



Municipalities

Newfoundland and Labrador

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Community Cooperation Regional Government Papers

Continuities and Discontinuities:

A Brief History of Local and Regional Government
in Newfoundland and Labrador.

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A Municipalities Newfoundland and Labrador
Community Cooperation Project

Prepared by Robert Keenan
with Philip Whalen
for



460 Torbay road, St. John's, NL A1A 5J3
Tel: 709.753.6820 / Fax: 709.738.0071
Email: nnl@municipalitiesnl.com / Website: www.municipalitiesnl.com

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Introduction

Municipal government and regional governance in Newfoundland and Labrador are products of our unique history. The struggles and opportunities of our communities have developed over centuries and are particular to the settlement, economic, and political history of our province. Our system of regional governance is also a product of our province's past and is not the result of imported ideas from other jurisdictions.

Municipal structures in this province are often noted for their relative newness as few incorporated municipalities existed before Confederation. But while the municipal corporate entity is new, the community which the municipality encompasses is not. Many homes and buildings in municipalities are well over a hundred years old and personal lineages in towns can be traced back centuries. Therefore the communities are not new and display a continuity that can be matched by few other places in Canada.

Many municipalities in Newfoundland and Labrador have displayed a continuity of another kind: dependence on outside funding and assistance to be sustainable and to improve. Thus most municipalities never operated as independent actors, rather they were local agents that the colonial or the provincial government used to provide funding at the local level. Yes, municipalities applied and collected taxes, but even municipal taxation was supported by an inducement for greater provincial funding.

Within the last twenty years, however, these continuities have ended. The reason behind why many municipalities were settled - the cod fishery - was inalterably changed with the cod moratorium. The moratorium represents a distinct break from the past of most municipalities, and towns have struggled since the early 1990s to redefine themselves. Compounding this change is the almost continuous decline of municipal funding by the provincial government since the mid-1990s. Municipalities, like never before, have had to create paths to self-sufficiency, regardless of whether they know how or have the resources to do so.

The continuities and sudden discontinuities of local government do not exist in the history of regional governance in the province, though a distinct shift in how regional initiatives are pursued has developed in the past two decades. Efforts at regionalization have varied from government run plans to redraw municipal maps and shift populations, to local attempts at creating municipal partnership. Recently, government founded and funded initiatives to lead and mold local development and services have become prominent.

Regional governance in Newfoundland and Labrador can be broken into two distinct phases: pre-Community Consolidation Program and post-Community Consolidation Program. In the period before the Community Consolidation Program, efforts at regional governance (with the exception of resettlement) were spearheaded at the local level, and were noted for the creation of joint councils, regional development associations, and the Newfoundland and Labrador Federation of Municipalities. Since the Community Consolidation Program, however, regional governance has been noted for the provincially-led creation of regional economic development boards, regional service authorities, the Strategic Social Plan, and the Rural Secretariat. Exactly why this shift occurred is not exactly known.

This is a brief history and in no way details every historical facet of municipal government. The purpose of this short paper is to explain the historical context for the issues affecting municipalities today. And like all history, this is an interpretation of the past.

A Brief History of Local Government in Newfoundland and Labrador

The Beginning Factors

A common refrain stressed in almost all studies of municipal and regional government in Newfoundland and Labrador is the relatively short history of local government in this province. The Honourable John Crosbie's 1956 study of local government is widely cited as the definitive account of the development of municipal government in the province. According to Crosbie, Newfoundland and Labrador's geographic location as well as its patterns of settlement shaped our province's form of local government. As an island and sparsely populated landmass isolated off the northeastern coast of North America, Newfoundland and Labrador was physically separated from the political and social movements that took root in the mainland of the continent.¹ The province's settlement pattern also reflected its physical isolation – small, largely coastal, isolated communities formed, creating strong local identities that rarely embodied more than one locale. In fact, the isolation factor was often important to settlers because it minimized the number of possible rival fishers.² How the province was settled has been wittily described by author Wayne Johnston as “virtually the whole population liv[ing] on the coast, as if ready to abandon ship at a moment's notice.”³

Regardless of the geographic factors, it was the citizens of Newfoundland and Labrador and their living conditions that were responsible for the slow development of local government. As Crosbie describes them, the people of pre-Confederation Newfoundland and Labrador were largely the descendants of fishermen “who worked too long and too hard and who were too poorly educated to be interested in the betterment of their community's condition through local government.”⁴ Communities were essentially left to develop on their own as our province was little affected by the great streams of immigration that occurred throughout the 19th and early 20th Century. Thus, our province was, for the most part, deprived of a population influx from areas where modern municipal structures had already been established.

The financial condition of the vast majority of Newfoundlanders and Labradorians throughout the 1800s and the first half of the 1900s also contributed to the slow development of local government. As Crosbie notes, most residents of our province were poor, earning anywhere from \$300 to \$500 per year.⁵ Moreover, the Newfoundland and Labrador economy outside of the St. John's area was largely based on credit granted by local merchants, which limited the ability to impose any sort of taxation. As the Royal Commission on Employment and Unemployment (the House Commission) succinctly stated, “life in the old-style pre-Confederation outports was hard, many people were poor and there was always a controlling dependency upon merchants, international markets and distant

¹ J.C. Crosbie, “Local Government in Newfoundland,” *The Canadian Journal of Economics and Political Science*, 22:3 (1956): 334. [hereinafter “**Local Government**”]

² Crosbie, “Local Government,” 333.

³ Wayne Johnston, *The Colony of Unrequited Dreams*, (Toronto: Vintage Canada, 1998): 139.

⁴ Crosbie, “Local Government,” 334.

⁵ Crosbie, “Local Government,” 335.

government.”⁶ The taxation problem persisted well into the 20th Century, as only 2,299 people paid taxes in Newfoundland and Labrador in 1941.⁷ Talk of local government was therefore often countered by the possibility of the burdensome property tax, which was viewed as a government imposition that undermined the settlers’ hard fought right to own property in the Colony.⁸

Despite the inability of the majority of Newfoundlanders and Labradorians to fund local government, the colonial government made several attempts to facilitate the creation of municipal units. St. John’s was incorporated in 1888, and in 1890 the Newfoundland legislature passed the *Administration of Local Affairs in the Outport Districts Act*. Under the Act, a district board could be elected to control local roads, bridges, drains and sewers, lighting, sanitation, and to prevent nuisances.⁹ By the end of the 19th Century, a considerable number of boards were created and functioned in various outport communities, though they were almost exclusively concerned with the construction and maintenance of roads – a responsibility funded by large government grants.¹⁰

In the decades that followed this Act, there were few advances in municipal government. According to the 1974 *Royal Commission on Municipal Government in Newfoundland and Labrador* (the Whalen Commission), the “first thirty years of this century [20th Century] constituted a virtual hiatus in the further development of local government institutions in Newfoundland.”¹¹ This did not mean that there was no government structure in these communities, as local magistrates and justices of the peace often served as local administrators. But these individuals looked to St. John’s for direction and funding, and were not empowered to govern the town. Yet, as the Whalen Commission notes, these small communities rarely suffered from a lack of municipal services as “the ocean took adequate care of sewage...fires could generally be kept under control by volunteer fire brigades” and “Newfoundlanders have, for the most part, been exceptionally law-abiding people.”¹²

The next attempt to create municipal government outside of St. John’s occurred during the late 1930s after Newfoundland’s democratically elected government was replaced by a commission government. The Commission of Government passed the *Local Administration Act*, which granted the Governor-in-Commission the power to create municipalities and appoint councils for two-year terms. To fund these councils, the Act provided for the enactment of a municipal property tax. This provision doomed the Act to failure. The lack of proper taxing had long been considered an impediment to local government reform in Newfoundland and Labrador. As the 1933 Amulree Report condescendingly noted:

⁶ Royal Commission on Employment and Unemployment, *Building on Our Strengths*, (St. John’s: Office of the Queen’s Printer, 1986), 19. [Hereinafter “**The House Commission.**”]

⁷ Crosbie, “Local Government,” 335.

⁸ C.W. Powell, “Problems Arising from Lack of Organized Municipalities in Newfoundland,” (Annual Meeting Address, The Institute of Public Administration of Canada, Quebec City, 1949), 173.

⁹ Royal Commission on Municipal Government in Newfoundland and Labrador, Report, (St. John’s: Office of the Queen’s Printer, 1974), 28-29. [Hereinafter “**The Whalen Commission.**”]

¹⁰ Crosbie, “Local Government,” 338.

¹¹ The Whalen Commission, 29.

¹² The Whalen Commission, 26-27.

Freedom from any requirement to make a direct contribution to the expenses of administration produces in the average man an indifference to waste and extravagance; while the spectacle of that waste and extravagance has encouraged in him the belief that the resources of the Government are limitless...The formation of municipal Governments in the more important outports, under proper control and with the proper safeguards, would do much to induce a sense of responsibility in those called upon to contribute towards the expenses of such governments.¹³

With property taxation being the only available option for raising revenues, the *Local Administration Act* was completely ignored and no requests to incorporate a municipality were received while the Act was in place.¹⁴

As is often the case in Newfoundland and Labrador, changes in opinion in local government were brought about through necessity and strong central government action and inducement. With the establishment of American military bases and the influx of American soldiers during the Second World War, it was quickly realized that some form of municipal structure needed to be established for communities experiencing significant war-related growth. Amending a pre-Commission and never-utilized 1931 *Local Administration Act*, the Commission of Government in 1941 empowered itself to appoint a Commissioner of Health and Welfare to impose municipal controls on areas within 15 miles of an American base. Thus de-facto municipal governments were established in Argentia and Stephenville.¹⁵ A second amendment in 1941 to the same Act allowed the Commissioner of Public Utilities to act as a local council in an area surrounding an airport; this amendment resulted in municipal controls being exercised in and around Gander.¹⁶

Local Government in a Young Canadian Province

When Newfoundland became a Canadian province in 1949, the new provincial government passed the *Local Government Act*, which was enacted to govern all municipalities outside St. John's. The Act set out the powers of municipal governments – such as zoning, building construction, and water and sewer construction – and their responsibilities – such as maintenance of all non-highway roads and garbage collection.¹⁷ Most importantly, the Act also provided municipalities with fairly broad powers of taxation. On the business end, municipalities could impose a business tax of up to \$500, a stock tax, which amounted to a percentage of all stock sold by a business in a given year, and a processing tax that taxed all commodities manufactured or processed within the town. Other taxes included a telephone line tax, an entertainment tax, a fuel tax, a water tax, and a service fee.¹⁸ Section 52 of the Act gave the town the discretion to impose a property tax of not less than five dollars, while section

¹³ Report of the Newfoundland Royal Commission, 1933, (London: His Majesty's Stationary Office, 1934), Chapter X. As available through the Newfoundland and Labrador Heritage Web site "Government and Politics," "Collapse of Responsible Government 1929-1934" and "Amulree Report." http://www.heritage.nf.ca/law/amulree/chap10_6.html (accessed March 2010).

¹⁴ The Whalen Commission, 29.

¹⁵ The Whalen Commission, 30-31.

¹⁶ The Whalen Commission, 31.

¹⁷ *The Local Government Act*, c. 66, 1949, s. 32-45.

¹⁸ *The Local Government Act*, s. 53-58.

52(1)(a) entrenched the exemption of Crown land from municipal taxation - a distinction that continues to frustrate municipalities.

The Act also established different levels of municipal government. Towns required at least 750 people and communities with smaller populations were designated as local improvement districts. Municipal government was further stratified in 1953 with the enactment of the *Community Councils Act* that allowed localities with fewer than 500 people to establish formal committees with limited powers, such as the power to create and impose a form of business tax, and the authority to manage local water, sewer, and electrical rates.¹⁹

The provincial *Local Government Act* was supported by significant financial inducements for municipal incorporation. Generous grants, based on the amount of municipal taxes collected, assisted municipalities in financing the projects that their new municipal responsibilities imposed on them.²⁰ These grants often more than doubled the revenue available to municipalities, allowing them to finance expensive projects such as water and sewer systems and road paving. To further assist the financial viability of municipalities, the Smallwood government established the Newfoundland Municipal Finance Corporation in 1964 to undertake the borrowing of all bonds and loans for every municipality except St. John's.²¹ The creation of the Finance Corporation coincided with changes to the *Local Government Act* in 1961 and 1965, which allowed municipalities to "borrow money and issue securities for repayment."²²

The financial incentives were successful, since by 1955 the province had 53 municipal units, more than double the number of municipalities in 1949. In 1962 there were 105 municipalities, doubling the 1955 number, and by 1974 there were 290 municipalities, almost tripling the 1962 numbers.²³ The number of incorporated municipalities eventually reached 314. Currently, there are 281 municipalities in the province, well over a hundred local service districts (LSDs), and hundreds of unincorporated communities.

Confederation with Canada not only helped change the structure of local government, but also the face of the province's municipalities. Along with political change, an era of economic changes altered the expectations and habits of municipalities and their residents. Money from Confederation was used to fund large-scale industrial projects that provided temporary work to thousands of people in small municipalities. These projects resulted in the establishment of new buildings, which changed the infrastructure in the communities that previously survived on small-scale fishing and logging. Many of these projects ultimately failed, with the buildings remaining as eye-sores and reminders of what-could-have-been. This development came at the expense of the traditional, small-scale fishing economy, which the provincial government of the time expected to die out as a relic of the past.²⁴ Smallwood's legendary quip, "burn your boats," is telling as it emphasized his

¹⁹ The Whalen Commission, 32.

²⁰ Crosbie, "Local Government," 344.

²¹ Melvin Baker and Janet Miller Pitt, "The Third Tier: A Historical Development of Local Government in Newfoundland and Labrador," in *Programme of the 38th Annual Convention of the Newfoundland and Labrador Federation of Municipalities, October 7-9, 1988* (St. John's, 1988), 41. [hereinafter "The Third Tier"]

²² *The Local Government Act*, RSN 1970, c.216, s.52.

²³ The Whalen Commission, 35.

²⁴ The House Commission, 46.

opinion on the outdated nature of the inshore fisheries and the inevitable modernization of the industry.

Municipalities were further changed by the illusion of affluence that accompanied short-term development. With a significant infusion of federal funding, new roads, hospitals, schools, and recreation facilities began to dot the municipal landscape. Coupled with these new benefits were jobs to create this new infrastructure. But there was a significant downside to these benefits. They created only temporary employment that ended when these projects were finished.²⁵ These jobs did not create permanent affluence among residents. More importantly from a municipal perspective, these benefits, particularly roads, water and sewer systems, and recreation facilities, left municipalities with new infrastructure that had to be maintained and repaired. With stunted economic growth due to temporary employment, municipalities found themselves with increased liabilities and little ability to increase their respective locally derived revenues. To alleviate the financial burden of these new responsibilities, changes needed to be made to the municipal taxation system.

The 1960s saw significant changes to municipal taxation that made it easier to collect certain local taxes, while making municipalities more financially responsible. Amendments to the *Local Government Act* saw the abolishment of the complicated and hard to assess processing and stock tax. These were replaced with a unified business tax, which, in a municipality that used a property tax, was based on the value of the real property used by the operator carrying on the business.²⁶ Municipalities were also required to be more effective in the setting of property tax rates. Section 81(2)(c) of the 1970 *Revised Statutes* required that the property tax rate be set so as to be sufficient, together with all anticipated revenue from other sources, to cover all the expenditures of the council for the financial year. With this section in place, property taxes could no longer be nominal fees, but rather an essential component of municipal revenue.

While towns grew and adjusted to the new opportunities and issues that came with Confederation, their residents benefitted from the social safety net provided by Canada. Baby bonuses, old age pensions, and most importantly Unemployment Insurance (UI) provided a level of comfort that was up to that time unknown in small-town Newfoundland and Labrador. These benefits did not make people wealthy, but they eliminated the specter of dire poverty and destitution. And contrary to passing into history, the Canadian social safety net allowed the small fishing village to survive.²⁷ But towns where most residents were dependent on payments from social safety net programs could never thrive, as their economies would go into hibernation for half a year. This economic environment did not strengthen the sustainability of towns.

By the early 1970s, there were significant concerns regarding the rapid growth in the number of municipalities and the enhanced dependence of many residents on UI and welfare. The tax base of municipalities was not expanding and there was an increased demand for municipal services. Municipalities were increasingly dependent on support from the provincial government and many towns displayed a lack of administrative ability. To address these issues, the provincial government of Premier Frank Moores established the *Royal Commission on Municipal Government in Newfoundland and Labrador* (the Whalen Commission) in 1972. Reporting in 1974, the Whalen Commission recommended significant changes to the financial and administrative framework of local

²⁵ The House Commission, 46.

²⁶ *The Local Government Act*, RSN 1970, c.216, s.78.

²⁷ The House Commission, 49.

government.²⁸ Many of the recommendations of the Whalen Commission were applied in two separate pieces of legislation in the late 1970s: the 1977 *Municipal Grants Act* and the 1979 *Municipalities Act*, which are discussed below.

The Municipalities Act reclassified the available forms of municipal government by abolishing Local Improvement Districts and Community Councils. Instead, local governments were either cities, towns, communities, or local service districts, with the St. John's Metropolitan Board being the only exception to this classification. The Act is also noteworthy for the attention it devoted to specific departments that municipalities could now create. In the 1979 Act, municipalities were legally enabled to create planning and recreation departments and to hire department heads. Of particular interest was the Department of Planning, which was to "recommend policies to guide and control the long term development of the municipality so as to achieve the common well-being of the community and to conserve the financial and material resources of the municipality."²⁹ From this description, the planning department appears to encompass more than simply zoning and building permits; it is perhaps fair to state that the inclusion of a planning department with such a broad mandate signifies the first steps by municipalities into the realm of economic development. Regardless, few towns had the capacity to establish such a department and provide effective planning.

The 1979 *Municipalities Act* contained two other important changes for the province's municipalities. With regards to taxation, municipalities could now charge a poll tax of not less than twenty dollars on any individual over the age of 18 or any business that owned property in the town.³⁰ In addressing the property tax, the Act required all municipalities with a water system, sewage system, or water and sewer system that serviced more than fifty percent of its residents to impose a property tax.³¹ This was the first time that municipalities were compelled to level a property tax. Requiring a property tax reflected a concern by the provincial government that municipalities were not adequately taxing their residents and were depending too much on the province to cover the costs of establishing and maintaining water and sewer systems. The other important change, and one that is most cogent to this study, was the creation of rules and guidelines for the establishment of regional government - the first time this form of local government was allowed.³² The regional government component of the 1979 *Municipalities Act* will be discussed in the History of Regional Government section in the present volume and the Regional Government Models section available in Volume III of this study.

The 1970s and 80s were not easy times for municipalities in the province. The prolonged financial recession of the mid-1970s and early 80s reversed out-migration trends, as thousands of Newfoundlanders and Labradorians returned to their communities after becoming unemployed in Alberta and Ontario. The industrialization of the province - the grand modernizing effort of Confederation - failed to materialize. At the same time the successful mechanization of certain industries, particularly logging, eliminated hundreds of full-time and seasonal jobs that had sustained

²⁸ Baker and Pitt, "The Third Tier," 41.

²⁹ *The Municipalities Act*, RSN 1990 c. M-23.

³⁰ *The Municipalities Act*, RSN 1990, s. 128(1).

³¹ *The Municipalities Act*, RSN 1990, s. 112.

³² Baker and Pitt, "The Third Tier," 43.

the populations of small municipalities.³³ By 1986 the province's official unemployment rate was 19.9 percent, with an additional 30,000 people also unemployed but no longer seeking work.³⁴

The inability of tens of thousands of people within municipalities to find work in the province had a profound effect on the province's towns and cities. In this difficult economic environment, municipalities had limited means to increase their tax revenues. Property values did not increase and there was little ability for the thousands of unemployed to pay a property tax based on an increased mill rate. As a result, municipalities became even more dependent on the provincial government.

One of the rationales behind the creation of the 1977 *Municipal Grants Act* was to provide more clarity to provincial transfers to municipalities and to encourage towns to become more financially independent and to share services. The Act not only provided a provincial transfer to municipalities based on the amount of taxes collected, but also a "General Municipal Assistance Grant." This grant was based on three criteria: the road mileage within the jurisdiction of a municipality, the population of the municipality, and "an amount as prescribed by regulation based on the incidence of social assistance in a municipality...to be known as the social assistance supplement."³⁵

The *Municipal Grants Act* did establish small steps to encourage municipal self-reliance. Section 5 required towns to pay back to the province all money expended by the province to provide fire protection. This money was to be paid back from the tax incentive grant provided to municipalities. To promote regional cooperation, a "Regional Incentive Grant" was created. This grant allowed for the transfer of provincial funds to any "Regional Authority" that municipalities formed.³⁶

Compounding the difficulty of becoming more self-reliant was not only stagnant property taxes, but also the fact that most municipalities throughout the 1970s and early 80s saw few new commercial opportunities to tax. The main exception to this trend, however, was the creation of fish plants. With the provincial industrialization experiment abandoned, the provincial government returned to the traditional fishing industry as the main source of employment for the province's residents. The number of fish plants in the province grew from 110 in 1975 to 175 in 1980. These plants provided seasonal work for the residents of many municipalities, while also providing a significant source of business tax revenue for municipal coffers. The increase in the number of fish plants reflected a growth in the number of fishers - from 15,802 in 1975 to 35,271 in 1980 - and fish plant workers - from 10,283 in 1975 to 21,064 in 1980.³⁷

Although the number of fish plants was in sharp decline prior to 1992, the above numbers are indicative of the economic nightmare that Newfoundland and Labrador faced when the cod moratorium was announced that year. Tens of thousands of Newfoundlanders and Labradorians saw even their seasonal income eliminated, while municipalities were left to deal with not only a mass of continuously unemployed residents but also a reduction of tax revenues that occurred when local fish plants closed and were abandoned.

³³ The House Commission, p. 49.

³⁴ The House Commission, p. 18.

³⁵ *The Municipal Grants Act*, RSN, c. M-22, 1990, s. 3(b).

³⁶ *The Municipal Grants Act*, RSN c. M-22, 1990, s.11.

³⁷ The House Commission, 50.

The 1990s and 2000s – Economic and Demographic Change

If the 1970s and 80s were hard on many of the province's municipalities, the 1990s and the first five years of the 2000s were utterly tragic. Many municipalities that were sustained on the cod fishery alone scrambled to find new reasons and means to survive. The blow of the cod moratorium was coupled with significant changes to the *Municipal Grants Act*. A 1991 amendment to this Act saw the elimination of the tax incentive grant, which tied provincial transfer amounts to revenue collected by municipalities, and the *General Municipal Assistance Grant*. Replacing these two grants were “municipal operating grants” (MOGs), which remain in existence today. MOG transfers are based on four factors:

- An equalization component, payable as a percentage of property tax revenues in a municipality where property values are lower than average, and as an amount for each household in a municipality where property tax is not imposed;
- A local revenue incentive component, payable as a percentage of local revenues for each household in the municipality;
- A household component, payable as an amount for each household in the municipality; and
- A road component, comprising the balance of funds remaining from the total municipal operating grant, and payable as an amount for each kilometer of road in the municipality.³⁸

Despite the change in name, MOGs, at the time, still represented a significant provincial investment in municipalities with yearly transfer amounts around \$60 million.

Municipalities were not prepared to deal with the shock of the moratorium and the provincial government was not adequately prepared to assist them. As the 1990s wore on, it was apparent that the outport, rural economy in Newfoundland and Labrador would never be the same. The Atlantic Groundfish Strategy (TAGS) actively sought to reduce the number of fish harvesters and processors by offering retraining programs and paying people not to fish. Efforts were made to diversify the fishery, though there was no way the fishing industry would sustain the same number of people as before the moratorium.

With no alternative long-term economic prospects, a significant fifteen-year exodus began in the province's small and medium sized municipalities. Between 1992 and 2007, Newfoundland and Labrador's population declined by 74,000, or 12 percent.³⁹ The bulk of the people migrating out of the province were from small municipalities, and many of those were the young men and women of the communities. Many people also moved to the St. John's area, fueling the population growth in areas such as Paradise, Conception Bay South and Torbay. Thus, the provincial out-migration numbers do not tell the full story. Significant regional centres, such as Trepassey, where the

³⁸ *An Act to Amend the Municipal Grants Act*, RS 1992, c. 31, s. 3(1).

³⁹ Economics and Statistics Branch, Department of Finance and the Rural Secretariat, Executive Council in cooperation with Memorial University, *Regional Demographic Profiles Newfoundland and Labrador*, (St. John's: Government of Newfoundland and Labrador, 2007), 4. [Hereinafter “**Regional Demographic Profiles**.”]

population declined 44.5 percent in 15 years⁴⁰, shrunk until there was little left of their regional relevance. For most small municipalities, the population decline was between 20 and 35 percent.

Municipalities had few tools in their toolbox to stem the outflow of people. They were not given the ability to pursue economic development matters until 1999,⁴¹ but that was too little and too late. Regardless, even with the capacity to develop their own economic development policies and projects, few municipalities had the capacity or knowledge to make and implement practical and well-thought out plans. With the exception of economic development, the 1999 *Municipalities Act* afforded no new revenue raising opportunities to municipalities, and the Act is essentially a “slimmed down” version of the 1979 Act. Municipalities also received less financial and service support from the provincial government. From the mid-1990s to 2007, MOG transfers declined 60 percent, reaching a low of \$17.5 million.⁴² A similarly drastic reduction was imposed on the provincial civil service, which was reduced by 34.5 percent between 1987 and 1999.⁴³ These reductions undoubtedly affected the capacity of the Department of Municipal Affairs. Certain services provided to municipalities by the province, such as the drafting of municipal plans, were completely cut.⁴⁴

Since 2005 the populations of most municipalities have stabilized, and some municipalities are growing and are showing signs of a strong future. Several regional centres - Clarenville, Gander, Channel-Port Aux Basques, to name a few - now provide support and opportunities for their region. Stabilization, however, should not be considered the same as sustainability. Given the drastic changes that have occurred in many small towns over the past two decades, most municipalities have not had the opportunity to adapt. Part of this adaptation will be a change to the structure and administration of municipalities. Towns in the province are still functioning and are structured in the same way, as they were in the 1980s, when they had sustainable, young populations, and consistent, if not year-round, employment in the fishing or logging industries. Obviously this is no longer the case, nor will it be the case for the foreseeable future. Accordingly, towns now have to do far more with far fewer people and resources if they hope to meet current service and administrative standards.

The Road of Transition

The history of formal and regulated municipal structures in the province is relatively short, covering a period of 60 years for most municipalities, with Windsor, Stephenville, Gander, Argentia, and St.

⁴⁰ *Regional Demographic Profiles*, 39.

⁴¹ *The Municipalities Act*, s. 203.

⁴² Government of Newfoundland and Labrador, Department of Municipal Affairs Web site, “2006-2007 Municipal Affairs Annual Report” under “Publications” and “Annual Reports,” http://www.ma.gov.nl.ca/ma/publications/annual_reports/maannualreport200607.pdf. (accessed January 2010), 11.

⁴³ David Close, “The Newfoundland and Labrador Strategic Social Plan: The Life Cycle of an Innovative Policy,” (Paper prepared for the Midwest Political Science Association 207 Conference, Chicago, IL, April 13, 2007), 20. Available at Community Services Council Web site under “Research and Policy,” “CSC Publications,” “Publications List.” http://www.envision.ca/pdf/cura/CloseMPSA2007_final.pdf. [Hereinafter, “**The Life Cycle of an Innovative Policy**”].

⁴⁴ James P. Feehan, Jeffrey Braun-Jackson, Ronald Penney and Stephen G. Tomblin, “Newfoundland and Labrador” in *Foundations of Governance: Municipal Government in Canada's Provinces*, edited by Andrew Sancton and Robert Young, (Toronto: University of Toronto Press, 2009), 460.

John's being notable exceptions. But focusing on the formal system diminishes the significant efforts of thousands of people over hundreds of years who worked hard to form functioning and stable communities throughout Newfoundland and Labrador. Our province's communities were not havens of lawlessness and disorder prior to confederation and modern municipal legislation. They functioned in their own limited capacity to provide the necessities of life to their residents with change being the inevitable result of the demands of modernity. The political and societal maturity of these communities is displayed by the fact that nearly 300 municipalities were incorporated within the first 25 years of Confederation.

Much like the history of the province, the seminal moment for municipalities was the cod moratorium. The moratorium represented a distinct break from the past and destroyed the *raison d'être* of many municipalities. Many towns have struggled to find a new purpose and a significant number have turned to tourism. While positive strides are being made in this expanding industry, given the seasonal nature of this type of work, it is likely that tourism is simply a way-station until a better, more secure purpose is found.

What stands out about the history of municipal government in Newfoundland and Labrador is the basic lack of control that towns and their residents had over their future. Although able to maintain a representative form of government, most towns have never had any real amount of control over their economic destiny. For decades they were overly dependent on provincial transfers, and the diminishment of these transfers has coincided with the significant weakening of many municipalities. Municipalities had no control over the cod moratorium (they did not set catch quotas) or the policies put in place to manage the upheaval it caused. Nonetheless, municipal government has suffered more than any other level of government for these policies.

Municipalities for too long have been passive actors. Standards are being continually downloaded to towns from the provincial government without an adequate transfer of revenue. Municipalities that have been surviving on budgets focused on traditional expenditures now have to factor in new tasks that are more complicated, and often more expensive to deliver. Change in how municipal government is administered is, consequently, becoming inevitable. Successful change in adapting to these new realities, however, will not come by pursuing the status-quo or dwelling on the past. Municipalities need to find a pathway to autonomy.

Achieving autonomy will require change and compromise. But in order to effectively facilitate these changes municipalities must play a strategic role. This requires municipal leadership, the burying of old grudges, and a shift in how municipalities view, communicate, and share with their neighbours, both locally and abroad. A successful future for the people of Newfoundland and Labrador will require a reconsideration of the municipal structures found in their communities. Change is inevitable; but municipal autonomy and leadership do not have to be lost in transition.

History of Regional Government and Governance in Newfoundland and Labrador

Introduction

The history of regional government in Newfoundland and Labrador has a significantly shorter timeline than the history of local government. This is a consequence of the geographic isolation of many municipalities in the province and not the result of any innate provincial trait of independence and uncooperativeness. The people of Newfoundland and Labrador have the same concerns regarding regional cooperation – loss of identity and control, an added level of government and bureaucracy – as the people of most other places in Canada. The significant difference between regional government in our province and other Canadian provinces is that other provincial governments have pushed the creation or deconstruction of regional government with much more force than Newfoundland and Labrador.

Despite few government efforts to reform municipal entities into regional ones, the provincial government has increasingly shown a willingness to create regional structures and organizations that are separate and not dependent on municipalities. These structures and organizations are mandated to perform services that affect municipalities, yet many of the services they perform are municipal responsibilities. As a result, municipalities currently function in an environment with increasingly limited autonomy and control. The reason why the provincial government prefers to act this way can perhaps best be explained through a brief history of regional governance and government in Newfoundland and Labrador.

Resettlement

Perhaps the most significant reason behind the provincial government's current passive approach towards municipal reorganization is the continued controversy and displeasure with the resettlement program of the 1950s, 60s and 70s. Originally called the Centralization Program, resettlement resulted in the relocation of approximately 250 communities over a twenty-year period. It remains a source of agitation for many people in the province and serves as a reflexive reference during any discussion of municipal reorganization. Without engaging in the merits of resettlement, it, in many ways, represents the first and only attempt by the province to forcefully influence regions through the movement of people to create new regional centres. As the *Royal Commission on Employment and Unemployment* noted, resettlement was pursued with the provincial government belief that small fishing villages could be moved into "regional growth centres and fisheries development would be concentrated upon the more industrialized offshore fishery."⁴⁵

Given its scope, it is unsurprising that resettlement has left an enduring legacy. However, it was impossible to know at the time of the policy that resettlement would be remembered in popular culture as a gross invasion by the provincial and federal government into the social and historical viability of the small, isolated fishing village - there are few documentaries, poems, and folk songs extolling the virtues of resettlement. With this current interpretation of resettlement, being accused of pursuing such a policy is a stigma that is difficult to lose regardless of whether the accusation is based in reality.

⁴⁵ The House Commission, 46.

Municipalities Newfoundland and Labrador

Though it is rarely referred to in this way, the first moves by Newfoundland and Labrador municipalities towards regionalism occurred in 1951 with the creation of the Newfoundland and Labrador Federation of Municipalities, recently renamed Municipalities Newfoundland and Labrador (MNL). MNL's mandate was adequately summarized in the Whalen Commission report as being to "correlate the views of municipalities on matters of common interest, and to present a united front in relations with the provincial government."⁴⁶

MNL assists and champions the collective causes of municipalities, though it also focuses on issues of regional concern. Its internal structure also supports its role as a regional organization with its board composed of geographically regional directors as well as separate directors for small towns and urban municipalities. Though this division has a practical aspect based on access to board members, it also reflects a basic understanding of natural regions in the province: for instance, the concerns and needs of municipalities on the Avalon Peninsula differ significantly from municipalities in Labrador.

Joint Councils

The year after the founding of MNL, municipalities on the Burin Peninsula joined together to form the first joint council in the province. The founders of the Burin Peninsula Joint Council (BPJC) claimed that its formation was the logical consequence of the common problems facing the peninsula's municipalities.⁴⁷ This joint council, like all other joint councils created since in the province, was an informal association of mayors and councillors from member municipalities and had no statutory existence or authority. It possessed no capacity to enforce decisions on its members. The BPJC could not levy taxes, had few administrative functions, and was concerned primarily with creating a common policy on topics that concerned the whole area.⁴⁸ Despite its lack of actual authority, the Whalen Commission hailed the BPJC as "one of the most promising informal steps taken thus far towards the development of regional government on the island."⁴⁹ The BPJC was not without difficulties, however, as over time a high level of cooperation was difficult to maintain. No formal dispute resolution mechanism was established, which allowed joint council disputes to continue and fester. Eventually the weight of these problems became too great and the BPJC has not existed as a functioning group for 15 years.

Most other joint councils in the province have replicated the model employed by the BPJC. There are currently 16 joint councils in the province that function on some level and many of these are less than 10 years old. The recent creation of many of these councils suggests a growing interest and understanding of the need for closer municipal collaboration. Joint councils exist solely through the efforts of municipalities and they are one of the few regional initiatives that operate free from

⁴⁶ The Whalen Commission, 34

⁴⁷ The Whalen Commission, 34.

⁴⁸ The Whalen Commission, 34.

⁴⁹ The Whalen Commission, 34.

provincial intrusion. But with little formal structure or guidelines, joint councils can struggle to be relevant and effective. While it is difficult to judge the success of joint councils in the history of regional governance in the province, some of the points raised here will be explored more fully in Volume 2.

The Whalen Commission

A system of regional government was first formally proposed for the province by the 1974 *Royal Commission on Municipal Government in Newfoundland and Labrador*. This sweeping report focused on many components of the municipal system from taxation to representation, with some important comments on the level of service provided by municipalities. The Commission found that Newfoundland and Labrador had very low levels of service performance and efficiency. According to the Commission “[t]here has been no development of institutional and administrative arrangements at the local and regional levels that would help to improve the division, balancing, and pooling of available but severely limited capital and technical resources.”⁵⁰ As a result of this institutional and administrative deficiency the Commission concluded that small municipal and community councils that function independently are inefficient, wasteful, and operate with friction and mistrust.⁵¹

To address issues of service delivery and municipal and regional planning, the Commission concluded that a system of regional government should be created. Though not engaging in a discussion of specific regional boundaries, the Commission recommended that any regional government structure include the unincorporated communities of that region. This inclusion, the Commission reasoned, would improve unincorporated areas by allowing them to benefit from the pooling of resources, the exchange of views, and the elimination of the duplication of services.⁵²

The Commission proposed the creation of a two-tier system, with a regional government being the umbrella under which smaller municipalities were sheltered. These regional governments were to be strong because, as the Commission noted, “the establishment of weak regional structures would merely compound the many problems noted throughout the report.”⁵³ The Commission went into significant detail to identify the roles and responsibilities of the proposed regional/municipal system of government. The Commission’s proposed regional government system will be discussed further in Volume III, which outlines various models of regional government.

⁵⁰ The Whalen Commission, 394-395.

⁵¹ The Whalen Commission, 495.

⁵² The Whalen Commission, 495.

⁵³ The Whalen Commission, 524.

Regional Councils - The 1979 Municipalities Act

Though refraining from fully implementing the Whalen Commission's recommendations on regionalism, the 1979 *Municipalities Act* did include several sections devoted to the creation of regional councils. The powers granted to the provincial government under this Act to create regions are substantial, though there has been no attempt by the province to act unilaterally to establish regional governments. Under both the 1979 and 1999 *Municipalities Act*, the provincial government is empowered to establish an area in the province as a region, amalgamate regions or annex areas to a region, establish and alter the boundaries of a region, and disestablish a region.⁵⁴

To date, only one regional council – the Fogo Island Regional Council, founded in 1996 – has been established in the province, and it was created solely by local initiative. The role and responsibilities a regional council can assume and the process of creating a regional council will be discussed in greater detail in both Volume 2 and 3.

Regional Development Associations

Regional economic development in the province, particularly in rural areas, began in the mid-1960s through the initiative of local residents who were concerned about the effects of resettlement, a stagnant fishery, and an uncertain future. Out of these concerns emerged Regional Development Associations (RDA), composed of representatives from numerous communities. The first RDA was incorporated on the Great Northern Peninsula in June 1967, and two others emerged soon after on Fogo Island and on the Eastport Peninsula.⁵⁵ As the *Task Force on Community Economic Development in Newfoundland and Labrador* (CED) stated, the first RDAs were “forged as populist, self-help organizations, responding to government economic development policy and offering an alternative vision for rural Newfoundland and Labrador.”⁵⁶ By late 1968, RDAs were requesting government support for technical activities and by 1969 six RDAs were being supported through joint federal-provincial funding. In 1972, the provincial government established a Department of Rural Development to formalize community-government cooperation and the RDA formation process. By 1973, seventeen RDAs had formed according to government criteria, and by 1994 fifty-eight RDAs received Rural Development Agreement funding.⁵⁷

By the early 1990s, however, RDAs found themselves under increased criticism over long term planning. Throughout the 1970s and 1980s, RDAs became the province's preferred funding agent for the creation of short-term employment.⁵⁸ As the House Commission noted, “the Associations

⁵⁴ *The Municipalities Act*, RSN 1990.

⁵⁵ Task Force on Community Economic Development in Newfoundland and Labrador, *Community Matters: The New Regional Economic Development*, (St. John's: Atlantic Canada Opportunities Agency, 1995), 28. [hereinafter *Community Matters*]

⁵⁶ Task Force on Community Economic Development, *Community Matters*, 28.

⁵⁷ Task Force on Community Economic Development, *Community Matters*, 29

⁵⁸ Task Force on Community Economic Development, *Community Matters*, 29.

Development Associations in Newfoundland and Labrador
November 1985



Source. *Building on our Strengths*. Page #367

Lysenko discovered that only 27 RDAs continue to be active in the province, though 45 still operate.⁶⁰ Their survey of the active RDAs indicated that 67 percent did not have an annual operating budget, but that a majority generated some revenue through building-space rentals and project administration fees. This revenue, however, was not significant with the responding RDAs having an average budget of \$29,800 per year.⁶¹

have become so firmly tied into the UI make-work system that they cannot break out of it, even though they would like to.”⁵⁹ The prolonged economic recession of the late 1980s and early 1990s, combined with the cod moratorium of 1992, exposed this funding model as unsustainable and ill-suited for long-term economic growth.

Regional Development Associations were also challenged by other organizations initiating economic development at the local level. In particular, two federally created initiatives, the Community Futures Program in 1986 and the Atlantic Canada Opportunities Agency (ACOA) in 1987, were better funded and better organized than RDAs and were capable of accessing more resources. With these new development organizations and models in existence, the importance of RDAs to local development quickly declined.

The establishment of Regional Economic Development Boards (REDB) in the mid-1990s was the most serious blow to the sustainability of RDAs. Though the reasons are not clear, the expected level of cooperation between RDAs and REDBs never materialized. An unpublished 2003 study by Dr. Kelly Vodden and Ekaterina

⁵⁹ The House Commission, 371.

⁶⁰ FULL CITATION Lysenko and Vodden, “Rural Development Association,” 3.

⁶¹ Lysenko and Vodden, “Rural Development Associations,” Part of a working document for the Rural-Urban Project, 4.

The Community Consolidation Program

The province's most controversial attempt at municipal reorganization since resettlement occurred in the late 1980s with the Community Consolidation Program. This policy of the Wells' government was in essence a push for communities to amalgamate. Amalgamation is perhaps the most controversial form of regional government as it creates an arrangement that is very hard to dissolve. Amalgamation creates a one-tier government that acquires the powers and responsibilities of the amalgamated municipalities, which is then responsible for the entire area once governed by individual municipal units. When Wells' term as premier began in 1989 there were 310 municipalities and 165 LSDs, ranging in population from 15 to 95,000. His government targeted 110 municipalities with the intention of reducing them to 43.⁶²

The Community Consolidation Program was unpopular, as accusations were made that those conducting the feasibility studies were biased towards the government because they were themselves government employees. By the time the program was put on hold in 1992, a hundred and thirty-four municipalities had participated in the feasibility study process.⁶³ In total, thirty-one municipalities were reduced to thirteen, with the majority of the reorganization occurring in the Northeast Avalon.⁶⁴ The push for municipal amalgamations was the last significant attempt by the provincial government to change local government and the boundaries of municipal entities.

Regional Economic Development

The failure of the Community Consolidation Program marked a turning point in how the provincial government dealt with municipal and local issues. The demise of the program, which was quickly followed by the announcement of the cod moratorium, saw the end of the province's efforts to push for structural changes to municipalities. The reason for this shift is unknown. With an increasingly difficult economic environment, particularly in rural Newfoundland and Labrador, the province began to play a more active and assertive role in local development. This role, however, did not require the consent of municipalities. Municipal representation was required, but it was not specified to what extent. The development would also not be initiated at the local level. The province created the structures, ensuring some degree of uniformity across the province. In post-Community Consolidation Program Newfoundland and Labrador, municipal autonomy was not important; the province was going to do what municipalities were too disorganized or weak to pursue on their own.

With the cod moratorium in place, municipalities needed significant assistance in the area of economic development. One economic development project underway at the time, the federally managed and initiated Community Futures Program, provided an alternative and effective method of pursuing development at the local level. As part of the Community Futures Program,

⁶² C. Richard Tindal and Susan Nobes Tindal, *Local Government in Canada*, Fourth Edition (Toronto: McGraw-Hill Ryerson Limited, 1995), 141-142. [hereinafter "**Local Government in Canada**"]

⁶³ Allan O'Brien, *Municipal Consolidation in Canada and its Alternatives*, (Toronto: ICURR Press, 1993), 21. [hereinafter "**Municipal Consolidation**"].

⁶⁴ Tindal and Tindal, *Local Government in Canada*, 141.

Community Futures Committees (CFC) were created. CFCs were appointed by the Federal Minister of Employment and Immigration and were composed of nominated individuals that were usually representatives from RDAs, municipalities, and business and social organizations. The purpose of the CFCs was to implement a range of program options designed to generate economic activity and labour adjustments on a regional level.⁶⁵ One of the options available to CFCs was to appoint a Business Development Centre (BDC) to administer an investment fund, which was managed by a separate BDC board.

These regional institutions with appointed councils were well-funded by the federal government and played a significant role in regional economic development. In Newfoundland and Labrador, 17 CFCs and BDCs were created, the latter of which was established to focus on providing loans to small businesses – approximately 450 loans, averaging \$27,000.00, were made each year.⁶⁶ In *Community Matters*, the report that set out the initial mandate for Regional Economic Development Boards, the CED Task Force commented that “[w]ith such substantial resources and services, CF[C]s and BDCs have been able to hire well-trained, experienced business and economic development staff.” The Task Force also noted that the creation of 17 CFC areas demonstrated “the advantages of large regional bodies leading strategic planning processes in cooperation with local and sub-regional groups.”⁶⁷

By the mid-1990s, regional economic development was continuing along two separate paths – RDAs, funded by the province, worked primary on short term planning and “make-work projects, and CFCs, funded by the federal government, for both short and long term planning. To provide for a more efficient system and to meld the strengths of CFCs and RDAs, the government of Premier Clyde Wells, with the support of MNL and the Newfoundland and Labrador Rural Development Council, established a system of Regional Economic Development Boards (REDB) for 18 regions across the province, though this number was subsequently increased to 20. Funded jointly by the federal and provincial governments, REDBs were mandated to perform the following tasks within their respective zones: develop and implement strategic economic plans, provide support to organizations and communities, and coordinate all social and economic initiatives relating to regional economic development. Each REDB was to have its own Board of Directors, though the election process varied from board to board. All REDBs were to have some municipal representation, though the numbers were not consistent across all boards.

Given the emphasis placed on long-term economic sustainability and the limited capacity of most municipalities, REDBs have played an essential role in setting economic plans and objectives. This position has strengthened over time. The 2005 *Report of the Ministerial Committee on the Process to Renew Regional Economic Development* recommends that one of the core functions of REDBs should be to “develop strong partnerships with municipalities in each zone that incorporates strategies and priorities of municipalities in the economic planning process.”⁶⁸ The recommended increased collaboration between REDBs and municipalities reflected the latter’s new authority under the 1999 *Municipalities Act* to engage in matters of economic development.

⁶⁵ Task Force on Community Economic Development, *Community Matters*, 36.

⁶⁶ Task Force on Community Economic Development, *Community Matters*, 36.

⁶⁷ Task Force on Community Economic Development, *Community Matters*, 37.

⁶⁸ Ministerial Committee on Regional Renewal, *Report of the Ministerial Committee on the Process to Renew Regional Economic Development* (December 2005), 12. [Hereinafter “**The Ministerial Report**.”]

Although REDBs are the primary agency for economic development in most municipalities, they are largely free from municipal control. REDBs provide a necessary service that municipalities cannot conduct on their own, but they are not accountable to the local electorate. This is not a positive step for municipal autonomy as REDBs provide towns with only a partial say over their economic future. Currently, however, this is the only option that most municipalities have. For a more in-depth analysis of REDBs and their relationship and impact on municipalities, please see Volume II.

The Task Force on Municipal Regionalization

The 1996-1997 *Task Force on Municipal Regionalization* was the last attempt by the provincial government to conduct broad municipal consultations on municipal reorganization. The Task Force was launched as a follow-up to a 1996 Department of Municipal Affairs position paper entitled “Reforming Municipal Government in Newfoundland and Labrador: The Time for Regionalization.” Though short on innovative options, the paper did outline the province’s perspective on the principles that should guide any reform of local government structures. These principles included the necessity of delineating service responsibilities between the province and local government; adopting a consistent approach for municipal services in both incorporated and unincorporated areas; enforcing the idea that all residents should contribute to the fullest extent towards the cost of all municipal services; improving the delivery and cost effectiveness of municipal services; and ensuring more coordination between local and any established regional government.⁶⁹

The paper’s lack of innovation was displayed by the Department of Municipal Affairs’ presentation of only two options for regionalization: regional councils or a regional service authority, both of which already existed in legislation. There was no risk in providing these options, despite the fact that neither option had ever been enthusiastically considered by more than one set of municipalities. As a follow-up to presenting these two options, an independent task force was appointed in January 1997 to hold public hearings throughout the province concerning regional councils and regional service authorities. The Task Force also considered alternative options to municipal reorganization.⁷⁰

The Task Force conducted public hearings throughout the first part of 1997, received scores of formal briefs, petitions, and presentations, and delivered its final report in September of that year. The Task Force received significant opposition to the regional council option from both municipalities and residents of unincorporated areas and LSDs. Complaints from municipalities on regional government ranged from the extra costs involved in creating another layer of bureaucracy to the loss of municipal autonomy.⁷¹ The only significant benefit expressed by municipalities was the opportunity regionalism presented to tax households in unincorporated areas. Opposition from unincorporated areas was more pointed. Residents from these areas complained that regional government was simply an attempt to make them pay for municipal debts, or that it was another

⁶⁹ Government of Newfoundland and Labrador, Department of Municipal and Provincial Affairs pamphlet, *Reforming Municipal Government in Newfoundland and Labrador: The Time for Regionalization*, (St. John’s: Office of the Queen’s Printer, 1996). [hereinafter “*Reforming Municipal Government in Newfoundland*.”]

⁷⁰ Task Force on Municipal Regionalization, *Task Force on Municipal Regionalization Final Report*, (St. John’s: Department of Municipal and Provincial Affairs, 1997). The Task Force considered the “status quo,” “amalgamation,” “mass incorporation,” and “regional county service boards” as alternatives to the proposed “regional councils” and “regional service boards.” [hereinafter *Final Report*].

⁷¹ Task Force on Municipal Regionalization, *Final Report*, 7-8, 20, 22, 26-29.

form of resettlement. Unincorporated communities stressed that they were already cost effective with an adequate base of volunteers.⁷²

In the end, the Task Force recommended neither of the options presented in “Reforming Municipal Government in Newfoundland and Labrador: The Time for Regionalization,” and instead proposed a system of Regional County Service Boards adapted from the British Columbia model.⁷³ This model will be discussed later in Volume III. The unusual part of this recommendation is that it is unclear whether the British Columbia model was explained or presented to municipalities during the public consultations. There has been no follow-up to the Task Force’s work, and its recommendations were completely ignored by provincial and municipal governments.

The Strategic Social Plan

In 1998, the Provincial Government, then led by Premier Brian Tobin, released *People, Partners, and Prosperity: A Strategic Social Plan for Newfoundland and Labrador*. The result of several years of consultation, analysis, and planning, the Strategic Social Plan (SSP) provided a framework to shift the focus of remedial social programs by aligning them with community goals and regional economic needs.⁷⁴ By employing three inter-related strategies - building on community and regional strengths, integrating social and economic development, and investing in people - the SSP hoped to move public services from treating individual problems to addressing the underlying causes of these problems. This was to be done by considering the needs of people within the context of their communities and socio-economic environment.⁷⁵

The SSP was an attempt to create a system of regional governance in Newfoundland and Labrador. The SSP was to be implemented by dividing the province into six regions, each with its own Strategic Social Plan Regional Steering Committee (RSC). RSCs were to build partnerships between pre-existing regional boards, such as Health Boards, Community Service Boards, and REDBs, and community partners, such as municipalities and, most importantly, the community based volunteer sector. RSCs were to ensure that public policies, services, and programs were responsive to local conditions, while at the same time remaining consistent with overall provincial policy. These Committees were also to provide a base from which local efforts and leadership could be supported and recognized.⁷⁶

In addition to the RSCs, responsibility for the implementation of the SSP was given to two newly created government organizations. First, the Premier’s Council on Social Development (PCSD) was appointed to advise the Premier and Cabinet on social policy and development. The PCSD also

⁷² Task Force on Municipal Regionalization, *Final Report*, 22.

⁷³ Task Force on Municipal Regionalization, *Final Report*, 66-77.

⁷⁴ Patti Powers, Fran Locke, Larry Felt, and David Close. "And No One Heard: Regional Horizontal Management and Government Silos in the Implementation of the Strategic Social Plan for Newfoundland and Labrador," (St. John’s: CSC, 2006), 5. Available at Community Services Council Web site under “Research and Policy,” “CSC Publications,” “Publications List,” http://www.envision.ca/pdf/cura/And_No_One_Heard_Nov_06.pdf.

⁷⁵ Powers et al. “And No One Heard,” 5.

⁷⁶ Powers et al. “And No One Heard,” 5-6.

conducted research, assessment activities, roundtable discussions, and established eleven ad hoc committees to enhance its analytical capacity. The second organization established was the Strategic Social Plan Office (SSPO), which was headed by an Assistant Deputy Minister. The SSPO was responsible for building and coordinating links among government departments, coordinating the Social Audit, assisting with the development of the Community Accounts system, and coordinating and supporting the work of the RSCs.⁷⁷

The SSP is significant for this study because it continued the trend begun in the early 1990s of bypassing municipalities in the creation of regional structures. Municipalities were never brought in as partners and were not members of the RSCs. Certainly some municipal leaders were involved in RSCs due to their membership on other committees, but no municipalities were explicitly represented. As one academic review of the SSP noted, the heavy provincial government representation on RSCs made “it look as though the government in St. John’s wanted to tap the policy ideas of communities but not necessarily let those communities have much chance to develop those ideas themselves.”⁷⁸ There was no justifiable reason for excluding municipalities from the SSP. Municipal leaders are often the best-informed people in a community and have an intimate understanding of their community’s needs. Like the other regional organizations created outside the municipal system, the SSP highlighted the disconnect that existed between provincial initiatives and municipalities.

Implementation of the SSP was terminated in 2003 with the election of Premier Williams, and the RSC, PCSD, and SSPO were dismantled in early 2004. In its place emerged the Rural Secretariat, which is discussed in the following section. The SSP had a short life span (barely 5 years) and faced many difficulties.⁷⁹ Its most significant and lasting contribution is the assistance it provided to Community Accounts, which continues to provide excellent statistical data on the province’s people, economy, and demographics. At the municipal level, the SSP once again showed the provincial government’s willingness to create administrative regions and redefine how services are provided in a region without including municipalities. In fact, the SSP provided no ideas or answers for improving municipal services. The consistent inclination of the province to not partner with municipalities is perhaps a clear indication that the provincial government does not view municipalities as efficient or effective partners for regional development.

The Rural Secretariat

The Rural Secretariat was established in 2004, fulfilling an election promise by Premier Williams. The mandate of the Rural Secretariat is to work towards an integrated approach for economic, cultural,

⁷⁷ Fran Locke, Patti Powers, Larry Felt, and David Close, “Place-based Governance in Newfoundland and Labrador: A Wicked Concept,” (St. John’s: CSC, 2006), 3-4. Available at Community Services Council Web site under “Research and Policy,” “CSC Publications,” “Publications List,” http://www.envision.ca/pdf/cura/Wicked_Concept_final.pdf.

⁷⁸ Close, David, “The Life Cycle of an Innovative Policy,” 13.

⁷⁹ Please see “And No One Heard,” “Place-based Governance in Newfoundland and Labrador,” “The Life Cycle of an Innovative Policy” and Patti Powers, Fran Locke, and Larry Felt, “Everybody Wanted It: Collaboration Between the Voluntary, Community-based Sector and the Regional Steering Committees of the Strategic Social Plan for Newfoundland and Labrador,” (St. John’s: CSC, 2006). Available at Community Services Council Web site under “Research and Policy,” “CSC Publications,” “Publications List,” http://www.envision.ca/pdf/cura/Everybody_Wanted_It_Nov_06.pdf.

social, and environmental well-being; to act as the focal point of the provincial government in its work with local and regional partners; to ensure regional concerns are addressed at the provincial and federal level; and to carry out research and analysis on issues affecting the regions.⁸⁰

The Rural Secretariat divided the province into 9 “sustainable regions” based on patterns of natural economic, social, and community activity. Each Rural Secretariat region has a regional council composed of councillors that are appointed by the provincial government after an open nomination process.⁸¹ Each region has a regional partnership planner and has developed a “Regional Diversification Strategy” in consultation with the REDBs and other stakeholders.”⁸² Currently, the Rural Secretariat has two particular lines of business. The first involves coordinating the development of partnership that focus on sustainable regional development and provide direct consideration from citizens and stakeholders. The second line of business focuses on the formulation and provision of policy advice and analysts to regions and rural areas. Under this line of business, the Rural Secretariat coordinates research and analysis on regional and rural socio-economic issues, and provides advice and analysis for legislative and policy programs that effect regions.⁸³

The importance and impact of the Rural Secretariat is still unclear given its short history. Nonetheless, it is the largest, and perhaps most important, regional entity created since the establishment of Regional Economic Development Boards. The Rural Secretariat also continues the policy of creating regional bodies that are divorced from, and not dependent on, the participation or cooperation of municipalities. An analysis of the Rural Secretariat in the municipal sector is available in Volume 2.

Regional Service Boards

In 1990 the provincial legislature passed the *Regional Service Boards Act*. Though not proclaimed until 2004, the Act allows the government to create a region and establish a regional service board.⁸⁴ Regional service boards are composed of a provincially-appointed chairperson and representatives from the municipalities in the region. Service boards may be granted responsibility to manage various local services from water supply systems to regional public transportation systems.

There are currently three regional service boards created under the Act – the Central Regional Service Board, the Greater Avalon Regional Service Board, and the Northern Peninsula Regional

⁸⁰ Rural Secretariat Web site, “About the Secretariat,” <http://www.exec.gov.nl.ca/rural/department/index.html> (accessed February 2010).

⁸¹ Rural Secretariat Website, “About the Secretariat,” http://www.exec.gov.nl.ca/rural/regional_councils/index.html (accessed February 2010).

⁸² K. Vodden, “History of Regional Economic Development in Newfoundland and Labrador,” (Unpublished paper), 12.

⁸³ Government of Newfoundland and Labrador, *Activity Plan 2008-2011*, The Rural Secretariat, Executive Council <http://www.exec.gov.nl.ca/rural/publications/Strategic%20Plan%202008-11%20Final%20June%2018.pdf> (Accessed April 20, 2010)

⁸⁴ *Regional Service Boards Act*, R.S.N.L. 1990, c. R-8, section 3(1).

Service Board (NorPen) – that are primarily concerned with waste management,⁸⁵ though NorPen also manages the Straits Volunteer Regional Fire Department.⁸⁶ Although there is significant municipal representation on regional service boards, the boards still represent an intrusion into municipal autonomy.

The *Regional Service Boards Act* was enacted solely to implement the provincial waste management strategy, which created standards that most municipalities could not meet on their own. Waste management is traditionally the responsibility of the municipality, though how it is conducted and managed is now dictated by the province. This is not to say that the provincial waste management strategy is bad - it provided a much-needed plan - but it underscores the inability of municipalities, in their current form, to adapt to new standards. Since many communities cannot meet the new standards on their own, the province is left to lead and municipalities are compelled to follow. Regional waste management boards are a worrisome precedent for municipalities. A full review of regional waste management boards is available in Volume II.

Conclusion

As can be seen from this brief history, regionalism and regional governance is not new to Newfoundland and Labrador. What is interesting, however, is how regionalism has changed. From the 1950s until the end of the 1980s, regionalism was initiated largely through local efforts – the foundation of the Newfoundland and Labrador Federation of Municipalities, the establishment of joint councils and the initial creation of regional development associations were reflective of grass-root interests in broader perspectives regarding the administration of services. However, this has changed since the end of the Community Consolidation Program. Now regional initiatives are provincially driven and operate with limited accountability to the municipal level. Perhaps this is the result of a belief that the province can do it better, but perhaps it is also an assertion by the provincial government that their partnership with municipalities is not an equal one. This second perspective reinforces the fact that municipalities exist at the discretion of the provincial government.

Regardless of which perspective is more accurate, the increased federal and provincial control of regional initiatives highlights the fact that most municipalities, in their current structure, can neither afford nor efficiently coordinate services that are essential for their long-term well-being and sustainability. Provincial and federal regional initiatives have changed how regionalism is conducted in Newfoundland and Labrador. Regional initiatives now require more organization and qualified, well-paid staff. This is something that most towns, on their own, cannot do.

⁸⁵ Government of Newfoundland and Labrador, News Release, “Department of Environment and Conservation, Ministers Congratulate Central Regional Service Board on Official Launch,” February 24, 2009, <http://www.releases.gov.nl.ca/releases/2009/ma/0224n09.htm> (accessed September 10, 2009).

⁸⁶ Government of Newfoundland and Labrador, News Release, Department of Municipal Affairs, “Northern Peninsula Regional Service Authority Granted New Operational Responsibilities,” June 24, 2009, <http://www.releases.gov.nl.ca/releases/2009/ma/0624n07.htm> (accessed September 16, 2009).

Conclusion

It is not hyperbole to state that municipal government in Newfoundland and Labrador is at a cross-roads. For decades municipalities fed off government grants, made few efforts to cooperate with each other, and have declined in stature as government money has decreased. Although this is a brief history of municipal and regional government, the history can only serve as an explanation for how the province's municipal system has developed and declined.

The past does not present us with the best pathway to the future. The only answers that can be found in the past are guides for what not to do from now on. It is time that municipalities took control of their destiny and built a new system to work within. It is time that municipalities value their relationship with their neighbours more than they value their relationship with the provincial government.

If the trajectory that municipalities are currently on, which has been traced in this brief history, continues, it will not be a positive development. Municipalities will continue to decline and their governmental purpose will continue to erode as new government standards force them to abdicate certain service responsibilities. Municipalities will continue to look towards other non-municipally controlled agencies for support and leadership. The provincial government will not force municipalities to change, nor will they bail them out.

Nor should the government bail out municipalities if it means the continuation of the status quo. Municipalities must play a positive and leading role in their own reform. They need to stop blaming the government for “allowing” them to do things that hurt their bottom line and sustainability. If municipalities want to be taken seriously as a level of government, they need to accept responsibility for their actions, accept the need for reform, present viable options to the provincial government, and demand that these options be considered. That is the pathway to creating a new trajectory and a better chapter of municipal history.

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460 Torbay road, St. John's, Newfoundland & Labrador A1A 5J3
Toll Free: 1.800.440.6536 / Tel: 709.753.6820 / Fax: 709.738.0071 / Email: mnl@municipalitiesnl.com

