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## **Re-thinking local autonomy: Perceptions from four rural municipalities**

*Abstract:* Led by larger urban municipalities, the current municipal reform agenda in Canada places considerable emphasis on the issue of local autonomy. This article looks at how this agenda might affect smaller rural municipalities, since the assumption seems to be that one can simply re-size and re-shape policy prescriptions from urban and suburban contexts to fit rural areas. Drawing on the lessons learned from an eight-year project titled “Understanding the New Rural Economy: Options and Choices,” the authors argue that autonomy is only valuable in relation to a locality’s capacity to take advantage of new powers and that rural capacities are very different from those of their urban counterparts. The authors present a conceptual framework in which capacity is a dynamic and multidimensional entity of which autonomy is a necessary, though not sufficient, condition. This framework is then employed to explore four rural Canadian municipalities. This study is the first to consider traditional administrative reforms in a rural context. Employing a case-study methodology, the authors found four dimensions of capacity that may support changes to local autonomy: strategic planning, citizen participation and support, expertise, and access to revenues.

*Sommaire :* Dirigé par les plus grandes municipalités urbaines, le programme actuel des réformes municipales au Canada met une emphase considérable sur la question de l’autonomie locale. Le présent article porte sur la manière dont ce programme pourrait avoir une incidence sur les plus petites municipalités rurales, étant donné que l’hypothèse semble être qu’il est tout simplement possible de redimensionner et refondre les prescriptions de politiques de contextes urbains et suburbains pour qu’elles s’adaptent aux régions rurales. Tirant des enseignements d’un projet sur huit ans intitulé “Comprendre la nouvelle économie rurale : options et choix” (NER), l’article prétend que l’autonomie est seulement intéressante en ce qui concerne la capacité d’une localité à tirer parti de nouveaux pouvoirs et que les capacités rurales

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sont très différentes des capacités urbaines. Les auteurs présentent un cadre conceptuel où la capacité est une entité dynamique et multi-dimensionnelle dont l'autonomie est une condition nécessaire mais pas suffisante. Ce cadre est alors employé pour étudier à fond quatre municipalités rurales canadiennes. L'article est la première étude à envisager les réformes administratives traditionnelles dans un contexte rural. Ayant recours à une méthodologie d'études de cas, les auteurs ont trouvé quatre dimensions de capacité qui peuvent soutenir des changements pour l'autonomie locale : la planification stratégique, la participation et le soutien des citoyens, l'expertise et l'accès aux revenus.

Led by the larger urban municipalities, Canadian cities have started to re-evaluate their functions, finances and powers (Keil and Young 2003). This re-evaluation has shaped a new reform agenda that aims to establish a "formal statutory and constitutional recognition of municipal government as a full fledged order of government with what would be tantamount to a highly autonomous form of home-rule that would afford them greater authority and autonomy in relation to the provincial and territorial governments" (Garcea and LeSage 2005). Emerging from this agenda is a focus on the autonomy that municipalities require and the problems of agency that such autonomy implies. The scholarly discourse informing this policy perspective focuses on the powers that municipalities need to effectively govern themselves and the requisite institutional reforms to ensure political accountability within the federal structure (Krane, Ebdon and Bartle 2004). We argue that this normative view of political and administrative autonomy does not account for the heterogeneous character of municipalities across a regional, provincial or certainly a national landscape. The idea that "autonomy" is a singular concept that benefits all is short-sighted. The extant work misses a critical point – that autonomy is only valuable in relation to a locality's capacity to take advantage of new powers. This suggests that the value of autonomy can only be understood through a framework that accounts for the dimensions that shape local capacity. To account for differences in the way in which municipalities value autonomy, we present a conceptual framework in which autonomy is a necessary, though not sufficient, condition of capacity.

Underlying our research is an interest in rural Canada. Rural municipalities represent a highly undertheorized form of public organization. Little is known with respect to the types of powers and administrative responsibilities that rural governments require for effective governance. The assumption seems to be that one can simply re-size and re-shape policy prescriptions from urban and suburban contexts to fit rural areas. Based on our experiences with an eight-year project titled "Understanding the New Rural Economy: Options and Choices," in which we focused on the examination of capacity-building – its meaning, creation, manifestations

and implications with respect to services, governance, communications and environment within the rural context – we find, first, that the administrative context of rural governments is significantly different from that of their urban and suburban counterparts. For example, where larger municipalities may have a greater pool of staff, expertise, infrastructure and revenue, rural towns often have to rely on a weaker infrastructure and a smaller number of people with less training.

Second, the rural decision-making process is very different from that of an urban environment. In urban governments, decisions are made within a relatively formal bureaucratic structure in which there may be significant distance between decision-makers and citizens. The same cannot be said for rural municipalities, where the decision-making process is embedded in more personal social ties. Because of the familiarity and lack of distance between decision-makers and constituents, the ability to compartmentalize decisions in distinct spheres or relationships is significantly reduced and the pressure felt from particular constituents may be attenuated. Under such circumstances, policy decisions are likely to require skills in negotiating personal or family sensibilities, as well as the more technical ones associated with municipal projects (Farrugia 1993, Reimer 2004).

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Within this context, we are confronted with the following set of questions: What is the relationship between autonomy and the capacity of municipalities to govern? What does “more autonomy” mean, particularly for smaller, rural municipalities? And what role does autonomy play in the decision-making processes of rural governments? Using four rural communities as case examples, this article investigates the relationship between autonomy and capacity in rural Canada. We pay particular attention to how these constructs are perceived by local decision-makers as opposed to formal legislative grants of authority.<sup>1</sup> As one of the first efforts to consider the relationship between autonomy and capacity in a rural context the empirical work presented here should be considered exploratory. Thus, our goals are somewhat modest: first, we seek to inform the policy discourse, which we find to be heavily biased in favour of urban municipalities; and, second, we seek to develop a framework that will guide further inquiry into rural administrative structures. We proceed by exploring the meaning and use of the term “autonomy” in the recent Canadian municipal reform movement. We then present a conceptual framework in which autonomy is a component

of the broader concept of capacity and outline four rural case examples from which we draw our conclusions and identify areas for future research.

### **Autonomy in Canadian municipal reform**

Under the Conservative regime of the 1980s, Canada, like other countries, embraced the logic of “New Public Management” (NPM), which included among its reforms the devolution of services and responsibilities to lower tiers of government (Aucoin 1995). By the early 1990s, Canadian municipalities, reacting to NPM reforms, began to make the case that to meet the newly devolved responsibilities they would require an increase in their basic powers (Garcea and LeSage 2005). The increased responsibilities downloaded by the provinces created the need for increased freedom to form partnerships, enter into debt, and find new revenue sources with which to fund the new services. Interestingly, policies arising from both NPM reformers and the municipal reaction to these reforms shared a unifying theme – that autonomy was an appropriate mechanism for increasing local capacity.<sup>2</sup> We argue that once one begins to scratch the surface of this discussion, the relationship between autonomy and capacity is not nearly as evident. The purpose of this section is to consider the definitions of autonomy with respect to the current Canadian municipal reform agenda and the issue of improving local capacity.

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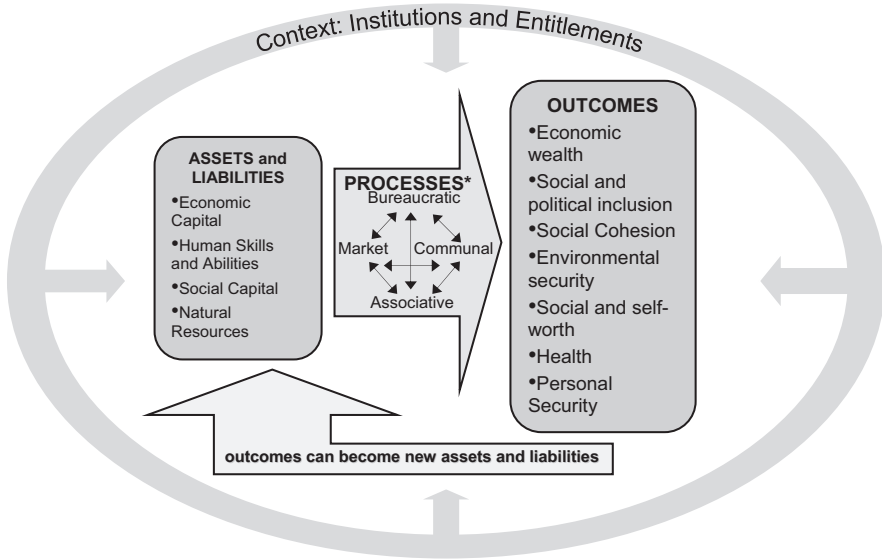
The concept of local autonomy is often described in terms of two dimensions – *initiative* and *immunity* (Chapman 2003, Clark 1984). Initiative refers to the power of localities to legislate and regulate the behaviour of its citizens. For example, a municipality that has the power to independently determine policy parameters, such as the rate at which it will tax its citizens, is considered to have high initiative autonomy. In contrast, immunity autonomy refers to the ability of a locality to function without reliance on a higher order of government. For example, a municipal agency that does not depend on inter-governmental transfers for the implementation of public services is considered to have high immunity autonomy.<sup>3</sup> These terms – immunity and initiative – are not necessarily mutually exclusive and are often confusing, even as general heuristics. For example, in the policy discourse, it is fairly evident that NPM reformers wish for localities to have greater independence when choosing how to provide local services. The

question then is, does this imply immunity autonomy or initiative autonomy? The answer of course depends on the audience. New Public Management reformers, for example, might argue that their reforms will increase municipal autonomy in terms of both initiative and immunity, in that municipalities can choose how to provide their services (i.e., initiative) and are immune to provincial protocol regarding the provision of these services (i.e., immunity). In contrast, municipalities might well argue the exact opposite: that the downloading of services suggests a lack of immunity from provincial whims and they now lack the ability to determine which of the services they will provide (i.e., initiative).

The point of this discussion is simply to demonstrate that the academic discourse framing autonomy in terms of immunity and initiative does not offer policy-makers and researchers much insight for guiding or understanding policy reform. It misses the bigger picture – that autonomy is one component of a broader, more relevant concept, namely, capacity. As such, it does not immediately follow that increasing autonomy, in one form or another, will increase the overall capacity of a municipality. The objective of this article is to re-frame the scholarly discussion of autonomy by explicitly tying it to the broader concept of capacity. This provides a more nuanced understanding of the value of autonomy within the context of heterogeneous local governments. From a policy point of view, this article moves the discussion from the “one-size-fits-all” mentality of municipal reform to one that recognizes that municipal administrative reforms must account for a wide range of contextual differences found at the local level. Thus, the next section puts forward a framework for capacity in which autonomy is a necessary though not sufficient condition.

### **Towards a framework of autonomy and capacity**

In the public administration literature, two forms of capacity are highlighted – management and fiscal. First, management capacity refers to “the government’s ability to develop, direct, and control its resources to support the discharge of its policy and program responsibilities” (Ingraham and Kneedler 2000: 248). Second, fiscal capacity, which is often equated with the organizational concept of “slack,” represents the government’s ability to buffer against environmental threats and uncertainty over a practical time-period (Cyert and March 1963). More specifically, it refers to the “level of flexibility, discretion, or surplus in the fiscal structure that allows governments to moderate or buffer the effects of environmental changes and uncertainty over several years, for example, fund balance and discretionary spending” (Hendrick 2004: 82). These characterizations suggest that capacity is something that a municipality has in varying degrees. It is an outcome. In

Figure 1. *The “New Rural Economy” Capacity Model*

Bureaucratic processes include administrative, government, corporate.  
 Market processes include business, enterprises, housing, labour, trade, finance.  
 Associative processes include voluntary, informal group, third sector.  
 Communal processes include family, close friendships, ethnic, cultural (Lyons and Reimer 2008, Tiepoh and Reimer 2004).

this section, we put forward a multidimensional (Lyons and Reimer 2008) and dynamic framework of capacity in which capacity is both an outcome and a process.

First, like the conventional definitions of capacity described above, we define capacity as the ability of an individual or group to organize assets and resources to achieve objectives that are valued at the community level. However, our framework emphasizes that the feedback from those outcomes can create new assets.<sup>4</sup> As a process applied to municipal-level organization, capacity begins with a focus on assets and liabilities available to local citizens (see Figure 1). The process is activated and facilitated by existing social relations that serve to recognize, re-organize and mobilize these assets and liabilities to produce desired outcomes. Such relations may be formal and institutionally mandated or informal and organic. Administration is one of several processes that translate those assets into tangible outcomes. For example, existing workforce skills and capabilities may lead a community to target specific companies for economic development. In this case, the administrative apparatus must be able to efficiently support and represent the local assets into a form that is attractive to private firms.

As we see it, autonomy is part of a community's capacity. Its role is to define the "rules of the game" for local governance, but it does not in itself provide the means by which a municipality may meet its obligations, be competitive, or improve its sustainability. In some cases, autonomy will in fact constrain the assets available to municipal governments, the processes by which they can be re-organized, and the outcomes required. Legislation that increases the borrowing limits for municipalities, for example, increases their access to external funding, thereby increasing their autonomy, at least in the short term. Such legislation does not necessarily increase the overall capacity or discretion of a municipality, however, especially if it is viewed by lending institutions as a high risk or is already burdened by a high level of debt. Increased autonomy, then, does not guarantee greater capacity. Thus, autonomy is valuable in so far as it relates to different aspects of capacity but it is not the whole story.

According to this framework, for a local government to be effective, capacity must be conceptualized in its broadest sense. This includes not only paying attention to the regulations determining autonomy but also to the local assets, liabilities and processes that permit a municipality to effectively act on the basis of those regulations. For example, a context in which the institutional framework allows for a wide range of taxing powers is not a useful form of autonomy for a rural municipality with a tax base that is relatively small and homogenous unless the institutional context is balanced by inter-governmental transfers or institutions that allow citizens to take advantage of other assets. Autonomy is implicated in the community's capacity, but the role it plays is far more complex, especially when situated in a broader more dynamic framework. To understand the value of autonomy for a municipality one needs to know what other components of capacity exist. Our case studies consider perceptions of these relationships as they are manifested in rural Canada.

## **Methodology**

This study employs a case-study methodology and relies on multiple sources of evidence (Yin 2002) – provincial legislation, census data, open-ended interviews, and the municipal budgets and strategic plans given to us by interview subjects. Because our focus is on the perception of local decision-makers, as opposed to top-down legislative grants of authority, our review of the legislation and census data was conducted to provide contextual information for the interviews.

We selected four communities from the New Rural Economy "Rural Observatory" as case studies – two in rural Saskatchewan and two in rural Ontario (Reimer 2002). By using communities from our established observatory we were able to gain access to interview subjects who already had some trust in our research team. Selecting two different provinces for our case

studies allowed us to make important comparisons within and between provincial jurisdictions. In particular, we chose Ontario because its municipal act had been re-written several years prior with the stated objective of providing more autonomy to its municipalities, while, at the time of our research, similar reforms to Saskatchewan's municipal legislation had not yet gone into effect. Thus, if our argument holds true – that autonomy is relevant only within a context of existing capacity – we would expect to see few differences in the Ontario and Saskatchewan municipalities *unless* the municipalities in Ontario had the necessary capacity to make use of their increased powers. The analytical task, then, is to disentangle the positive effects of more autonomy from the positive effects of more capacity.

The core of our data was gathered through open-ended interviews (during May and June 2005) with elected officials and municipal administrative employees. This approach allowed us to follow important themes as they arose during the interview and to pursue lines of thought not previously anticipated. The interview instrument comprised three parts. The first explored issues pertaining to general municipal finances and decision-making, including questions on the budget-setting process, the use of debt, revenues and expenditures, as well as goals, initiatives and planning. The second inquired about specific municipal services and capital improvements undertaken within the community. The third finished with questions regarding the role of local government and municipal-provincial government relations. This approach allowed us to focus on a fairly narrow but precise set of issues that each municipality might face. Specifically, we inquired whether the municipality's ability to independently govern its own finances related to its ability to finance capital improvements.

### **Description of the case studies**

Descriptive data regarding the four case sites is provided in Table 1. As is typical, the sites in Ontario are larger than those in Saskatchewan – at least by rural standards. All four sites are more than 120 kilometers from their nearest census metropolitan area (100,000 population or more).

#### **Saskatchewan sites**

In Saskatchewan, our research was based on two case studies, Hampsen and Hollow Corner.<sup>5</sup> Although both “rural,” with populations under 500, they fall under two different municipal acts. Hampsen is classified as a town and falls under the Urban Municipality Act, 1984 (S.S. 1983–84, c. U-11), while Hollow Corner is classified as a rural municipality and therefore falls under the Rural Municipality Act (S.S. 1989–90, c. R-26.1).<sup>6</sup> Considering these two acts with respect to the fiscal powers they provide to municipalities, we found key differences. For example, municipalities governed by the Urban Municipalities Act may borrow up to twice their estimated revenues for



Table 1. Descriptive Statistics for the Four Case Sites

	Saskatchewan			Ontario	
	Hampden	Hollow Corner	Shannon	Lawrencetown	
<i>Legislation</i>	Urban Municipality Act	Rural Municipality Act	Municipal Act (single-tier)	Municipal Act (lower-tier)	
<i>Land area</i>	1.2 sq. km.	838 sq. km.	700 sq. km.	897 sq. km.	
<i>Total population 2001</i>	261	370	3,698 permanent, approx. 15,000 seasonal	5,612	
<i>Population change 1996-2001</i>	- 7.1%	- 15.3%	1.2%	- 1.6%	
<i>Main sector of employment</i>	63% - other services	58% - agriculture	24% - manufacturing/construction, 24% - other services	23% - manufacturing/construction, 21% - wholesale/retail	

Source: Statistics Canada 2006

short-term debt, while those governed by the Rural Municipalities Act may only borrow as much money as they are expecting to receive through taxation. Similarly, where long-term debt is concerned, rural municipalities cannot exceed the amount of municipal taxes levied in the preceding year and the amount borrowed must be repayable within three years. For urban municipalities, however, the maximum allowable debt is set for each municipality by the Saskatchewan Municipal Board. Given the framework we have presented in previous sections, these grants of power do not allow us to hypothesize about the effective provision of public services. Rather, we expect that differences in the perceived value of these powers will be related to the underlying capacities of the localities. Similar differences and expectations were found for the Ontario cases.

Hampsen, has a population of 261, and covers 1.2 square kilometers. In 2001, the labour force participation was forty-four per cent, unemployment was at sixteen per cent, and the main sector of employment was other services,<sup>7</sup> employing sixty-three per cent of the town's population.

Hollow Corner has a population of 370 residents and covers 838 square kilometers. The municipality also includes two towns – Ryerside and Blanefield – within its district. Ryerside is not governed by Hollow Corner since it is classified as a small town and falls under the Urban Municipality Act, whereas Blanefield recently gave up its incorporated status of an organized hamlet and has since become a part of the administrative unit of Hollow Corner. In 2001, the labour force participation rate was seventy-nine per cent, the unemployment rate was four per cent, and fifty-eight per cent of the population was primarily employed in agricultural activities.

### Ontario sites

Our two research sites in Ontario are substantially larger than those in Saskatchewan, which is a reflection of the differences in municipal structure between the two provinces. Both Ontario municipalities are the result of recent amalgamations, and both comprise several villages. They fall under the Ontario Municipal Act (S.O. 2001, c. 25) and have similar responsibilities with respect to the provision and management of public works. However, the lower-tier municipalities do not have the power to issue debt on their own. Rather, they are dependent on the upper-tier municipality, or higher order of government (e.g., the county), to issue debt on their behalf. In contrast, the upper-tier municipalities can independently issue debt but cannot exceed fifty per cent of their total estimated revenue (except with the approval of the Ontario Municipal Board).

The Township of Shannon, in Northern Ontario, has a permanent population of 3,698 and a summer seasonal population of approximately 15,000 people. The township covers 700 square kilometers, with no central town or village. Five municipal areas amalgamated to create Shannon seven

years ago in what has been described as a voluntary amalgamation by council members. Shannon is what is known as a *single-tier* municipality (i.e., it does not fall within one of Ontario's counties and so does not share responsibility with another level of municipal government). In 2001, the unemployment rate was three per cent, participation rate was sixty-four per cent, and twenty-four per cent of the population was employed in the manufacturing and construction industries, while twenty-four per cent was employed in other services.

Lawrencetown is a *lower-tier* municipality. It is situated within a county that provides some regional services, although with respect to public works is not functionally different from that of a "single-tier" municipality such as Shannon. The municipality is located in a densely populated region of the province and has a population of 5,612 people. Thirty-eight per cent of Lawrencetown's labour force commutes outside of the village for employment. Within the village itself, there is no employment in the primary sector, and the largest industry groups are manufacturing and construction (twenty-three per cent of all employment) and wholesale and retail (twenty-one per cent of all employment). Self-employment is relatively high compared to national standards. In 2001, the unemployment rate was nine per cent, and the labour force participation rate was fifty-eight per cent.

## Findings

This section describes our findings, paying particular attention to the types of capacity constraints that might limit the municipality's ability to respond to local issues even if granted increased powers. The findings fall into four categories. The first relates to the ability of the municipality to address its issues in a long-term strategic fashion, as opposed to coping with short-term problems as they arise. These differences provide the basis for us to consider three findings with respect to the conditions that provide a municipality with the capacity to take advantage of its powers: specifically, citizen participation and support, expertise, and access to revenue.

### Strategic planning vs. coping

The most striking differences among the four sites were found in their decision-making processes. Shannon stands out from the other three in this respect. Shannon's municipal council is proactively creating plans for the community and planning priorities and putting systems in place in order to achieve those goals. As an upper-tier municipality, Shannon has somewhat more fiscal autonomy (i.e., it can issue its own debt) than its lower-tier counterpart, Lawrencetown. While it is tempting to equate this proactive public outcome with the presence of autonomy, Hampsen, which has similar fiscal autonomy, has not been able to translate this in a similarly proactive governing process. For example, Hampsen does not have a strategic plan

because it has little or no money left after it has met service obligations. Accordingly, it has not initiated any new projects in recent years, nor does it have a strategic plan or overall vision except to enhance and upgrade where it can. In the absence of a strategic plan, several desired projects remain incomplete. Such projects include renovating the town hall, upgrading the sewage system and increasing the size of the reservoir. At the time of the study, the reservoir did not have the capacity to deal with a large fire in the area.

The town council in Hampsen has been able to make decisions that have helped it deal with financial constraints but not necessarily address long-term goals. Decisions, such as choosing not to switch to the use of water meters or to join Saskatchewan Pipeline for the provision of the town's drinking water, have allowed it to save money and remain financially independent. The town decided that water meters would be too costly to install and maintain, for example, and that joining the pipeline would mean a loss of control over how money was being spent. Thus, the town has been able to successfully maintain the status quo, but at the expense of pursuing longer-term goals.

In Lawrencetown, there is a similar story. The council of Lawrencetown is in the process of developing a plan for industry and land-use for the community. However, it feels restricted in its ability to maintain the present services and infrastructure. Despite receiving funding from both the provincial and federal government to replace a water pipe, for example, it took almost a decade to begin fixing the pipe because of resistance from within the community and an inability of the municipality to raise one-third of the cost as required by legislation. In the end, the province threatened to take the money back.

Similarly Hollow Corner has felt restricted in its ability to begin new projects. It has purchased shares in a new industrial plant and in the local railway extension, but these were only a few thousand dollars each. The reeve explained that anything above that amount would not be possible because the municipality has had to "tighten its belt." Since the farmers were doing poorly in his region he felt that the municipality had to restrict its expenditures rather than expand them.

In contrast to the three cases above, Shannon has a strategic plan that is guiding activity over the next five years for community services, operations and corporate services. These plans are used to set the budget. The chief administrative officer stated that an integral part of the plan is the "environment-first strategy," which includes "everything from tree preservation to site plan control to drainage; property standards; yard bylaws; planning policies; [and] planning strategies." A key initiative undertaken by the community as part of this plan is a waterfront revitalization program in which it has agreed to invest \$2.5 million.

Following the current policy discourse, a municipal reformer might suggest that the three “reactive” communities simply do not have enough fiscal flexibility, that is, the ability to draw on multiple revenue streams. However, when asked if they felt they had a sufficient degree of control over how to use their finances and access credit, the consensus was that they feel they *do* have enough room to manoeuvre within the regulations and that *financial autonomy is not a limiting factor*. The mayor of Hampsen, for example, noted, “We have quite a bit of financial autonomy. After filling obligations you can do what you want with the money.” In all these cases, it appears autonomy is not identified as a primary constraint to achieving local goals. In fact, the solutions proposed by the administrators frequently implied a decrease in some form of autonomy but an increase in fiscal capacity (e.g., decreasing immunity autonomy by receiving more provincial support through grants and transfers). Thus, the problem is perceived as the inadequacy of the fiscal resources themselves, rather than inadequate control over these resources.

The need for enhanced capacity is echoed in local frustration over the degree of downloading taking place. The reeve of Lawrencetown stated,

The Municipal Act does allow the municipality to carry out their business as many other businesses are carried out . . . it is not so much the restrictions as it is the downloading – the new requirements that affect the municipalities. Because with every new requirement that comes along – whether it be a water requirement or whatever the case may be – it costs money from the municipality to carry that out, and I think that is restricting.

Further, despite Shannon’s ability to manage in the face of downloaded services, the councillor there also wanted to see the province stop downloading responsibilities on the municipalities. He felt that the provincial reduction in taxes was, in essence, a devolution of responsibilities:

I’d like to see them take away all their downloads. When they reduced taxes in Ontario all they did was download all their services to the municipalities, which enabled them to give a tax discount . . . Downloading – you never get all your money. They say it will be revenue neutral. We were short \$800,000 in what we had to pay out and what we got back from the province. They adjusted that after two years and gave us the \$800,000, but there is going to be \$400,000 more, and they’ve said there will be no more adjustments.

These findings support our primary argument that autonomy, in its varied forms, does not on its own increase a municipality’s administrative capacity. The examination of the differences among the communities indicates that there are other conditions that need to be taken into account alongside autonomy to make a positive difference for the community. Our cases studies point to three conditions in particular: citizen participation and support, expertise, and access to funds.

## Citizen participation and support

Citizen participation has played a large part in the success that Shannon has had in working towards its stated goals. In general, respondents from the other three communities in our study felt constrained by public opinion and resistance to municipal activity, especially where the commitment of significant funds is needed. In Shannon, on the other hand, they were not concerned about citizen reaction because the council has been proactively eliciting the input of their residents and integrating them throughout the planning and budgeting process. They have done so in many different ways – public meetings, citizen surveys and citizen’s committees. Shannon’s large summer seasonal population, in particular, has taken advantage of these venues and has become active in the local government. As a result of citizen participation, municipal government activity in this community has gained the legitimacy and support it needs to make significant decisions that affect the community. Furthermore, they have been able to ascertain what the residents’ aspirations are for the community and have been able to shape their activities around these common goals and help administrators “deal with the issues [and] the implementation of the objectives.”

In the other communities, public participation was less extensive. For example, in Hampsen, the mayor stated that citizens were not involved “unless they came forward to bring something to our attention.” Similarly, in Lawrencetown, where the Ontario Municipal Act requires municipal meetings to be open to the public, the clerk/treasurer could think of only one situation where input from the public affected the council’s decision.

In general the “reactive” communities – Hampsen, Hollow Corner, and Lawrencetown – felt constrained by their citizens. For example, the reeve of Hollow Corner stated, “You can have all the freedom you want, but then taxpayers keep you accountable.” Also, the reeve of Lawrencetown pointed out that one would only raise taxes if one wished to “make the taxpayer irate.” Moreover, even if the citizens were willing to support tax increases in the case of Hollow Corner, the local economy is strained and the residents could not afford to pay increased taxes. These local governments then treat public participation primarily as an obstacle to overcome rather than as an asset on which to draw.

In the case of Shannon, citizens were actively involved in all stages of planning and implementation of the municipal activities, and resistance was thereby minimized. This has helped the municipality gain the legitimacy to make large decisions as well as to go into debt – a factor that has contributed to the implementation of major projects and increased their immunity autonomy. Furthermore, they gained additional expertise and insights from community participation. Instead of limiting themselves to the assets available within the municipal government, they were able to draw on the

Table 2. *Education Levels of Four Sites (Permanent Population) Aged 20 to 64 (in percentages)*

	Hampsen	Hollow Corner	Lawrencetown	Shannon
<i>Less than high school</i>	58	20	28	29
<i>High school and/or some post-secondary</i>	16	28	30	27
<i>Trades certificate or diploma</i>	16	18	16	14
<i>College certificate or diploma</i>	0	18	20	19
<i>University certificate, diploma or degree</i>	8	18	0.06	11

Source: Statistics Canada 2006

community as a whole. Public participation, therefore, is not just tied to legitimacy, accountability and support but also to the two other dimensions of capacity – expertise and access to funds.

### Expertise

Expertise is another important factor for increasing community capacity. In Shannon, there is a relatively high degree of expertise within the community and the administrative apparatus. The education of the permanent population is relatively high (see Table 2) and the municipal office has adequate staff. Four staff are hired to work on planning, and additional outside consultants are employed when needed. In addition, the integration of the large summer seasonal population into government affairs has increased the pool of expertise from which the municipality can draw. These people tend to be relatively well off, with levels of education and experience that are rather high. The municipal government was able to draw from this asset, both as candidates for public positions and as participants in the committees and activities of the municipal process. This expertise and experience has helped the municipality find innovative ways to not only envision community goals but also to strategize and work towards their implementation.

The other communities were not as fortunate. Some of them have populations with lower levels of education, and all of them have fewer personnel within their offices from which they may draw. In the case of Lawrencetown, they had access to planning staff but these individuals were part of the regional government and therefore not solely focused on Lawrencetown's planning and implementation.

For Hampsen, the lack of general expertise in the population has been compounded in recent years by an inability to hire an administrator with a skill set necessary for the job. In the past, they were able to rely on a very competent administrator to help keep municipal affairs running smoothly. Under her guidance, Hampsen saved money each year and slowly built up a

significant reserve (\$200,000 at the time). Since the administrator's retirement, Hampsen has been unable to find someone with experience to replace her. Not only has it been unable to put more money into reserves, but one year it was unable to properly pass a budget. This example illustrates how the relatively small population of rural communities exacerbates recruitment challenges.

### Access to revenue

Access to revenue is another important, though somewhat obvious, feature of administrative capacity. In Shannon, they have recently experienced significant increases in property assessments, which have allowed them to lower taxes – by twenty-eight per cent over the last two years – while still experiencing an increase in revenues. They also show little reluctance to enter into debt and have borrowed significant amounts of money over the past several years. This includes borrowing \$6 million to \$7 million to contribute to a new hospital, and \$5 million for a new long-term care facility that will take ten years to pay. Additionally, they have recently received funding from the provincial and federal governments, which includes grants over the next three years for three bridges and \$50,000 for fire-fighting services.

The financial situation in the other three municipalities is quite different – with all three sites facing what they perceive to be significant financial constraints. As the mayor of Hampsen put it, "I think that more of our budget is done on trying to maintain what we've got rather than looking into the future, more than what I would like to see happening. But I think that is one of those realities. It would be nice to be able to say let's budget \$20,000 or \$50,000 a year to work towards that project, but we just don't have the finances to be able to do that."

None of the respondents from the three sites felt that property tax or fees for services could significantly be raised in order to increase revenues. None of these sites has tried to pass a budget that results in debt, although they are all able to borrow money. Moreover, each site has been relatively conservative when doing so in the past. Accessing funds is not only a matter of enabling legislation but also a matter of the key decision-makers' willingness to bear risk.

Each of the three sites has also had little success when applying for grants. Hampsen has received few grants from the province in the past. It has recently put in a proposal for funding to renovate the town hall, and the mayor hoped that lack of funding in the past would mean that the time has come for government support. Hollow Corner has received substantial grants in the past for infrastructure projects, such as its drinking water system; however, applications to expand those lines in recent years have been denied. Finally, Lawrencetown has received grants from both the



provincial and federal governments to upgrade its drinking water system but has taken a long time to act on the grants due to lack of time, expertise and an inability to commit local funds.

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*[W]hen considering the value of autonomy in municipal reforms, academics and policy-makers must take into account the locality's capacity to take advantage of that autonomy. Our case studies suggest that the level and nature of public participation, expertise and local assets must all be considered for this assessment*

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In general, all three sites have been unable to draw from funds outside of the current revenue flows. This has led to an inability to initiate new projects or put money towards anything that is not specifically required by the province. Even in situations where the towns have put money aside for required long-term maintenance or capital projects, it is generally based on deferred maintenance and not proactive planning. Legislatively, then, even if the municipalities have the freedom to initiate and spend on new projects, they cannot do so without the funds to implement them.

There are lessons to be learned from the experiences of the “proactive” municipality of Shannon in relation to the three “reactive” communities of Lawrencetown, Hampsen, and Hollow Corner. While the circumstances in Shannon of increased property assessments (due to the cottage market) and an educated population (due largely to the summer seasonal population) cannot be replicated, there are two key capacity lessons from Shannon that *can* be applied to municipalities as a whole: 1) Capacity is increased by citizen participation and support; therefore, it is beneficial for local governments to be proactive about involving citizens in the planning and decision-making processes of local governance. Local leaders can be trained to work with citizens, and they can be given incentives for doing so. 2) Capacity is increased by improving the expertise of local government – both staff and elected officials. When municipalities are too small, it can be impossible for them to find adequate staff within their populations. In this situation, amalgamation seems to have been beneficial for municipalities such as Shannon – it gives them a larger base of human resources. In situations where the human resources within a given municipality are not adequate, the province or regional government may need to do more to provide support.

Lessons can also be drawn from the experiences of the “reactive” communities. Each of these community’s representatives felt that it was not a lack of flexibility in their decision-making process that restricted their ability to meet the community’s needs but, rather, they are frustrated by the added responsibilities from provincial downloading. This of course

is an example of autonomy gone awry – that is, provincial downloading has generally been undertaken under the guise of increasing municipal autonomy, which *ipso facto* is supposed to increase local capacity. However, without *first* considering the existing dimensions of capacity, such “autonomy” may in fact hinder the provision of local services, particularly in the rural context

A final lesson on municipal capacity comes from the shared experience of all four of our case communities. Services downloaded from the provinces have had the effect of decreasing capacity because they are not tied to adequate fiscal resources. Shannon has been better able to deal with this issue because of its financial expertise; however, it maintains that this is still a significant strain on their resources, affecting its ability to carry out other developments in the municipality.

## Conclusion

In the model of capacity that we propose, the ability of a local government to organize the necessary assets and resources for achieving its objectives is dependant on existing assets and liabilities and on the social processes that re-organize them into outcomes. Both the assets – such as human resources and fiscal resources – and the social processes, such as community participation and government partnerships, are affected by the legislative context in which they reside. The degree of autonomy granted by the legislation influences the processes of capacity by defining the “rules of the game,” but does not of its own accord either increase or decrease capacity. The capacity of a local government to help build a new hospital is certainly enabled by legislation permitting long-term debt and the authority to form partnerships, for example; but, without the skills, resources, and public support necessary for taking on such debt and forming such partnerships, the autonomy serves no benefit and there is likely to be inadequate capacity for building the hospital.

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*We need to better understand and identify alternative strategies within a larger capacity framework if we are to provide a basis for effective administrative reforms that are appropriate for all types of communities*

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To some degree, our findings are not particularly surprising since there is an extensive literature describing the benefits of community participation, expertise and access to revenue for enhancing the administrative capacity of a public agency. However, our contribution has been to show that when considering the value of autonomy in municipal reforms, academics and

policy-makers must take into account the locality's capacity to take advantage of that autonomy. Our case studies suggest that the level and nature of public participation, expertise and local assets must all be considered for this assessment.

Although we did not undertake a direct comparison, our study shows that the contexts in rural areas differ from their urban and suburban counterparts. In the process of our investigation, we found that towns with few staff, weak institutional infrastructure, and a small pool of volunteers or experts encounter very different challenges in the face of the obligations and regulations designed for larger cities. The strategies and programs created to support and build their capacity, therefore, must take account of these special circumstances if they are to be effective. Several implications emerge from this investigation for policy-makers, local community leaders, and researchers. We outline some of them below.

Policy-makers should be encouraged by this research to consider the diversity of Canadian settlements. Policies that make sense for large urban areas may end up trapping smaller centres in a cycle of dependency and decline that saps local strengths and ultimately threatens the welfare of all Canadians. Devolution without appropriate conditions or supports is not only likely to exhaust local capacity but will lead to an ideology of centralization as local management falters. Local training and education, regional mentoring and resource-sharing, third-sector support, and local consultation that help to inform administrators should all be considered part of the governance toolkit for developing and implementing policies and programs. Such programs can teach administrators how to generate public support and participation and find avenues to pursue additional revenues without increasing taxes.

Local community leaders can benefit from citizen participation, expertise and funding for the realization of community objectives. The first is wholly within the power of most communities to implement in a way that respects local histories. The second can be enhanced through alliances and local initiatives. Most provinces provide some form of training related to municipal activities so communities would be well advised to encourage its citizens to participate as a way to build a culture of training and mentoring. The third is likely to be significantly enhanced by development of the first two. Citizen participation educates the population about the challenges of local governance and thereby prepares the ground for taxation alternatives – as Shannon discovered. Expertise not only enhances the connections with potential funders and ventures outside the community but it will build the local capacity to make the most of those funds – therefore building confidence among those funders.

Our analysis also suggests that researchers need to elaborate their frameworks of community autonomy in several directions. It is necessary, for

example, to articulate the relationships between the forms of autonomy – immunity and initiative – and the local conditions that may affect a community’s ability to act. Increasing the range of a municipality’s decision-making space may expand the formal limits on local powers, but it will not live up to its potential if the resources, expertise and social infrastructure are not in place. Similarly, limiting support and management from higher orders of government may be a good strategy for communities with alternative resources, but it may further undermine communities already stressed by population decline, resource depletion, or additional regulatory demands. We need to better understand and identify alternative strategies within a larger capacity framework if we are to provide a basis for effective administrative reforms that are appropriate for all types of communities.

### Notes

- 1 Our perspective, then, is clearly “bottom-up.” For a more detailed review of the legislation itself, we suggest the work of Garcea and Lesage 2005.
- 2 As noted by J. Garcea and E. LeSage, “The most commonly stated objective for municipal reform in recent years was the need to improve the governance capacity of the municipal, provincial, and territorial levels of government” (2005: 289).
- 3 Initiative is often thought of as originating from the *top-down*. From this perspective, street-level bureaucrats are viewed with a cautious eye, since they are thought to divert true policy, through discretionary acts, and hence are seen as deviants within the system (Sabatier 1986). In contrast, immunity is often thought of as originating from the *bottom-up*, with analysts focusing on 1) actions of local implementers, 2) the nature of the problem rather than the goals of the policy, and 3) the networks through which the policy is implemented.
- 4 Central to this definition is the assumption that capacity outcomes are not inherently positive and that capacity can, and does, have negative implications. For example, the capacity of groups within communities can be used adversely to carry out organized crime or to implement changes that do not have popular support, such as municipal mergers that re-define community boundaries and threaten certain groups’ political representation. This framework can also be applied at multiple levels, including individuals, families, communities, regions or nations (Lyons and Reimer 2005).
- 5 The names of the municipalities have been changed for purposes of confidentiality.
- 6 When we began our research in the spring of 2005, Saskatchewan was in the process of revising its legislation and has since, on 1 January 2006, merged the previous Urban Municipality Act and the Rural Act into one. Because insufficient time has passed to consider fully the effects of legislative changes, much of our analysis is based on the perceptions of the interviewees as they pertain to the older legislation.
- 7 Other services refers to automotive maintenance and repair; electronic and precision equipment maintenance and repair; commercial and industrial machinery equipment maintenance and repair; personal and household goods maintenance and repair; personal care services; funeral services; dry cleaning and laundry services; other personal services; religious organizations; grant-making and giving services; social advocacy organizations; civic and social organizations; business, professional, labour and other membership organizations; and private household. Data from North American Industry Classification, 2002, Statistics Canada, Catalogue no. 12-501-XPE, available at <http://www.statcan.ca/english/Subjects/Standard/naics/2002/naics02-menu.htm>.

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