extraordinary situation has upset every facet of the operation of all levels of government, and the daily lives of our citizens. New Brunswick's success to date in limiting the spread and health impacts of the virus is doubtless the outcome of the difficult, but informed, decisions made by your government and the Office of the Chief Medical Officer of Health, and the result of outstanding cooperation, including with local governments.

We are aware that the current crisis is already straining the finances of the provincial government and that the economic situation will remain very challenging for years to come. However, the limited tools available to municipalities for generating revenue, combined with their legal inability to accumulate deficits, are accentuating the financial challenges for municipalities.

Municipalities are providing vital services during the COVID-19 crisis. Meanwhile, they are also suffering growing unrecoverable financial losses, including from public transit, facility closures, the cancellation of events, and the reduction or complete shutdown of many regular services and activities. According to a preliminary assessment conducted among the province's 104 municipalities, the pandemic will result in an overall loss of **\$10.5 million by July 31, 2020 alone**. Since the resumption of normal services will be

gradual, this deficit figure will grow.

To date, the municipalities have not received any aid from the provincial or federal governments for the purpose of maintaining essential services. This includes the federal emergency subsidy program covering 75% of employee wages to help keep them working and maintain the employment relationship. This could have major repercussions on the capacity of municipalities to retain certain categories of employees, thereby preserving essential expertise.

Given the *Local Governance Act* requires that municipalities carry this deficit forward to 2022, the financial burden will be shifted onto the shoulders of the next municipal council, which will have to make extremely difficult decisions, such as substantial tax increases or user charges for services. The delivery of important services like public transit may be compromised for lack of revenue normally used to finance them. Modifying the Act to allow municipalities to accumulate deficits over the next few years may be an option. However, this will only serve to delay the financial problem, which will be made worse by the economic slowdown and its impact on property tax revenues.

For this reason, we are asking your government to consider all available options for providing financial support to municipalities across our province to assist them in getting through this crisis. In particular, **we are asking you to actively support FCM's proposal to the federal government (attached)**. Municipalities across the country are sinking, and emergency funding is essential to continue providing essential services.

Municipalities also have a vital role in the economic recovery. It is critical to work closely with the federal government and municipal associations to establish parameters for programs designed to help drive an economic recovery. Freeing up the investments set out in the Investing in Canada Plan is one approach to stimulate the economy across all regions of New Brunswick, including helping our local businesses and creating jobs. Municipalities have already shared priorities, and they are ready to get started. We applaud the fact that you are already in discussions with the federal government on this issue. We urge you to ensure federal funding is not left on the table, and that communities of all sizes can access it fairly.

Municipalities are eager to play a role in getting our province up and running again. We are ready and willing to work closely with your government to this end. We look forward to any opportunity to speak with you further about the issues touched upon in this letter as well as potential solutions for the good—and the future—of our province.

Yours sincerely,



Michel Soucy
President
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municipalités du N.-B.

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Attachement: [FCM – protecting-vital-municipal-services](#)

Cc: Honorable Jeff Carr, Minister of Environment and Local Government
Mr. Kevin Vickers, leader of the Liberal Party of New Brunswick
Mr. David Coon, leader of the Green Party of New Brunswick
Mr. Kris Austin, leader of the People's Alliance Party of New Brunswick