

PRESIDENT'S REPORT
2011-2012

The challenges facing municipal governments seem almost overwhelming at times. With the exception of amalgamations in the two largest urban areas, little has changed in the municipal world for decades. We have known for a long time that municipalities in Prince Edward Island have been falling behind other parts of Canada. Inadequate financial arrangements, antiquated municipal legislation, outdated boundaries and weak land use planning policy have combined to tie the hands of municipal leaders.

The appointment of a Commission on Land and Local Governance by the Province sent a clear signal that our concerns were being taken seriously. Since the report was released, considerable work has been done to move key recommendations forward. I believe meaningful change is on the horizon.

The Commissioner recommended that the Province and municipalities negotiate a transfer of tax room from the Province to municipal governments. To fulfill that recommendation, municipalities and the Province have been working together for more than two years. A major part of that work involves replacing the present grants with tax room to the twelve municipalities that provide streets and police services.

As you know, a few weeks ago, the Province announced a cut in funding to those twelve municipalities. The grants to the four largest municipalities were reduced by five percent while eight municipalities were cut by three percent. These cuts were made without prior consultation, and at a time when municipalities are negotiating a new revenue arrangement with the Province. This decision undermines the ability of municipalities to deliver local services. It also increases the inequitable distribution of the property tax burden between municipalities and unincorporated areas.

There have been some tremendous steps forward in the past couple of years, but we're extremely disappointed in this decision to cut funds to municipalities. We know the Province is faced with tough decisions, but downloading the financial burden to municipalities is not the answer. Our revenue comes from the same taxpayers.

This cut highlights the importance of implementing the Commissioner's recommendation on revenue sharing in our next fiscal year. We need to move back to a system where municipalities have greater control over their own finances. On a more positive note, Minister Sheridan has expressed support for enshrining the new financial framework in legislation.

Commissioner Thompson recommended the drafting of a new municipal government act that includes provisions to ensure, to the greatest extent possible, that municipalities are publicly accountable, accessible, transparent, responsive, and efficient. He envisioned more progressive legislation that recognizes the significant and responsible role of

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municipal government in our overall political structure. The collaborative approach taken to draft the new act offers tremendous potential to achieve that vision.

The act, which is being jointly drafted by provincial and municipal staff, is approximately eighty percent complete. It will be reviewed by a steering committee comprised of the Minister of Finance, Energy and Municipal Affairs and elected municipal officials. As a member of that committee, I can assure you that municipalities will be consulted on the draft. Moving to modern legislation involves major changes from the current acts, so I encourage every municipality to provide input. The target for adoption is the spring session of the Legislative Assembly in 2013.

Proper land use planning is vital in our small province, yet only ten percent of PEI is covered by municipal land use plans. I welcome the decision by the Province to set up a task force to facilitate a province-wide dialogue on the development of land use policy.

The public consultations to be undertaken by the Task Force provide an important opportunity for FPEIM and its members to help shape the future of land use planning. FPEIM will submit written comments to the Task Force, so I encourage members to share their views with us and to participate in the public hearings.

Local land use planning is best delivered by municipal governments; but vast unincorporated areas and the small size and tax base of many municipalities present serious challenges. For these reasons, discussion about municipal structure will be unavoidable during the Task Force hearings.

When the work of the Task Force has been concluded, the new act is completed, and a tax room transfer has been negotiated, we need to engage the public in a serious discussion on municipal boundaries, as recommended by Commissioner Thompson. In his report, he concluded that larger self-sustaining municipalities are achievable across the province. Seventy percent of Prince Edward Island is not within an incorporated municipality. This undermines municipal governments and negatively impacts the province as a whole.

I was born and raised in Bideford PEI, now known as Ellerslie - Bideford. I am very proud of my roots and I care dearly about the future of all areas of this great province, both rural and urban. But today, many small municipalities are struggling and they are not well positioned to tackle challenges that lie ahead. Rural depopulation, an ageing population and the effects of climate change are obvious examples.

Some will argue that restructuring municipal governments to fully incorporate all areas of the province is an attack on rural PEI. In my opinion, it's one of the keys to survival. It's about bringing together communities of interest and giving them the capacity they need to take their future into their own hands. It's about everyone sharing the cost of services and amenities that make communities more attractive places to live, work and play. It's about creating conditions to support economic growth. It's about giving communities the opportunity to reach their full potential.

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I truly believe that full incorporation is a realistic possibility. It not only can happen – it must happen.

FPEIM will continue to work with the Province on implementation of the Commissioner's' recommendations. If we had acted decades ago, PEI would be stronger than it is today, but, as Commissioner Thompson said, "The best time to plant a tree was 20 years ago; the next best time is now."

In the coming year, infrastructure will also continue to be a priority. I commend the Government of Canada for fulfilling its commitment to make the Gas Tax Fund permanent. There is a direct link between modern infrastructure and our quality of life. We value the support of our federal and provincial partners and will continue to work with them to ensure that infrastructure programs reflect the needs and priorities of Island municipalities.

We will be submitting comments to the PEI Energy Corporation as part of the consultations on their discussion paper: *Charting Our Electricity Future*.

In response to a resolution from the Community of Tignish, we will be entering into a dialogue with the Department of Transportation and Infrastructure Renewal on safety issues.

Finally, we are almost ready to launch a legal advice service for member municipalities. For a small annual fee, members will be able to speak directly with a lawyer over the phone. Calls will be limited to 15 minutes of legal advice.

It's hard to believe that another year has flown by so quickly. Fortunately, the work we're doing is paying off and I am confident that, together, we will continue to make steady progress. It is through our voices, individually as municipal leaders, and collectively through the Federation of PEI Municipalities, that we can make our vision of strong municipal governments a reality.

Respectfully submitted,



Bruce MacDougall
President