## "WHY LOCAL GOVERNMENTS?" AN ONGOING DEBATE IN NEW BRUNSWICK

Michelle Landry et Julie Guillemot Université de Moncton, Campus de Shippagan

#### Introduction

In Canada, as in other countries, municipalities are important institutions to manage local services, programs and regulations to an adequate level. In New Brunswick, however, a third (30%) of the population do not have a local government, their closest level of government is the province. These communities are divided in local service districts (LSDs), an administrative entity for the Department of Environment and Local Governance used for service provision. A few structural municipal reforms were conducted in the province since the 90s (Bourgeois, 2005), as in several other provinces (Garcea and Lesage, 2005), but this orphan population problem was never really tackled as it is a very politically sensitive topic. In 2005, a voluntary approach was put in place by the adoption of a regulation that allows non-incorporated communities to band together or merge with a village to convert in a "rural community", a form of municipality that does not have to maintain roads in the former unincorporated areas of its territory. More than a decade later, only 8 rural communities and one regional municipality were established, and 4 amalgamation projects concerning LSDs succeeded.

This paper will first present the reasons for this unusual territorial organization that dates back to a 60s major reform on finance and municipal taxation and broadly trace the municipal reform history in New Brunswick, illustrating the low appetite for municipalization. We will then explain the current territorial organization in New Brunswick and examine descriptive data showing the distribution of the population living in unincorporated and incorporated areas. Municipalization projects will then be discussed, first by giving an overview of the impact of the 2005 regulation and then by presenting issues raised in the debates over proposed projects in 4 case studies. The discourses are more complex than a mere taxation issue, although it is the principal matter discussed.

## A Bit of History to Understand the Unusual

Having such a large proportion of inhabitants living in unincorporated areas and depending directly on the provincial government for service provision is quite unusual in Canada. This situation goes back to an important reform that took place in the 1960s in New Brunswick. From 1877 to 1967, a two-tier system was in place with counties progressively managing education, health, social services and some aspects of the justice system. In areas with no municipal government, the county served as a local government. Wanting to address rural-urban disparities and to better take advantage of federal regional development programs, the liberal provincial government of Louis J. Robichaud (1960-1970) put in place the Royal Commission on Finance and Municipal Taxation in 1962, chaired by Edward Byrne. The recommendations of the Byrne report resulted in the Equal Opportunity Program, one of the most ambitious local administrative reforms in Canada, affecting approximately 125 provincial laws in New Brunswick (Young 2001; Cyr 2001). County councils were abolished and the most important services to people – health, education, social services and justice – were centralized at the provincial government level. Centralization was viewed as the most effective means to reduce regional inequalities, thus providing equivalent services in all parts of the province. When county councils were abolished, the areas outside municipalities were divided in administrative divisions for service provision called Local Service Districts (LSDs). Villages were also given the same powers as other municipalities which resulted in the creation of approximately 90 villages (Cyr 2001). According to Martin (2007), public servants were confident that rural population, thus LSD population, would diminish referring to modernization and

urbanization theories of the time. LSD population, however, continued to grow and was still growing at the beginning of the new century (Bourgeois and Strain 2009).

As early as 1975, problems with the territorial organization started to be acknowledged. The Hatfield provincial conservative government (1970-1987) ordered a report (1976) but didn't apply its recommendations (Finn 2008). The McKenna provincial liberal government (1987-1997) did execute some town amalgamations and some reforms with different types of service commissions, but did not address the larger problems associated with the unincorporated communities (Bourgeois, 2005). Camille Thériault, liberal Primer from May 1998 to June 1999, formed a *Municipality Act* Review Panel who presented its recommendation to Bernard Lord's conservative government elected in June 1999.

The Rural Community Incorporation and Restructuring Regulation under the Municipality Act was finally adopted in 2005 to encourage municipalization, It is, however, a voluntary approach permitting the creation of "Rural communities" by amalgamating several LSDs or LSDs with a municipality or several municipalities if they form an entity of 2000 inhabitants and have a fiscal plate of 100 million dollars. Eventually, the provincial government stated that a new entity should have a population of at least 3,000 or a \$200 million tax base (Department of Environment and Local Government 2017). This new status of "Rural community" have approximately the same powers as other municipalities, it can, however, take progressively and partially responsibilities, meaning it does not have to be responsible for road maintenance in former LSDs, which would be very costly in sparsely populated areas.

In 2008, the Graham liberal government (2006-2010) put in place a Commission on Local Governance presided by Jean-Guy Finn to address the issue of ineffective local governance in the province in the broader ideal of a "self-sufficiency" program for the province. The Finn report recommended dividing the province in 53 municipalities and creating 12 regional service districts and boards. The Graham government was defeated after just one mandate, so reforms were not undertaken.

The only reform since is the creation of twelve regional service commissions in 2013 under the Alward conservative government (2010-2014). This reform was consolidating solid waste commissions and planning commissions. The model derived from the Action Plan of Local Governance commissioned by the conservative government, being, however, very similar to what was suggesting the Finn report in terms of regional services organization.

## **Current Territorial Organization**

Currently, there are 7 types of local entity in New Brunswick: City, Town, Village, Rural Community, Regional Municipality, First Nation Reserve and Local Service District (LSD). We will not discuss First nation reserves in this paper since it falls under federal jurisdiction. Municipalities and LSDs are, for their part, under provincial jurisdiction. As of January 2018 there are 103 municipalities (8 cities, 1 regional municipality, 26 towns, 60 villages and 8 rural communities) and 236 Local Service Districts (LSDs) in New Brunswick (Department of Environment and Local Government 2014<sup>1</sup>).

As stated in the *Constitution Act*, in Canada, municipalities are "creations" of the provinces. As Tindal, Tindal et al. (2013) puts it:

Provincial and territorial governments have unlimited authority to create municipal governments where they choose, merge, or amalgamate any two or more municipalities, or arbitrarily increase

<sup>&</sup>lt;sup>1</sup> Numbers adjusted accordingly to recent local referendums.

or reduce council authority. Provinces and territories even have the power to abolish municipal governments and instead directly deliver services and programs to local residents (p. 4).

The national government cannot undermine provincial governments on municipal administration either. In other words, the provinces have full power regarding municipalities. Roles and responsibilities can thus differ from one province to the other. Nevertheless, in general terms, municipalities are incorporated entities, they have the power to deal with a wide range of local issues, have distinct geographic boundaries, are governed by elected councils and have taxing power (Tindal et al., 2013, p. 4). They also have borrowing power and the right to own property and infrastructure. Therefore, even though the Canadian constitution does not recognize municipalities as an order of government, in practice they are considered as such. As Sancton says, what is relevant is what municipal governments do, how they do it, and how they interact with other levels of governments (Sancton, 2009, p.3).

Cities, towns and villages have the same basic powers and responsibilities in New Brunswick. The distinctions are solely based on population. Cities (Moncton, Saint John, Fredericton, Dieppe, Bathurst, Miramichi, Edmundston and Campbellton), however, have linguistic obligations that others only have if its official language minority population represents at least 20% of its total population. They also typically provide more services than smaller municipalities (i.e. public transit, public museum, etc.). The regional municipality status was created to accommodate the amalgamation of the town of Tracadie-Sheila with surrounding LSDs, which needed a special agreement on police services and road maintenance. Thus, regional municipalities can be created by merging municipality with local service districts (LSDs) if the total population is at least 15 000 residents. With this status, the province is responsible for the police services in the former LSDs and an agreement between the municipality and the province is reached for road maintenance. Rural communities, as mentioned earlier, also have more flexibility in terms of responsibilities. They usually leave road maintenance in the former LSDs to the province.

In New Brunswick, we can draw 4 broad categories of municipal services (adapted from Antoft and Novack, 1998): Transportation services (municipal roads, snow removal, parking, public transit in the larger agglomerations, etc.), environmental services (water, sewage and waste management), security services (police, fire protection and emergency plans), and recreational and culture services (arenas, sports fields, parks, playgrounds, museums, trails, sporting or cultural events, etc.). Municipalities in New Brunswick are, however, not involved in the education system since the 60s as explained earlier. So far, they are not involved in social housing either, as it is the case in some provinces. Like in other provinces and countries, social and economic changes, linked to globalization processes, transforms the roles and functions of local governments, as well as the context in which they evolve (Andrew and Goldsmith, 1998). Municipalities became key institutions in local and rural development (Douglas, 2005; Courlet et Pecquer, 2013; Cleave et Arku, 2014). For instance, municipalities develop and manage recreation facilities, emergency plans, tourist attractions, and cultural and sporting events. They are involved in attracting and creating businesses and employment, and some have policies to attract young families or immigrants. Their responsibilities change according to intergovernmental relations (McAllister, 2004). For instance, a recent jurisdictional reform might increase municipality role in economic development. On January 1<sup>st</sup> 2018, new laws on Local Governance and Community Planning took effect. The "legislation recognizes local governments as a responsible and accountable level of government which are separate, autonomous and distinct entities from the provincial government" (GNB, 2018a). Among other things, the legislation:

- Give broad powers to local governments to enact bylaws for matters of local importance.
- Provide economic development powers allowing local governments to engage in activities to maintain and expand their tax base, such as providing in-kind grants; or establishing

- government and non-government partnerships with respect to economic development and the development of community facilities, such as recreational facilities.
- Provide new planning and development tools that would, for example, allow local governments to collect development charges when approving a new development; this funding could then be used to provide that development with services such as roads or water and wastewater infrastructure (GNB, 2018a).

LSDs, for their part, are not municipalities, they are administrative entities of the provincial Department of Environment and Local Government which provides services in these areas (i.e. road maintenance, and snow removal). Thus these communities do not have a local government. An LSD does not have a council nor any staff. Its inhabitants can only "elect" in a community assembly an advisory committee and a representative. The representative acts as a contact person with the provincial Department of Environment and Local Government. A certain number of the LSD representatives can sit at the regional service commission with all the mayors.

Regional service commissions are seen as service delivery agents and not considered a tier of government by the provincial government (GNB, 2018). However, as Sancton (2015, p. 134) states, it is comparable to other tier system. They have a Board of community representation "which sets direction and makes decisions for the overall Commission" (GNB, 2018). Regional service commissions manage land planning and waste management. They can also facilitate planning and cost-sharing of emergency plans and major sport, recreational and cultural facilities in the region. As stated by the Province:

Each Regional Service Commission Board will be accountable to their member Municipal and Rural Community councils. Those councils are in turn, accountable to their taxpayers. For Local Service Districts, the Commission will be accountable to the Province which, as administrator of services in LSDs, is accountable to LSD taxpayers (GNB, 2018).

Some of them are also playing a role in the field of tourism, of example by managing regional consortium. Established in 2012, there are 12 regional service commissions in the province.

Regional Service Commissions Commissions de services régionaux

Regional Service Commissions of Services Indicated and Services Indi

In short, New Brunswick has not succeeded in developing a territorial "organization" over the years, but rather a disorderly situation with many different types of local governments and still having a third of its population living without a local government. In the next section, we will describe the current distribution of the population, and pointing out issues with this unusual territorial (dis)organization.

## **Current distribution of population**

The following table (table 1) shows the distribution of the population in each type of entity, according to the 2016 census.

Table 1

Proportion of the population by ty New Brunswick, 2016	pe of local entity,
Local Service Districts	30%
Municipalities	69%
Cities	37%
Town	17%
Villages	9%
Regional Municipality	2%
Rural Community	3%
First Nation Reserves	1%
Total	100%

Data source: Census 2016 (98-400-X2016346) adjusted to include the incorporation of the rural communities of Haut-Madawaska and Saint-André.

With a population of a little less than 750,000 inhabitants (747,101) (Statistics Canada, 2016) and a surface area of 72 908 km<sup>2</sup> (Statistics Canada, 2005), New Brunswick is a small province in terms of population and geography. Nevertheless it does not mean it is efficient to have the centralization of local service management for an important proportion of the population and a vast territory.

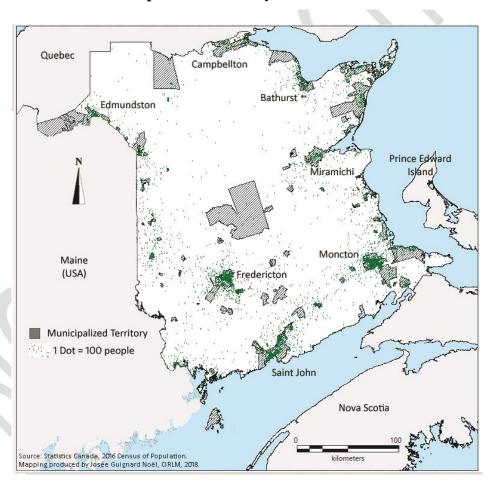
In terms of surface area, there is a very small proportion of the territory that is incorporated. Therefore, the provincial government manages the local services of a considerable part of the territory, even though a large part of the surface area is covered by forest and is not inhabited. The LSD population is also relatively spread out (map 1). As illustrated with the map bellow, the non-municipalized population is present in remote rural areas, as well as in the urban outskirts.

Using the census metropolitan influenced zone (MIZ) typology, we can show the distribution of the non-municipalized population in terms of rurality degrees in comparison with small towns, villages and newly formed rural communities (table 2). This typology is based on the influence of census metropolitan areas (CMAs) and census agglomerations (CAs), considered urban, on the rest of the territory based on the commuting rate of the employed labour force<sup>2</sup>. Even though this measurement does not reflect all types

<sup>&</sup>lt;sup>2</sup> "Census subdivisions outside census metropolitan areas and census agglomerations are assigned to the following MIZ categories:

<sup>1.</sup> **Strong metropolitan influenced zone:** This category includes CSDs in provinces where at least 30% of the CSD's resident employed labour force commute to work in any CMA or CA. It excludes CSDs with fewer than 40 persons in their resident employed labour force.

of influence, it is the most nuanced typology of rurality offered by Statistics Canada. It is useful for our analysis, because it permits us to verify the condition of the non-municipalized population in terms of proximity to a centre, access to services and employment, etc. We note that almost half of the LSD population actually live in an urban area (census metropolitan area), thus in the outskirts of one of the province's cities and another 5% live nearby, presumably using the cities' services and infrastructure. Of course, according to the map above we can also determine that much of this population also live nearby smaller towns and villages.



Map 1. Population Density in Municipalized and Unincorporated Territory in New Brunswick

<sup>2.</sup> **Moderate metropolitan influenced zone:** This category includes CSDs in provinces where at least 5% but less than 30% of the CSD's resident employed labour force commute to work in any CMA or CA. It excludes CSDs with fewer than 40 persons in their resident employed labour force.

<sup>3.</sup> **Weak metropolitan influenced zone:** This category includes CSDs in provinces where more than 0% but less than 5% of the CSD's resident employed labour force commute to work in any CMA or CA. It excludes CSDs with fewer than 40 persons in their resident employed labour force.

<sup>4.</sup> **No metropolitan influenced zone:** This category includes CSDs in provinces where none of the CSD's resident employed labour force commute to work in any CMA or CA. It also includes CSDs in provinces with fewer than 40 persons in their resident employed labour force.

<sup>5.</sup> **Territories (outside CAs):** This category includes CSDs in the territories outside CAs" (Statistics Canada, 2015).

Table 2.

Proportion of population by type of entity by urbanity and degrees of rurality

Cities	37%
Urban areas	37%
Towns	17%
Urban areas	9%
Rural areas	9%
Strong metropolitan influence	1%
Moderate metropolitan influence	4%
Weak metropolitan influenced zone	3%
Villages	10%
Urban areas	3%
Rural areas	6%
Strong metropolitan influence	2%
Moderate metropolitan influence	4%
Weak metropolitan influenced zone	1%
Regional municipality	2%
Rural areas	2%
Moderate metropolitan influence	2%
Rural communities	3%
Urban areas	1%
Rural areas	2%
Strong metropolitan influence	2%
Moderate metropolitan influence	0%
Weak metropolitan influenced zone	0%
Local service districts	30%
Urban areas	13%
Rural areas	17%
Strong metropolitan influence	5%
Moderate metropolitan influence	7%
Weak metropolitan influenced zone	5%
Total	100%

A considerable proportion of LSD population thus have access to municipal services (arenas, swimming pools, public libraries, trails, parks, etc.), but their property taxes generally do not contribute to these services unless there is an agreement between the LSD and the municipality. The property tax rates in LSDs are usually lower than in municipalities. For example, according to the Government of New Brunswick, in 2011, the average tax rate in LSDs were 0.91\$ per 100\$ of assessed value and it was 1.51\$ per 100\$ of assessed value in municipalities for residential owner-occupied properties (GNB, 2011). In New Brunswick, property taxes are collected by the provincial government but decided by municipalities. In LSDs, it's the provincial government who decides the rate and it is usually lower than in

municipalities. Bourgeois and Strain (2009) estimate the gap between the cost of services in LSDs and the property taxes collected to 39.6 million dollars. In other words, services in LSDs are subsidized by the provincial government without an equalization program aiming an equitable distribution.

In sum, this territorial organization is costly for the province because LSD's tax rates are kept low. It is also a burden for adjacent municipalities since the non-incorporated rural and outskirt population use facilities in nearby towns. A property tax transfer agreement is almost impossible, unless it is for a new facility, since the population would presumably oppose to it. Increasing fees for individuals and families who use the facilities has a dissuasive effect, therefore reducing users. From a development perspective, the territorial organization is also ineffective because these communities are not organized to leverage their community development. For example, LSDs do not have direct access to the Federal Gas Tax Fund which provides funding for infrastructure in Canadian municipalities. LSDs do not have a municipal council nor staff to work on developing services and projects either. Questions about the legitimacy of LSD representatives and about the absence of local democracy are also regularly raised. In an urban planning perspective, the fact that these areas have lower tax rates than the municipalities can also foster urban sprawl.

## **Municipalization projects**

Considering the important role of municipalities in today's service management, community life, and socioeconomic development, and the importance we collectively give to legitimacy and accountability in our governance institutions, why is there so little appetite for municipalization?

To form a rural community the process is rather simple. A municipal council, an LSD advisory committee or a group of citizens must express its interest to the Department of Environment and Local Government. Then, a local regional services manager will accompany local stakeholders to start assessing the interest in the community, the population targeted, as well as the tax base. If the project seems to receive support in the communities and respects the minimum requirements in terms of population (3,000 persons) or tax base (\$200 million), department agents "undertake a thorough analysis of the proposed restructuring project including a review of local services, budget projections of revenues and expenditures [...], tax rates and how they differ across areas given service delivery differences, geographic boundaries, etc." (Department of Environment and Local Government 2017). Public consultations are then formally organized and the decision on the project is determined by a plebiscite in the concerned LSDs and the adoption of resolutions in the concerned municipal councils. Other ways to municipalize unincorporated communities would be obtaining the village status for large LSDs through a similar process or their amalgamation to an existing municipality.

Since the adoption of the *Rural Community Incorporation and Restructuring Regulation* in 2005, only 25 projects were formally submitted to a municipalization process and have reached an outcome. Some of these projects are second versions of a failed one.

Table 3. Formal process to municipalize LSDs 2005-2018

	Failed	Succeeded	Total
Process to form a rural community	8	8	16
Process to form a regional municipality	0	1	1
Amalgamation to a municipality	3	4	7
LSD incorporation to village	1	0	1
Total	12	13	25

Data source: Election NB and L'Acadie Nouvelle (2005-2018).

Eight rural communities and one regional municipality were established and 4 amalgamation projects succeeded. The first two rural community projects were established under the former process which did not necessitate a local plebiscite. Projects were then concretized if 20% of the residents did not express their opposition to the Minister. One failed this way.

Even with the municipalization initiatives that went through, the non-municipalized population was only reduced by 6% (Table 4 and 5). As Mévellec et al. (2017) note for the Québec case, voluntary approaches do not seem to be affective.

Interestingly, the French-speaking LSD population was much more reduced (Table 4 and 5). New Brunswick is an officially bilingual province and it's the province with the most considerable official language minority population (31%). Traditionally, Acadians are more rural than the English-speaking population. And, before the 2005 regulation that permits the creation of rural communities, and thus encourage municipalization, Acadians were proportionately more living in LSDs than their English-speaking counterparts. In 2016, it is, however, not the case anymore (table 4). Out of the 8 rural communities, 5 are francophone communities and so is the regional municipality of Tracadie which has a population of 16,114 inhabitants. In other words, the French-speaking population proportionally engaged more in municipalization projects than the English-speaking population. Even among the 25 projects that formally went through a municipalization process and have reached an outcome (table 3), only 8 are anglophone communities.

# Proportion de la population par type de collectivité selon la langue maternelle, excluant les réserves indiennes, 2006<sup>1</sup>

	Langue non			
	Anglais	Français	officielle	Total
Districts de services locaux	36%	38%	25%	36%
Municipalités	64%	62%	75%	64%
Cités	38%	29%	56%	35%
Villes	18%	16%	12%	17%
Villages	8%	15%	6%	10%
Communautés rurales	0%	2%	0%	1%
Total général	100%	100%	100%	100%

Source des données : Recensement 2006 (97-555)

# Proportion de la population par type de collectivité selon la langue maternelle, excluant les réserves indiennes, 2016¹

	Anglais	Français	Langues non officielles	Total
Districts de services locaux	33%	28%	12%	30%
Municipalités	67%	72%	88%	70%
Cités	39%	31%	68%	37%
Villes	19%	14%	15%	17%
Villages	7%	14%	4%	9%
Municipalité régionale	0%	7%	0%	2%
Communautés rurales	2%	6%	1%	3%
Total	100%	100%	100%	100%

Source des données : Recensement 2016 (98-400-X2016346) ajusté pour inclure la création de la Communauté rural du Haut-Madawaska et la paroisse de Saint-André

<sup>1</sup> Les réponses multiples ont été réparties à parts égales entre groupes linguistiques.

<sup>1</sup> Les réponses multiples ont été réparties à parts égales entre groupes linguistiques.

Examining data available from the census and maps, we find that a considerable proportion of the LSD population is not rural, but urban and peri-urbain. We also see that for the moment, the French-speaking population seems more inclined to engage in municipalization. We should note, however, that conclusive and inconclusive municipalization processes resulted in divisive debates in all types of environment.

These local debates are a source of valuable data on the perceived role of municipalities as well as on challenges regarding policies on local governance reforms.

# **Case studies: Issues regarding municipalization**

We are currently conducting research that aims to better understand the perceived roles of municipalities and what motivates people to mobilize for or against the incorporation of their community. In other words, why would someone want its community to become a municipality and why would one oppose to it? What advantages and disadvantages do people see in being part of a municipality? These are questions that are not even raised in other parts of the country since it is very normal that most of the population live in some kind of municipality. At this point in the research, we can outline the type of issues raised in our 4 case studies. We can also note a differential treatment of the ideas of amalgamation and municipalization in the projects.

## Methodology and Case Studies

Our research relies on a press analysis and semi-directed interviews with government officials and with local actors in 4 case-study communities. Based on the press analysis we selected 2 francophone communities and 2 anglophone communities of which one voted in favour and the other voted against becoming a "rural community". Overall, our interview sample is 35<sup>3</sup>. We also analyzed grey literature, such as the feasibility reports and pamphlets produced by the opponents.

Haut-Madawaska is now a rural community since July 1<sup>st</sup> 2017. It was created by merging the following LSDs: Baker-Brook LSD (including Val Lambert), Clair LSD (including Caron Brook, Lac Baker LSD, Saint-François LSD (including Connors), Saint-Hilaire LSD (including Riceville), Madawaska LSD, and the villages of Saint-François de Madawaska, Clair, Baker-Brook and Saint-Hilaire. It is situated in the North-West of the province between the state of Maine and the province of Québec. A first plebiscite was held on November 9, 2015, on a project including the village of Lac Baker. A municipality needs approval from the council, whereas LSDs residents vote directly in the local referendum. A majority of voters in the LSDs voted for the project, but the village council of Lac Baker voted against. Therefore, another local plebiscite was organized on a project excluding the village of Lac Baker on November 14, 2016, which passed with a 62% majority (493 votes in favour and 299 votes against). During the feasibility study, the population of the proposed rural community was 3 987 inhabitants, 94% of which had French as their mother tongue (2011 census). The surface area is 648 km², the fiscal plate was estimated to be 264 M\$. The local economy is based on agriculture, other businesses and forestry. The city of Edmundston is the biggest centre close by. The biggest tax raise expected was 0.20\$ per 100\$ of assessed value over 10 years in the LSD of Saint-François (Nadeau, 2016).

The rural community of Les îles Lamèque et Miscou was proposed by merging administratively the islands of Lamèque and Miscou, except the southern tip of Lamèque island, which meant 2 municipalities and 10 LSDs: the town of Lamèque, the village of Saint-Marie-Saint-Raphaël, and the LSDs of Cap-

<sup>&</sup>lt;sup>3</sup> At this point in the research, the principal government official has not yet been interviewed and only half of the interviews with actors have been analyzed. Concerning issues raised presented in this paper, we however feel we have reached a saturation point and that we can draw general preliminary results.

Bateau, Coteau Road, Haut-Lamèque, Miscou, Petite-Lamèque, Paroisse Ste-Cécile, Pigeon Hill, Paroisse Shippagan, Pointe-Alexandre, and Pointe-Canot. This project was massively rejected by 69% of voters (1600 against, 725 in favour) on May 15, 2017. Situated in the North-East, the local economy is mainly seasonal and based on natural resources such as fisheries and peat industry. There are no cities nearby, some services are available in towns and the regional municipality of Tracadie which are situated between a half hour or an hour drive depending on where to where. During the feasibility study, the population of the targeted area was 5,755 inhabitants (Carey, 2017 citing the 2016 census). The feasibility report did not report the data on mother tongue, but this region is very francophone with the exception of an English minority on Miscou Island. According to the 2016 census, approximately 96% of this population has French as its mother tongue. On Miscou Island, however, 20% of the population has English as their mother tongue. The fiscal plate estimated for the proposed rural community was 277 M\$ (Carey, 2017). The feasibility report did not anticipate tax raises attributed to the amalgamation project, but an average of 0.08\$ increase per 100\$ of assessed value in LSDs whether or not the project goes through (Carey, 2017).

The Kings East rural community project included 5 LSDs circling the small town of Sussex and village of Sussex Corner: Cardwell, Hammond, Studholm (including Lower Millstream), Sussex LSD (including Apohaqui) and Waterford. The project was largely rejected by local plebiscite on October 28, 2013 (1422 against/433 in favour). The rural community would have had a population of 8,308 residents (2011 census) and a surface area of 1500 km² (DELG, 2013). It is a very rural area and agriculture is an important part of the local economy. The tax based for the proposed rural community area was 827 M\$ in 2013 (DELG, 2013). The feasibility study anticipated a lower tax rise for all LSDs if incorporated in the rural community. This region is very anglophone, approximately 97% of the residents have English as their first language, and there is a very small minority of francophones and some families originating from northern Europe (i.e. Germany and the Netherlands). The feasibility study does not report on language or culture of the population.

Hanwell rural community was created on May 23, 2014, after a favourable turnout of the local plebiscite held on December 2, 2013 (487 in favour/451 against). It was created by the municipalization of only one LSD, Hanwell. It is situated less than 15 km from Fredericton, New Brunswick's capital, and close to the TransCanada highway. During the feasibility study, the population was 4,740 residents and the surface area is 151 km² (2016 census). The original project was supposed to include the LSD of Kingsclear, but because of a lack of support in that region, Hanwell pursued by itself. Approximately 89% of the population has English for their first language. There are many businesses in Hanwell because it is close to the highway and the city of Fredericton. It is thus in part suburban and in part rural.

We will not describe nor analyze the local issues of each case in this paper. We will rather focus on outlining the main issues with municipalization in general, based on what commonly emerged from the interviews in these 4 cases.

# Why local governments? ... Or why people think they are better off without?

Actors mobilizing to municipalize their community yearn for deciding collectively where their taxes are spent, and for democratically electing a council that will be accountable and have the legitimacy to talk to the provincial government on their behalf and work on projects to improve community life. They realize that having the power to borrow and to own property is leverage for community development, as well as having access to their share of the Federal Gaz Tax Fund.

In most places, municipalization comes with an amalgamation with other communities nearby. Promoters of these projects generally think that merging together will give them a stronger voice to deal with the provincial government and more resources to obtain better services. These advantages are pretty textbook and coincide with general literature on the basic functioning and roles of municipal governments in Canada (Tindal et al., 2013; Sancton, 2015, Antoft and Novack, 1998; Bherer and Lemieux, 2002; Thomas and Collin, 2005).

## Tax Issues

One of the principal arguments put forward against municipalization is the fear of seeing property tax increase, which is consistent with other cases in the country (Kushner and Siegel, 2003). Even though in the case of the creation of a rural community, the tax increases anticipated were minimal or unanticipated, the idea of a possible increase seems to have a large impact on the outcome. Moreover, media focused on this issue. A property tax increase is generally unpopular as it is perceived to be arbitrary (Sheffrin, 2013). As Sancton puts it, if a home owner bought expensive art instead of renovating their home, they would not have to pay annual tax on the value gained on paper (Sancton, 2015, p. 321). Many people do not think the market is going up as their tax assessment states, especially not in remote communities. One local actor, very opposed to the municipalization project of Lamèque and Miscou islands, expressed very clearly this feeling of an arbitrary tax increase:

Monter les taxes? Moi j'achète [une telle maison], je [ne] veux pas payer des taxes de fou parce que ma maison est grande. Je [ne] la vendrai pas le prix qu'ils vont dire sur les taxes [compte d'impôts fonciers) (LM7)

As Sancton (2015) explains, people also do not necessarily have the means to pay the increase. Property taxes are different "from income taxes where the more one makes, the more one can pay, because the income earner actually has more financial resources as his or her income increase" (p. 319). "Unless property owners remortgage their houses at the higher value, they do not magically have new resources with which to pay property tax increase" (Sancton, 2015, p. 319). The fear of tax increase could be accentuated by the fact that many rural residents of New Brunswick are underprivileged (Bums et al. 2007; Government of New Brunswick 2013).

The "user pays" principle also seems to be implied in this fear of property tax increase. These areas have very limited community infrastructure and services, so it seems that the development will keep being centralized in the largest municipalities of the region, rural community status or not. Kushner and Siegel (2003) report similar findings in Ontario where there was also a sense that larger amalgamations "would increase taxes without providing additional services" (p. 49). This excerpt illustrates this type of opinion:

On sait qu'il faut qu'on paye la taxe mais on [ne] veut pas payer la taxe pour les autres. On veut payer la taxe pour nos services, tu sais (LM5).

The fact that the taxes would presumably stay lower in the former LSDs in a medium-term outlook, even though they have access to the same services, is not acknowledged by the opponents.

In addition to where the money would be used, there is also the question of how it would be used:

[...] pis des taxes pourquoi? Pour qui ait cinq employés de la Ville de Lamèque autour d'un trou toute la journée? J'ai vécu 10 ans à Montréal et j'en pouvais pu. J'en pouvais pu. Voir 25 gars autour d'un trou pis me dire fais mes taxes, fais mes taxes, tous des poignées de beignes, tous des poignées beignes, bien c'est exactement la même chose qui nous serait arrivée (LM7)

This point is related to a broader trust issues. Some people did not believe the promises of a limited tax increase. For example, this actor from the North-West simply did not think it was possible to limit the tax increase and thus shattered a doubt on the whole project:

Y promettaient dans le rapport que les taxes dans les DSL [ne] monteraient pas pour 10 ans. Comment tu fais pour faire ça? J'ai dit promettaient, c'était ça leur projection. Impossible. Impossible (HM2).

In the case of Hanwell which the local plebiscite passed by a very slim margin, the promoters of the municipalization project campaigned on a tax increase of 1.5 cents to pay for administration. The strategy was precisely not to be seen as unrealistic or as hiding eventual tax increase.

Do you tell people we're not going to raise your tax and then all of a sudden you have to? Or, you tell them we're going to charge you 1.5 and hopefully we don't have to do it? And so, we chose that way (H1)

The tax issue is directly related to discussions about service provision and thus resonates with the fact that in Canada, municipalities are more conceived as devolution institution than a political expression of a local community (Chiasson et al. 2014; Finn, 2008)

#### **Development Issues**

Development issues are very interesting because there is a variety of ways to see the situation. In Hanwell for example, owning property was an issue. A group of citizens had created a corporation to own a piece of land because LSDs are not allowed to own property. With the status of rural community, Hanwell can own it and develop recreation infrastructure. In different LSDs on Lamèque Island, putting in place an emergency shelter is an important issue after being true an ice storm crisis (January 2017). The question is more to convince the provincial government to invest in their project, knowing that other communities will be asking the same. The aspect of who will own the centre has not been raised, perhaps because LSDs in this region generally have a relatively good relation with the provincial government<sup>4</sup>.

There is also as much a sense of being able to leverage community development by being stronger and having more resources in a larger rural community as oppose to small towns or LSDs. However, on the other hand, lots of local actors from the LSDs are afraid that being part of a bigger entity will translate to a majority of people from outside their community deciding what happens locally, as observed in other amalgamation cases (Bherer and Lemieux, 2002; Tomàs and Collin, 2005). This was mostly heard in the reluctant rural communities in Kings East and Lamèque-Miscou. For example, the rural plan would be adopted by a council, so the local population would not have the power to refuse certain aspects of it. Although this argument was heard in different cases, the case of Miscou is striking because it is an island. For example, one person of Miscou was talking about "losing control of their island", fearing among other things, that exterior interest would opt to extract the peat on the island, for example:

Bien tu perds contrôle de ton île. Parce que là, eux autres [the current town of Lamèque] seraient arrivés avec leur plan d'urbanisme. La nouvelle grande municipalité, bien nous autres on n'a pu de pouvoir décisionnel. T'as une personne là pis eux autres sont majoritaires au conseil de la grande municipalité. Bien s'ils auraient décidé qu'ils développaient les plaines icitte? (LM8)

In a sense, these issues often refers to a way of life.

# Losing a way of life

It's not always expressed directly, but these municipalization project brought to light a fear of losing a way of life. Some simply did not want more government, which was seen as more rules and regulation. But more positively, especially on Miscou Island, there was a perception that the community was already

<sup>&</sup>lt;sup>4</sup> For example, one unincorporated community particularly impacted by erosion got a part of its coast rock lined with the help of the provincial government. Development of tourism on Miscou island also got help from the government.

taking care of itself. There was a fear of losing the community way of organizing themselves. As one resident explains, life on the island is in a way already self-managed:

Miscou ça toujours été comme une île que c'était comme autogéré mais géré par des comités. Tu sais, y'a un comité de l'église [...], maintenant y va avoir un comité de plein-air, y'a du monde d'installé là-dedans tu sais qui travaillent pour faire en sorte que y'a des activités de plein-air à Miscou. Y'a un comité de sauvegarde pour la protection de nos terres à cause des bleuetières. Y'a plusieurs comités sur l'île, vraiment. [...] Tu sais l'administration portuaire c'est un autre comité. [...] c'est sûr que y'a quelque chose de solide face à ça. Le, comité touristique, bien on gère la *light* [phare] mais on gère aussi le restaurant de la *light* [phare]. Pis bon bien l'hiver on a commencé à développer des activités de Noël tu sais. (LM3)

Later in the interview, this person implied that being a municipality would change that way of functioning: « les gens se sentent dépossédés de leur pouvoir décisionnel [...] on est capable des fois de gérer en p'tits comités (LM3) ». It was not, however, the main reason to oppose the project. But it is related to the fear of losing power over their local way of life, of people from other communities having the say on what local issues because of the composition of the municipality council. It also reflects on the perception that power and services are still going to be situated in the former town and that municipalization might not concretely change much.

#### The Process

Ultimately, much of the opposition expressed in the interviews was related to the process. Of course people were fearing tax increase and not having power over their local issues, but the process exemplified the lack of trust, thus comforting other fears and arguments against the project. Actors in favour of the project that worked in different committees whether they succeeded or not, also criticized the process.

The fact that the government officials were not able to give clear answers to technical questions during consultations spread a lot of suspicion. The issues regarding the financial aspects of these projects are very complex and very hard to communicate. It seems even harder to communicate clear information effectively when it mostly comes from unofficial sources. In the Haut-Madawaska, however, consultations seemed to have been taken very seriously by the promoters. This lengthy quotation says it all:

Le secret de notre démarche a été dans les consultations publiques et aussi au niveau de la communication du message. Ce sont les deux éléments les plus importants, l'ouverture d'esprit, oui monter un projet, on a mis tous les chiffres ensemble au niveau financier, on a mis l'aspect de travail en commun dans différents secteurs et puis amené des forces à travailler ensemble. Et pis à trois reprises on a consulté la population, encore là des consultations dans chacune des paroisses pour leur démontrer où qu'on était rendu dans le projet de un, et avoir leur opinion. Qu'est-ce eux voyaient ou qu'est-ce eux aimeraient avoir de changement, comment y voyaient le projet à l'étape où on était rendu avant qu'on se rende trop loin [...]. Lorsqu'on arrivait dans les réunions de consultation on disait aux gens on est ici ce soir pour vous présenter là où est-ce qu'on est rendu dans notre étude de faisabilité. Voici qu'est-ce que nous voyons actuellement. Maintenant on est ici à soir pour avoir votre pouls, avoir votre opinion si y'a des choses qu'on est dans le champ, si y'a des choses qui font pas votre affaire, si y'a des choses que vous aimeriez changer c'est ce soir et je les mettais toujours en garde au début de chacune des réunions, ici on peut discuter, argumenter sur des opinions, sur des façons de voir mais on ne touche jamais la personne [..] (HM6).

The committee for the Haut-Madawaska project even got advised by communication professionals. Their communication strategy seems to have been an important factor in their success. Such an openness to listen to the oppositions was not present in the other cases.

Other issues with the process were brought up. For example, having a unilateral vote and communities not able to opt out were criticized. There is also the fact that the feasibility study was presented as "take it or leave it option" without the possibility of proposing modifications and agreeing to having a feasibility study done was interpreted as being favourable to an amalgamation/municipalization project.

Y passaient d'une étude de faisabilité à un projet de regroupement où on votait fait que y'a eu comme un saut quantique. [...] là j'signe que j'suis d'accord pour ton étude pis tout à coup je me ramasse avoir signé que j'suis d'accord pour le regroupement! (LM3)

The process is long and exhausting for the volunteers. In Hanwell, because of changes in the government and guidelines at the Department of Environment and Local Government, it took approximately 7 years to incorporate. Generally, the process is at least 2 or 3 years. It is thus very hard on the volunteers as this actor from the Lamèque region explains:

Un problème qu'on a, c'est que le processus peut être long pour convaincre les gens, pour leur donner de l'information, avoir des consultations publiques, ainsi de suite, ça fait deux-trois ans. Mais c'est difficile d'avoir des bénévoles qui sont capables de prendre ce dossier-là pis le faire toute cette longue période-là (LM2)

Local actors that were working toward the municipalization/amalgamation projects felt like the government was dumping this task on their shoulders. There is a general feeling of lack of support, as this citation exemplifies:

Like all we wanted was somebody to tell us how do we do it. This is what we want to do, you tell us what we need to do and how to do it. Well, they wanted to kind of skirt around the whole thing until you figured out what you wanted to do and how to do it and I'm thinking but you're here to advise us, you know, you're wasting our time and your money, you know by doing this sort of thing.[...] Well, the biggest thing I would like to add is if the government, if the provincial government is committed to wanting these which I believe they are because LSDs are, you know, are a pain in the butt [...] but if they want to promote these things and really truly they should be promoting it, not just sort of sitting back and going, well, if you really want to, we'll sort of help you, but then we'll hang you out to dry, you know... (H3)

This excerpt also illustrates how the provincial government, civil servants and members of the legislative assembly, do not want to make any noise around the municipalization issues. Having a third of the population in these unincorporated area and sensing most of this population is against full municipalization, it would be a political gamble to actively promote it, and probably a political suicide to impose it.

# Municipalization VS Amalgamation

As mentioned earlier, to gain fiscal efficiency, the Department of Environment and Local Governance has thresholds for population and fiscal plates for creating a rural community and thus prevents municipalization of very small communities and to force amalgamations. This policy generates similar arguments and fears that in municipal fusion projects, as seen in Ontario and Québec for example (Thomàs and Collin, 2005; Kushner and Siegel, 2003; Hamel, 2005; Mévellec et al., 2017). Our preliminary results indicate that even the actively engaged actors against these projects are not necessarily against municipalization. A lot of animosity against larger communities, towns or villages are brought up, like in the case of Lamèque-Miscou.

Tu sais. Oui nous autres on veut se regrouper, on a un plan, on est en train de travailler dessus. On veut regrouper les DSL. [...] Nous autres si on serait regroupé en DSL, une fois que t'as une communauté rurale, là t'as le droit d'avoir un maire, t'as le droit d'avoir tout ça. [...] on pourrait être bien sans [la ville de] Lamèque (LM5).

The thresholds of population and fiscal plate force the projects to be designed merging a large territory, as mentioned earlier, many people felt such a large entity would open the door to having people from outside deciding for their community. Some wished they could municipalize their LSD even if they are small. One person from Kings East even suggested that the management of such a small rural community could simply be subcontracted to the Regional Service Commission, acknowledging the fact they would be too small to have their own administration (KE5). One person on the Lamèque Island, against the recent project, suggested very large municipality-type bodies, inspired by the Regional County Municipalities (MRC) in Québec.

#### Conclusion

Thirty percent of New Brunswickers live in areas without a local government. Some of these areas are rural, some are close to cities. This lack of territorial organization is quite unusual, costly and ineffective in terms of stimulating local development and attaining equity for service financing. It also poses challenges in terms of the legitimacy of local representatives on the regional service commission and on the broader issue of local democracy. Since a voluntary approach was put in place to municipalize this population under a new status called "rural community," over 10 years ago, only 6% of the population got municipalized, mostly in francophone parts of the province.

Our research project examines 4 case studies. This paper presented data on the distribution of the municipalized and non-municipalized population and the principal issues raised with projects aiming to form a rural community by either merging LSDs with towns and/or villages or in one case by incorporating an LSD. The fear of seeing tax rates go up is one of the principal reasons for opposition to municipalization, furthermore, playing the role of the tree that hides the forest because it's not the only issue raised. Distrust in the process and in the consequences of these projects brings wariness regarding who will have the power to decide on what happens or not happens in communities and some are concerned with the change it might bring in their local way of life. It is in fact hard to change 50 years of functioning in a certain way. Some do not believe amalgamation will change anything in their situation in terms of services. In fact, we wonder to what extent people see municipalities as development agents or what their relevance is when people do not believe development is possible in their area or see development as a threat. We also found that residents are not necessarily against municipalization, it is often more opposition to the amalgamation combined with something in the process that triggers opposition to the project at stakes. It is thus hard to differentiate resistance to municipalization from resistance to amalgamation.

#### References

- Andrew, C. et M. Goldsmith (1998). "From Local Government to Local Governance and beyond?". *International Political Science Review*, vol. 19, n° 2, p. 101-117.
- Antoft, K. and J. Novack (1998). *Grassroots Democracy. Local Government in the Maritimes*. Halifax: Dalhousie University.
- Bherer, L. and V. Lemieux (2002). "La référence aux valeurs dans le débat sur la réorganisation municipale au Québec". *Revue canadienne des sciences regionales/ Canadian Journal of Regional Science*, vol. 25, n°3, p. 447-472.
- Bourgeois, D. (2005). "Municipal Reforms in New Brunswick: To decentralize or not to Decentralize?" in E. Lesage and J. Garcea (eds). *Municipal Reforms in Canada: Municipal Governance for the 21st Century*, Oxford: University Press/Don Mills, p. 242-68.
- Bourgeois, D. and F. Strain (2009). "New Brunswick" in A. Sancton and R. Young (eds), *Foundations of Governance: Municipal Government in Canada's Provinces*. Toronto: University of Toronto Press, p. 186-222.

- Bums, A., D. Bruce, and A. Marlin (2007). *Rural Poverty Discussion Paper*, presented to Rural Secretary. Ottawa: Government of Canada.
- Carey consultants (2017). Rapport final de l'étude de faisabilité visant la création d'une nouvelle municipalité régionale regroupant les DSL de Péninsule Sud et la Ville de Tracadie-Sheila.
- Chiasson, G., Y. Fournis et A. Mévellec (2014). "Fermer la parenthèse régionale : retour au municipal!". *Économie et Solidarités*, vol. 44, n°1-2, p. 64-83.
- Cleave, E. and G. Arku (2015). "Place branding and economic development at the local level in Ontario, Canada". *GeoJournal*, vol. 80, n° 3, p. 323–338.
- Courlet, C. and B. Pecqueur (2013). *L'économie territoriale*. Grenoble: Presses universitaires de Grenoble.
- Cyr, G. (2001). "La réforme municipale de 1967 au Nouveau-Brunswick", in D. Savoie (ed), *L'ére Louis J. Robichaud 1960-1970. Actes du colloque*. Moncton: Institut canadien de recherche sur le développement régional, p. 143-168.
- Department of Environment and Local Government (DELG) (2018). *Structure of the new Regional Service Commissions*. Fredericton: Government of New Brunswick. Available on line: http://www2.gnb.ca/content/gnb/en/departments/elg/local\_government/content/promos/action\_p lan\_local\_governance/structure.html
- Department of Environment and Local Government (DELG) (2018a). *News Release. Local Governance Act and Community Planning Act to take effect Jan. 1.* Fredericton: Government of New Brunswick. Available on line: http://www2.gnb.ca/content/gnb/en/news/news\_release.2017.12.1649.html
- Department of Environment and Local Government (DELG) (2017). *The Community Restructuring Process*. Fredericton: Government of New Brunswick. Available on line: http://www2.gnb.ca/content/gnb/en/departments/elg/local\_government/content/community\_rest ructuring/process.html
- Department of Environment and Local Government (DELG) (2014). Communities in each of the 12 Regional Service Commissions (RSC) / Les communautés dans chacune des 12 Commissions de services régionaux (CSR). Fredericton: Government of New Brunswick. Available on line: http://www2.gnb.ca/content/dam/gnb/Departments/lg-gl/pdf/Plan/CommunitiesCommunautes.pdf
- Department of Environment and Local Government (DELG) (2013). *The Rural Community of Kingsvale. Final Feasibility Study Report*. Fredericton: Government of New Brunswick.
- Department of Environment and Local Government (DELG) (2011). *New Brunswick's Current Property Tax System*. Fredericton: Government of New Brunswick. Available on line: http://www2.gnb.ca/content/dam/gnb/Departments/lg-gl/pdf/PropertyTaxation.pdf
- Douglas, D. (2005). "The restructuring of local government in rural regions: A rural development perspective". *Journal of Rural Studies*, n° 21, p. 231–246.
- Finn, .J.-G. (2008). Bâtir des gouvernements locaux et des régions viables : plan d'action pour l'avenir de la gouvernance local au Nouveau-Brunswick, Rapport du commissaire sur l'avenir de la gouvernance local.
- Garcea, Joseph et Edward C. LeSage Jr. (dir.) (2005). *Municipal Reform in Canada: Reconfiguration, Re-Empowerment, and Rebalancing*. Toronto: Oxford University Press.
- Hamel, P. (2005). "Municipal Reform in Quebec: The Trade-off between Centralization and Decentralization", in E. Lesage and J. Garcea (eds). *Municipal Reforms in Canada: Municipal Governance for the 21st Century*, Oxford: University Press/Don Mills, p. 149-173.
- Kushner, J. and D. Siegel (2003). "'Citizens' Attitudes Toward Municipal Amalgamation in Three Ontario Municipalities', *Canadian Journal of Regional Science*, vol. 26, no 1, p.49-59.
- Martin, G. (2007). "Municipal Reform in New Brunswick: Minor Tinkering in Light of Major Problems". *Journal of Canadian Studies*, vol. 41, n° 1, p. 75-99.

- Mévellec, A., G. Chiasson and Y. Fournis (2017). "De 'créatures du gouvernement' à 'gouvernements de proximité': la trajectoire sinueuse des municipalités québécoises", *Revue française d'administration publique*, vol. 2, n°162, p. 339-352.
- McAllister, M. L. (2004). *Governing Ourselves? The Politics of Canadian Communities*. Vancouver: UBC Press.
- Nadeau, R. (2016). Rapport d'étude de faisabilité : Regroupement de collectivités participantes du Haut-Madawaska en une Communauté rurale.
- Sancton, A. (2015). *Canadian Local Government. An Urban Perspective (second edition)*. Don Mills (On): Oxford University Press.
- Sancton, A. (2009). "Introduction" in A. Sancton and R. Young (eds), *Foundations of Governance: Municipal Government in Canada's Provinces*. Toronto: University of Toronto Press, p. 3-19.
- Sheffrin, S.M. (2013). Tax Fairness and Folk Justice. New York: Cambridge University Press.
- Statistics Canada (2016). Census of population. Ottawa: Government of Canada.
- Statistics Canada (2015). *Census metropolitan influenced zones: Detailed definition*. Ottawa: Government of Canada. Available on line: http://www.statcan.gc.ca/pub/92-195-x/2011001/other-autre/miz-zim/def-eng.htm
- Statistics Canada (2011). Census of population. Ottawa: Government of Canada.
- Statistics Canada (2005). *Land and freshwater area, by province and territory*. Ottawa: Government of Canada. Available on line: http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/phys01-eng.htm
- Tindal, R. C., S. Nobes Tindal, K. Stewart and P. J. Smith (2013). *Local Government in Canada* (eighth edition). Scarborough (ON): Nelson.
- Tomàs, M. and J.-P. Collin (2005). "Constance et mutation: le discours des acteurs municipaux devant le mouvement «défusionniste» au Québec". *Canadian Journal of Regional Science/Revue canadienne des sciences régionales*, vol. XXVIII, n°1, p. 139-160.
- Young, R (2001). "Le programme chances égales pour tous : une vue d'ensemble" in *L'ère Louis J. Robichaud 1960-1970*. Moncton: Institut canadien de recherche sur le développement régional, p.23-37.