

Structure and Functions of Local Governments in Canada

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Plan

- An Outline of Local Government in Canada
- Local government and economic development
- Concluding remarks : what can we learn from each other ? can we do a “croisement de nos savoirs”?

Local Government in Canada

- Local government have been settled in place by provincial regulation : theirs power are given by another government.
- All the municipal system accross various provinces are fairly similar, because of the influence of the Ontario model establish in 1849
- Municipal governments serve two main purposes:
 - 1) act as a political mechanism expressing the collective objectives of a local community and
 - 2) provide a variety of service and program to local residents.

Table 1: Ratio of municipalities to population in Canadian provinces

Province	Population in 1000's	No. of Municipalities	Municipalities per 100,000 pop.
Saskatchewan	989	834	84
P.E.I.	130	89	68
Newfoundland	568	295	52
Quebec	6,896	1,578	23
Manitoba	1,092	201	18
New Brunswick	724	118	16
Alberta	2,546	352	14
Ontario	10,085	828	8
Nova Scotia	900	66	7
British Columbia	3,282	178	5
Total (Canada)	27,212	4,539	17 (average)

Source : Peter DIAMANT, « Restructuring Local Government : Where we go from here ? » in R. ROUNDS (ed.) *Changing Rural Institutions. A Canadian Perspective*, Brandon, CRRF and Rural development Institute, 1997, p. 65

Table 2: Breakdown of the number of local municipalities according the number of population category (Quebec)

Population category	Population	Number of municipalities	% per category	Cumulative %
Less than 1,000	337,995	608	43.7	43.7
1,000 to 1,999	457,077	321	23.0	66.7
2,000 to 4,999	809,820	264	19.0	85.7
5,000 to 9,999	512,709	75	5.4	91.1
10,000 to 24,999	1,221,599	77	5.5	96.6
25,000 to 49,999	943,874	27	1.9	98.5
50,000 to 99,999	1,083,551	16	1.1	99.6
100,000 or more	1,742,712	5	0.4	100
TOTAL	7,109,437	1,393	100	--

Municipal democracy

- Municipal election must be held every four years
- Level of participation at the election is usually low (less than 50%)
- Municipal councils are composed of a mayor and a minimum of six councilors
- All council meetings are public and must include a question period for those present
- The public can also express their opinions at various stages in the municipal decision-making process
- Example: regarding borrowing and land use development by-laws, taxpayers can ask that a referendum be held

Financing of Municipal Bodies...

- All municipal bodies must have a balanced budget
- In Quebec Province, local municipalities spend an amount of about 8% of one of the Provincial government to provide services in accordance with responsibilities with which they are entrusted by provincial legislators
- The largest expenditure are: debt service (22%), municipal roads (13%), public safety (13%), Administration and management (12%), Recreation and community activities (10%), Water and sewage system (9%), land use development and planning (3%)

...Financing of Municipal Bodies

- Municipalities are entitled with four sources of financing that are independent of those of the Provincial governments:
- 1) Taxes 2) Financial compensations paid by federal and provincial governments, 3) Other revenue from local sources, 4) Government transfers
- The breakdown of revenue shows that taxes represent 75% of the total municipal budget and compensations and transfers from federal and provincial government count for an average of 12%

Local governments, global challenges....

- Over the time, local governments became dependent on transfer payments from provincial governments. They are trapped between the increasing service delivery responsibilities and the decreasing revenue sources.
- Local governments are turning to alternative means of delivering local services, involving non-profit sectors or other governments: contracting out, intergovernmental agreements, franchising, charging user fees, vouchers, subsidy arrangements, volunteers and self-help.
- The choice of these alternatives is supposed to be based on: efficiency, effectiveness, accountability and equity.

Local governments role in economic development

- Local government are not entitled with specific mandates or responsibilities to sustain economic development
- But some communities have been active and innovative in this regard: tax-free arrangements to help enterprises start-ups or create non-profit organisation under member of council control to capture grants available at provincial or federal level.
- The concerns about economic development is growing and is impulsed by outside forces (WTO...) but also inside trends: more citizens wants to be part of the decision on some major private investment (in industry or agriculture) because they have an impact on environment and quality of live

A example: local government and agriculture in Quebec

- Right-to-farm legislation is contested in many localities as municipal governments may regulated the agricultural land use
- It was the case with hog production (an important export of Quebec agriculture, part of theses exports goes to Japan)
- In our NRE Site of Sainte-Françoise, local population find a way to manage the building of a big pork production plan in a relatively high respect of social, ecological and economic concerns.

Concluding remarks on the Canadian case

- Amalgamation will continue: conflicting visions of this process which means empowerment of local government for those in favor and a loss for the democracy for the others
- Local governments in becoming more involved in local economic development
- Rural leadership is ageing (NRE 2000 Survey)
- Old and new functions for local governments: services to the property will remain but under free trade regulation, local governments have room to act in order to reinforce the social environment useful for economic development

Concluding remarks on Japan-Canadian comparison

- Local governments in Japan seems to have more resources and responsibilities
- They seems more involved in the economic development (based on ours knowledge of Iitate and Awano).
- With the ongoing process of amalgamation, the local goverments in Canada will be more comparable to theirs Japanese counterparts.
- Contemporary theories of local economic development (like the one on “innovative milieu”) allow local government to play news roles regarding the quality of social environment, a decisive factor of localisation of the enterprise in the new rural economy.

Concluding remarks on Japan- Canadian comparison

- To what extent Japanese local government system is a future for rural Canada or the inverse ? Or what can we learn from each other ?
- Local government leaders can learn a lot from the Japanese case. It is a possible future for the Canadian rural sector
- But, nowadays, we must look not only the government formal structure but also the way it work with various group (public – private – voluntary) in the local community: this raise the question of governance.
- The question is:if we consider the extreme position of a local governance typology show in the next slide, what about Canada and Japan in this regard?

Functional or utilitarian local governance

- residents are consumers and tax-payers
- local government deliver "services" to their resident view as customers
- residents have individual rights
- a pragmatic organization
- efficiency is based on the market-driven model (ratio cost/benefits for various economics units...)
- Solution to fiscal constraints: local amalgamation of small rural communities or : contracting out, user fees for an efficient consumption of a service, etc...

Citizenship-based local governance

- local residents are citizens
- municipal government is an institution entitled with the role of representation of the community (or civil society)
- residents have collective responsibilities
- a democratic institution
- efficiency is based on social or ethical assessment of the vitality of the community able to build its capacities for a sustainable development
- solution to fiscal constraints: partnership between small communities to share services delivery, or creation of special-purpose bodies and use of intermunicipal agreement

Tensions lines in the Role of the Municipality (D. Douglas)

Two types of tension lines:

- 1) tension between « **Politics** » and « **Management** » oriented governance
And
- 2) tension between « **Political Representation** » and « **Services Provision** » oriented governance.