

## 2.8

# Prince Edward Island

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## What Constitutes Rural Prince Edward Island?

Whether it is based on some combination of statistical measures, the functions undertaken or even the perceptions or attitudes of the residents, 'rural' may be easy to define on paper. However, it can be much more difficult to really understand what this word means in the context of a very diverse set of Canadian provinces and territories\*. Prince Edward Island (PEI) provides a useful example of this diversity. PEI is the Canada's smallest province, both in physical size and number of residents. Its population of 145,211 (2015) is smaller than some neighbourhoods in Canada's largest metropolises. Arguably, PEI is Canada's most rural province, with one of the highest percentages of people living in rural and small town areas. In fact, it is the only province that does not contain a metropolis. The two largest municipalities of Charlottetown and Summerside, with 2011 populations of 32,545 and 15,654 respectively and one-third of the provincial population, would be considered small towns by many outside of PEI. A further 28.2% of the provincial population lives within a 20 minute drive of these two municipalities†. Finally, in a recent survey most Islanders understood 'rural' to be everything outside the municipal boundaries of the four largest municipalities of Charlottetown, Summerside, Stratford, and Cornwall, where the latter two are really part of the urbanized Charlottetown region‡.

\* A good discussion of the many dimensions of the definition of rural and rural policy is found in a chapter by Reimer & Bollman<sup>1</sup>.

† Analysis undertaken for this report by the PEI Department of Municipal Affairs and Provincial Planning using 2011 data.

‡ This interpretation of 'rural' was derived from an online survey and public consultations that took place as part of the 2010 Rural Action Plan report, Prince Edward Island (2010)<sup>2</sup>.



## Rural Prince Edward Island: By the Numbers

So how does rural PEI differ from the rest of rural Canada? First, the economy of the province and especially of rural communities is very much built on a foundation of seasonal employment supplemented by Employment Insurance payments. Farming, fishing and tourism still dominate the economic and social fabric of rural PEI. The agricultural sector employs 5.0% of the labour force compared to only 1.7% for this sector in all of Canada (2014). Even more telling, the fishing, hunting and trapping sectors on PEI employed 2.4% of the labour force compared to only 0.15% for Canada as a whole<sup>3</sup>. As is the case with the Atlantic region overall, unemployment rates in PEI have consistently been higher than the Canadian average. For example, in 2014 PEI had the second highest provincial unemployment rate at 10.6% compared to a national rate of 6.9%<sup>3</sup>. The province is second only to Newfoundland and Labrador in the number of Employment Insurance recipients/100 residents in non-metropolitan areas (2013). Although precise statistics are difficult to come by, anecdotal evidence suggests that a large number of labour-force-aged men in PEI's rural communities spend a part of each year working out-of-province or, as it is known on the Island, 'out West'. Although this generates disposable income for specific rural families in the form of remittances, these forms of 'fly-in/fly-out' labour practices can have devastating impacts on the families and the social economies of many rural communities<sup>4,5,6</sup>. So, by many measures, the economy of Prince Edward Island's rural communities is suffering.

## Basic Governance Features of PEI

According to the 2011 census, just over half (53%) of Islanders live in what is classified as rural PEI while 30% live in unincorporated areas. In addition to PEI's two cities of Summerside and Charlottetown, there are seven other communities that are classified as towns<sup>5</sup>. An additional 23 communities in Prince Edward Island have official plans, although Statistics Canada still considers these communities to be rural. Still, only 30% of PEI's land area is incorporated and only 10% is covered by a land use plan<sup>8</sup>.

§ For an examination and analysis of PEI's municipal government structure, see Bulger & Sentence<sup>7</sup>.

The common structure of local government in rural PEI is that of an elected council, headed by a chair. In some, meetings are held on a regular basis (e.g., bi-weekly). In others, meetings are held on an ad hoc basis. Although incorporated communities have the authority to provide services such as fire, water and sewage, few have the capacity to do so. A report completed in 2007 explained that

The seven towns provide fire protection and sewer services and (with one exception) water to their residents. All cities and towns have official plans. Among the 19 communities originally incorporated as villages, 17 provide fire protection, 13 provide sewer services and four provide a municipal water system. Only eight have official plans.<sup>9</sup>

While cities such as Charlottetown and Summerside are responsible for almost all of the services provided to their citizens, few of the incorporated villages and small communities have the capacity to offer much more than the basics.

Recent task forces and land-use reports have called on the provincial government to rationalize its land use policy, either through incorporation or direct administration (that is, through the office of a provincial ministry)<sup>1</sup>. Under the newly-elected MacLauchlan Liberal government, the department responsible for local government (municipalities) was combined with the portfolios of forests, fish and wildlife, and environment to form a Department of Communities, Land and Environment. The expectation is that the government will then work towards incorporation in more parts of rural PEI, with a goal of providing an infrastructure for the better enforcement of environment protection laws and strengthening local governance<sup>\*\*</sup>. It should be noted that the agency responsible for rural development is not a part of this unit. Calls for the full incorporation of rural PEI have been made before, but a succession of provincial governments, both Progressive Conservative and Liberal, has been reluctant to carry through on these calls to action.

## Methods

In addition to consulting government and scholarly reports, the conclusions of this report are based on

¶ In addition to The Thompson Report referenced below, there is also the Report of the Task Force on Land Use Policy or 'The Handrahan Report', Prince Edward Island<sup>10</sup>.

\*\* See "New Foundations: Report of the Commission on Land and Local Governance", otherwise known as 'The Thompson Report', Prince Edward Island<sup>8</sup>.

interviews with ten stakeholders. These individuals were drawn from the ranks of civil servants, academics, historians, entrepreneurs, journalists, and leaders of non-profit organizations. All had an expertise and a comprehensive knowledge base in the rural development of PEI and many had a personal or family link to rural communities. They were asked the following three open-ended questions: 1) How would you describe/characterize the state of rural PEI at the moment, especially in relation to other Canadian rural regions?, 2) What do you believe are the most significant changes taking place in rural PEI and why are these taking place?, and 3) How would you describe rural policy in PEI? In what ways does it, in general or in terms of specific policies, enhance or inhibit rural development?

Though the perspectives and backgrounds of the interviewees varied widely, five key themes emerged.

### **Theme 1: Amalgamation, Municipalities and Community Identity**

Many of those interviewed felt that PEI would benefit if smaller communities amalgamated and, in so doing, were able to consolidate and operate their resources, services, and planning more efficiently. Arguments of this kind of merger have been made before in other jurisdictions in Canada<sup>11</sup>. For many residents, amalgamation was feared for the potential loss of local identity. In fact, rather than aspiring to create broader, more cohesive rural regions, some interviewees felt that rural communities tended to act competitively with one another. Further, amalgamation is regarded by rural residents as a “tax-grab”; that is, relatively larger communities would “swallow up” smaller communities in order to provide new tax revenues to fund services that would be of limited value to the outlying communities<sup>††</sup>. Nevertheless, the interviewees provided examples of the difficulties local businesses have in expanding their operations under the current structure, and various municipalities have complained that, being unable to offer a full range of services, they have had a hard enough time retaining current residents and businesses, much less attracting new ones.

Rural attitudes towards amalgamation are reflected in local policy and political decision-making. For example, for fear of offending voters by locating a public service in a rural community that might serve effectively as a regional service centre, provincial

officials have invested in development and services in non-amalgamated areas. Several interviewees felt that this tendency to develop outside rural communities, along with increased centralization and urbanization of services, has inhibited their efficiency and effectiveness in rural PEI.

### **Theme 2: Hospitals, Schools and the Provision of Local Services**

The interviewees noted that hospitals and schools have served as the heart and soul of communities and the loss of these ‘essential’ social services in the name of economies of scale and regional rationalization was especially damaging to the vitality and future viability of rural communities<sup>††</sup>. Closures are touted as austerity measures, but some interviewees felt that the decisions did not fully account for the local indirect, collateral costs. More than just a loss of jobs or of a local service, closing a school can mean losing a facility, a meeting place, local spending, and local influence on education policy. Similarly, the ongoing centralization and consolidation of health services has some rural residents anxious about timely access in emergencies, especially given recent harsh winter conditions. However, the current model of providing relatively high-order health services in locations that are relatively close to Charlottetown or Summerside is not sustainable. Communities seem reluctant to adopt downsized health service models, such as wellness or emergency centres, and there is a persistent antipathy towards travelling relatively short distances to regional centres.

### **Theme 3: Changing Demographics, Mobility and an Urban/Rural Divide**

Although statistically PEI is still slightly more rural, the Island’s demographics have changed considerably over the years and these changes have occurred more recently than elsewhere in rural Canada<sup>§§</sup>. Among interviewees there was a consensus that the changing demographic profile of rural Prince Edward Island is cause for concern, with an aging population, a constant outflow of young workers, and a slow but persistent loss of residents to the province’s urban areas. While some communities are experiencing growth, many interviewees noted that rural development across the province is uneven and scattered, with only pockets of prosperity. As a small,

†† This trend of rural school and health service consolidation is discussed more broadly in Halseth & Ryser<sup>14</sup>, Hanlon & Halseth<sup>15</sup>, and Liu et al.<sup>16</sup>.

§§ For a discussion of the major demographic changes that have taken place in rural Canada, see Bryant & Joseph<sup>17</sup> and Rothwell et al.<sup>18</sup>.

†† For a review of citizen attitudes towards amalgamation, see Kushner and Siegel<sup>12</sup> and Poel<sup>13</sup>.



densely populated province, the rural population can experience greater mobility and better access to some services, such as high-speed internet, relative to more remote rural regions in Canada. However, as rural depopulation continues, the economic and family connections between urban dwellers and rural communities start to fade. Urban dwellers may increasingly view rural life more simplistically. They may be more likely to romanticize or criticize rural life and less likely to understand and appreciate the realities and challenges of rural living.

#### **Theme 4: The Rural Island Economy and Competing Models of Sustainability**

The economy of rural Prince Edward Island has traditionally been founded on seasonal industries: farming, fishing, and tourism. Among interviewees, there were mixed views on the state of these rural industries. In general, it was observed that farms were becoming larger and fewer, a departure from the patchwork of small, mixed farming that earned PEI the nicknames “the Garden Isle” and the “Million Acre Farm”<sup>¶¶</sup>. The importance of the agri-business model, especially connected to the potato sector, has created a vociferous discussion on issues such as the use of agricultural chemicals and accessing greater amounts of water by drilling deep-water wells. Similarly, while fishing output and revenue

have increased, there are fewer fishing operations and almost all of these are concentrated in a few shellfish sectors. A number of interviewees felt that the seasonality of Island industries is more strongly felt in rural PEI, perhaps more so than in other rural parts of Canada. Recent changes to the Employment Insurance (EI) program are a contentious issue in the province, with some interviewees expressing concern that the changes have further encouraged outmigration and worsened conditions of poverty. Other interviewees felt that there has been an unsustainable dependence on EI, and that it discourages rural communities from being more self-reliant or pursuing new opportunities for development. This latter point is important because PEI is also highly dependent on public sector revenue, employment and transfer payments. As an example, in 2014 an average of 26.0% of the provincial labour force was employed in public administration and health care sectors compared to 18.1% for Canada as a whole<sup>20</sup>.

While there are challenges for traditional rural industries, many interviewees expressed optimism that there is a small but growing countercurrent of younger farmers and organizations repatriating rural areas. This cohort – perhaps a new Back-to-the-Land or homesteader movement – is said to be embracing organic and mixed farming on smaller properties<sup>\*\*\*</sup>. A number of interviewees saw this as part of a broader “counter-urbanization” pattern of

¶¶ General trends in the transformation of Canada’s rural economy and factors related to rural economic success are described by Reimer<sup>19</sup>.

\*\*\* A few key references on this movement include Halfacree<sup>21</sup>, Hines<sup>22</sup>, and Jacob<sup>23</sup>.

return migration of young people to rural areas – a trend these interviewees felt was important to rural revitalization<sup>†††</sup>.

### Theme 5: Politics and Rural Policy

The interviewees recognized the importance of having a province-wide land-use plan, which they believed was crucial to rural development. The current attempt to bring environment and municipal governance under one ministry was regarded as interesting, but reminiscent of the previous Liberal government's failed attempt to do something similar. Successive governments have lacked the will and determination to follow through on their plans to rationalize rural development.

Several interviewees suggested that some rural communities could ideally act as nodes or growth centres and offer a few key services to surrounding areas<sup>†††</sup>. However, most interviewees felt that there has been a general lack of vision or creative thinking from all levels of government regarding rural development, with no coherent or cohesive approach.

In spite of the many challenges, rural PEI has had its share of success stories: a number of those interviewed pointed to the recently-established Rural Action Centres, which house the Community Business Development Corporations and offer a mix of municipal, provincial, and federal services to rural businesses and entrepreneurs at one location. Several interviewees also praised the dedication and strength of local community grassroots and non-profit organizations, viewing them as being vital to rural areas. According to a local report<sup>26</sup>, PEI has nearly a thousand nonprofits – more than one for every 150 residents – and interviewees felt that an increased effort by governments to support these organizations would benefit rural communities significantly. Overall, interviewees called for creativity, commitment, and cooperation in rural Prince Edward Island.

## Conclusions

All too often we hear the metaphor of being 'at a crossroads' to describe the current and future direction of rural development and policy. In Prince Edward Island, we may be justified in using this phrase. Rural depopulation, fragmentation of rural governance, restructuring of public services, dependence on a few seasonal economic sectors competing in a global marketplace on the basis of cost, all point to troubling times for rural PEI. Despite good intentions and some policy reforms to address rural challenges, like the creation of the Rural Action Centres, most recommendations for change have languished. Given the economic and cultural value of rural Prince Edward Island to the province as a whole, these challenges are jeopardizing the future well-being of the province and the perception of PEI abroad as a 'Garden Isle'.

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<sup>†††</sup> For example, the Great Enlightenment Buddhist Institute Society has established an educational academy at Murray River, PEI and an Amish colony from Ontario has been actively looking to relocate to the Island.

<sup>†††</sup> This discussion is an interesting revival of growth center/pole theory and advocacy that emerged in the 1970s. For a summary of this work, see Parr<sup>24</sup>, and Parr<sup>25</sup>.



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