

## **Local Government in Newfoundland and Labrador before 1982**

**by**

**Melvin Baker**

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From the establishment of Representative Government in Newfoundland, in 1832, to 1890 local affairs outside St. John's were managed by Government-appointed District "Road Boards," the boundaries of which coincided with the Island's electoral districts. For the most part, the members of these Boards were responsible for the expenditure of annual grants from the Legislature for the maintenance of roads and bridges and were subject to removal at the pleasure of the Governor-in-Council. The selection of these board members was often influenced by the district member of the House of Assembly who also acted as the liaison between his constituents and the Legislature. In 1890 a Local Affairs Act was passed which allowed the residents of the various electoral districts to elect their own district Boards with responsibility for the provision and maintenance of roads, bridges, lighting and sanitation. By 1890 several elected boards whose boundaries coincided with the Island's electoral boundaries had been established. However, the necessary operating funds for the new boards were still provided through annual grants from the Legislature. By the 1920s these boards had fallen into disuse. In 1933 this act was replaced by a new one empowering the Governor-in-Council by proclamation to incorporate any outport and to appoint the members of the first Council, the appointees remaining in office for two years. They, then, would be replaced by an elected body. The Act gave the Council authority to impose such taxes as a real property tax, poll-tax and business tax. The Act was strongly opposed, however, by residents because of the property tax provision and was never carried out.

In its investigations of Newfoundland's economic and political situation in 1933 the Amulree Commission regarded the absence of any systematic elective local government outside St. John's as being a great retarding factor in the development of a public spirit and a sense of civic responsibility. The reliance outport residents had placed in the central government administered from St. John's and its consequent system of political patronage and corruption, the Commission believed, had led to general public disillusionment by 1933 in Newfoundland democratic institutions in general. Accordingly, the Commission felt the establishment of municipal governments in the larger outports would do much "to instill a sense of responsibility in residents who were called upon to pay for the expenses of such governments."

Following the establishment of the Commission of Government in February 1934, efforts were eventually undertaken to foster the growth of outport local government. In 1937 the Government passed the Local Administration Act which gave the Governor-in-Council the authority to organize any municipality, but gave the proposed new Council just one source of

taxation, the real property tax. The continued unpopularity of this tax resulted in no outport actually taking advantage of the Act. Consequently, in 1942 the Commission of Government adopted a new approach whereby it would pass a special act for each outport wishing to be incorporated. This time the Commission decided to allow each incorporated community to decide what form of taxation it desired. In 1941 the Commission had decided to offer financial incentives and grants to each municipality that would enable each of them to provide services where the local revenue was limited.

In 1942 Windsor became the first community outside St. John's to be formally incorporated by legislation with its own elected council. From 1938 Windsor, a suburb which had haphazardly grown up outside the planned pulp and paper community of Grand Falls, had been administered by a seven-member Board of Management elected by the town's residents in order to provide some system of planning and sanitation services. Later, in 1942, legislation was also passed incorporating Corner Brook West, another company town suburb, while in 1943 Grand Bank was incorporated. The Grand Bank incorporation was met the following year by strong resident opposition to the measure when several citizens were arrested and put on trial in July for tax delinquency. Emotions ran so high that about fifty policemen were brought from St. John's to maintain law and order. This action had the desired effect; peace was maintained and the citizens convicted and forced to pay their fines.

The problem the Commission of Government faced in convincing outport residents of the benefits of local government prompted it in 1944 to undertake an extensive educational program by radio, press and public meetings. This work was carried out by the appointment in that same year of a Director of Local Government Affairs and the organization of a Local Government Division in the Department of Public Health and Welfare. This approach was successful, for in 1945 the following outports received legislative acts of incorporation: Harbour Grace, St. Anthony, Wesleyville and Channel-Port aux Basques. In addition, the areas including and near Placentia and Springdale-South Brook were incorporated as rural districts. The pace of incorporation continued in 1946 with Belleoram, Lewisporte, Fortune and the rural district of Badger's Quay-Valleyfield-Pool's Island joining the above group of municipalities. The following year Curling received its act of incorporation while in 1948 Fogo, Carbonear, Corner Brook East and Englee entered the ranks.

After Newfoundland entered the Canadian Confederation in 1949, the Liberal Administration of Joseph R. Smallwood passed a new Local Government Act, which once more restored to the Government by order of the Lieutenant-Governor in Council authority to incorporate communities. The tardy method of incorporating each outport by a special act had prompted the Government, which was receiving an increasing number of demands to create new municipalities, to eliminate this time-consuming approach. Under the 1949 legislation, the jurisdiction of which did not include the city of St. John's, all the communities which had been incorporated by special acts were covered by the new act and it imposed on all municipalities the same duties and uniform powers. Although each municipality was still permitted to choose its own forms of taxation, the Government continued to retain strict financial and administrative

controls over its affairs. Hence, Government had to approve a municipality's annual budget of revenue and expenditure, the imposition and rate of taxes, the appointment and remuneration of staff, and the borrowing of money. Finally, the 1949 act created a new municipal unit called the local improvement district for those outports not large enough to be towns. When an outport's population reached 750, it could then be classified as a town if a majority of the population petitioned for this right, and could have the authority possessed by a town council. In 1952 an additional form of local government was created for communities with a population of less than 500 residents, the community council. The powers of the elected community council in comparison with a town council were very limited and included only the provision of such basic services as water, sewerage and lighting.

Strides in the growth of municipalities continued during the 1950s and the 1960s. In 1951 the Newfoundland Federation of Municipalities was formed to "correlate the views of municipalities on matters of common interest, and to present a united front in relations with the provincial government" (*Royal Commission on Municipal Government in Newfoundland and Labrador*: 1974, p. 34). The following year the Provincial Government established a Department of Municipal Affairs and Supply in response to the growing demands of the municipalities. In 1952 the Joint Town and Community Council of the Burin Peninsula was formed strictly to discuss problems associated with that region of the Province. At the same time the pace of incorporation kept increasing, highlighted in 1955 by the formation of Newfoundland's second city, Corner Brook, which developed out of the amalgamation of the communities of Corner Brook East, Corner Brook West, Townsite and Curling. The new city was governed by a separate act, the 1955 City of Corner Brook Act, rather than by the 1949 Local Government Act. By the end of 1955 Newfoundland had more than twice the number of municipalities it had in 1949. The 1955 total consisted of two cities, forty towns, six communities, one local improvement district and one rural district. By 1966 the total number of municipalities consisted of two cities, sixty-two towns, four rural districts, ten local improvement districts and seventy-four communities governed by community councils.

The growth of municipalities after 1949 was built on the foundation of financial incentives first established by the Commission of Government. By 1957 Provincial revenue grants to the municipalities were still based on local tax collections and were calculated by the following formula: The Government gave two dollars for every one dollar collected in municipal taxes up to a total of \$1,000, and one dollar for every one dollar collected in taxes from a total of \$1,001 to \$5,000. The more a municipality collected in taxation the less it received from the Province through the revenue grants. Thus, a municipality received ninety cents for every one dollar in municipal taxes collected from \$5,000 to \$15,000; seventy cents for every one dollar in municipal taxes collected from \$15,000 to \$25,000; and fifty cents for every one dollar collected from \$25,000 and up. In addition, in 1951 the Provincial Government established a program of guaranteeing bank loans and debenture issues for municipalities wishing to finance such expensive projects as water and sewerage systems and road paving, and in 1964 the Smallwood Administration formed the Newfoundland Municipal Finance Corporation to undertake the borrowing of all bonds and loans for every municipality except that of St. John's.

This concern about the future financial viability of the municipalities resulted (on August 23, 1972) in the Provincial Government appointing a Royal Commission of Enquiry to examine their financial situations and administrative structures. Consisting of Hugh J. Whalen (Chairman), Clarence W. Powell, Hubert G. Harnett and Thomas M. Hopkins, the Commission recommended on September 18, 1974 major changes in the system of local government in the Province. Under the Municipalities Act, which was proclaimed on April 1, 1980, and based on the Whalen Commission Report, local government organization was now to be divided into cities (St. John's and Corner Brook remained governed by separate acts), towns, communities, local service districts and a single Metropolitan area, the St. John's Metropolitan Area Board having been established in 1963 to provide municipal supervision and services to the outskirts of the city of St. John's. The Act also provided for the establishment of regional governments, but up to 1982 none had been formed. On the financial front assistance was tied to the size of the municipality: the larger the population the greater the grant. Thus, there was a population component rising on a per capita basis from five dollars to twenty dollars in increments of seventy-five cents for every 250 people. In addition, the Municipal Grants Act, which was proclaimed on April 1, 1980, also contained a social assistance component, based on one dollar for every twenty dollars per capita social assistance paid to residents of the municipality. The old tax incentive grant was maintained and consisted of fifty cents for every one dollar of property tax collected by the municipality in the previous fiscal year to a maximum collection of \$2,000, and twenty-five cents for every one dollar collected in excess of \$2,000. The Act also provided for grants for street paving and reconstruction, fire fighting, recreation, water and/or sewer facilities, and preliminary engineering studies. There were 333 municipal organizations in Newfoundland in 1982 consisting of two cities, 167 towns, 140 communities, twenty-three local service districts and the St. John's Metropolitan Area Board.