

CHAPTER 5. FINANCIAL IMPLICATIONS AND IMPLEMENTATION

(A) Financial Implications

It will be apparent that implementation of the recommended changes will have a profound effect upon municipal finance in the region. Indeed, this must necessarily be one of the primary aims of any adequate proposal, for present disparities in financial resources and requirements are at the root of many area problems.

We feel it would be undesirable, and perhaps even irresponsible, however, to attempt to calculate the probable effect of the proposed changes upon tax rates throughout the region. It would be impossible to do this adequately without making assumptions as to the spending programs of the new government, which can in fact only be decided by it.

Nor is it necessary to calculate the relative financial viability of various parts of the region under the proposed government, for the essence of the scheme is equitable pooling of resources to meet all needs.

The question of assets and liabilities must be considered however. For the future, the proposal is clear: all liabilities undertaken by the new regional government will be against the resources of the region, and the corresponding assets added in future will belong to and benefit the region.

With regard to existing assets of the present municipalities within the region, it is recommended that they be transferred to the proposed Regional Government without compensation other than the assumption by that government of all outstanding liabilities of the municipalities. We believe this to be the only course consistent with the principle of shared needs and resources embodied in the proposed system, and are convinced that additional compensation for what in fact is law is already public property, cannot be justified.

Determination of the outer boundary of the region during the implementation period may be expected to require transfer of assets and liabilities between the region and one or possibly more of the adjoining municipalities; Prescott and Russell County will certainly be affected if territory in the Cumberland area is included in the region as recommended. It is possible that special compensation for this kind of transfer may be justified by the need to ensure the continued viability of adjoining municipalities, and it is recommended that this matter be studied during the implementation period, and compensation arranged if required.

Within the region, rural districts should not be required to pay for assets or services which are primarily of benefit to the urban population, and it is recommended that this principle be applied, through the use of urban service areas, to the retirement of existing and future debt assumed by the regional government.

With the proposed pooling of assets, tax resources, grants and credit, and the capability of comprehensive financial planning, the financial capacity (including debenture borrowing capacity) of the proposed government should reach a maximum level; the future demands on municipal government in the National Capital area will undoubtedly heavy however, as indicated in the Report on Research Findings and the Statistical Review recently published by the National Capital Commission. Provincial grants may accordingly be expected to remain a vital part of the region's resources base, and it is recommended that the grants to the new regional government not be reduced but perhaps increased from the total previously paid to the existing municipalities. For instance, we are of the opinion that road grants should be based on at least 50% of cost as applied in the formation of Metropolitan Toronto.

(B) Recommended Implementation Program

The creation of the proposed municipal organization in the Review area requires a carefully planned implementation program. We suggest such a program has five main chronological steps:

1. a policy decision by the Provincial government on the recommendations contained in this report,
2. the appointment of a Boundary Commission and the determination of district and ward boundaries,
3. the enactment of necessary legislation by the Province,
4. the election of councils and the establishment of other parts of the new organization (such as the board of education) for organizational purposes,
5. the enactment of all necessary organizational by-laws, appointment of committees, the hiring of key personnel, etc.

The completion of this program would be at the time determined by the Province when the new government would assume complete operational control.

The first basic step is a matter of provincial government policy but we suggest that an early decision would be highly desirable.

In order to carry out the other steps we recommend that the Province appoint an implementation advisor, who might assist in drafting the required legislation and then act as an adviser to the new government in preparing for the formal start of full operation. We feel that the period of time required for the program may be about a year, apart from the time required to enact legislation and conduct elections, with the determination of boundaries taking about two months, and the organization period between elections and full operation taking about ten months. It may well be necessary to conduct elections at a time other than the traditional time for municipal elections (usually in December) but this should not provide any special difficulties.

We assume that matters of personnel, contractual obligations and similar issues would be important matters for consideration during the organizational period. It is our view, and recommendation, that present personnel be offered employment with the new government with no lesser

salary or other benefits than now accrue, including pension benefits. Obviously each present employee cannot be guaranteed the same job or job-title since many present positions would disappear, while many new ones would be created.

Permanent Review Committee

We wish, at this time, to raise an important issue which would affect the future course of the new government. The people operating most institutions, and political institutions are certainly new exception, have a tendency to become so concerned with operational problems that the ability to critically and continuously examine the adequacy of the structure of the organization is weakened or does not function at all. Furthermore, it is contrary to so-called 'human nature' for those operating an organization to propose changes which would have a negative effect on their current positions or policies.

We feel that if the proposed government is to be even more effective than we are confident it will be, that a permanent review body should be established so that a 'feed-back' function can be created. We do not suggest that such a body should be constituted as a 'watch-dog' operation but rather it be constituted so as to be able to observe, to develop objective criteria for recommending constitutional changes and be given the statutory responsibility for recommending such changes both to the regional government and the Minister of Municipal Affairs. The Committee should be given power to hold public hearings and receive public or private submission from any qualified voter and public or private organization.

Subject to further consideration we suggest that the review body be composed of the head of the Municipal Organization Branch of the Department of Municipal Affairs as chairman, a recognized expert in municipal government on the staff of an Ottawa university, the head and deputy head of the Regional Council and a senior member of the regional government staff (perhaps the head of the administration department).

We do suggest this measure as a substitute for the carrying out of normal political responsibilities but rather as a supplementary device in the interests of healthy local government.