

Municipalities Amalgamate in Manitoba: Moving towards Rural Regions

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I. INTRODUCTION

Given a chance to update and strengthen municipalities, how would you start the process? Recently, the Manitoba government initiated amalgamations to re-structure rural municipalities. This government initiative began with a broad landscape-view rather than identifying specific forced amalgamations. In the November 2011 Throne speech, 92 rural municipalities were publically identified as needing restructuring. After a century of virtually no change in rural municipal boundaries and decades of rural out-migration, these municipalities found themselves below the legislated 1,000 minimum population threshold.

This paper begins by setting the context with a brief overview of the changing nature of local government restructuring across Canada with particular attention to municipal amalgamation and rural areas. A chronology of the Manitoba amalgamation is assembled to understand the sequence of interactions between the government and municipalities, which in turn provides context for the restructuring process. The method of the empirical analysis is presented featuring the sub-national use of Statistics Canada's self-contained labour areas (SLA) algorithm as applied to Manitoba. The findings compare potential rural municipalities with on-

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the-ground results of the 2014 amalgamation. This paper concludes by reviewing the new rural municipal make-up in Manitoba and the resulting opportunities and challenges.

II. CHANGING NATURE OF MUNICIPAL AMALGAMATIONS

The evolution of local government in Canada is typified as a history of intense re-structuring interventions by provincial governments, often driven by and adjusting for urban growth (Bish 2001). Restructuring of municipalities has happened regularly in Canada over the last 50 years (Hodge and Robinson 2001). One common type of municipal restructuring involves rural municipalities becoming part of an urban region. Major urban centres, such as Calgary and Edmonton in Western Canada; Toronto, Ottawa and Waterloo in Ontario; and Montreal and Quebec City in Quebec have a history of expansion by amalgamating adjacent rural municipalities (Alcinli 2014). Too often the adjacent rural lands have been claimed for future urban use.

Outside of urban areas, amalgamation has tended to focus on regionalization. Cross-jurisdictional examination reveals that several provinces have systematically restructured rural areas into regions. Quebec's creation of regional development pacts that overlaid rural municipalities is one example (Province of Quebec 2011), while New Brunswick's proposed municipal consolidation in 2008 provides another (Finn 2008; Slegtenhorst 2008). The most recent example and the focus of this paper is Manitoba's initiative to restructure municipal governments, specifically targeting any rural municipality with a population of less than 1,000 people. Many provinces face similar challenges in their rural areas with sparse population, larger geographies and an over-abundance of municipal governments (Martin et al 2008). It has been noted that the majority of Canada's non-urban municipalities have small populations with limited capacity (Commonwealth Local Government Forum 2009). Such circumstances point to the need to promote the long view where amalgamation is a necessary step, but insufficient for success. What is needed are deliberate actions both locally and provincially to bring about stronger municipalities, not as a one-time silver bullet solution but mutual investment over years, likely generations.

The intent of local restructuring should be to strengthen such jurisdictions and ensure a positive growth and development trajectory

within that geography (Douglas 2005). Despite the examples of annexation and regional restructuring in rural areas, and the collective issue of low population density, large geographies and low capacity facing rural areas in Canada's provinces, there appears to be no common approach or standards for what constitutes a strong municipality or what is required for effective development trajectory.

The prospect of strengthening a rural region is a difficult one since no single definition or practice seems to exist, at least in Manitoba. Nevertheless, some measure is needed to clarify if the SLAs are robust local units, in terms of capacity or viability. Hence a working definition of 'strengthen' was needed. Strengthening a rural region can focus on establishing start-up levels of population and tax assessment to create a significant enough base deemed necessary to deliver services to citizens and / or the capacity to fund economic development initiatives. Both population and tax assessment were key factors in the New Brunswick analysis that lead to proposing a restructuring process (Finn 2008). Another approach, like the Association of Manitoba Municipalities' (2011) Healthy Municipality Checklist, focuses on growth as a representation of strength, assessing the general population or economic trends within that municipality to determine whether these indicators are improving or declining.

While this paper examines recent municipal re-structuring activities in Manitoba, much like a case in point, it leaves it to others to focus on the political, scientific, and economic issues, as well as on the broader social, cultural, and identity aspects and manifestations resulting from municipal amalgamations. In addition, others will be able to examine the restructuring of rural areas based on efficiencies or growth patterns. Rather, the primary focus of this paper is to examine rural restructuring based on daily travel activities of residents along with minimum levels of population and tax assessment. Such rural patterns illustrate the extent to which existing municipal boundaries reflect the boundary demarcated by the living and working patterns of residents.

Our focus leaves open additional studies to examine the veracity of the various claims for proceeding with municipal amalgamation. Financial and taxation are frequently reported in news media as a pressing concern, especially a concern for those who have been financially thrifty with low debts and infrastructure capacity in anticipation of growth. Such municipalities can fear their neighbouring municipal cousins that may

have lacked such fiscal prudence and see amalgamation as a ‘free ride’ with those that can afford it (Hinnerich 2009). Others, including Kushner and Siegel (2005a), have found limited change in levels of satisfaction among residents with municipal services before and after amalgamation. In answering the question are services delivered more efficiently after municipal amalgamation, Kushner and Siegel (2005b) reported the predicted saving from consolidation did not materialize, but nor were there significant cost increases. This suggests amalgamation is likely cost neutral. Certainly, Reese and Cox (2007) and Zimmerbauer and Paasi (2013) found that notions of identity continue to reflect earlier configurations in rural and urban areas, even years after amalgamation. Their findings suggest that even with a merged municipal organizational structure, local identities persevere and are not easily altered to reflect the newly minted amalgamated municipal boundaries. From an economic development view, Pemberton and Goodwin (2010) report that restructuring creates opportunities for new strategies, including those aimed at delivering economic regeneration, in conjunction with existing and new partners. They call for more research on processes and activities when re-scaling or re-drawing boundaries of rural jurisdictions (Pemberton and Goodwin 2010). These many other aspects of amalgamation are beyond the purpose of this paper.

III. CHRONOLOGY OF MANITOBA’S MUNICIPAL AMALGAMATION

A chronology of Manitoba’s recent amalgamation provides context for the initiative and identifies the intensity and speed with which this restructuring occurred. This chronology was based on the briefs submitted to the Court of Queen’s Bench by the Association of Manitoba Municipalities and the Government of Manitoba² regarding this amalgamation initiative.

Municipal amalgamations are complicated undertakings and could easily require multiple years. The chronology of amalgamation activities for the Manitoba initiative depicts an intense two-year period of 2012-

² The Association of Manitoba Municipalities, The Rural Municipality of Harrison, The Town of Plum Coulee, The Town of Emerson, The Rural Municipality of Grandview, and The Town of Gilbert Plains v The Government of Manitoba and Minister of Municipal Development, (2013) MBQB CI 13-01-86864.

2014 (Table 1). This is followed by multiple years of implementation and consolidation to 2019. While some could see this as quick or even rushed, such an intense two-year period of policy implementation can be seen as comparable in relation to different policy initiatives in other provinces. A recent examination of public policies for natural resources found that two years was also common in British Columbia, Ontario, and New Brunswick (Ashton 2010).

The legislation in Manitoba pre-2012 allowed for voluntary amalgamations and indeed since 1997 five amalgamations occurred. Following the November 2012 Throne Speech, the government announced the amalgamation initiative to specify that each incorporated rural municipality or incorporated town must have at least 1,000 people – the legislative minimum required to establish a municipality. The government also announced it would approve a new Municipal Modernization Act. This new law introduced a more expedited process replacing the time consuming Municipal Board review and decision making process under the existing Municipal Act. This new legislation required municipalities with less than 1,000 people to amalgamate. Throughout much of the two-year period, the Minister of Local Government communicated with municipal officials about the progress and requirements of this initiative, while department staff interacted with municipal CAOs (Chief Administrative Officers). In addition to the frequent communications with municipalities, the government also helped facilitate the process by providing resources for municipal and civil use, such as a guide, timelines, templates, public forums, field consultants, and sample resolutions. No doubt for some, this Manitoba amalgamation initiative became more complicated as the activities of establishing a new municipality is stretched over at least three years, to 2015 and likely beyond. Table 1 outlines the specific steps that occurred throughout the amalgamation initiative, beginning in 1997.

Table 1: Chronology of municipal amalgamation activities by the Manitoba Government³

January 1997-2012: Earlier voluntary amalgamations	Five voluntary amalgamations using Municipal Act: Shellmouth & Boulton, 1998; Brokenhead & Garson, 2002; Gimli & Gimli, 2002; Killarney & Turtle Mountain, 2006; Shoal Lake & Shoal Lake, 2010.
19 November 2012: Announcing rural amalgamation	Initiative announced in Throne Speech that ninety-two municipalities below a minimum of 1,000 population were in scope for amalgamation.
27 November 2012: Minister reinforces amalgamation initiative	Minister of Local Government states intention to work toward amalgamation at the Association of Manitoba Municipalities (AMM) Conference.
11 December 2012: Minister's letter to municipalities	Minister's letter elaborates on amalgamation process by stating the goal that the final process was to be completed before the municipal elections in October 2014; the expedited amalgamation process would be developed in consultation with AMM (Association of Manitoba Municipalities); resources will assist municipalities; an amalgamation plan involving neighbouring municipality(ies) will be required; and municipalities were asked to indicate by January 2013 the names of the partnering municipalities in the anticipated amalgamation. On 19 December 2012, the Minister wrote to the northern municipalities to indicate that they were not subject to this initiative.
15 January 2013: Letter to municipal CAOs	Deputy Minister's letter identifies resources to be provided by the Department to municipalities to facilitate discussion with partner municipalities, including: amalgamation guide and template for amalgamation plan; regional information seminars for municipalities; field consultants for hands-on assistance; a website for up-dates; and staff to support the process.
31 January 2013 and 1 February 2013: Ministers' letter to municipalities	Provides 'Guide to municipal amalgamation: Developing your amalgamation plan' which included important dates, template amalgamation plan, amalgamation tax indicator worksheet, sample public notice, and sample resolution.

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6-15 February 2013: Regional seminars	Seven seminars in towns across southern Manitoba were held by staff using a presentation to reinforce key dates namely: March 31, 2013 to name amalgamation partners and 1 December 2013 to submit amalgamation plan.
31 March 2013: Reminder to confirm amalgamation partners	On 13 March 2013 Minister updates municipalities on the process and request municipalities pass resolution committing to their amalgamation. Department releases the SLA report by Brandon University's Rural Development Institute. 31 March 2013 municipalities submit amalgamation plans to Minister. The Economic and Society Standing Committee of Manitoba Legislature holds meetings to hear from those affected by the amalgamation initiative.
25 April 2013: Brandon University's Rural Development Institute Reports available	At the end of April 2013 RDI made two research reports regard Manitoba's amalgamation initiative public. These two reports focused on the identification of self-contained labour areas and the determination of indicators and metrics for a "strong" rural municipality in Manitoba. These reports were developed to provide insight and recommendations for municipalities and the province of Manitoba in the amalgamation initiative.
1 May 2013: Expedited amalgamation process in legislation	First reading of the Municipal Amalgamation Act tabled and the Minister updated mayors and reeves by letter.
13 September 2013: New Act passed	The Municipal Modernization Act comes into force. 27 September 2013 Minister writes mayors and reeves regarding new legislation and importance of 1 December 2013 to receive amalgamation plans. New act reiterates the requirement of municipalities with less than 1000 residents to amalgamate but specifically exempts three resort communities from amalgamation given their seasonal populations – Village of Dunnottar, RM of Victoria Beach, and Town of Winnipeg Beach. Act also clarifies municipalities have duty of cooperation
31 December 2013: Submit amalgamation plans	Municipalities submit amalgamation plans to Minister.
2014: Critical dates	31 March 2014 Judge decides AMM court challenge is unfounded. May to June 2014 the mayors and reeves and candidates for councillors established for newly amalgamated municipalities for fall municipal election. 22 October 2014 Municipal election.

1 January 2015 is the legislated target date for all amalgamations, and the Minister can extend effective date of amalgamation up to 1 January 2019 in the event of special circumstances (e.g., floods).

The timeline in Manitoba for the restructuring initiative created challenging and intense planning expectations for municipal governments. To help local governments navigate the action-oriented timeline, the provincial government provided several resources during restructuring. The province's guide to municipal amalgamation made an otherwise complicated process more understandable. It was available early and provided a longer view along with more details for preparing a municipal amalgamation plan. The guide identified three stages for local decisions. The immediate stage outlined decisions related to completing and submitting such a plan, as well as getting the new municipality functioning. Such details included the new municipal name, council size and structure, location of the municipal office, and which by-laws will apply if there is a conflict between one or more of the partners. A second stage of local decisions, which were needed before the 1 January 2015, include decisions such as naming the CAO, timing of the first council meeting, and agreeing on the assets of the former municipalities and their use (e.g. financial reserves and equipment). The third stage of decisions would occur after January 2015 and after the new municipality has functioned for a period of time, and include decisions about staffing, municipal facilities and most bylaws. Although the guide made clear what needed to change locally, the changes locally were for many councils and long standing municipal staff very difficult, very emotional, claimed Mayor Eileen Clarke, Gladstone, Manitoba (Personal communications).

In addition to the guide, the provincial government also commissioned research that identified possible guidelines for municipalities. This research focused on the adaption of Self-Contained Labour Areas and created the basis for this paper. The next section provides a methodological overview of the research conducted before comparing the research's recommendations with the actual amalgamations that took place in Manitoba.

IV. METHODS

The research conducted focused on two distinct but complimentary areas to provide guidelines for municipalities as they progressed through the amalgamation initiative. The first area examined existing economic relationships between municipalities and to identify potential geographic boundaries for those municipalities that were restructuring. The intent was to identify and describe existing economic connections between rural municipalities within a geographic area. By making them available in 2013, these economic connections were intended to provide guidelines for municipalities as they determined potential amalgamation partners. The process for identifying and describing these economic connections and the resulting regions are described in the Self-Contained Labour Areas section below.

The second research area aimed to suggest possible characteristics of strong municipalities, again to indicate to amalgamating municipalities how many partners to involve. This research examined and applied several approaches before suggesting a set of indicators reflecting what might constitute 'strength' at the municipal level. This area of research is knowingly fraught with difficulty, so we offer a rationale for indicators as a way to facilitate a discussion with the intention to inform amalgamation discussion and decisions and provide insight into why these thresholds create potentially stronger municipalities. As indicated previously, two approaches commonly define strong municipalities, focusing on either the capacity to undertake development efforts and services or emphasizing trends of growth demographically and economically (Ashton, Bollman and Kelly 2013b). Capacity-based measurements focus on the size of population and tax assessment while growth measurements focus on positive trends in population growth, debt and taxable assessment. The Strong Municipalities section below discusses which indicators were selected and why, the creation of metrics for those measurements, and the results of applying these indicators within a Manitoba context. Intuitively, most students of provincial-local relations understand that there are varying degrees of local capacity across provinces, yet this discussion remains pertinent and more needed.

A. Self-Contained Labour Areas

One way to define rural regions is through the identification of commuting patterns among communities. The relationship between where people live and work and their transportation between these places is a core indicator that defines a functional economic region. The boundaries of these commuting patterns delineate a functional area, meaning that very few people living in that area commute outside of it, with the majority of residents living and working within the functional area's boundary.

Regions, or more specifically, functional economic regions, should be the focus for 'local' economic development. If a job is created in the region or if a project is successful, everyone in the region will benefit because anyone in the region (and very few outside the region) is able to access the job. Similarly, unsuccessful projects will generate ripple effects across the region. In other words, sub-provincial economic development initiatives only make sense if the initiative is targeted or applied to a functional economic area.

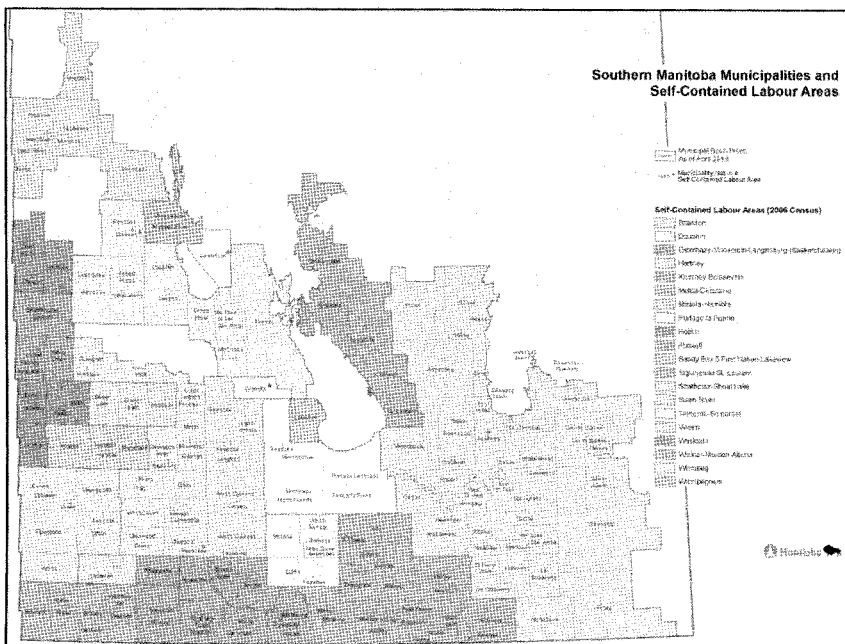
Munro, Alasia and Bollman (2011) delineated Self-contained Labour Areas (SLAs) as one way to delineate a functional economic area. The main purpose of this paper is to present this approach as a basis for informing Manitoba's municipal initiative, a process that involved adapting SLAs as potential new municipal boundaries in rural areas. SLAs are the result of an algorithm that calculated the reciprocal commuting flow between two Census Sub-divisions⁴ (CSDs). The CSDs with the highest reciprocal commuting flows are grouped together. These calculations and groupings are repeated for the new groups of CSDs creating an iterative and step-based approach that is completed when a self-containment threshold is met for that grouping. Munro, Alasia and Bollman (2011) define self-containment as "the degree to which the workers living in 'A' are also working in 'A'" (pg. 8). The authors also note that this self-containment threshold is based on a sliding scale based on population, ranging from seventy-five percent in larger areas with populations over 25,000 to ninety-percent in smaller areas with populations below 1,000 (Munro, Alasia and Bollman 2011). After all of

⁴ Census sub-division (CSD) is the general term for incorporated municipalities or incorporated towns or cities (as determined by provincial / territorial legislation) or areas treated as municipal equivalents for statistical purposes (e.g., Indian reserves, Indian settlements and unorganized territories).

the CSDs across the country were grouped using this process, the final result for Canada was 349 Self-Contained Labour Areas.

Of the more than 300 SLAs defined by Statistics Canada, twenty-seven were located in Manitoba with nine of these being located in the northern portion of the province or consisting of Indian Reserves. The amalgamation initiative that began in 2012 focused on the southern portion of the province with eighteen SLAs falling within that area. As Figure 1 illustrates, the geographic size of these SLAs vary substantially.

Figure 1: Self-Contained Labour Areas in Southern Manitoba (Ashton, Bollman and Kelly 2013a)



In addition to diverse geographies, the eighteen SLAs varied in population from 833 for a small SLA in the south-western part of the province to over 800,000 for the SLA including Winnipeg. Table 2 outlines the varying levels of population across the eighteen SLAs in southern Manitoba.

Table 2: Population in Southern Manitoba Self-Contained Labour Areas (Ashton, Bollman and Kelly 2013a)

SLAs	Population (2006)
Winnipeg	825,303
Brandon	72,400
Winkler-Morden-Altona	51,633
Portage la Prairie	26,048
Dauphin	18,910
Esterhazy-Moosomin-Langenburg (<i>a SK SLA that crosses into MB</i>)	15,168
Killarney-Boissevain	13,034
Swan River	10,621
Virden	9,858
Siglunes to St. Laurent	7,504
Treherne-Sommerset	5,989
Melita-Deloraine	4,232
Russell	3,873
Roblin	3,802
Strathclair-Shoal Lake	2,887
Miniota-Hamiota	2,750
Hartney	833

Three SLAs in southwestern Manitoba were too large to serve as potential regions, since they had more than 10 municipalities in each. Practically speaking, this number of municipalities made it highly unlikely all would agree to amalgamate. In addition, the majority of municipalities in each of these SLAs were smaller than the 1,000-population threshold, indicating that there was going to be substantial amalgamation activity within these SLAs. In Brandon SLA, 14 out of the 26 municipalities had a population below 1,000. Similarly, 11 out of the 14 municipalities in Killarney-Boissevain and 10 out of the 14 municipalities in Dauphin SLA were below the population threshold as well. To create more manageable potential regions, it was necessary for the researchers to propose sub-SLAs in the Brandon, Dauphin and Killarney-Boissevain areas.

In the Brandon SLA, the larger number of municipalities enabled us to use multiple approaches for creating sub-SLAs, which allowed for comparison and better understanding of how municipalities might group together into sub-regions. The first approach utilized was the town-centric approach that had been applied for both Killarney-Boissevain and Dauphin SLAs. This approach limited the number of municipalities in a sub-SLA to five and was centred on towns in the region, grouping up to four other adjacent municipalities with the largest commuter flows to that town. This approach resulted in nine sub-SLAs in the Brandon SLA.

The second approach implemented in the Brandon sub-regional SLA grouping was an amended version of the SLA process itself. In this approach, the limit of five municipalities was used as a criteria to determine when to stop the SLA grouping process. For the municipalities that comprise the Brandon SLA, the reciprocal commuting grouping halted after two steps and resulted in thirteen sub-SLAs being identified.

When comparing the two approaches to sub-SLAs in Brandon many of the groupings were identical. The town centric method created larger sub-regions with 26 municipalities organized into 9 town-centric sub-regions while the abbreviated SLA process organized those 26 municipalities into 13 sub-regions. The abbreviated SLA process also had several sub-regions that were not town-centric and fewer municipalities in the main Brandon sub-region. Determining which method was more appropriate for creating sub-SLAs would depend on the criteria and desired outcomes of the exercise. In the Brandon SLA case, the abbreviated SLA process adhered to the SLA methodology but resulted in a more disjointed group of sub-regions while the town-centric process resulted in cleaner sub-groups but focused only on commuting to the town centres and not a reciprocal relationship.

For the SLAs of Dauphin and Killarney, both of which were comprised of 14 municipalities, only one method was available for creating sub-regions. This limitation was due to the 5 municipalities sub-SLA maximum being surpassed in the first step of SLA grouping in both instances. As a result, the town-centric method was used for creating sub-SLAs in these regions. These smaller regions grouped the municipalities together based on the largest number of commuters to the towns in those SLAs with an imposed limit of 5 municipalities per sub-SLA. This town centric approach resulted in 6 sub-SLAs within the SLA of Killarney-Boissevain and 4 sub-SLAs within the SLA of Dauphin.

Determining potentially new rural regions resulted from calculations based on the SLAs for Manitoba. This required adjusting Statistics Canada's algorithm of reciprocal commuting flows between two or more Census Sub-divisions (Munro, Alasia and Bollman 2011). Since this was the first time this calculation was used at the sub-national or provincial level, Statistics Canada confirmed the approach that included identifying two rural CSD with high levels of commuter traffic, which was a proxy for rural labour areas. Other CSDs were sequentially added until the reciprocal home-work pattern delineated a rural region (Ashton, Bollman and Kelly 2013a). CSDs with low population levels, northern or remote CSDs, and Indian Reserves were also omitted. These were also exempted from the new legislation, The Municipal Modernization Act, along with rural resort communities. As a result of beginning in rural areas, this clustering method minimizes urban bias, and favours current travel patterns of rural residents. While this analysis was initiated with rural municipalities with less than 1000 population, eventually all municipalities outside the metro-Winnipeg area were included. In total this calculation included 94 municipalities with less than a 1000 population in 2011, consisting of 52 rural municipalities, 24 towns, and 18 villages. The potential rural regions were then compared with those that resulted from the provincial amalgamation initiative, specifically in terms of numbers of new municipalities and population levels.

One key limitation to this research was that only reciprocal travel patterns were examined, and not other considerations such as fiscal capacity expressed as assessment base, or assessing the impact of co-terminous municipal boundaries with such others as education or high school districts, health services, and economic development and planning regions. Other considerations could also include alternative variables (Freshwater et al 2014) such as defining the functional region in terms of economic well-being as measured by income levels, GDP, unemployment rates, and levels of productivity. These can all be considered in any subsequent research efforts to enhance the SLA findings. A second limitation is associated with examining provincial activities and not all the other stakeholders such as municipalities, related unions, policing services, and the many business sector associations like the chambers of commerce. While the documents reviewed in this paper (i.e., court submitted documents) did not include all communication materials, such as media releases and interviews, what was documented in the chronology

represents a reasonably wide variety of activities over the two-year period. These limitations can be addressed in subsequent research.

B. Strong Municipalities

The change initiated by the Municipal Amalgamation Initiative provided an opportunity to increase the strength of rural municipalities and ensure that there is greater capacity in rural regions to contribute to the economic development of the province as a whole. In addition to using SLAs to identify potential rural restructuring boundaries in southern Manitoba, research was also conducted into the alternative ways of defining a “strong” municipality. Determining potential geographic boundaries only made sense with a better understanding of what factors are indicative of strong rural municipalities. The determination of a strong municipality is a complex one, however, knowing there are multiple concepts emerging of what strength means. To develop a set of indicators that could capture the different elements of strong municipalities eight indicators were identified that focused on two main concepts: ‘(1) the size or capacity of a jurisdiction to service its population, and make development investments and (2) whether the population and or economy in the jurisdiction is on a trajectory of growth’ (Ashton, Bollman and Kelly 2013b, pg 1).

To propose indicators of a strong municipality, first, existing working definitions of strong municipalities were examined with an emphasis on population size, financial characteristics and commuting patterns. When looking across Canada, three main sources for indicators were identified: Finn’s (2008) report on Building Stronger Local Governments and Regions in New Brunswick; the Association of Manitoba Municipalities’ (AMMs) (2013) Municipal Health Checklist and the concept of Functional Economic Areas (FEAs) (Stabler and Olfert 2002). Examination of these approaches to strong municipalities reaffirmed that rural regions are complex and evolving, thus multiple indicators are needed to define strength, ideally consisting of both snapshot and change over time indicators in order to provide a more comprehensive understanding. Additionally, it was clear after reviewing these approaches that at this time there was no absolute set of indicators that would be agreed upon to provide a universal definition of strength. As such this concept remains elusive and may be appear contradictory to local self-determination.

Each of these approaches to strong municipalities provided important direction to propose a set of indicators. Finn's (2008) report on rural restructuring in New Brunswick identified a set of capacity baseline indicators for both population and tax assessment while the AMM's (2013) checklist identified growth and debt levels as key indicators. Finally the FEAs (Stabler and Olfert 2002) reinforced the importance of the commuting relationship and the geographic boundaries represented by the SLAs and sub-SLAs.

The resulting eight indicators represent a synthesis of the various approaches where people and a growth trajectory are critical for a municipality's future. The indicators incorporate capacity and growth indicators, while also including several indicators for important financial context, since municipalities have obligations to fund services too. With the goal of a modest set of indicators to address current and future trajectory, the capacity concept was captured with two baseline indicators while the growth concept was represented in three demographic and one financial indicator. The capacity indicators focus on the population and tax assessment levels of the jurisdiction to establish baseline strengths in size. The three demographic growth indicators include population change per year, growth of female population age twenty to thirty-nine per year and growth of senior population eighty years and older per year. These demographic indicators were accompanied by a financial growth indicator as well that focused on the tax assessment change per year. The final two indicators focus on financial context for municipalities and include debt per capita and percent debt change per year. The list and their context are provided in Table 3. This list is neither comprehensive nor exhaustive, but rather a working set that is useful for this preliminary analysis.

Table 3: Strong Municipality Indicators (Ashton, Bollman and Kelly 2013b)

Indicator Type	Indicator
Baseline Capacity Indicators	Population Tax Assessment
Growth Indicators	Population Change per year Growth of Female Population age 20-39 per year Growth of Senior Population age 80 years and older per year Tax Assessment Change per year
Contextual Indicators	Debt per capita Percentage debt change per year

After suggesting the indicators for describing strong municipalities, metrics were needed. To develop these metrics and to conduct an initial test of the indicators, four different groupings of municipalities were established and examined along with the metrics from New Brunswick's baseline indicators. These four sets of municipal groupings were identified from four alternative ways of identifying a strong municipality. Within each group, we reviewed the values for each indicator. Recognizing that each grouping may include 'weaker' or outlier municipalities depending upon one's perspective of what 'strength' means, the first quartile has been selected as a threshold within each grouping (i.e. the point where seventy-five percent of the municipalities are above this level). The resulting analysis identified the indicator values for the top seventy-five percent of 'strong' municipalities in each grouping.

The groupings themselves consisted of thirty rural Manitoba municipalities, organized based on field experience and analysis. The four groups consisted of two sets of strong municipalities which were identified based on field experience with one group of five 'strong' municipalities being determined by Manitoba local government staff and the additional group of five 'strong' municipalities determined by the research team. The third group consisted of the top ten 'healthy' municipalities in rural Manitoba as defined by the Association of Manitoba Municipalities' (2013) healthy checklist. The final grouping of ten municipalities is based on administrative efficiency (based on the lowest cost of municipal administration per capita) to provide additional insight for the capacity and growth concepts of strong municipalities.

When examined, these four groupings of strong municipalities provided a range of values for each indicator and reinforced the diverse ways in which “strong” municipalities can be defined. In fact, only three municipalities appeared on more than one of the lists of strong municipalities, meaning that very few communities were viewed as strong in both capacity and growth. Table 4 is taken from the project report on developing strong indicators and reveals the benefits and challenges of each approach. The New Brunswick approach to strong rural municipalities was also examined. While it was not applied to a group of rural municipalities in Manitoba, the report states that the recommended threshold for strong municipalities is a minimum of 4,000 in population and \$200 million in taxable assessment. The conclusions from the analysis of the New Brunswick thresholds in relation to Manitoba’s rural municipalities are provided in the table as well.

Table 4: Assessment of different approaches (Ashton, Bollman and Kelly 2013b)

Approaches	Positive Aspects	Negative Aspects
Initial 5 municipalities (as suggested by staff with Manitoba Local Government)	Provides a baseline threshold that is sufficient in capacity. The communities are also geographically representative of rural Manitoba.	Not all of the municipalities are growing with two out of five declining in all off the population growth indicators. The regional representation results in other stronger municipalities being excluded as examples.
Additional 5 municipalities (as suggested by the research team)	It identifies growing communities that are over the 1,000 amalgamation threshold and provides a geographic representation of rural Manitoba	It does not ensure sufficient capacity amongst its strong municipalities as only three of the five are growing but less than 1,700 in population and \$60 million in tax assessment. The regional representation results in some stronger municipalities being excluded as examples.

Top 10 municipalities (as suggested by AMM's Healthy Checklist)	It identifies growing communities that are positively changing on the population and financial dimensions.	It does not ensure sufficient capacity amongst its strong municipalities and in fact six out of the ten do not even meet the 1,000 population limit being discussed for amalgamation.
Top 10 Administrative Efficiency (i.e. lowest municipal administrative cost per capita)	Provides a clear connection between administrative efficiency and size. It also creates a baseline threshold with sufficient capacity	It is the largest proposed population threshold. It defines strong municipalities solely on the costs of government per capita.
New Brunswick	Provides simple baseline threshold that creates sufficient capacity	The proposed thresholds are too high for rural Manitoba and are not based on rural Manitoba communities.

The above analysis indicates a wide variation across the groups, which adds more confusion than clarity to defining a working set of indicators of a strong municipality. As a result, the research team examined the group of municipalities as a whole. The twenty-seven municipalities (as indicated above, three municipalities were present in more than one grouping resulting in twenty-seven different municipalities in total) were analyzed as a group. To account for outliers in this large group, the research team's next step was to identify the median values for each indicator. These median values serve as metrics for Manitoba's strong rural municipalities in four of the indicators. The metrics for the remaining four indicators were based on being a positive or negative value depending on that indicator. Table 5, taken from the project's report, identifies the metric for each indicator as well as providing a description for additional context.

Table 5: Indicators and Metrics for Strong Rural Municipalities
(Ashton, Bollman and Kelly 2013b)

Indicator Type	Indicators	Metric	Description
Baseline	Population	>3,000	3,000 is the baseline population level to ensure sufficient demographic capacity for strong municipalities.
	Tax Assessment	>\$130 million	\$130 million is the baseline tax assessment level to ensure sufficient financial capacity for strong municipalities.
Growth	Population Change per year	> 0%	Positive population change over time is indicative of a long-term growing municipality
	Growth of female population age 20 to 39 per year	> 0%	Positive growth of female population over time is indicative of the potential for positive natural growth via birth rates within a municipality.
	Growth of Senior's population 80 years and older per year	< 0%	Negative values indicate a declining number of seniors over 80 years old over time, reducing the dependent population within a municipality.
	Tax Assessment Change per year	> 0%	Positive values indicate a growing assessment base on which to draw financially.
Contextual	Debt per capita	< \$531	Municipalities with debt levels lower than \$531 per resident are identified as having a favourable debt level below the typical debt level for a strong municipality.
	Debt change per year	< 7%	Municipalities with debt change per year levels lower than 7% are identified as having a favourable debt change per year below the typical debt change per year for a strong municipality.

As table 5 illustrates, the strong municipality indicators and metrics suggest that a minimum population of 3,000 and \$130 million in tax assessment provide a theoretical capacity as a strong municipality in rural Manitoba. These two baseline indicators help inform the minimum size to target for the restructured municipalities. Additionally, municipalities should have positive growth in tax assessment levels and population. To support growth, specifically population growth, the restructured municipalities are those with a positive growth of women between twenty to thirty-nine years old. Likewise these strong municipalities will also have a declining portion of people over the age of eighty years old. These growth indicators provide important long-term insights into municipalities and their demographic and financial trends. Along with the contextual indicators, these characteristics will be essential for future longitudinal research to determine whether the restructured municipalities are growing. Finally the contextual indicators establish that metrics for debt levels under \$531 per capita and growing at less than seven percent per year are ideal for strong municipalities in Manitoba as well.

V. FINDINGS & DISCUSSIONS

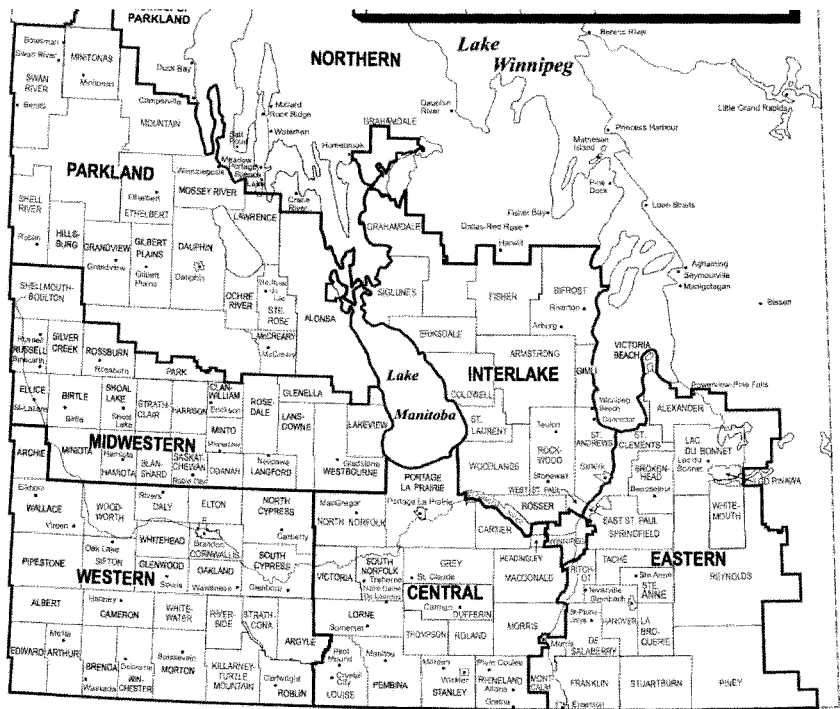
The findings report on the SLAs in comparison with the actual amalgamation results (as of August 2014) with discussions following the findings.

A. SLA and amalgamation results

In early 2013, the Rural Development Institute completed a SLA analysis on rural municipalities, largely in southern Manitoba. After northern communities and municipalities around the Winnipeg region which were all over the 1,000 population threshold and First Nation Indian Reserves were omitted, the study indicated the potential of 38 amalgamated municipalities, where population levels of the proposed amalgamated jurisdictions varied from about 1,000 to over 72,400 people. As indicated, among them were three large SLAs, which were re-analyzed and re-configured into several different smaller potential municipalities. The large SLAs were Brandon with 9 sub-SLAs, Killarney-Boissevain with 6 sub-SLAs, and Dauphin with 4 sub-SLAs. When compared to actual numbers of newly amalgamated municipalities, by July 2014, local efforts along with provincial intervention had resulted in amalgamating 107

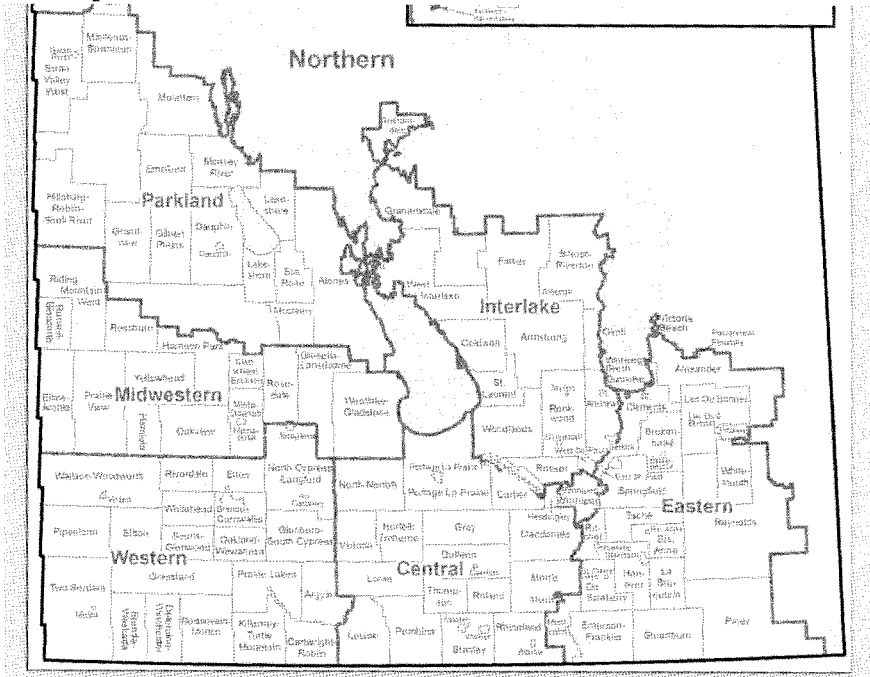
municipalities into 47 new municipalities (Davidson 2014). Figures 2 and 3 provide before and after maps of rural municipalities in Manitoba.

Figure 2: Pre 2014 amalgamation map of Southern Manitoba Municipalities⁵



⁵ Source: this map is taken from the Association of Manitoba Municipalities District Map pre 2014

Figure 3: Post 2014 Amalgamation map of Southern Manitoba Municipalities⁶



Comparing the new municipality boundaries with the SLA and sub-SLA boundaries it was determined that two of the new amalgamated municipalities matched exactly with the SLA analysis while four matched exactly with the sub-SLA boundaries. Another 20 new municipalities formed from a sub-set of potential SLAs, meaning the SLA was subdivided into several new municipalities while 10 new municipalities formed from a sub-set of potential sub-SLAs. Finally, 11 new municipalities were formed by combining CSDs from two different SLAs or sub-SLAs. In terms of the types of municipalities that were amalgamated, 36 were new municipalities that combined rural municipalities with a nearby urban centre (i.e., village, town), and 11 resulted from joining two or three rural municipalities.

⁶ Source: this map is taken from the Association of Manitoba Municipalities Distract Map post 2014

Table 6: New municipalities’ alignment with SLA boundaries

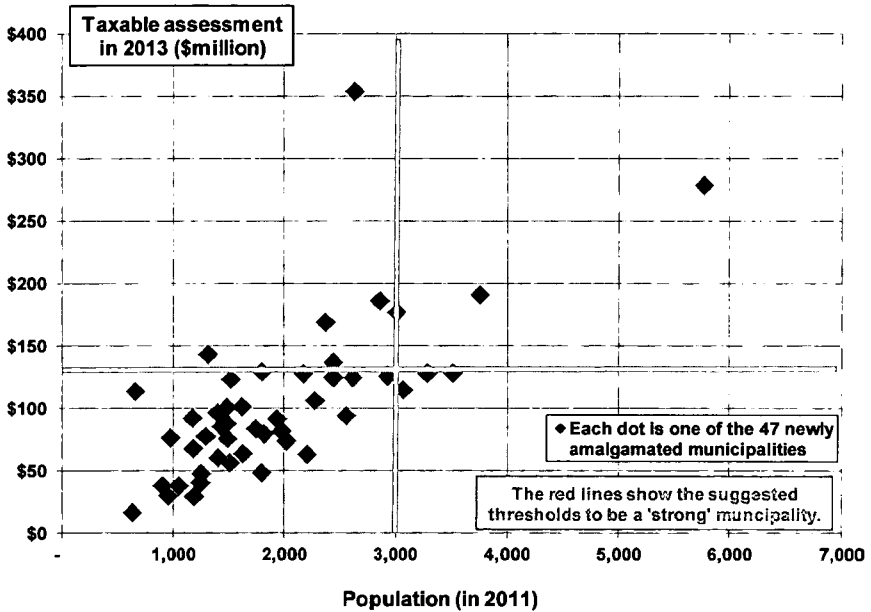
Newly Amalgamated Municipalities	
Amalgamated municipalities matched the delineated SLAs or sub-SLAs	6
Amalgamated municipalities were entirely within a SLA or sub-SLA	30
Amalgamated municipalities crossed SLA or sub-SLA boundaries	11
All amalgamated municipalities	47

When compared to the strong municipality thresholds, three of the 47 new municipalities have at least 3,000 population and \$130 million tax assessment. Table 7 provides a breakdown of the population and tax assessment sizes for the 47 new municipalities. The findings indicate most of the new municipalities are substantially below the thresholds as well with 26 falling below \$100 million in tax assessment and 29 falling below 2,000 in population. Figure 4 illustrates how the 47 new municipalities are grouped when comparing population and tax assessment sizes.

Table 7: New municipalities by population size and by size of taxable assessment (Statistics Canada 2011)

Population (2011)	Size of taxable assessment (2013)			
	Less than \$100 million	\$100 to \$129 million	\$130 million and over	All new municipalities
	Number of newly amalgamated municipalities			
Less than 1,000	4	1		5
1,000 to 1,999	19	4	1	24
2,000 to 2,999	3	5	4	12
3,000 and over		3	3	6
All new municipalities	26	13	8	47

Figure 4: Manitoba's 47 newly amalgamated municipalities showing population size and taxable assessment (Statistics Canada 2011)



VI. DISCUSSION

Why did this initiative result in 47 new municipalities, while there were 38 potential new municipalities suggested from the SLA analysis? Several factors may have contributed to this outcome. First, the majority of new municipalities were formed within the potential municipalities described by the SLAs. This may be explained where municipal councils partnering to form new amalgamated municipalities enlarged their municipality's geographic footprint to only their immediate neighbours with the aim of reach the minimum of 1000 population. Once a 'legal' population threshold was reached, so ended the territorial re-definition of the amalgamation initiative. To achieve these 'neighbouring' partnerships was no small task, as editorials in both daily and weekly newspapers told of the many local challenges. Second, and equally important, there is little evidence the government framed this amalgamation initiative within a broad rural regional discussion or aspiration. Government materials

stressed forming partnerships with adjacent municipalities, with some indication that size mattered regarding economic development, for example. As a result, and more by default than with the intention of strengthening local units, most (thirty-six) of the new amalgamated municipalities were somewhat consistent with the SLA analysis. Eleven of the new municipalities combined two different SLAs. Crossing such boundaries suggests new municipal partnership decisions were likely based on something other than the pattern of where many residents live and work⁷. Such might be the case where the community had historic ties and these figured more highly in the final partnership decision – hence a pull factor. Conversely, the partnership might be explained where one municipality did not want to team up with one of their neighbours, thus there was a push factor away from the one suggested in the SLA analysis. These push factors may be about long standing competition and rivalries, divergent municipal governance policies and practices, and personnel animosities between individual leaders. Such push factors can limit partnerships and thwart even modest cooperation efforts, while limiting and preventing regional collaborations and cost savings among municipalities.

Did stronger municipalities result from this amalgamation initiative? Most of the restructured municipalities (42 of 47) met the provincial government's minimum population threshold of 1,000 and all of the amalgamated municipalities increased their size and population. As many as 36 of 47 of the newly amalgamated municipalities were 1000 to 2999 population, thus exceeding the 1000 population minimum while falling short of the suggested minimum of 3000 people. Similarly, all of the amalgamated municipalities increased their taxable assessment. However, with such low population levels, the jury is out on whether the growth trajectory of these small but new municipalities has changed substantively. As it has been argued in New Brunswick (Finn 2008) and indeed for this Manitoba initiative (Ashton, Bollman and Kelly 2013b) the basic criteria for a strong municipality would have at least 3,000 people and a \$130 million in taxable assessment. Such a higher minimum was not established

⁷ We acknowledge that, in some cases, the reciprocal commuting flows represented a small share of employment in the receiving and / or the sending municipality and in such cases, the assignment of a given municipality to a given SLA was a) based on the observed commuting flows; but b) the commuting flows may have been due to a small number of commuters.

in the new Modernization Act and this can be seen as a policy shortcoming. Only three of the 47 municipalities met both thresholds for a strong municipality. In contrast, this initiative could claim a modest success with having six new municipalities over 3,000 people and eight new municipalities over \$130 million in taxable assessment. Keeping the population minimum low meant many municipalities had to make territorial adjustments with their immediate neighbours. While the initiative increased stress on municipalities, it started as a modest request and ended up being achievable (to date). As such, the case in Manitoba is an example of just how much the NDP government wanted to test their social contract with the rural electorate. It also sets the stage for further boundary changes, leaving open the discussion of both the role of functional economic rural regions and how local governments evolve, at least territorially.

In addition, this government initiative can be criticized for allowing four municipalities to remain with less than 1,000 people. Upon closer examination, all four took action and amalgamated with their neighbouring village. One, the Rural Municipality of Ellice-Archie, amalgamated two rural municipalities and one village, and still their population count was only 971. While these municipalities were 'exceptions' with a population of less than 1,000, they did, nevertheless, fulfill the spirit of this amalgamation initiative, if not the letter of the law.

VII. CONCLUSION

Municipal amalgamations are typically top-down initiatives by the provincial government and, on face value, this one certainly seems to conform. This initiative, however, also included bottom-up initiatives, such as local governments deciding on which other municipalities they would partner with. For some, this initiative happened quickly and the process, if not the partners, was 'imposed'. By the spring of 2015, local municipalities were largely over the major requirements of re-structuring municipality boundaries. They are now facing more changes as they rationalize staff complements, merge their various debts, and normalize their related by-laws and land use plans. These efforts get the municipalities back to a new normal, much like the old normal, just with bigger territories and a slightly larger number of citizens. But more is

needed to turn this initiative into a more progressive journey of local and regional development.

From this research, 'rural region' is the new rural based on an economic development perspective, with larger jurisdictions more effectively encompassing the relationship between where people work and live as well as providing more capacity in terms of population and tax assessment. The number of rural municipalities in southern Manitoba has been more than halved with 107 of the municipalities in this region being amalgamated into 47 municipalities, resulting in an increase in the geography and population of all those restructured municipalities. However questions remain, including: did this initiative and the resulting change result in stronger rural municipalities in which they are better equipped to economically develop and function as a rural region? If SLA boundaries and thresholds of population (minimum of 3000 people) and tax assessment (\$130 million) are used, where do the newly amalgamated municipalities rest?

When comparing the new municipalities with the functional economic regions defined by SLAs, only six new municipalities have concurrent boundaries as SLA. The remaining forty-one municipalities do not fully capture the commuting relationship identified in their region. Similarly, most of the new municipalities do not meet the recommended thresholds for a strong municipality in rural Manitoba. As noted above, only three of the new municipalities exceed both the population and tax assessment thresholds for a strong municipality while another eight new municipalities exceed one of the thresholds.

The amalgamation initiative can be seen as a necessary step to move towards a regional focus, but most of the new municipalities need to 'enlarge' to take full advantage of the opportunity to establish economic-based regions. Enlarging can be formal in terms of further municipal amalgamation, or enlarging can be achieved informally with inter-municipal agreements and cooperation. Either way, the province and the municipalities will need to decide if they want to build on the momentum of this initiative and continue towards economic regionalization or if the new status quo of slightly larger municipalities is an end in itself. What is clear is that the province's amalgamation initiative has started a new chapter in rural Manitoba and it will be important to continue researching the impacts and outcomes of this change. The SLAs and the minimum

number of indicators of a strong municipality provide two approaches that can help with that research and evolution of local government over time.

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