

# Graham Royal Commission

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## The Overview

When we undertook our task, we were determined that we would not take a piecemeal ad hoc approach to it, but that we would ask and attempt to answer the question: what allocation of responsibilities between the province and the municipalities and what structure of provincial and municipal government would we like to see in Nova Scotia if we were making a fresh start? We asked the public and all others with whom we consulted to join us in attempting to answer this question. The response was beyond expectation. It is our clear impression from our numerous contacts with the public that Professor Murray Beck's assessment is an accurate one:

. . . an increasing number of Nova Scotians recognize that the structure, responsibilities, and financing of the local governments are unsuited to present needs, and that more than mere patchwork is required to remedy the deficiencies. This feeling is particularly common among community leaders. It seems clear, then, that rational proposals, presented in a form that is intelligible to the ordinary Nova Scotian--far-reaching though they may be--have a much greater chance of acceptance today than at any previous period in provincial history.\*

From the outset, we emphasized that we would seek solutions related to the particular needs and conditions in Nova Scotia and that while we would obtain all the benefit we could from experience elsewhere, we would not assume that institutions and practices that have been adopted elsewhere are necessarily appropriate for Nova Scotia.

\* J. Murray Beck, *The Evolution of Municipal Government in Nova Scotia 1749-1973*, a study prepared for the Royal Commission on Education, Public Services and Provincial-Municipal Services, (Halifax: 1973), pp. 5-6.

This approach has guided us throughout and has now brought us to the point where we have determined the structure of municipal and provincial government and programmes of public services that we believe will best serve modern Nova Scotia and that will be most conducive to the attainment by Nova Scotians of the best kind of rural and urban life they can hope to achieve.

We find that the present fragmented municipal structure in Nova Scotia, with twenty-four rural municipalities, thirty-eight towns, and three cities; the present allocation of responsibilities for public services between the province and the municipalities; and the present municipal tax structure are singularly unsuited to the nineteen-seventies. This municipal structure was largely developed under quite different conditions in the nineteenth and early twentieth centuries, when conditions of transportation and the requirements for public services necessitated geographically smaller units of municipal government and when much less was demanded of government.

For one thing, the municipalities still have quite considerable financial and administrative responsibility for education, health, social services, housing and the administration of justice, all of which are now commonly regarded as general services that should be provided at uniform levels throughout the province. As well, the municipalities do not now have the administrative and financial capability or adequate geographical jurisdiction for planning and providing the vital local services, the provision of which is the fundamental purpose of municipal government.

We refer to education, health, social services, housing and the administration of justice as general rather than local services for two reasons. They are services the benefits from which extend beyond the local communities in which they are provided and affect the whole province. They should be provided at the same level to citizens throughout the province and not at levels that differ because of differences in the property tax bases of the municipalities or because of differences in the importance attached to them by municipal councils.

Local services are those whose benefits accrue exclusively or primarily to residents of the region or local area in which they are provided. The benefits of local services in any area do not significantly affect residents of other areas or of the remainder of the province, either in the short term or in the long term.

At present, although the responsibility in Nova Scotia for education, health, social services and the administration of justice is divided between the provincial and municipal governments, the municipalities are to a very large degree making mandatory financial contributions to mandatory programmes prescribed by the provincial government. Yet in most municipal units the municipal financial contribution to these four general services is larger than the total municipal expenditure on all local services. In consequence, municipalities find that they can exercise very little effective control over the general services to which they contribute most of their revenues and that they do not have sufficient remaining funds to provide an adequate level of local services. A very large part of the municipal budget, and therefore of the levy on the municipal property tax base, is outside of municipal control. The municipalities are not free to allocate this large part of their property tax revenue in accordance with their own priorities.

With costs of education and other general services rapidly rising over the past decade or so, municipalities and their property taxpayers feel they have had to bear much of the brunt of these rising costs at the expense of needed municipal services.

Partly because the province has required the municipalities to divert a major part of their property tax revenue to education and to the social services, the provincial government has felt compelled to come to the aid of the hard pressed municipalities with a variety of grants for both general and local services. Many of these grants are based, completely illogically and with undesirable consequences, on the provincial share of the cost of education derived from the foundation programme formula.

In summary:

The municipalities are charged with paying for and helping to administer programmes that ought to be the responsibility of the province and over which they have very little control, -either with respect to programme or with respect to their financial contribution.

The municipalities do not have sufficient geographic jurisdiction or the administrative or financial capability for effectively planning and providing the vital local services, that is streets, sidewalks, street lighting, street cleaning, snow removal, sewerage, water supply, police and fire protection, garbage collection and disposal, transit, safety inspection, and recreational and cultural services.

The municipalities do not have revenue sources commensurate with their responsibilities and are not free to use their property tax base in accordance with priorities established by them.

In the area of planning, which is crucial to good government--for government is, after all, essentially the planning and provision of public services--the municipalities do not have adequate geographical jurisdiction and most of them do not have the required administrative capability. Physical, social and financial planning, to be effective, must be conducted by the same governmental unit that is responsible for implementation of the planning.

After a careful examination of all alternatives, we are of the firm opinion that nothing less will suffice than fundamental changes in the allocation of responsibilities between the provincial government and the municipalities and in the boundaries, as well as the administrative and financial structure, of the province's municipalities. Further, after conducting the thorough investigation and analysis of education that we were directed to make, we have concluded that substantial changes in educational structure and finance must be accompanied by equally or even more substantial changes in the way this service is provided if Nova Scotians are to have the kind of education that is suited to their needs.

Our report provides the detailed analysis that led us to these conclusions and to our recommended solutions.

## General Conclusions

In very broad outline, we recommend the following:

The provincial government should assume full responsibility for the planning and provision of the general services, namely education, health, the social services, housing and the administration of justice. [t should provide them at uniform levels, and finance them out of its total revenues, including taxes on non-residential real property, which, like other provincial taxes, would be levied at uniform rates throughout Nova Scotia.

Eleven strong one-tier municipalities, called counties, would be responsible for the planning and provision of local services. Each county council should have jurisdiction over a relatively large regional area. Three of the new counties, Halifax, Cape Breton and Pictou, contain concentrated urban populations in their central cores and should be designated as metropolitan counties.

The county councils should have financial resources commensurate with their responsibilities. Their main source of revenue should be the taxation of residential real property, a tax base which would be exclusively theirs, supplemented by mainly unconditional grants from the province.

The county structure that we recommend concentrates in one county government within each regional area the responsibilities for planning and for the implementation of planning decisions through the provision of municipal services and the enforcement of planning controls. It eliminates the once valid but no longer appropriate distinction between urban and rural governments. It permits the common interests of urban and rural citizens in a regional community to be taken fully into account. At the same time it provides the necessary flexibility for municipal services to be provided in accordance with the needs and desires of citizens in different areas, urban and rural, within each county, and for citizens in those areas to be taxed in accordance with the levels of services they receive.

In the non-metropolitan counties and in Louisbourg in Cape Breton the existing towns would continue, with elected councils, and in all eleven counties villages could be incorporated with elected councils. While the county council alone would have the responsibility for planning and providing municipal services, the town and village councils would have the duty of keeping the town and village interests and concerns before the county council and would have the right to negotiate with the county council to provide certain local services for the county under contract and to provide or supplement a small number of specified services.

In all eleven counties, citizens in any part of an urban or rural area should have the right to establish a community association as an organized means of communicating the views and concerns of the local community or neighbourhood to the county council.

The provincial government should decentralize the administration of education, (including regional libraries), health, the social services and housing under regional boards in the same eleven regions coinciding with the areas that we propose for county government. Those closely related provincial services could then be coordinated with one another and with the county services so that they would be administered in harmony with one another, in a manner responsive to regional and local circumstances and interests.

In acceptance of the widespread view that considerable local influence over the educational programme is both desirable and compatible with provincial responsibility for education, we recommend that in each school section, consisting of one or more schools, a partly elected and partly appointed school council be established. Every school council should have considerable autonomy and responsibility for developing and implementing the school programme in its school section, consistently with the overall goals and objectives established by the province. The broader county interest would be maintained by the regional board of education, at least half of whose members would be directly elected.

A further recommendation that we consider fundamental is the establishment of the Nova Scotia School Commission, a permanent semi-independent body that would have the responsibilities of ensuring that the school system meets the provincially established goals and objectives and is fully accountable to the public, and of providing a continuous evaluation of the performance and effectiveness of the schools.

The boundaries of each county have been chosen with great care after exhaustive study. We emphasize that it would be a serious error to increase the number of counties beyond the eleven we recommend. Nova Scotia, as a low-income province, cannot afford an ineffective or uneconomical governmental structure. Were there a greater number of counties--even one more--not only would the county governments be reduced in capability, but the cost of public services would be increased unnecessarily and unconscionably. The increased cost of services would include not only the costs of additional county councils, staff, and facilities, but also the costs of the additional regional administrations, boards and facilities for the provincial services--education, health, social services and housing. These additional direct costs would be considerable, but even greater--far greater--would be the costs that would ensue from the much reduced effectiveness and efficiency of municipal government.

## **Digest of Some Specific Recommendations**

The following list is indicative of our recommendations in somewhat more detail. It is, however, far from exhaustive and does not contain all of the main elements of our report. In particular, it provides none of the details of our educational recommendations. A more complete overview of these extensive recommendations is found in Chapter I.39 of this Summary.

## **Municipal Services: (1-2)**

1. The general services, which should, as far as possible, be provided uniformly throughout the province with uniform tax burdens, should be provided and financed entirely by the province. So also should certain support services. These general and support services at present are either provided jointly by the provincial and municipal governments or provided by municipal governments alone.

The general services are:

- (a) Education, including libraries;
- (b) Health;
- (c) Social services and housing;
- (d) Administration of justice;
- (e) Certain transportation services.

The support services are:

- (a) Capital borrowing for municipal purposes;
- (b) Assessment;
- (c) Provincial and municipal property tax billing and collection;
- (d) Municipal local improvement charge billing and collection;
- (e) Municipal user charge billing and collection;
- (f) Municipal pensions administration.

2. The local services, the benefits from which are generally confined to local residents, should remain the responsibility of the municipalities, which would finance them largely from their own resources with some Provincial assistance.

These local services are:

- (a) General government;
- (b) Police protection;
- (c) Fire protection;
- (d) Other protection;
- (e) Certain transportation services;
- (f) Other public works;
- (g) Water supply and sanitary sewerage;
- (h) Garbage and waste collection and disposal;
- (i) Other pollution control;
- (j) Recreational and cultural services;
- (k) Beautification;
- (l) Business, port and tourist promotion;
- (m) Physical planning, including zoning and subdivision regulations.

### **Municipal Boundaries and Structure: (3-11)**

3. Nova Scotia should be divided into eleven strong new municipalities, called counties, each covering both urban and rural areas and having the administrative capability and financial resources commensurate with their responsibilities.
4. Three of the eleven counties, which have large urban cores, would be called metropolitan counties, namely the new counties of Cape Breton, Halifax, and Pictou.
5. The council of each of the eleven counties would have the full power and duty to plan and provide a comprehensive range of services throughout its area. All counties would be large enough in area and population and their county governments should be strong enough in resources and capability to be able to perform their tasks well. Moreover, we make recommendations respecting improvements in the training of municipal employees, particularly senior administrators.
6. Each county council would have jurisdiction over a region that is appropriate for physical, social and financial planning and would have the power to implement its plans.
7. In the eight non-metropolitan counties and in Louisbourg in Cape Breton County, citizens of the twenty-eight existing towns would continue to have elected town councils.
8. In all counties, wherever citizens wanted them and minimum conditions of area, population and sense of community were met, villages would be incorporated, with elected councils.
9. The new town and village councils would have purposes and functions different from those of the present town councils and village commissions. They would have the duty of representing local opinion with respect to the planning and the provision of services by the county. They would have the right to negotiate with the county council to provide certain services in their areas under a contractual arrangement with the county and also to supplement, at town or village expense, certain services concerned with recreation, culture and local beautification.
10. The three metropolitan county councils would be responsible for planning and providing all municipal services to their citizens, both in their central urban cores--to be designated as cities--and in the more rural areas. There would be no need for separate city or town councils in the urban cores.
11. So that citizens in neighbourhoods and communities in urban and rural areas can have adequate means of communicating their views to the county council, we

recommend that citizens should have the right to establish community associations for this purpose and that they should be assisted in doing so. Where there are towns and villages this function would normally be performed by the town or village council, although citizens in some of the larger towns could also choose to establish community associations.

## **Health, Education and Social Services: (12-20)**

12. The provincial administration of education, of health and of social services and housing should be decentralized into eleven regions coinciding with the eleven counties, each service operating under a regional board of local citizens. The purposes of this decentralization would be

(a) to relate the provision of these services to the regional and more local needs,

(b) to facilitate coordination among these closely related services, and

(c) to coordinate and harmonize the provision of these services with the planning and provision of municipal services by the county council for the same area.

13. The Minister of Social Services should also be the minister responsible for the Nova Scotia Housing Commission. He should have authority to delegate social service and housing responsibilities, other than social assistance payments, to any of the three metropolitan counties, in which case the cost should be borne by the provincial government, and there might then be no need for a regional board of social services and housing.

14. The regional board of education should be partly elected and partly appointed, while most members of the regional health boards and regional boards of social services and housing should be appointed by the Governor in Council after soliciting suggestions from interested groups and individuals in the regions.

15. In each county the county council would appoint two members to each of the three regional boards.

16. To facilitate coordination in the planning and provision of these interdependent general services (education, health, social services and housing) and of municipal services and to facilitate communication among the bodies responsible for providing these services, a regional committee on social and community services should be established in each region consisting of representatives of the three boards and of the county council. The resident regional representative of the Department of Municipal Affairs (see item 62) should be the secretary of this committee. Where a metropolitan county council is providing social services and housing services under delegation from the provincial government, there might be only regional boards of education and health.

17. Each regional board of education should establish school sections for each school or grouping of schools. Each school section would have a partly elected and partly appointed school council. The school council, together with the

professional staff, would be responsible for developing and implementing the school programme in that section in accordance with the educational goals and objectives established by the legislature and interpreted by the Department of Education.

18. A broadly representative, semi-independent Nova Scotia School Commission should be established with the responsibility of ensuring that the school system meets the province's educational goals and objectives and is fully accountable to the public. The Commission would provide a continuous evaluation of the performance and effectiveness of the schools and advise the Minister of Education of any changes it thinks should be made.

19. The province's universities should be made more accountable to the public, while maintaining the principle of academic freedom, and should engage in more effective and orderly planning and coordination. The bulk of the instruction costs should be borne by the principal beneficiaries, the students. There should be ample provision of financial assistance to students, principally in the form of loans, so that university education is readily available, without regard to economic status, to all who have the necessary capacity and interest.

We emphasize the importance of the maintenance of high standards by the province's universities, so that they will not be diverted from their essential functions of providing an opportunity for higher intellectual study, for the advancement of knowledge and the attainment of self knowledge, and for the preparation of people for the intellectually demanding professions. To do otherwise would jeopardize their discharge of these responsibilities and result in the wasteful expenditure *of* resources.

At the same time the universities must be strongly supported and assured of adequate financing to perform their central academic functions. They should not have to depend on attracting large numbers of students without having regard to whether these students are capable of or interested in higher intellectual study. If the senior (secondary) schools do an effective job with general education and if programmes of continuing education at other than university levels are readily available outside of the universities, there will be no need for the universities to provide programmes that are not of university level. The universities have an important function in continuing education, but only at levels appropriate to a university.

20. The Nova Scotia Council of Health should have the responsibility of monitoring and evaluating health programmes and practices throughout the province for their effectiveness and economy.

**Transportation: (21)**

21. The present proliferation of departments and agencies having an interest in various aspects of transportation and the confusing, inequitable and inconsistent arrangements that allocate responsibilities for streets and roads between the provincial government and the various types of municipal unit, as well as the present fragmentation of municipal governments, which makes effective planning for local transportation impossible, all call for major changes. To provide a greater degree of integration of provincial responsibilities for transportation, we recommend the formation of a provincial Department of Transportation. The new counties would be appropriate regions for local transportation planning including the provision of public transportation facilities. We propose a basis for allocating responsibility for streets and roads between the provincial government and the new counties and for the financing of transportation services and transportation-related services in the urban areas of the province.

### **Municipal Councils: (22-27)**

22. We recommend that each county should have twelve councillors elected from twelve electoral districts in order that the county council will both be adequately representative and be of a size to permit it to be an effective deliberative and decision-making body.

23. County councils should serve for a three year term, the whole council should be elected at the same time, and the mayor should be elected by the councillors from among their number.

24. Every county council should have no more than three standing committees: an executive and planning committee, a works and development committee, and a community services committee.

25. Town councils should each have six members, all of whom should be elected at large, at the same time, for three year terms, and the mayor should be elected by the councillors from among their number.

26. Village councils should have three members all elected at large, at the same time, for three year terms, and the chairman should be elected by the councillors from among their number.

27. The financial year of the county, town and village councils should be from April 1 of each year to March 31 of the following year, the same as the financial year of the provincial government.

## **Municipal Planning: (28)**

28. Planning and annual review of the plans should have a central place in the new municipal structure. The planners would be the county councillors themselves, who should make the planning decisions with strong staff support in the areas of physical planning, social planning and financial planning, coordinated by the county's chief administrator. The planning staff would work in close relation to the council's Executive and Planning Committee. Planning decisions should be made by council after providing a proper opportunity for consultation with the citizens concerned, principally through town and village councils and community associations. The integration of planning and budgeting would be inherent in the planning process. We provide in our recommendations for close coordination of the indicative land-use planning and economic policies of the provincial government, and also of the regional planning or education, health, social services and housing, with the physical and social planning of the county councils.

## **Property Tax: (29-40)**

29. Personal property taxes, business occupancy taxes, residential occupancy taxes and the deed transfer tax should be abolished.

30. The province should exercise sole jurisdiction over the taxation of real property other than residential real property, and would have to utilize this tax base to enable it to assume financial responsibility for the general services. We recommend that it levy a tax at the rate of 2 per cent on the property tax base of farm and forestry real property, as well as real property used as a base for commercial fishing, and at the rate of 4 per cent on the property tax base of other non-residential real property, principally commercial and industrial property. We recommend that farm property be assessed on its value in use as a farm as long as it is in fact so being used, and we recommend a more equitable method of assessing property for which forestry is the most valuable use.

31. The municipalities should be given exclusive jurisdiction over the residential real property tax to finance municipal services.

32. To ensure that all property is assessed accurately and uniformly, and therefore equitably, across the province we recommend that the province assume full responsibility for the assessment of all real property throughout the province and that it establish a Provincial Assessment Services whose director would have the status of deputy minister and would be responsible to the Minister of Municipal Affairs.

33. In the interest of efficiency and economy and so that both provincial and municipal property taxes and municipal local improvement charges can be collected on the same bill, the provincial government, through the Provincial Tax Commission, should be responsible for the collection of all municipal and provincial property taxes and local improvement charges, and, on separate billing, water and sewer user charges. A central computer operation should be used, closely allied to the computerized preparation of assessment notices. Provision should be made for the option of payment of property taxes in instalments or in a lump sum.

34. The municipalities would retain their essential legislative power of determining their property tax rates on residential real property, and the rates for local improvement charges and user charges.

35. The Department of Finance would make monthly payment to the municipalities in respect of their tax levies, local improvement charges and user charges. This would minimize the need for municipalities to borrow temporarily pending the receipt of taxes.

36. The provincial government would assume responsibility for arrears of residential property taxes and local improvement charges levied after the Appointed Day, that is, the day for the formal establishment of the new municipal structure we recommend. The municipalities would thereby be relieved of the risk of collection losses and consequently of the need to provide reserves for uncollectible taxes.

37. In general, provincial and municipal taxes and charges would be used in such a way as to correspond with the benefits from public services, according to whether these benefits are general or local or accrue directly to individuals

38. The province would impose its non-residential real property taxes, as it does all of its other taxes, at uniform rates throughout the province, to finance the general services, which should, as far as circumstances permit, be provided at uniform levels throughout the province.

39. The municipalities would accordingly levy the following taxes and charges:

Taxes imposed by the counties:

(a) a county-wide tax rate on residential real property for county-wide services;

(b) area tax rates on residential real property for services provided by the county of benefit to an area within the county, such as a city, town or village;

(c) local improvement charges based upon frontage for capital facilities of primary benefit to particular property owners, such as local access roads, sidewalks, curbs, gutters, storm sewers and sanitary sewer and water main laterals; and

(d) user charges for most of the municipal share of water and sanitary sewerage capital and operating costs, other than for laterals, on residential, industrial, commercial and institutional users. These are services of direct traceable benefit to users and ought to be paid for in relation to consumption in much the same way that prices are paid for the services of other public utilities such as those of electricity and telephone companies.

Taxes imposed by towns and villages: Town or village tax rates on residential real property for the services, if any, provided by a town or village council on its own account.

40. No properties would be exempt from the payment of local improvement and user charges where these services are municipally provided.

### **Grants to Municipalities: (41-48)**

41. The provincial government should pay each county a Provincial Service Grant equal to one-quarter of one per cent of the assessed value of all non-residential real property in the towns and city service areas of the county, except municipal property and certain property of churches and charitable organizations and cemeteries, but including public and private schools, universities, hospitals} and other provincially-owned property. These revenues would be used to help pay for urban-type services in towns and city service areas of the counties.

42. In view of its unique urban problems, the provincial government should pay the Metropolitan County of Halifax a special grant of one-quarter of one per cent of the assessed value of the non-residential properties described above.

43. A share of the provincial tax on gasoline and diesel fuel equal to two cents per gallon should be divided among the counties, according to vehicle registration in their urban areas, to defray part of the costs of vehicular transportation-related facilities, including streets, police and Public transit in the urban areas.

44. The province should pay to the municipalities full grants in lieu of taxes on provincially-owned residential real property.

45. The province should urge the federal government to pay grants in lieu of taxes equal to the full taxes payable at the rate to which the property would be subject if it were not owned by the federal government. These grants would be paid to the provincial government or to the municipal government that would tax the property if it were not owned by the federal government.

46. All provincial grants now paid to municipalities should be eliminated. Some new grants are provided for, taking into account the new allocation of responsibilities and other elements in the new revenue structure.

47. The province should pay unconditional equalization grants to counties to compensate for differences in fiscal capacity among the counties and among town and city service areas, provided that the Metropolitan County of Halifax should not receive an equalization grant and should not be included in the calculation of equalization grants respecting other counties, towns, and cities.

48. The general effect of our recommendations will be to ease the burden of property taxation, but there might be one or two instances where it

would be necessary for the province to pay special transitional grants with respect to area services provided in towns.

### **Property Tax Exemptions: (49-54)**

49. With the exceptions described in items 50 to 54, property tax exemptions should be eliminated. No further property tax concessions should be given on commercial and industrial property. Existing concessions should be phased out.

50. Municipal property should be exempt from provincial and municipal taxation, and provincial property should be exempt from provincial taxation.

51. We propose that places of worship, church halls, cemeteries, and the property of certain charitable organizations to the extent that it is directly and solely devoted to the purposes of those charities, be exempt from property taxation. The value of the tax exemption for each property should be recorded in the accounts of the municipality as a subsidy so that the council and the public will be clearly aware of it. Like all other property, these properties would be subject to local improvement and user charges.

52. The property of all educational institutions used for educational purposes and of hospitals should be exempt from property taxation. Their residences should be subject to full municipal property taxation or grants in lieu of taxation equal to the taxes otherwise payable. Property of educational institutions used for non-educational purposes should be fully taxable.

53. The partial exemption presently granted widows, deserted wives, spinsters and orphans of limited means should be eliminated and replaced by a general programme to make the residential property tax more progressive. We recommend a form of homestead exemption under which every taxpayer would receive an assessment exemption equal to a proportion of the average assessed value per dwelling in the city, town or rural area in the county in which he lives. The proportion would be higher for larger families with greater housing needs. Landlords would be required to provide the information needed by the provincial government to enable it to pay the value of the exemption to tenants.

54. To assist elderly persons living in their own homes to continue to live in their homes, we recommend that any person over the age of 65 with less than a specified, quite generous, income should have the option of selling his home to the province in return for an annuity, to be adjusted with the cost of living. He and his spouse should have the right to live in their home at a low rental until they die or choose to leave their home. The province would pay the municipal property taxes. The programme would cost the province very little, perhaps nothing, since the province would likely eventually sell the property at a higher value.

### **Provincial-Federal Funding: (55-56)**

55. According to our present estimates, our recommendations for changes in the allocation of responsibilities and for changes in municipal structure can be implemented without substantial increases in provincial taxation if the additional federal equalization payments to be received with respect to the educational element in property taxation are applied to this purpose. We make some allowance for phasing in the substantial increases in costs required to raise the level of certain provincial and municipal services. We estimate that relatively small, but still significant, amounts of money could be raised from a lottery, from eliminating the present commission allowed racing associations for the collection of the parimutuel betting tax, and from an increase in the provincial corporation income tax rate from 10 per cent to 11 per cent. There are quite substantial savings to be obtained from improvements in the province's purchasing practices and from improvements we recommend with respect to municipal financial management.

56. There is strong justification for pressing the federal government to extend the basis of equalization payments to include all provincial and municipal revenue sources and to relate the payments to the level of the two or three highest provinces rather than to the national average.

### **Municipal Financial Management: (57-59)**

57. The provincial government should establish a new Municipal Loan Fund to meet the borrowing requirements of municipalities, in order to minimize the interest rates paid by municipalities and to achieve more economical management of municipal debt.

58. We make a number of recommendations to improve the standards of, and effect economies in, municipal financial management. The chief administrator, who we recommend should be appointed by each county council as the county's chief executive officer, would have the overall responsibility for the administration of the county government. He would have important responsibilities with respect to financial management and control.

59. The supply function should be reorganized to obtain substantial economies at both the provincial and municipal levels by adopting more business-like rules and procedures in the areas of purchasing, technical services, equipment maintenance, printing and publishing, and real estate management.

## **Provincial Government Structure: (60-62)**

60. One of the government's first acts in implementing this report would have to be the establishment of a Nova Scotia Municipal Board. This Board would have both transitional and continuing functions relating to the precise definition of the boundaries that we propose for the new counties, and to the boundaries of the towns and villages, the twelve electoral districts in each county, and the city service areas of the three metropolitan counties. The Board would also have responsibilities respecting the establishment or dissolution of towns and villages and the determination of the salaries of the mayors and other members of counts and town councils.

61. We recommend a well defined, quite simple structure of cabinet committees. This would facilitate the work of the provincial government in determining its priorities and objectives, in coordinating the activities of its departments and agencies, and in marshalling its resources to achieve these objectives as fully as possible. It would also help to ensure the sound development and effective functioning of the new municipal structure in so far as they depend upon or are affected by the policies and programmes of provincial departments and agencies.

62. The Department of Municipal Affairs should be a major department with altered but enhanced responsibilities. It would have particularly heavy responsibilities in implementing many of our recommendations. It would have heavy continuing responsibilities particularly in the crucial area of communication between the municipalities and the provincial government, and in the provision of advice and technical support to the municipalities. In order to discharge the responsibilities that we propose for it, the staff of the Department of Municipal Affairs would have to be considerably expanded in numbers and expertise. We propose that the Department have a representative in each of the eleven counties to advise the municipalities on the programmes and policies of the provincial government and to facilitate communication between the provincial government and the municipalities. Each departmental representative should serve as a secretary of the regional committee on social and community services.

### **Implementation and Timing: (63-64)**

63. Throughout we have been mindful of the necessity for adequate controls to ensure that programmes and therefore expenditures are not open-ended, that a proper balance is struck between public and private expenditure, and that citizens obtain the greatest possible benefit from the taxes they pay to, and other revenues spent by, the provincial and municipal governments.

We have provided for these controls in our recommendations in the following ways:

- (a) through clear delineation of the responsibility for each public service and through full governmental accountability to citizens for the services provided;
- (b) through a governmental structure in which priorities, objectives and programmes are rationally and systematically determined;
- (c) through the integration of planning and budgeting at the county level and programme budgeting at the provincial level, on a regional basis wherever possible;
- (d) through unifying the responsibility for planning and the provision of any given service at the same level of government;
- (e) through a continuous evaluation of programmes in relation to objectives.

64. We have explained in considerable detail not only what, in our opinion, should be done and why it should be done, but how it should be done, in order to demonstrate the feasibility of our recommendations. We have explained how the very major changes we recommend can be implemented, have specified the transitional arrangements that will be required, and have provided what we consider to be a reasonable timetable. This timetable is related throughout to what we have called the Appointed Day, which is the day the new municipal structure that we recommend would formally replace the old structure and the day by which the provincial government would assume complete responsibility for all of the general services. The day we propose for the Appointed Day is April 1, 1976. To meet this timetable, the process of implementation would have to be started in the fall of 1974. Certain preliminary steps that would expedite implementation and that would not require complex legislation could, with advantage, be taken in the spring and summer of 1974.

We are well aware of the magnitude of the task of implementing our report but have no doubt as to the desirability or the feasibility of successfully achieving its implementation.



# Graham Commission Proposed Municipalities

