



GREATER CHARLOTTETOWN AREA  
CHAMBER OF COMMERCE

Presentation to  
The Commission on the  
Land and Local Governance

Ralph C. Thompson, Commissioner

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Submitted By:  
Greater Charlotte Area Chamber of  
Commerce

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## **Introduction**

The Greater Charlottetown Area Chamber of Commerce welcomes this opportunity to appear before the Commission. The GCACC is the voice of business in the capital city region. The Chamber has over 850 members who reflect a diverse network of small, medium and large businesses from almost every sector and type of business. Our members employ approximately 16,500 people who are the payers of residential property taxes and the recipients of municipal services.

The business community is a key driver of employment growth, and in turn, it is employment that provides municipalities with an overall stable and secure revenue base. We cannot over-stress that strong and vibrant communities depend on a thriving employment base.

While the Commission's Terms of Reference are indeed broad, comprehensive and ambitious, we will focus our views on two items of interest:

***Provincial - Municipal Transfers*** between the Provincial Government and the capital region municipalities of Charlottetown, Cornwall and Stratford

***Principles*** to guide the Commission's assessment of the most appropriate structures for local governance in the province

### **Provincial - Municipal Transfers**

The Chamber looks to your Commission to recommend ways and means to resolve the disagreement between the capital region municipalities and the Provincial Government regarding Provincial - Municipal Transfers. The change introduced by the Provincial Government (tax credit system to grants) has been a distraction and a source of uncertainty. The three municipalities argue that the new grant system will provide significantly less revenue than a continuation of the tax credit system. The MacPherson, Roche, Smith Report estimated that the City of Charlottetown would receive approximately \$30 million less over the next ten years, indeed a significant sum.

The estimated 10 year losses for Stratford and Cornwall are respectively \$4.3 million and \$1.6 million.

A number of complex and interrelated factors lie behind both the policy decision of the Provincial Government re transfers and the claims of the three municipalities, including:

- assumed rate of future increases in residential assessment
- relationship between assessment increases and service levels
- infrastructure funding provided by the Province
- supplementary CUSA funding - cash
- supplementary CUSA funding - in kind
- grants in lieu of property tax - QEH
- budgetary health of the three municipalities and the Province
- timing of payments
- administration fees

The Commission will have to sort through these factors to reach a resolution. While the issue is complicated, the Chamber believes that it must be resolved to alleviate uncertainty over future municipal tax rates. It is obvious that there are differing opinions as to the rationale for the change and the estimated impacts. One way to begin is to jointly agree on a set of principles to guide discussion. It is to these principles that we now turn.

### ***Transparency***

The rationale for any policy or legislative change regarding these fiscal transfers, and the estimate of fiscal impacts, must be clearly stated and made public.

### ***Adequacy***

Transfers to the three municipalities must be adequate for them to carry out their future responsibilities. Adequacy should be determined via a joint examination of future service levels and those factors which drive costs.

### ***Predictability***

Future transfer levels must be stable and predictable so the three municipalities can plan and budget effectively.

### ***Municipal accountability***

The transfer mechanism should include an accountability framework to ensure both parties that monies are spent in the best interests of *all* taxpayers i.e. services are delivered efficiently within benchmark standards for municipal services, and subject to external review.

We have referred to the disagreement over transfers to the capital region municipalities as a distraction. Energies and resources could have been better utilized developing an effective working relationship to advance the mutual interests of the Province and the economic wellbeing of its capital region. It is time for the matter to be resolved.

### **Local Governance Organization and Structures**

The Chamber's interest in this part of your mandate stems from its strongly held belief that social policy should be developed with full consideration and incorporation of sound fiscal and business principles. The structure and organization of municipalities is not only fundamental to the social, cultural and political landscape, but is also an indicator and a determinant of our collective attitude towards sustainable economic development and its impact on land use.

The current structure of local government in Prince Edward Island is both a maze of jurisdictions and a lack of appropriate jurisdiction. It has a long history, having developed over many years of policy and legislative changes. We should appreciate the history of local governance in PEI, we should learn from that history, but we should not be a prisoner of that history. The 21<sup>st</sup> century places different demands on local governance than the 19<sup>th</sup> and 20<sup>th</sup> and it behooves us to respond accordingly.

- PEI has 75 municipalities
- 48 don't have a public office
- 22 have expenditures under \$30k/year
- 23 have an area under 1,000 acres
- 44 don't have their own official plan
- 26 have sewer and/or water utilities
- there are 37 fire departments
- 21 have a population of fewer than 250
- many are experiencing a population decline
- unincorporated areas account for 70% of the land area of the province
- there is continued ribbon development in unincorporated areas

Again, change should be principle driven. We respectfully suggest the following:

### ***Comprehensiveness***

Is there any logical argument as to why all of Prince Edward Island should not be part of incorporated service areas to ensure and support integrated planning and decision making and effective service delivery?

### ***Cohesiveness***

To the greatest extent possible, local governance structures should be based on the interests of homogeneous areas with discernible community identities and purpose.

### ***Cost-Effectiveness***

Local governance structures should enhance service delivery and regulation within available resources in terms of cost, the avoidance of overlap and duplication, and the ability to take advantage of all economies of scale.

### ***Transparency and Accountability***

Roles must be clear, including where decision making should be provincial and where it should be local.

### ***Responsiveness***

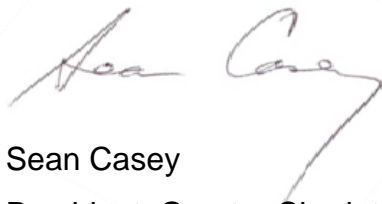
The structure should enhance the ease, timeliness and effectiveness of resident engagement in local issues.

### ***Fiscal Reality***

The cost of changes recommended by the Commission must not be prohibitive.

Prince Edward Island is certainly not alone in having to assess the appropriateness of its current local governance structures. Many jurisdictions have undertaken reviews, one of the most recent being the Finn Commission in New Brunswick. All eventually have faced the give and take of political discourse - your Commission no doubt will face the same political scrutiny. However, with sound, defensible, principle-based recommendations, accompanied by a government committed to ***“One Island Community - One Island Future”***, change is both feasible and realizable.

Thank you for your attention; we wish you well in your deliberations.



Sean Casey

President, Greater Charlottetown Area Chamber of Commerce