

President Bruce MacDougall's report at the 2015 FPEIM semi annual meeting in Tignish, PEI – November 14, 2015

In the spring, municipal issues got lots of attention during the provincial election, with all parties committing to fixing our broken financial system. This fall, our issues were a focal point during the federal election. Promised investments in infrastructure, transit and affordable housing and public safety will support and strengthen our cities, towns and communities. It's an exciting time for municipalities!

It'll take time for the new government to work out the details of new programs. In the meantime, I look forward to working with our members of Parliament, the new Federal Government and FCM to ensure that the needs of Island municipalities are taken into account as the work to advance these important files continues.

It's great to see the attention municipal issues have been getting, because we need attention – we just haven't been given the tools we need.

The Fathers of Confederation gave the provinces exclusive authority over municipalities. Municipal institutions are on the list of provincial powers just above "*shop, saloon, tavern and auctioneer, licences.*" Provincial legislatures have complete authority to create and dissolve municipalities, decide what bylaws municipalities are permitted to adopt, what services they can or must provide, what sources of revenue may be used by municipalities and so on. And as you know, provinces haven't been overly generous with revenue raising tools. A century and a half later, Canadian municipalities rely heavily on property taxes while the provincial and federal governments have a much broader set of revenue tools

Despite financial and other constraints, Canadian municipalities have proven that they can be nimble, responsive and innovative. The Fathers of Confederation couldn't have envisioned the expanded role of modern municipalities today. But in PEI, an outdated system is creating enormous challenges. In our province, the Constitution isn't our only remaining link with the 1800s.

Our current municipal acts are based on a governance model that was introduced by the Baldwin Act of 1849. It was ground-breaking legislation at the time - but it certainly isn't today.

We can also trace municipal boundaries back to the 1800s. Many communities are based on old school district boundaries created in the 1800s. Districts were small because children had to walk to school at that time. Today, one in three municipalities is smaller than three square kilometres.

It's time to put the 1800s in history books and put solutions in place for the 21st century.

Since the Honourable Robert Mitchell was appointed Minister of Communities, Land and Environment. I've had several conversations with him about the changes needed to ensure our cities, towns and communities are strong and vibrant for the long term. He's shown a keen interest in municipal affairs and a strong commitment to working with us toward solutions. Last month, the entire FPEIM Board met with Minister Mitchell. The Federation committed to working on an open government initiative in response to the Premier's challenge at our annual meeting last May. We had a great discussion on the value of a formal agreement on consultation. We talked at length about the planning appeals process. There certainly wasn't a shortage of topics. We kicked off the meeting with a discussion on municipal finance issues. As you know, fixing the financial system continues to be a top priority.

In 2008, the Province took tax revenue from several of the larger municipalities and replaced it with grants. This was a major setback and it puts us even further behind other provinces. A few years later, the Province froze the equalization program that we had fought so hard to get fixed.

We have a lot of hard work ahead of us. It won't be easy, but we need to get our financial framework right. I'm pleased that the Province appointed Patsy MacLean to facilitate moving this critical file forward. It's an important first step in the right direction.

As you heard in the spring, the Premier is targeting 2016 for the adoption of a new Municipal Government Act. The work to develop the act began in 2010, shortly after Commissioner Ralph Thompson delivered his report on land and local governance. It's a modern act; similar to many others across the country. As I said before, the new act raises the bar. It gives municipal governments more powers, but those powers are balanced with

increased responsibility, accountability and transparency. I expect the new act will present challenges for some small municipalities, because we still haven't undergone a transition to larger, more viable municipalities. I'm sure the draft will generate lots of interesting discussion during the consultation phase.

The Province is also making progress on the land use planning file. Modernizing planning is long overdue - it's vital for protecting our Island and the communities we care about; but it's a big undertaking and it will take time. As we move closer to a new policy direction for local planning, questions remain about how it will be delivered in unincorporated areas. This service is best delivered by municipalities. That's one on a long list of reasons why we need province-wide incorporation.

Ralph Thompson was right when he said the status quo is not an option. Rural areas are struggling with big challenges and, without change, those challenges will continue to get bigger and harder to fix. We see the impacts of population decline and an ageing population in our rural communities. Volunteers are stretched to the limit. Rural municipalities don't reflect communities of interest or service areas, and none meet the Commissioner's population and assessment thresholds for viability. The Province is encouraging municipalities to explore the option of expanding to create larger regional municipal governments. Your Federation has asked the Province to come to the table with transition funding for those municipalities.

Creating larger municipalities is a topic that I know many of you have given a lot of thought to. We know moving in this direction isn't easy, in fact it's possibly the most important and most difficult decision a municipal council could make.

If your municipality is serious about moving forward, I suggest you hire a consultant. Growth management studies are eligible expenditures under the gas tax program. They can help you build a strong and unbiased proposal.

I also encourage you to talk to your Federation. We'll be building some tools to help you with this process. Talk to the Province, neighbouring municipalities, and, most importantly, engage citizens that could fall within a new municipality. Listen carefully and let them help shape the solution.

Engagement is one of the keys to success.

Citizens want what's best for their community. They'll have lots of questions and concerns. Fear over loss of community identity is a common example, so we need to explain that community names will be maintained. A municipality is just a governing body for providing local services. It does not define your community. A strong local government can build and strengthen your community. As Summerside Councillor and FPEIM Board member Brent Gallant said at a meeting, *“Not knowing is like sitting in a dark unfamiliar room. Every noise and shadow gets our mind wandering, and usually we're thinking the worst. Somebody needs to turn the light on.”*

You won't get everyone to agree, but if you shed light on what you're trying to do and why you're trying to do it people will realize that the council is really looking out for the long-term best interests of the community.

Engagement and communications will increasingly be a bigger part of the work we do as municipal leaders.

The Federation will be playing a bigger role in creating greater awareness of the need for change, whether it's the need for a tax room transfer that provides fair and predictable revenue or the need for province-wide incorporation of municipalities that have adequate tax and population bases to be viable. But we also need individual members to be more vocal on key issues. Speak to residents and groups in your municipality, talk to the media, share your thoughts on social media, and so on. We have a session scheduled for later today that will provide you with some tools to help you communicate these issues.

The Federation's latest communication tool is a video, which was recently added to our *Municipalities Build Communities* website. I'll take a couple of minutes now to show you our new video. (PLAY VIDEO - ask if people would like to see it a second time)

The municipal system is broken in PEI – but it can be fixed. The province has made some very important commitments and your Federation is working with them to turn those commitments into solutions.

I'm more optimistic than I've been for a long time that big changes are on the horizon . . . changes that many of us have been waiting to see for a long time . . . changes that will not only benefit municipalities, but PEI as a whole, because our cities, towns and communities are the foundation for a strong province.