



Municipal Affairs and Housing Office of the Minister

PO Box 216, Halifax, Nova Scotia, Canada B3J 2M4 • Telephone 902-424-5550 Fax 902-424-0581 • novascotia.ca

May 2, 2022

Mayor Amanda McDougall
President, Nova Scotia Federation of Municipalities
Suite 1106, 1809 Barrington Street
Halifax, NS B3J 2K8

Dear President McDougall:

Under the provisions of the *Municipal Government Act*, the Minister of Municipal Affairs & Housing must provide to the Nova Scotia Federation of Municipalities (NSFM) 12-months' notice of any provincial legislation, regulation, or administrative actions that could have the effect of decreasing revenues or increasing the required expenditures of municipalities. This letter is intended to provide notice for such changes for fiscal year 2023-24 and beyond.

The Department of Municipal Affairs & Housing canvassed all other provincial departments to seek information on plans for legislative, regulatory, and policy changes in the coming fiscal year. The following is a summary of the results of that process.

DEPARTMENT OF MUNICIPAL AFFAIRS & HOUSING (DMAH)

Renegotiating the Memorandum of Understanding with the Municipalities

The Minister of Municipal Affairs and Housing Mandate Letter of September 14, 2021, directs the Minister to *renegotiate the Memorandum of Understanding with municipalities*. The current Provincial-Municipal Service Exchange has been unchanged since 1995, and DMAH is reviewing all existing financial aspects associated with the provincial-municipal relationship, including: the Municipal Financial Capacity Grant, grants in lieu of municipal taxes, local roads, other departmental grants, education (including sewer and wastewater for schools), housing, policing, and mandatory contributions. It is difficult at this time to determine the potential financial impact on municipalities as future costs to municipalities will be dependent on the result of consultations and negotiations.

Municipal Financial Capacity Grant (MFCG)

The Minister of Municipal Affairs and Housing Mandate Letter of September 14, 2021, directs the Minister to *double the equalization payment [MFCG] for the first year, until a new Memorandum of Understanding can be reached*. Municipalities received this double payment in fiscal year 2021-2022. It is expected that the MFCG levels for 2022-23 will continue to reflect previous levels (\$30.4M) until a new MOU is negotiated.

Changes to Definition of Income for Housing Programs & Services

In 2021, DMAH completed a review of the income definition for public housing programs. Income definitions determine eligibility and rent levels for public housing, rent supplement, and home repair programs. As a result of the review, the Child Disability Benefit, the GST Tax Credit & Affordable Living Tax Credit, and the Veterans Disability Pension were all excluded from the definition of income for public housing programs and services effective December 2021.

Using calculations based on the Net Operating Losses (NOL) for public housing and services from 2021-22, as well as the number of current public housing clients that are in receipt of these excluded sources of income, it is estimated that the annual municipal share of NOL will be impacted by approximately \$8,000 beginning in 2022-23. It is important to note that the impact to the municipal share of NOL could experience minor annual changes depending on any changes to the number of public housing clients in receipt of the identified benefits. The summary of the 2023 impact is as follows:

Municipal Name	Impact to Municipality	2021-22 NOL	% of NOL
Cape Breton Regional Municipality	\$172	\$2,157,152	0.01%
County of Annapolis	\$201	\$132,593	0.09%
County of Cumberland	\$1081	\$222,121	0.49%
County of Kings	\$694	\$256,780	0.19%
County of Pictou	\$55	\$150,373	0.04%
District of East Hants	\$43	\$69,274	0.06%
District of Guysborough	\$198	\$85,101	0.23%
District of Shelburne	\$196	\$7,469	2.62%
Halifax Regional Municipality	\$2,920	\$4,003,185	0.03%
Region of Queens Municipality	\$281	\$142,247	0.20%
Town of Amherst	\$243	\$246,897	0.10%
Town of Annapolis Royal	\$176	\$23,695	0.74%
Town of Berwick	\$2	\$33,523	0.01%
Town of Bridgewater	\$537	\$63,564	0.84%
Town of Kentville	\$248	\$72,564	0.34%
Town of Middleton	\$13	\$75,428	0.02%
Town of New Glasgow	\$41	\$222,735	0.02%
Town of Pictou	\$433	\$115,797	0.37%
Town of Yarmouth	\$497	\$220,492	0.23%
TOTAL	\$8,032	\$8,300,989	0.10%

Code of Conduct

Consultations for improving the regulations associated with codes of conduct for elected officials will be taking place in fiscal 2022-23. The process for addressing code of conduct issues will be developed with input from the municipalities and the NSFM. It is difficult at this time to determine the potential financial impact on municipalities as future costs to municipalities will be dependent on the model regulations that are advanced as a result of consultations.

DEPARTMENT OF ENVIRONMENT & CLIMATE CHANGE (ECC)

Coastal Protection Act

It is possible that municipalities will incur incremental costs in implementing the Coastal Protection Act in the coming fiscal year. ECC is providing notice of changes that will be required in municipal building and development approval processes now that coastal protection legislation (Bill 106) has passed. The legislation will provide consistent province-wide legal protection for our coast by restricting development and related activity in areas where structures will be at risk of damage due to coastal flooding and erosion, or where it will damage sensitive coastal ecosystems.

Under this legislation municipalities will be enabled to approve a building permit or development permit for construction within a coastal protection zone to be defined by regulation if the proposed location of the construction is above a minimum building elevation specified in the regulations and is situated upland of a site-specific horizontal setback determined by a designated professional. This will require minor modifications to municipal administrative processes for these types of permits.

It is expected that the responsibility for competent, accurate and objective determination of the horizontal setback will rest with the designated professional, using a methodology and forms prescribed in the regulations. Minimum building elevations will be prescribed by the Province for each of approximately 82 sections of coastline.

Subject to the final form of the regulations, if the act applies to a permit application, the municipality will be required to determine whether the proposed construction location is above the minimum building elevation and upland of the site-specific setback determined by the designated professional in an erosion risk factor assessment report the landowner will be required to submit to the municipality with the permit application and confirm the designated professional was a member in good standing of a professional body designated in the regulations at the time the erosion assessment was signed.

Specifics of which professional groups will qualify to determine the setback, standards and forms to be used and other administrative details will be set out in the regulations. Additional detail on the delineation of the coastal protection zone, restrictions and exemptions that apply within it will also be set out in regulations.

DEPARTMENT OF INTERGOVERNMENTAL AFFAIRS (IGA)

Procurement

Every two years, Global Affairs Canada updates its thresholds for covered procurements under the Canada-Europe Trade Agreement (CETA) and the Canada Free Trade Agreement (CFTA). Municipal procurements are covered under these obligations. All procurements above the thresholds must be tendered unless subject to an exemption. Thresholds were last updated on January 1, 2022, and are as follows:

	CETA Thresholds	CFTA Thresholds
Goods	\$366,800	\$121,200
Services	\$366,800	\$121,200
Construction	\$9.1M	\$302,900

It is anticipated there will be new thresholds for CETA and CFTA for 2024-25. These thresholds are calculated based on data that will not be available until the end of next year, so at this time, the scope for municipal involvement is not known. IGA will advise as soon as they receive updated information.

DEPARTMENT OF JUSTICE

Biological Casework Analysis Agreement

The Biological Casework Analysis Agreement provides Nova Scotia's municipalities with DNA analysis arising from criminal investigations. DNA analysis is an important and affordable service that helps solve crimes. The 2022-23 financial cost of this program is expected to stay the same at \$799,688 however the proration of the cost to municipalities will be reassessed upon DMAH's release of the "Uniform Assessment" for 2022-23.

RCMP Collective Bargaining Agreement

The RCMP National Police Federation's collective bargaining agreement with the Government of Canada was signed on August 6, 2021. It included economic increases and market adjustments for the period April 1, 2017 to March 31, 2023, which the RCMP implemented according to the timelines stipulated in "Appendix C" of the collective bargaining agreement. The average cost increase to municipalities under the Provincial Police Service Agreement in the 2022-23 fiscal year is 11%.

Amendments to the Part XX of the *Municipal Government Act*

The Attorney General and Minister of Justice's Mandate Letter of September 14, 2021, directs the Minister to *[a]mend the Freedom of Information and Protection of Privacy Act to give order-making ability to the Privacy Commissioner*. These amendments, as well as other amendments aimed at modernizing the act are anticipated to be brought forward by government at a future sitting of the House of Assembly. To ensure consistency in access and privacy, Part XX of the *Municipal Government Act* will be updated at the same time, which may include resource

implications or increased legal costs. However, the financial implications associated with changes to part XX of the *Municipal Government Act* to give order-making power to the privacy commissioner are unknown at this time.

DEPARTMENT OF LABOUR, SKILLS AND IMMIGRATION (LSI)

Expansion of Firefighter’s Cancer Presumption under the *Workers’ Compensation Act (Firefighters’ Compensation Regulations)*.

Following consultation with the firefighting community, organizations that represent firefighters, and municipalities, the Province of Nova Scotia has approved LSI’s request to expand presumptive coverage for firefighters under the *Worker’s Compensation Act*. This added coverage for paid and volunteer firefighters will increase the number of presumptive cancer coverage from 6 to 19 and cover heart attacks that occur within 24 hours of an emergency call.

The Province of Nova Scotia also approved LSI’s request to extend financial support to help municipalities cover initial and annual liability costs for the next four fiscal years. Over this period, the Province of Nova Scotia will cover liability costs to a total of \$80.6 million. Municipalities will not incur any additional cost for the enhanced benefit until the fiscal year of 2025-26.

	2021-2022	2022-23	2023-24	2024-25
Province paid portion	\$67.4M	\$4.4M	\$4.4M	\$4.4M
Associated costs covered	Initial liability	Annual liability	Annual liability	Annual liability

The Department acknowledges that several items included in this letter have financial impacts that are unknown at this time. The Department will attempt to clarify these impacts and alleviate any issues during the implementation of these items in 2023-24. If any of the above content is unclear or should you have any questions regarding the provided information, please do not hesitate to contact the Department for clarification.

Sincerely,



John Lohr
Minister of Municipal Affairs & Housing

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