Entrepreneurial Local Governments in Canada: Innovating for Rural Resilience

2021

Phase 1: Final Report

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Acknowledgements

In 2020 and 2021, our research team carried out phase one of the Entrepreneurialism in Rural and Small Town Local Government Project. We wish to thank all of the local government stakeholders who took the time to help out and to answer our many questions under such difficult circumstances during the COVID-19 pandemic.

Funding for this project came from the Canada Research Chair in Rural and Small Town Studies and the Social Sciences and Humanities Research Council.

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November 2021

Availability of Reports

Copies of the report may be accessed through:

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Project Reports

- Impacts of Municipal Reform on Small Municipalities Across Canada: Phase 1 Final Report
- Entrepreneurial Local Governments in Canada: Innovating for Rural Resilience: Phase 1 Final Report
- Entrepreneurial Local Governments in Canada: Innovating for Rural Resilience – Phase 1 Case Study Report

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EXECUTIVE SUMMARY

Local government reforms have accelerated since the early 1980s, with municipalities learning to adjust to changes in local government responsibilities for economic development, community development, broadband infrastructure, physical infrastructure, housing, services, climate change, public safety (i.e. police, ambulance, fire, and wildfires), regional governance, and Indigenous consultation. At the same time, the pressures that are impacting small municipal operations are diverse. With limited staff and resources, small municipalities are responding to demographic and socio-economic changes that are reshaping demands for services and community programs. Municipal tax revenues are impacted by industry closures and fluctuating transfers from provincial and federal governments – all while municipalities struggle to address deteriorating housing and physical infrastructure assets. However, local governments struggle with outdated financial and jurisdictional structures even as senior governments ask them to become more creative, innovative, and 'entrepreneurial' for a broader range of responsibilities and approach to operations.

The future resilience of small local governments and their communities may depend upon entrepreneurial, innovative, or creative strategies in order to support independence, resilience, and new pathways for economic development. These entrepreneurial strategies are not just about mobilizing municipal enterprises, but rather requires a more inclusive and broader approach in which local governments may pursue joint ventures, partnerships, and social enterprises; leverage policies, planning tools, resources, and other assets to support investments in community and economic development; and other forms of risk-taking initiatives to support growth and development.

The purpose of this research is to learn not only about new, innovative, and entrepreneurial approaches to generating revenue and leveraging policies and assets to support renewal, but also to learn more about how current fiscal, public policy, and legislative frameworks may be hindering such efforts. The lessons learned through this research will help to inform broader structural and policy related changes that are needed within local and senior levels of government. In 2020 and 2021, key informant interviews were conducted with elected officials, CAOs, economic development officers, and planners with local governments across British Columbia, Alberta, Ontario, and Newfoundland and Labrador. There were a total of 62 participants in 33 communities. This research was carried out as a part of a 3-year project spearheaded by the University of Northern British Columbia in collaboration with researchers from Simon Fraser University, the University of Lethbridge, the University of Guelph, and Memorial University.

Our findings identified a number of collaborative, innovative, and entrepreneurial strategies that are transforming the capacity and resiliency of small municipalities. These strategies focus on revenue generating or revenue neutral initiatives, such as municipal business and social enterprises; local and regional partnerships; negotiated agreements with industry, First Nations, and other municipalities; tax and revenue sharing agreements; leveraging funding through grants and community foundations; leveraging investments in research and education; shared resources; leveraging technology investments; leveraging infrastructure investments; and leveraging municipal policies and programs in order to attract more investment in community and economic development. These strategies, however, often lack the commensurate expertise, governance structures, infrastructure, fiscal levers, and legislative frameworks to support their full development and potential.

There were a series of key messages that emerged from this research that can be used to inform debates and develop supportive legislation, policies, and related supports to these collaborative, innovative, and entrepreneurial endeavors. These focus on updating municipal regulatory and legislative frameworks, revising fiscal levers, providing top-down supports to strengthen municipal capacities, supporting collaborative governance mechanisms, streamlining Crown land transfer processes, and strengthening municipal-provincial-federal government communications.

Key Messages

Regulations and Jurisdiction

Revise local government legislation to create the mechanisms and provide clarity of the conditions under which municipalities may develop municipal enterprises.

Revise local government legislation to strengthen and clarify conflict of interest regulations guiding municipal staff and leadership engagement in municipal enterprises.

Revise local government legislation to provide municipalities with more flexibility to use revenue (i.e through municipal enterprises, land leases, etc.).

Update local government legislation to provide greater clarity about how municipalities can use policies and incentives to attract investment and support businesses (i.e. tax incentives, bonusing, etc.).

Revise municipal legislation to provide municipalities with more freedom to operate independently by reducing the issues requiring provincial approval.

Fiscal Levers

Revise municipal powers to enable local governments to raise money locally and issue their own debentures.

Provide financing to support the implementation of housing, tourism, economic development, and regional growth strategies.

Top-Down Supports

Provincial and federal government staff need to provide more outreach and logistical support with small municipalities through sub-regional offices in rural regions.

Deliver more streamlined and efficient delivery of provincial and federal government services that will enable small municipalities to quickly take advantage of emerging opportunities.

More training and logistical support is needed to assist staff in small municipalities to develop grant proposals, entrepreneurial skills, and risk management expertise.

Provincial governments and municipal associations can facilitate more opportunities for small municipalities to share more resources, software, policy templates, and staff.

Leveraging Land Assets

Municipalities need to be able to lease land without requiring provincial authority.

Review and streamline the processes guiding land transfers from Crown land to municipalities.

Develop a land bank to support municipal enterprises / attract new industries.

Regional Governance

More fiscal, policy, and logistical support is needed to support collaboration through regional governance and economic development structures.

Communication and Collaboration

Provincial and federal government staff need to maintain more routine meetings with small municipalities.

Invest in better communication to strengthen awareness of available programs and related supports for economic development offices, local and regional business organizations, etc.

Work with municipal associations to develop a central depository of information in order to learn about the best practices guiding the development and operations of municipal enterprises and to leverage policies and other municipal assets to support community and economic development.

Entrepreneurial Local Governments in Canada: Innovating for Rural Resilience

PHASE 1: FINAL REPORT

RURAL RESTRUCTURING TO RURAL RENEWAL

Local government reform has accelerated since the early 1980s, with municipalities learning to adjust to changes in local government responsibilities for economic development, community development, broadband infrastructure, physical infrastructure, housing, protection services (i.e. police, ambulance, fire, and wildfires), and Indigenous consultation. However, local governments struggle with outdated financial and jurisdictional structures even as senior governments ask them to become more creative, innovative, and 'entrepreneurial' for a broader range of responsibilities and approach to operations (Grant and Dollery 2010; Tennberg et al. 2014). The future resilience of small local governments and their communities, however, may depend upon entrepreneurial, innovative, or creative strategies in order to support independence, resilience, and new pathways (Dannestam 2008; Skelcher 2017). These entrepreneurial strategies are not just about mobilizing municipal enterprises, but rather requires a more inclusive and broader approach in which local governments may pursue joint ventures, partnerships, and social enterprises; leverage policies, planning tools, resources, and other assets to support investments in community and economic development; and other forms of risk-taking initiatives to support growth and development (Battilana et al. 2009; Herbert-Cheshire 2000; Leyden and Link 2015; Dowall 1990).

Building upon the experiences in British Columbia, Alberta, Ontario, and Newfoundland and Labrador, this project explores how local government reforms are impacting small municipal operations across Canada, as well as how small municipalities are responding to these changes through innovative or entrepreneurial approaches to community and economic development. This research is a 3-year project spearheaded by the University of Northern British Columbia in collaboration with researchers from Simon Fraser University, the University of Lethbridge, the University of Guelph, and Memorial University. The focus of this report is to discuss the entrepreneurial practices that are unfolding in our case studies across Canada. The provincial and federal legislative and fiscal frameworks that impact these practices are also examined in order to recommend changes that are needed in order to better position municipalities to pursue these initiatives.

The report is structured into six parts. First, we provide a brief discussion about the municipal pressures and reforms that are driving a shift from managerialism to entrepreneurialism in local government today. This is followed by four sections to provide an in-depth discussion of local government entrepreneurial strategies unfolding in each region. These strategies are juxtaposed against a number of challenges that are impeding the ability of small municipalities to be agile and responsive in a rapidly changing global economy and policy environment. As such, we also explore the conditions that are needed to improve the capacity, agility, and readiness of municipalities to be entrepreneurial in order to obtain the resources needed to strengthen resilient communities. In the last section, some final thoughts reflect on municipal policy and entrepreneurial strategies that are being mobilized to renew our small communities. While municipalities are encouraged to be more collaborative, innovative, and entrepreneurial, they are hindered by inadequate internal capacities and inadequate governance, fiscal, legislative, and jurisdictional frameworks to support their full development and potential.

Municipal Reform

Debates about the future of small municipalities has focused upon the need to create more sustainable and resilient communities (Brown and Schafft 2011; Halseth and Ryser 2018; Markey et al. 2012; OECD 2010; OECD 2014). These debates are driven by mounting infrastructure deficits, changing local government responsibilities, and outdated fiscal and legislative powers that no longer reflect the pressures impacting the viability of small municipal operations.

In Canada, much of the infrastructure and legislation guiding the development of municipalities emerged in the post-World War Two period. For three decades, welfare state investments in services and infrastructure were designed to establish national standards for services and open up rural regions to support resource-based development. As such, much of the infrastructure and services established during this period was designed to support rapid economic growth, and to attract and retain a young stable workforce and their families in small communities (Horne and Penner 1992; Williston and Keller 1997). This era, however, also increased municipal dependence on natural resource sectors and senior government transfers in rural regions (Freudenburg 1992).

Since the early 1980s, several waves of economic, political, and social restructuring processes have displaced former state investment policies in favour of neoliberal[1]public policy approaches that are characterized by a transition to a market-oriented, and non-interventionist government. Under the auspices of enabling bottom-up community development, provincial and federal levels of government embarked to withdrawal funding and programs (Markey et al. 2007; Polèse 1999). More responsibilities were downloaded onto municipalities through the enforcement of new regulatory and reporting requirements, the offloading of provincial and federal government programs, the reduction and closure of senior government programs and assets, and the insufficient allocation of resources to address service needs (Duffy et al. 2014). Without the support of top-down public-policy, small towns were impacted by the gradual decay of infrastructure investments from the previous era (CCC 2013; FCM 2012). Senior governments have been downloading the responsibility for infrastructure to the local level, meaning municipalities and localities are now responsible for a greater share of infrastructure. In Canada, for example, it is local governments that now own more than 60% of all local infrastructure, yet those same local governments have the fewest fiscal tools and least fiscal capacity to address mounting costs when compared to other levels of government in the country (CCC 2013; FCM 2012; Fletcher and McArthur 2010). Degraded infrastructure impacts communities in numerous ways. There may be severe health implications associated with services like drinking water. From an economic standpoint, failing or inadequate infrastructure impedes new economic opportunities, makes existing activities more expensive (and therefore less competitive), and reduces the likelihood that communities will be able to attract and retain both people and capital. This presents a tremendous challenge to rural communities where low population levels, low densities, large distances, and more extreme weather conditions increases the per capita cost of critical infrastructure (CCME 2006; CRRF 2015; Rolfe and Kinnear 2013).

At the same time, there are mounting concerns that small municipalities do not have a sufficient tax base to support viable operations, nor the extent of major capital expenditures that are required to address infrastructure deficits and meet new responsibilities now commanded of them by senior levels of government (Kitchen and Slack 2006). As provincial and federal levels of government moved to 'empower' municipalities to be more responsible for their own economic and social development through a more entrepreneurial culture, these policies directives were not mobilized with a commensurate devolution of power and resources (Battilana and Casciaro 2012; Beer 2014; Heisler and Markey 2014; Ryser et al. 2017; Weaver 2014). Municipalities rely heavily on property tax revenues, grants, provincial and federal government transfers, and user fees to generate revenue to support municipal operations; although, additional revenues have been generated through revenue sharing agreements, public-private partnerships (P3), amenity contributions, sale or long-term lease of land, traffic and parking fines, and the procurement of services to other municipalities (Dirie 2005).

[1]Neo-liberalism has been defined by state roles that support market-based approaches to deliver goods and services in order to emphasize entrepreneurial freedom while reducing government expenditures (Harvey 2005).

Transition from Managerialism to Entrepreneurialism

As local governments confront the challenges of reduced government expenditures and new policy expectations, research suggests that entrepreneurialism is replacing managerialism in the municipal operations of rural regions (Ateljevic 2009; Mitchell 1998; Mitchell and De Waal 2009). Managerialism refers to the interest in "processes and responsibilities of management" where stakeholders focus on the management and fiscal conditions of strategies and contracts (Van Gramberg and Teicher 2000, p. 478). In the case of local government, their roles and responsibilities are largely limited to 'services to property' by focusing investments and management resources on physical infrastructure, local service provision, development approvals, and planning (Coiacetto and Baker 2005; Douglas 2005; Drew et al. 2017).

The future resilience of communities, however, may depend upon entrepreneurial activities that will push the functions of local government in order to support independence, resilience, new pathways, and innovations (Dannestam 2008; Skelcher 2017). The concept of entrepreneurialism, however, has been open to many debates and definitions (Kobia and Sikalieh 2010). More recent debates have pushed theories of entrepreneurialism to explore not only venture capital and risk-taking pursuits, but issues associated with entrepreneurial culture and social enterprises (Audretsch et al. 2015; Kobia and Sikalieh 2010). Moving beyond tasks of developing new ventures and strategic growth, these debates are increasingly exploring abilities to 'leverage' assets, such as human capital, unique products, or place-based resources, as well as opportunities to shape the entrepreneurial process through opportunities to renew regulations or develop new technologies (Kuratko et al. 2015). Municipal staff are taking a more pro-active approach to anticipate and prevent problems and develop more adaptive capacities (Melissanidou 2016).

For the purposes of our research, entrepreneurialism within the context of local governments refers to both innovative processes or regulatory action and/or actual enterprise development to provide services or leverage economic conditions. Since the 1980s, one of the first responses to the deep restructuring of resource industries has been for local governments to set up economic development offices and use tools such as property tax relief and other incentives to attract new businesses (Halseth and Ryser 2018). Local government entrepreneurship also extended to the formation of special or oversight committees to spur action in tourism, heritage, recreation, the management or operation of community facilities, joint initiatives with commercial ventures, etc. (Shone 2011). Investment in real estate includes leveraging lands, providing incentives for certain types of developments, reducing development costs or property tax charges, even the formation of joint ventures with commercial investors (Boswell and Crompton 2007). With service reductions and closures in a number of small municipalities, some municipalities have taken on service responsibilities and options for delivery, including shared service models and intergovernmental contracting (Dollery et al. 2010; Oakerson 1999).

There is a need, however, to better understand the broader political or structural impediments that may be impeding such strategies, particularly in rural and remote regions. Local government entrepreneurialism can become controversial, leading some to question whether such pursuits reinforce senior government strategies to continue offloading supports and reduce investments in rural regions (Halseth 2017; Woolford and Curran 2011). As senior governments continue to reduce funding programs and offload responsibilities, it is crucial to examine what steps local governments will need to take to implement an effective entrepreneurial strategy to address challenges and opportunities associated with building resilient communities.

In total, 62 key informant interviews were conducted with elected officials, CAOs, economic development officers, and planners with 33 local governments across BC, Alberta, Ontario, and Newfoundland and Labrador.

British Columbia	Alberta	Ontario	Newfoundland and Labrador
Burns Lake	Canmore	Brock	Bonavista
Dawson Creek	Flagstaff County	Brockton	Deer Lake
Fort St. John	Forestburg	Dubreuilville	Fogo Island
Kitimat	Hanna	Goderich	Grand Falls-Windsor
Mackenzie	Lethbridge County	Haldimand County	Holyrood
Prince Rupert	Olds	Newmarket	Labrador City
Quesnel	Parkland County	Sioux Lookout	Placentia
Valemount	Taber	Wellington County	St. Anthony
	Wainwright		

Our findings identified ten types of entrepreneurial strategies used by small local governments (see Figure 1). These focus on revenue generating or revenue neutral initiatives; local and regional partnerships; negotiated agreements with industry, First Nations, and other municipalities; tax and revenue sharing agreements; leveraging funding; leveraging investments in research and education; shared resources; leveraging technology investments; leveraging infrastructure investments; and leveraging municipal policies and programs in order to attract more investment in community and economic development. A more detailed summary of these initiatives is provided in Appendix A.

Figure 1: Municipal Entrepreneurial Strategies – At a Glance

1) Revenue Generating / Revenue Neutral

Municipal Enterprises	Social Enterprises	Service Contracts

2) Partnerships

Regional partnerships	First Nations partnerships	P3 partnerships

3) Negotiated Agreements

Industry contributions	First Nations agreements	Regional service agreements

4) Revenue Sharing Agreements

Inter-municipal tax sharing	Resource revenue sharing	First Nations revenue sharing

5) Leveraging Funding

Legacy trusts / foundations	Fundraising	Government grants

6) Leveraging Research and Education

Research investments	Education and training	New strategic hiring

7) Shared Resources

Shared services	Shared staff	Shared equipment

8) Leveraging Technology

Broadband infrastructure	Other technology investments

9) Leveraging Infrastructure

Land	Buildings	Entrepreneur hubs	Green energy	Housing

10) Leveraging Municipal Policies and Programs

Business Incentives	Planning	Bylaws

In the following sections, the local government entrepreneurial strategies unfolding in each region are explored. It is important to acknowledge, however, that the fiscal, legislative, and policy levers vary across these regions. As such, the context and conditions shaping the capacity, agility, and resilience of municipal operations and strategies will impact the potential of municipal enterprises, policies, and assets that are leveraged to address community and economic development.

LOCAL GOVERNMENT ENTREPRENEURIALISM IN BC

Drawing upon 8 case studies in BC, this section examines how small municipalities are pursuing entrepreneurial approaches to address fiscal and jurisdictional constraints. These case studies include: Valemount, Burns Lake, Mackenzie, Kitimat, Quesnel, Dawson Creek, Prince Rupert, and Fort St. John. As demonstrated below, these entrepreneurial strategies entail a complex system of fiscal and policy arrangements in order to leverage the resources needed to support more resilient community and economic development for small municipalities.

Municipal Enterprises

Municipal enterprises are not new, nor common in British Columbia. There are two forms of legislation that guide municipal enterprises in BC, including the Local Government Act and the Business Corporations Act. These permit municipalities to develop, or acquire shares in, a corporation following the approval of the Inspector of Municipalities who will assess any undue exposures or potential risks that may affect the liability of local government. The legislation also permits shared control of municipal enterprises across multiple municipalities. In 2006, the Government of British Columbia developed a new guide for local officials interested in developing local government corporations (Ministry of Community Services 2006). The guide provides more detailed information about the processes that support the development of municipal enterprises, the regulatory and reporting frameworks guiding their operations, the potential risks associated with municipal enterprises, as well as additional staff responsibilities associated with municipal enterprises. Annual financial audits submitted by municipalities must include revenues generated from municipal business enterprises.

Interest in municipal enterprises is increasing in rural BC as small municipalities search for new ways to generate revenue. In our case studies, stakeholders identified a number of municipal enterprises that were pursued (see summaries in the case study report), including:

- Community forests,
- Water reclamation facility to sell reclaimed water to industry,
- Micro hydro project,
- Subdivision development,
- Leasing land to industry / corporations, and
- Joint investments in patient accommodations.

The revenues generated from these municipal enterprises have been invested in recreational hiking, biking, and cross-country ski trails, upgrades to municipal facilities, snow removal, IT staff, school ecology programs, high school scholarships, school lunch programs, literacy programs, a high school harvesting forest simulator, fire-fighting training facility, silviculture reserve funds, and land reserve funds. There were also municipalities that were in the process of developing economic recovery and local government entrepreneurial committees in order to explore more ways to generate revenue.

As municipalities consider developing municipal enterprises, however, there are several challenges that are impeding their development. These challenges include:

- Managing risks with taxpayer revenues,
- Staff that operate outside of their skills or expertise,
- A lack of training to develop staff expertise with municipal enterprises,
- Managing public expectations about the management and use of revenues associated with municipal enterprises,
- Concerns that municipal enterprise divert limited municipal resources and staff time away from core services,
- New policies that reduce payment rates by the Utilities Commission for extra power generated by community micro-hydro and solar-installation assets,

- Confusion about the different between assistance vs. partnerships with businesses that may be perceived as corruption or conflict of interest under Section 25 of the Community Charter, and
- Inadequate legislation to empower municipalities to remove politicians who are repeat offenders of conflict of interest regulations with municipal enterprises.

Local government entrepreneurialism requires positive working relationships between staff and council that is built on trust and confidential communications.

Community Foundations / Legacy Trusts

In British Columbia, a number of the small municipalities in this study are just starting to develop community foundations. Some municipalities have been engaged in discussions with major industry projects to obtain legacy investments for community foundations. In one case, the City of Dawson Creek pooled their resources together with other municipalities, including Pouce Coupe, Taylor, and Hudson's Hope, to establish the Northeast Community Foundation. In BC, small municipalities may draw upon funding from the Northern Development Initiatives Trust to establish these foundations. For many of our sites in BC, the capital invested in these foundations is currently too small to support transformative change in these communities.

Negotiating Agreements

With limited resources to address infrastructure and operating pressures, communities are seeking other ways to acquire the revenues needed to guide service and infrastructure investments. Negotiations and agreements with industry, senior levels of government, First Nation communities, and other municipalities can better position local governments to address outstanding issues and pursue opportunities. These initiatives, however, will only be effective if resources are strategically used to diversify economic development opportunities and break dependency by securing ways to stabilize long-term resources. Otherwise, negotiated agreements may only be another form of reliance on senior government funding or industry resources.

When local government stakeholders were asked to describe negotiations or agreements to address community and economic development needs, three key types of agreements were described. These included:

- The Fair Share Agreement / Peace River Agreement;
- Industry agreements; and
- Relationship agreements with Indigenous communities.

The Fair Share and Peace River Agreements

The Fair Share Agreements and the Peace River Agreement are not resource royalty sharing agreements, but rather a mechanism to provide local governments in the Peace River Region with access to a tax base that other local governments already have. While most local governments have direct access to an industrial tax base through mines and forestry mills that are located within their municipal boundaries, these agreements were intended to provide municipalities in the Peace River Region with access to a disconnected industrial tax base due to the dispersed nature of oil, gas, and pipeline activities in the surrounding rural regions (Ryser et al. 2019). Two of our case studies, including the City of Fort St. John and the City of Dawson Creek, were signatories of these agreements based on negotiations with the Province of British Columbia.

The initial Fair Share Agreement (1994) provided $4 million in provincial non-property tax revenues to the Peace River region's local governments to support community infrastructure development as well as help to mitigate infrastructure impacts from the industry (Markey and Heisler 2010). The distribution of revenues was based on the industrial assessment in the region, population levels, and then indexed to growth in the rural industrial tax base. Fair Share was modified twice with the third iteration providing $20 million per year, but with an embedded lift mechanism reaching $46 million in 2015 (Heisler and Markey 2013). In 2015, the new Peace River Agreement (PRA) was finalized. The 20-year agreement provided $50 million per year, with a two percent lift for inflation. These funds are distributed to communities strictly on a per capita basis, with a population decline resulting in a lower share of funds regardless of industry activity in the surrounding area. These revenues allowed communities to address aging physical infrastructure, much of which dated back to World War Two and had never been replaced. Investments were also made in roads, intersections, sidewalks, sustainable or renewable energy infrastructure, community halls, protection service infrastructure, and some recreational facilities. Under these agreements, these revenues are restricted to spending on capital improvements. No emergency or legacy fund investments are permitted (Ryser et al. 2019). These types of negotiated agreements can place small municipalities in a precarious position if they rely on them to cover operating costs within municipal budgets. These agreements were based on a memorandum of understanding and does not provide long-term secure funding that is tied to taxation.

Industry Agreements

Industry agreements may be tailored to address specific issues or needs, or they may be comprehensive to address a range of community and economic development pressures stemming from large-scale industrial projects. For example, in Kitimat, road use agreements were negotiated with industry to address specific infrastructure pressures from large-scale industrial construction projects. The City of Fort St. John and BC Hydro signed the Community Measures Agreement (CMA) in 2016 to provide predictable and stable fiscal resources to address a broad range of impacts associated with the Site C Hydro Project. The agreement emerged from the City's participation in the environmental review assessment process where local government leaders advocated for a community measures agreement to address the impacts and costs associated with a mobile shadow population. These costs are not reflected in per capita funding models that guide the distribution of fiscal resources from senior levels of government to community stakeholders. In contrast to language typically associated with community impact benefit agreements, negotiations focused on measures to reflect the additional costs, as opposed to perceived benefits, that are often incurred by local governments.

The ability to negotiate an agreement with BC Hydro should be distinguished from other industry negotiations. BC Hydro is a Crown corporation, meaning that it is owned by the government and citizens in British Columbia. The agreement provides $1 million per year to the City of Fort St. John during the construction of the Site C project. The CMA provides investments in 50 housing units, childcare, and RCMP support. The agreement also contains fiscal provisions to support non-profit agencies, as well as to connect mobile workers with recreational amenities in the community.

Small municipal stakeholders found it difficult to negotiate industry legacy or contribution agreements to address the impacts from large-scale industrial projects. There are no regulations in Canada that require community impact benefit agreements with impacted municipalities. Moreover, the provincial government has no obligation to negotiate revenue sharing agreements with municipalities. There were also circumstances when industry contribution agreements were not upheld. As a result, small municipalities are left to rely on revenues obtained from fixed property tax rates with industry that are not always sufficient to address the scale and scope of pressures unfolding from large-scale industry projects. In lieu of such agreements, industries provide access to community donation programs. These initiatives tend to provide minor contributions to community groups rather than supporting transformative investments capable of breaking the dependency of these communities on resource extraction.

Indigenous stakeholders are able to negotiate impact benefit agreements as they affirm their constitutional rights. In a couple of case studies, municipalities have been able to leverage their relationships with First Nations communities in order to negotiate industry contributions for infrastructure and transportation investments that will benefit surrounding Indigenous communities.

Relationship Agreements with Indigenous Communities

Relationship agreements were signed between municipalities and First Nations to work collaboratively on healthcare, education, and economic development initiatives. In Dawson Creek, for example, such arrangements with the Saulteau First Nation have led to joint investments in patient accommodations. These types of long-term agreements, however, are challenging for small municipalities to develop and maintain as they require dedicated, full-time personnel to strengthen relationships with First Nations as a part of the Truth and Reconciliation processes. Currently, these initiatives are added to the duties of existing personnel, such as CAOs, economic development officers, and mayors that already have high workloads.

Leveraging Municipal Government Policies and Programs

In British Columbia, Section 25 of the Community Charter prohibits local governments from providing direct assistance to businesses. Instead, local governments are able to leverage policies and programs that support economic development through business improvement areas and revitalization tax exemptions. For example, in one case, bylaws established business improvement areas to enable business owners to pool resources for marketing. Businesses also financed renovations through revitalization programs administered through municipal grants or property tax schemes. Municipalities also exempted business owners from the municipal portion of their property taxes in order to attract investments in renovations and revitalization.

Small municipalities are leveraging such changes to their own policies, regulations, and programs in order to attract investment for community and economic development. For example, some are providing additional grants to encourage private investments in secondary suites, major commercial building renovations, or to demolish deteriorating commercial building assets. Small municipalities in northern BC are also leveraging grant programs offered through the Northern Development Initiatives Trust (NDIT). NDIT's grant funding is funneled through municipalities in order to provide incentives for developers to invest in market-based housing and business façade improvements (NDIT 2021).

Leveraging Investments in Human Resources

Small municipalities in this study are leveraging investments in human resources in order to strengthen their community development capacity. For instance, municipalities are leveraging access to NDIT grants in order to fund economic development officers and grant writers, as well as to obtain support from local government interns (NDIT 2021). Stakeholders are leveraging partnerships to pool resources together to support strategic investments in the recruitment and retention of healthcare workers. The City of Dawson Creek, for example, has been collaborating with the Peace River Regional District to develop a Healthcare Scholarship Program that is strategically designed to strengthen the recruitment and retention of healthcare workers in the region. Students receive $2,500 after graduating from a healthcare program and returning to practice in their community, and are eligible to receive an additional $2,500 once they have been practicing in their community for two years.

Leveraging Investments in Research and Infrastructure

Municipalities are leveraging investments in research and infrastructure in order to attract capital and facilitate new start-ups. Investments in waterfront and recreational infrastructure, for example, are strategically used to attract people to stay in these communities and to attract tourism investments. There are grants offered by NDIT to assist small municipalities to undertake major repairs and upgrades to main streets, economic infrastructure (i.e. airports, IT assets, industrial parks, bio-energy, etc.), cultural assets, and recreational facilities. Leveraging investments in recreational assets has helped a number of case studies to pursue sport and event tourism.

In terms of leveraging investments in research, the City of Quesnel developed the Forestry Initiative Program to support research and innovation in the forest products manufacturing sector and attract new investment (https://www.quesnel.ca/city-hall/major-initiatives/forestry-initiatives-program). The City of Quesnel's economic development team is also facilitating the food innovation hub that they hope will become a stand-alone enterprise. The City is leveraging its ability to pursue grants through the Ministry of Agriculture, Northern Development Initiative Trust, and other organizations to obtain seed money to support the cooperative venture. The City is also supporting the venture by underwriting the capital costs for infrastructure and funding the first five years of lease costs in order to allow farm operators to focus on operating the cooperative venture and generating a profitable return.

Shared Services

The study sites in BC pursued a number of shared service and staff arrangements with other municipalities, Indigenous communities, or regional districts, including:

- victim services,

- the fire department,
- recreation facilities,
- landfills / recycling,
- economic development
- Building inspectors,
- Information technology,
- engineering, and
- horticulturalist services.

A number of these municipalities also had mutual aid agreements in place to address grassland or wildfires, flood mitigation, etc. with other municipalities and regional districts. A number of small municipalities also deliver services, such as ambulance, fire services, and transit, to nearby Indigenous communities on a contract basis.

Regional Governance

Regional governance arrangements are being used to address regional growth strategies, regional policing, fire protection, and recreational facilities. Regional governance mechanisms, however, continue to be challenged by the need to convince some municipal stakeholders about the value of sharing those costs. Regional governance initiatives are also hampered by inequities in responsibilities and contributions between municipalities and regional districts.

The engagement of Indigenous leaders in regional governance structures has been limited. In April 2019, for example, the Province of British Columbia encouraged forest companies to initiate Timber Supply Area Coalitions. These coalitions are typically comprised of municipalities, industry, contractors, small business suppliers, foresters, technicians, haulers, labour, and other stakeholders. Indigenous communities have not engaged in these forms of regional governance structures as they are not stakeholders, but instead are considered decision-makers due to their constitutional rights. With a number of large-scale industrial construction projects unfolding, municipal staff struggle to allocate sufficient time to strengthening relationships and trust with Indigenous communities as a part of regional governance opportunities. These challenges have been exacerbated by the covid-19 pandemic that has interrupted communications. Some municipalities are strengthening regional collaborative working relationships with Indigenous communities through weekly staff meetings and by providing staff assistance to develop grant proposals. Engagement in regional community forest initiatives has provided opportunities to ‘test’ partnership arrangements that are leading to collaboration with Indigenous communities and non-profit partners on other community development initiatives, such as community health, mental health and substance abuse, seniors’ long-term care, housing, and homelessness.

LOCAL GOVERNMENT ENTREPRENEURIALISM IN ALBERTA

Drawing upon 9 case studies in Alberta, this section examines how small municipalities have engaged in a number of entrepreneurial initiatives to alleviate fiscal and jurisdictional pressures created by the downloading of provincial and federal government responsibilities. These case studies include: Forestburg, Hanna, Flagstaff County, the Municipal District of Wainwright, the Town of Taber, Olds, Lethbridge County, Canmore, and Parkland County. As demonstrated below, these initiatives focus on increasing investment attraction, developing regional collaboration, negotiating agreements with industry and government, and developing municipal enterprises. Some entrepreneurial initiatives can also be linked to Alberta's coal phase out plans which left many municipalities to pursue economic diversification and increasing governmental efficiency in order to create more resilient and sustainable communities.

Municipal Enterprises

Some municipalities in Alberta have engaged in creating municipal enterprises to overcome challenges and pressures in their communities, or simply to become more competitive. Affordable housing, broadband infrastructure and connectivity, coal transitions, a need for economic diversification, and general fiscal constraints have all been catalysts for municipalities to engage in developing these municipal enterprises.

Municipal enterprises identified in Alberta include:

- Economic development corporations,
- Renewable energy projects,
- Energy distribution,
- Broadband development,
- Community housing, and
- Investment opportunities (bio-medical waste).

While these ventures can help create additional revenues, there are barriers which impede the potential success of these projects. Small municipalities need to develop professional services, expertise in research and data management, and resources to support the development of municipal enterprises. Short-term funding has curtailed momentum for some economic development corporations. Small municipalities struggle to respond to various risks and instability when other municipalities exit Memorandum of Understandings (MOUs) and partnership arrangements. In one case study, renewable energy projects in particular have been difficult to implement due to public conflicts. Controversial viewpoints about renewable energy projects may stem from concerns about limited employment prospects or a potentially invasive impact on rural landscapes. Stakeholders have also been working through challenges to stabilize hydro-electric grids in order to integrate investments in new alternative energy sources. Local communities can be more of a barrier than provincial or federal governments in these instances as there are concerns over local benefits, noise, and divestment from the oil and gas industries. Many municipalities have deeply entrenched identities with coal, oil, and gas economies which creates difficulties when pursuing projects in other energy sectors.

Negotiating Agreements

The Alberta Municipal Government Act (MGA) requires municipalities to develop Intermunicipal Collaboration Frameworks (ICFs) with neighbouring communities. These collaborative frameworks are generally viewed positively by municipalities as they help to reduce costs through the pooling of resources. The development of ICFs, however, may require negotiating agreements with other municipalities to establish shared services and regional governance initiatives. Municipalities have negotiated agreements to split costs of recreation facilities, services (fire, health), and infrastructure developments. In other instances, agreements may need to be negotiated to better address emergency situations. The Town of Olds worked together with the provincial government and nearby communities in order to complete emergency infrastructure repairs. The communities created a cost-sharing agreement, in addition to provincial funding, and developed a design process and utility rate structure. Some municipalities have also engaged with industry interests in negotiating agreements, often in order to incentivize development. This may involve front-ending infrastructure as well as being flexible with development agreements, permits, and securities.

Leveraging Municipal Government Policies

Municipal governments have been putting efforts into leveraging municipal government policies to better position their communities to address development and infrastructure needs. While municipalities are limited in their available fiscal levers, Section 371 in the MGA allows for the creation of new business tax bylaws. Lethbridge County has capitalized on this policy by creating a tax on farm animals owned by businesses; revenue is collected based on size, type, and number of farm animals. These revenues are then exclusively used to fund infrastructure repairs in the county.

In one case, credit-based incentives have been used to attract residents and business development. Forestburg mobilized an initiative in which any citizen that successfully invites a business that employs 2 or more people and builds a new building will receive a $2,000 credit for their taxes or utility bill. Alternately, any citizen that successfully attracts a new family of 2 or more to Forestburg that also builds a new home will receive a $1,000 credit for their taxes or utility bill.

Leveraging Coal Transition Funding

In 2015, the Alberta's NDP government announced a coal phase-out plan which would require the province to eliminate all emissions from coal power generation by 2030. The coal phase-out in Alberta directly affects 20 First Nations and municipalities which have been reliant on the coal industry for economic development. This has left many communities in a state of economic uncertainty due to a loss of a significant portion of their tax base and as some residents leave in search of new employment opportunities in other areas. When coupled with the downloading of responsibilities and limited fiscal and jurisdictional powers, coal communities have had to look towards various entrepreneurial approaches and efforts to diversify their economies in order to overcome these pressures. In order to help mitigate the negative socioeconomic impacts of this coal transition, the NDP government announced the Coal Community Transition Fund (CCTF). Some municipalities in this study affected by the coal phase out were eligible to apply to the CCTF in order to build economic development capacity and create a more resilient and sustainable future (Alberta n.d.b). Examples of efforts towards developing assets and strategies to strengthen economic diversification include:

- Regional energy transition organizations,
- Investments in agriculture,
- Business attraction,
- Modernization of IT services and connectivity,
- Investments in research for economic development,
- Renewable energy projects, and
- Tourism development.

Leveraging Land Assets

Leveraging land-use is another method through which municipalities have been able to increase investment attraction and grow the tax base. For example, Olds was able to open a 200-acre area of land for industrial development which resulted in investment attraction from India, Saudi Arabia, New Brunswick, and First Nations from British Columbia.

Investing in Human Resources

As fiscal levers and resources become more scarce, a number of case studies have been more proactive in hiring staff in new positions that help strengthen the long-term economic benefits and sustainability of these communities. Many of these initiatives have revolved around bringing economic development in-house or creating task forces as a means to better address business retention and expansion in order to develop and grow a larger tax base.

Other municipalities have invested in community development and events coordinator positions in order to attract more residents and visitors to small communities.

In other cases, municipalities invested in human resources for services such as health care. Flagstaff County has worked with recruiting firms and local medical centers to create incentives to attract physicians to the area. One such initiative materialized as a municipality purchased homes to rent to physicians in order to provide housing incentives to attract health care professionals.

As provincial and federal funding shifts towards a grant-based system, some municipalities are finding that it is necessary to establish full-time grant-writing positions in order to maximize the likelihood of successful applications. As applications become more competitive and time-consuming with an increase in requirements, dedicated grant-writers can ease pressures for municipalities.

Shared Services

Revisions to the Alberta MGA created a requirement for municipalities which share a common boundary to create an Intermunicipal Collaboration Framework (ICF) unless they are already members of a growth management board. These changes came into effect in April 2018, and municipalities had until April 2021 to implement these ICFs. ICFs outline how services benefit residents in adjoining municipalities, which municipalities provide a set of services, and how these services will be delivered and funded (Alberta n.d.a).

Municipalities in this study have identified that shared services can be an effective method through which service responsibilities and costs can be mitigated to better provide for community needs. Our case study sites pursued collaborative service arrangements with other municipalities including:

- waste management,
- water and wastewater services,
- airport services,
- fire and emergency services,
- hospitals and clinics,
- recreation facilities (i.e. arena, curling rink, parks and trails, etc.),
- engineering services,
- human resources,
- tourism, and
- economic development.

Regional Governance

Regional planning and governance is another method through which municipalities have leveraged relationships to address fiscal pressures, community development needs, and economic growth strategies. The MD of Wainwright, for instance, works closely together with the adjoining municipalities of Irma, Chauvin, and Edgerton by using inter-municipal tax sharing through recreation and rural fire boards. These tax revenue sharing arrangements have also been used to address the uneven financial distribution of oil and gas taxation revenues in the area.

Municipalities such as Forestburg and Flagstaff County have engaged on a regional basis through the Battle River Economic Opportunities Committee (BREOC) and the Battle River Alliance for Economic Development (BRAED). These organizations work together with local communities in order to create new opportunities and help increase economic development capacity. This has been especially beneficial for the area in overcoming pressures associated with coal transitions; BREOC has been an important player in developing transition initiatives for industry workers and governments by leveraging funding provided by the Community Coal Transition Fund (CCTF). Other regional efforts in economic development are evidenced in Taber and Lethbridge County, through Canada's Premier Food Corridor. In this case, municipalities along Highway 3 are working together to develop the agricultural industry through Canada's Premier Food Corridor (https://www.canadaspremierfoodcorridor.ca) by pooling resources in order to create greater investment interest.

While regional governance and partnerships are an effective tool in mitigating pressures, it is difficult to maintain these partnerships in the face of decreasing tax revenues. Negotiations regarding cost sharing ratios between municipalities have been difficult, especially when coupled with political differences. A difference in personal agendas creates conflicts over task prioritization which may impact the effectiveness of collaboration. It is also necessary to consider identity and sense of place. Communities with long-standing histories are wary of regional collaborative efforts due to concerns about identity loss and equal representation.

LOCAL GOVERNMENT ENTREPRENEURIALISM IN ONTARIO

Drawing upon our 8 case studies in Ontario, this section explores how small municipalities are pursuing innovative and entrepreneurial approaches to address fiscal and jurisdictional constraints. These case studies include: Dubreuilville, Sioux Lookout, Goderich, Brockton, Brock, Haldimand County, Newmarket, and Wellington County. The strategies explored below leverage many fiscal, policy, and governance arrangements in order to obtain the resources needed to support more resilient municipalities.

Municipal Enterprises

The importance of municipal enterprises is growing in Ontario as small municipalities seek new ways to generate revenue. In our case studies, stakeholders identified several municipal enterprises that were developed in these municipalities (see summaries in the case study report), including:

- Port facilities,
- Hydro and hydrogen projects,
- Affordable housing,
- Recycling,
- Airports, and
- Joint investments in broadband corporations.

Various investment strategies have emerged from entrepreneurial activities. Revenues have been deposited into reserves for equipment, community development assets (new community centres, arenas, etc.), landfills, and infrastructure. In amalgamated municipalities, this includes investing revenues into centralized or consolidated facilities. Some revenues are invested in standard GICs, while other surplus revenues are allocated into a general fund or placed into a Tax Stabilization Fund in order to reduce tax increases. There were also municipal enterprises that were sold. In Haldimand County, for example, revenue from the sale of Haldimand Hydro was invested into a fund totaling $72 million. Policies were developed to ensure the principle is preserved, with generated interest available to be invested in community development projects. The fund is managed by a committee with expertise in financial investment planning and reviewed every 6 months.

Investments in municipal enterprises and major infrastructure projects can be risky when there are turnovers amongst council after each election. Municipal leaders and senior staff may have a low tolerance for risk. As municipalities explore entrepreneurial initiatives, there is a need to ensure leadership and staff equipped with a background in entrepreneurship and risk management are in place. Some case studies have municipal economic development boards with industry representatives and entrepreneurs for this reason.

Other municipalities in this study are taking steps to reduce their risk and liability. Risk management plans are completed to manage financial and liability risks. Senior staff work to ensure other potential partners have their share of funding before moving forward with any investments. Processes are developed to ensure there is proper internal collaboration to manage risks and monitor budgets. In one case, municipal stakeholders are also working to ensure staff attend relevant seminars to stay up-to-date on senior government policies and directives that will impact municipal operations.

Some municipalities are taking proactive steps to invest in services and appropriate infrastructure in order to reduce liabilities. These steps are not only critical to assess the risks associated with entrepreneurial activities, but also for municipalities to perform due diligence and evaluate the impacts of new programs and expenditures on current and long-term operations. Newmarket has a risk management department to assess and calculate the financial risks of different initiatives. Brock is part of the Durham Municipal Insurance Pool. The pool is administered by a board of directors comprised of treasurers from each municipality. Through this group, the municipalities get a better rate for insurance, as well as dedicated regional staff to complete audits of municipal facilities and identify areas of improvement or risk. Other municipalities, however, rely on consultants and hired legal expertise to assess the risks with investments.

As these municipalities consider developing municipal enterprises, several factors are impeding their development. These include:

- The resources needed to complete research, feasibility studies, and other preparation studies;
- Difficulty recruiting personnel with appropriate expertise to manage municipal enterprises in small municipalities;
- Limited access to partners with appropriate capital and expertise;
- The limited economies of scale in small municipalities to pursue municipal enterprises;
- The perception that the Municipal Act prevents municipalities from developing municipal enterprises due to potential conflicts with private sector investments; and
- Extensive processes and limited access to Crown land to support investment in housing and other municipal enterprises.

Further, there is no central depository of information in order to learn about the best practices to develop municipal enterprises and to leverage policies and other municipal assets to support community and economic development. Provincial and federal organizations, such as the Federation of Canadian Municipalities, Municipalities of Ontario, or the Economic Development Association of Canada could provide the necessary infrastructure to support such a depository.

Negotiating Agreements

Our case studies in Ontario have been negotiating agreements to obtain the revenues necessary to address community and economic development needs. For instance, some municipalities negotiated service agreements with other municipalities and Indigenous communities to address waste management, freshwater intakes, and healthcare. Mutual aid agreements were signed for fire protection. Other agreements were negotiated for joint investments in regional broadband infrastructure. As municipalities prioritize their need to be engaged in Truth and Reconciliation processes, Sioux Lookout negotiated a Friendship Accord[2] with nearby Indigenous communities in order to establish areas of common interest and cooperation.

Industry agreements provided additional revenues to address comprehensive community and economic development pressures. In some cases, industries purchased public works equipment to support municipal operations (i.e. bulldozer, sander, waste compactor, etc.). There were also more extensive contribution agreements to address the impacts associated with large-scale projects. Haldimand County negotiated a series of Community Vibrancy Agreements[3] with companies engaged in green energy development (wind and solar).These agreements will provide $2 million annually for community related projects for a 20-year period. The county also negotiated the sale of Haldimand Hydro to Ontario Hydro in order to generate $72 million in revenue. The funds from the sale were invested in a reserve fund. The county draws upon the interest to support community development investments for a new community centre, arena, new services, etc.

[2] Sioux Lookout is a community which acts as a 'gateway' to many northern First Nations communities. In order to recognize the traditional territories of the Lac Seul Nation and to create a collaborative framework between Sioux Lookout and the local Indigenous communities, the SLFA was signed. The Accord aims to develop regional leadership strategies with municipal and First Nations governments through promotion of Indigenous culture, development of regional recreation facilities, increasing First Nation participation in the local economy, and creating a sustainable future through investing in the youth. Sioux Lookout and the First Nations of Slate Falls, Cat Lake, Lac Seul and Kitchenuhmaykoosib Inninuwug are all signatories to the Accord (Sioux Lookout n.d.)

[3] Haldimand County is a region which has seen significant investment in renewable wind and solar energy projects. The Community Vibrancy Fund (CVF) was established in September 2011 in an effort to maximize positive community benefits from these energy investments. The CVF acts as an agreement between energy companies and the community whereby energy companies contribute to the fund which is then used to finance community projects. Five energy companies will contribute annually to the fund for 20 years, between 2011 and 2031 with an expected total contribution of $40 million. Geographic distribution of funds is calculated based on the amount of wind and solar energy capability and transmission infrastructure in each area. $6,351,620 has been distributed to date for over 100 community projects (Haldimand County 2019a; 2019b).

Leveraging Municipal Government Policies

Small municipalities are leveraging local government policies and regulations to attract investments for community and economic priorities. Municipal legislation shapes the ways in which these opportunities can be mobilized. Community Improvement Plans are approved under Section 28 of the Planning Act, and provide one policy tool for municipalities to deliver subsidies or grants to encourage business investment. For example, there have been incentives for façade improvements, financial assistance for building permit or rezoning applications, or assistance to complete an economic feasibility study for a particular aspect of a business. The Haldimand County Community Improvement Program provides up to $15,000 to property owners to upgrade façades, awnings, and other aspects of the building exterior. The total budget for the program is $150,000. Grants generally cover one-third of renovation costs, with a ceiling of support. Similar incentives are used by Wellington County to promote mixed-use residential / green energy investments. Other municipalities have provided tax relief through Tax Increment Equivalent Grants[4] in order to encourage investments in business renovations. This policy tool provides tax relief for a percentage of the increased assessed value for a period of up to 5 years.

Municipal policy tools can also be leveraged to encourage investments in energy efficient renovations for commercial and residential properties and to assist local government to work towards their climate change mitigation goals. Newmarket's Energy Efficiency Program will finance energy efficient renovations to windows, insulation, and other assets that are added to the property owner's tax bill. This allows the municipality to assist homeowners to reduce the financial burden of retrofitting properties.

Local government policies are leveraged to address housing pressures by providing incentives for private sector investment. Official Community Plans have been updated in order to provide incentives to encourage investments in secondary suites, affordable condominiums, purpose-built housing. Tax relief incentives have also been provided to encourage developers to incorporate a percentage of affordable units within housing projects. In one case study, the municipality earns interest on loans provided to private sector investors through development agreements. Haldimand County developed an agreement model that requires a developer to commit a certain number of units for a housing project. In return, the municipality provides the developer with a loan that allows the developer to leverage other dollars to support the project. The arrangement allows the municipality to earn revenue from the interest on the loan.

Lastly, municipalities have updated their policies and plans in order to participate in joint infrastructure initiatives with other municipalities. Wellington County, for example, updated its municipal policies in order to be part of the Swift Program[5], which is a network of municipalities that have contributed to this non-profit to assist with the roll out of broadband infrastructure.

Leveraging policies to provide incentives, such as tax relief or bonusing, requires municipalities to have structured plans, bylaws, and processes in place. For some small municipalities that have limited staff resources, this often means hiring consultants to develop these programs. In some cases, coordination is needed between lower and upper-tier levels of local government to fund and deliver these programs. Where two-tier levels of local government exist, counties are generally responsible for soliciting applications for these programs.

[4] Many municipalities throughout the province of Ontario offer TIEGs to provide financial assistance in order to offset remediation and redevelopment costs. Projects involving development, renovation, environmental remediation, or other impact assessments often incur an increase in property taxes as well as other costs (Ministry of Municipal Affairs and Housing 2021). TIEGs are a way for municipalities to defer or pay back these costs to developers as a means to incentivize development. Eligibility criteria as well as payment amounts vary between municipalities.

[5] Branded as an 'investment in digital equality', SWIFT is a non-profit program led by the local municipalities that aims to increase connectivity and provide high-speed internet for rural regions in Southwest Ontario (SWIFT n.d.a; n.d.b). This is accomplished by subsidizing the installation of open-access high-speed networks to incentivize service providers to expand services to the region. Funding for the SWIFT program comes from a combination of federal, provincial, private, and municipal funds. The New Building Canada Fund- Small Communities Fund (NBCF-SCF) is one of the primary granting programs which has helped contribute to the program. To date the program has received $268 million in total infrastructure investment.

Leveraging Land Assets

Municipalities are leveraging land to attract investments for community development and to generate revenue for strategic investments in the community. Some municipalities are leveraging investments in industrial parks to attract start-up companies. Space in municipal buildings is being leveraged to nurture the development of new private enterprises. In Newmarket, for example, the municipality established 'NewMakeIt' as a think tank space to support new entrepreneurs by providing a shop with machinery (i.e. welding, pottery, etc.) and IT for new start-ups that cannot afford to invest in infrastructure during the early development stages of their business.

Opportunities are unfolding to purchase land and lease it to support housing investments. In one case, the municipality is examining opportunities to develop community land trusts that can be managed by non-profits in order to support affordable housing investments. There are also efforts to examine opportunities to develop land for residential development.

Entrepreneurial initiatives have emerged from the ways in which land and building assets could be renovated and leveraged to generate revenue. In Sioux Lookout, for example, the municipality owns two buildings that were renovated and used as income properties in order to generate revenue. The municipality has also leased land to the First Nations Health Authority, an organization that is federally funded and thus is not permitted to own building assets. Central Huron purchased a prison facility that was redeveloped and rented out in partnership with industry. Solar panels were installed to generate additional revenue through power production. Furthermore, the Town of Goderich purchased the port from the Ministry of Transportation to support economic development opportunities. These strategies require a shift in municipal policies as local governments have not traditionally been entrepreneurial.

Partnerships

Partnerships are becoming increasingly important for small municipalities seeking to maximize their limited resources. P3 partnerships were strategically used to provide municipalities with capital and expertise for investments in community facilities. One case study leveraged partnerships with universities to expand their human resource capacity to support economic development. Sioux Lookout developed partnerships with the University of Toronto and Lakehead University to establish an "Innovation Station". Researchers from these universities are stationed in the community to support innovative and entrepreneurial approaches to economic development. In return, the municipality provides space, phones, and staff logistical support.

Partnerships are also used to deliver more cost-effective use of community assets. Some case studies developed partnership agreements with community groups to manage the rental operations and maintenance of community halls. In these agreements, municipalities retain ownership over these assets and are responsible for major structural renovations. There were also partnerships with non-profits and service agencies to deliver youth day camp and recreational programs, complete park improvements, and fundraise for new playground equipment projects.

Lastly, partnerships are being explored with other municipalities and Indigenous communities to manage water supplies through investments in new infrastructure. Haldimand County, for example, is exploring opportunities to develop a partnership with the Six Nations and Norfolk County to manage the water intake supply by using the old Nanticoke power plant in order to redistribute freshwater to other communities. A three-way partnership agreement would provide Haldimand County with the opportunity to sell water to other communities currently using well systems. Many cautioned, however, that partners and the conditions associated with partnerships need to be carefully vetted.

Shared Services

Shared service arrangements can be a valuable strategy to deliver more efficient, cost-effective services. The study sites in Ontario pursued a number of shared service and staff arrangements with other municipalities, including:

- Building inspection,
- IT services,
- Economic development,

- Policing,
- Fire services,
- Health care, and
- Waste management.

A number of municipalities engaged with other municipalities to share documents and templates, as well as to share staff in order to bring consistency to municipal policies and documents at a regional level. There is also more coordination between staff in different municipalities to provide broader advice and mentorship.

Despite these opportunities, it can be difficult to pursue shared service and staff arrangements in rural and remote regions where the distances between communities are too prohibitive to support cost-effective strategies. There are concerns that the quality and extent of work needed from shared staff can start to suffer, resulting in a withdrawal from shared staff and service arrangements. Some noted that municipalities have more flexibility and power to implement buy local policies when local governments are not engaged in shared service arrangements. Furthermore, conflicts between communities have impeded the use of shared services. The extent of collaboration is driven by the strength of leadership and relationships between small municipalities.

Regional Governance

Regional governance structures are being mobilized to pool staff and fiscal resources for agri-tourism, marketing rural lifestyles, and other forms of economic development. This has been accompanied with more interaction between the lower and upper-tier levels of government about economic development. Regional governance initiatives are particularly beneficial to small municipalities that cannot afford to have their own economic development department.

Regional governance structures are also increasingly important to strengthen relationships with Indigenous communities as a part of the Truth and Reconciliation processes. Sioux Lookout, for example, signed a Friendship Accord with five Indigenous communities to identify areas of common interest, to lobby for health care reforms, and to support economic development. There are routine meetings between senior administrative staff and the chiefs of Indigenous communities.

Municipal stakeholders also found regional governance structures played an invaluable role to scale up rural voices in order to raise the profile of issues affecting small municipalities. Stakeholders have used municipal associations at a regional, provincial, and federal level to coordinate lobbying efforts. The Association of Municipalities of Ontario (AMO) has a memorandum of understanding with the Province of Ontario that requires the provincial government to consult with the AMO and its members on legislative matters that will impact municipalities.

LOCAL GOVERNMENT ENTREPRENEURIALISM IN NEWFOUNDLAND AND LABRADOR

In the context of municipal and provincial fiscal pressures, small municipalities in Newfoundland and Labrador are working to leverage entrepreneurial initiatives, policies, and relationships to address fiscal and jurisdictional constraints. Drawing upon 8 case studies in Newfoundland and Labrador, this section explores how small municipalities are mobilizing these strategies and arrangements that have evolved over time in order to leverage the resources needed to support more resilient municipalities. These case studies include: Fogo Island, St. Anthony, Holyrood, Bonavista, Placentia, Deer Lake, Labrador City, and Grand Falls-Windsor.

Municipal Enterprises

Stakeholders identified a number of municipal business and social enterprises[6] that were pursued in order to generate revenue in these small municipalities (see summaries in the case study report), including:

- Community theatre,
- Tourism accommodations,
- Bowling alley,
- Swimming pool,
- Port authority,
- Harvesting shrimp,
- Business incubators,
- Research and development centres,
- Leasing space to mobile work camps,
- Leasing space to small business start-ups,
- Ocean industrial park development and commercial lot sales,
- Subdivision development,
- Community development foundations, and
- Equipment rentals (i.e. vacuum tanks for cleaning septic systems).

Municipal business enterprises, however, require an investment in staff resources to operate and market these ventures (e.g. through websites, trade fairs, trade missions, and social media campaigns). In the cases where a separate, independent corporation is developed, some municipalities provided seed funding, office space, and other logistical support during the early stages of development and negotiated agreements for a portion of the revenue to be earned by the municipality. For municipal staff considering these strategies, these agreements should clarify the roles and responsibilities for all parties involved in the venture. Some municipalities were able to secure Atlantic Canada Opportunities Agency (ACOA) funding for infrastructure investments associated with these social and business enterprises. Management, however, will also need to allocate a portion of revenues for the maintenance and repairs of aging assets.

In the case of social enterprises, some municipalities have developed MOUs with non-profit organizations to operate and manage assets. A dedicated proportion of the municipal budget is allocated through operating grants to support these ventures. There is also municipal representation on the board of directors governing these social enterprises. In some cases, municipal contributions are provided through in-kind support, office space, telephones, and other equipment in order to allow groups to focus on their services. In other cases, private companies rent or lease space from these social enterprises based on square footage. Recreational facilities, such as arenas and swimming pools, are designated as a unique type of venture in which municipalities strive to recover costs or programming, equipment, and maintenance rather than generate substantial surpluses.

[6] Although there is no consistent definition of a social enterprise, it is generally understood as a 'revenue-generating' entity that allocates generated revenue to address social development needs (Innovation, Science, and Economic Development Canada 2019).

While there are spending restrictions associated with provincial and federal grants, municipalities that generate revenues from municipal enterprises have access to unencumbered funds. Revenues have been invested in sidewalks and boardwalks; roundabouts; storage buildings; renovating historic buildings; supporting beautification (i.e. benches and lighting); developing seniors' cottages; developing scholarships; installing more cell phone towers; developing public parks, dog parks, playgrounds, community gardens, trails, and meeting spaces; recreational facilities; etc. In some cases, revenues have been allocated to complete trail masterplans. Reserves have been built to support future investments in water and sewage treatment facilities. Staff engaged in municipal business or social enterprises have also been extending their expertise to provide guidance for other ventures, help others write business plans, share information about grants and funding agencies, and even establish youth venture programs. Investments in networking and marketing have generated successful results by attracting international companies to the community.

In some cases, municipal staff are exploring opportunities for secondary processing of local resources in order to extend employment opportunities in the community. Staff have also been attending virtual conferences to learn about best practices for sharing business expertise and funding opportunities to support entrepreneurial strategies.

Municipal staff have encountered a series of challenges as they developed municipal enterprises. Depending on the nature of the initiative, municipal staff may need to work through multi-year processes across various government departments. This may range, for example, from processes to obtain approval from the Department of Municipal and Provincial Affairs for the enterprise initiative to working with the Province to obtain Crown land that may be leveraged for development. Residents may not understand the potential value or role of municipal enterprises to strengthen community resiliency and renewal. There may be a lack of public support to invest staff time and resources into networking and marketing these initiatives. Municipal staff may struggle to find ways to leverage opportunities with existing infrastructure assets. In Placentia, for example, municipal staff continue to search for opportunities to leverage port assets in order to develop marine training opportunities with post-secondary institutions. Municipal stakeholders also felt that restrictions within the Municipalities Act impede their ability to develop municipal enterprises. Municipalities cannot develop municipal enterprises that would compete with local contractors and businesses providing services to the community. This leaves municipalities to seek out entrepreneurial opportunities that address service gaps within these rural regions.

Risk management focuses upon managing the liabilities associated with investments. As some municipalities lease space in order to generate new sources of revenue, there are risk management clauses contained in lease agreements to clarify tenant responsibilities for the occupational health and safety of their space. Municipalities retain responsibility for snow removal and maintenance of parking lots and sidewalks, as well as addressing the occupational health and safety measures for common spaces inside these buildings.

Negotiating Agreements

In Newfoundland and Labrador, few municipalities in our study had negotiated legacy or contribution agreements with industry. This is in part due to limited industry activity taking place in some rural regions. In other cases, municipalities rely on grant-in-lieu of taxes, industrial property tax rates, or water and sewer costs charged per unit in mobile work camps to obtain revenue.

There were examples of negotiated agreements used to generate additional revenue for small municipalities. In Labrador City, for example, municipal staff renegotiated an LOU (letter of understanding) agreement for an additional 10 years with Iron Ore Canada that will provide an additional $1 million for capital works projects, as well as $4 million towards a new community centre. Through the LOU agreement for project specific contributions and the grant-in-lieu of taxes, Labrador City will receive close to $100 million over 10 years. In Placentia, the Port Authority does not pay property taxes, but instead provides the municipality with a share of its revenues on a sliding scale. The revenue sharing arrangement is based on rent revenues rather than the assessment. As port revenues increase, the municipality receives a greater share of the profits. This share can reach roughly 20%.

Leveraging Municipal Government Policies

Municipalities in this study leveraged local government policies and programs in a number of ways to attract investments for community and economic development. For example, some are providing façade improvement programs, accessibility grants, heritage restoration and rehabilitation grants. Heritage bylaws have been updated to preserve heritage properties and pursue heritage designations. Tax rebates for up to 5 years may be provided for new businesses or businesses completing renovations. Reduced business tax rates of up to 50% for the first three years may also be applied to new seasonal or tourism related businesses. Water, sewer, and connection fees have been waived for investments in seniors' housing. Some municipalities are also giving operating grants to community organizations to deliver programs and services on behalf of the municipality for economic development, social engagement, social services, environment, culture and art.

Leveraging Investments

Municipalities are leveraging investments with other partners to develop business incubator space or shared communal workspaces. The Town of Bonavista, for example, developed an entrepreneurial ecosystem that offers no cost business counselling and $200 a month business start-up space. By comparison, the Town of Grand Falls-Windsor, at times, offered in-kind space to some non-profit groups through its social enterprise - the Excite Corporation.

Leveraging Relationships

A few municipalities are leveraging relationships with post-secondary institutions to strengthen opportunities for building entrepreneurial capacity through business field schools and marine and health innovation centres. In Bonavista, opportunities are also pursued to attract other field schools to rural regions to study local geology as the community continues efforts to develop a Geopark.

Leveraging Fundraising Initiatives

Small municipalities may leverage fundraising initiatives to expand their fiscal resources. In St. Anthony, for example, the recreation committee negotiated an agreement with the local pharmacy to develop a community lottery program to generate revenue that could be invested in recreational facilities and programs. An even split lottery was organized that would allow residents to pay a Toonie each week, with $1 provided to the recreation department and $1 provided to the lottery pot. Since its inception, the lottery has generated almost half a million dollars to support investments in the arena, swimming pool, trails, and ball fields.

Partnerships

Partnerships have been mobilized to operate entrepreneurial hubs, tourism facilities, recreational, transportation, and warehouse / storage facilities. In St. Anthony, for example, the municipality developed a partnership with Rising Sun Developers to manage and operate the wharf and old arena in the community. Revenues are shared between the two partners, thereby providing the town with funding to invest in trails and beautification projects. The Town of Fogo Island also formed the Fogo Island Economic Development Partnership as a joint venture with Shorefast and the Fogo Island Co-operative Society Limited to pool leadership and strengthen cooperation for economic development. Partnerships are difficult for some small municipalities to develop due to their location in remote regions or on islands along the coast. The distance between communities and travel logistics can impede routine interaction and opportunities for municipalities to develop synergies.

Shared Services

The study sites in Newfoundland and Labrador shared services and staff with other municipalities, including:

- Tourism staff,
- Geographic information systems,
- Public works equipment,
- Water treatment,
- Garbage collection,

- Recycling, and
- Fire services.

Some municipalities have engaged in joint training for Geographic Information Systems. In one case, municipal staff have provided advice and support for smaller nearby communities to develop grant proposals. A number of these municipalities also had mutual aid agreements in place to address firefighting services with other municipalities. Other municipalities deliver services, such as garbage collection and fire services, to nearby communities on a contract basis.

Distance and other geographical barriers may impede opportunities for shared services between municipalities, particularly for communities located on islands or within remote regions. There is also a reluctance, in some cases, to engage in shared service arrangements as communities prefer to retain their own services.

Regional Governance

In Newfoundland and Labrador, there are few regional governance initiatives to support the development of innovative, entrepreneurial, and resilient small municipalities. One unique example is the St. Anthony Basin Resources Incorporated, a social enterprise formed in 1997 that now serves a region of 16 communities, with projects from Cook's Harbor to Goose Cove. SABRI meets quarterly with other economic development stakeholders, such as the St. Anthony Port Authority, Rising Sun Developers, the Chamber of Commerce, and the Town of St. Anthony. Profits are reinvested back into community and economic development projects.

Some discussions are exploring opportunities for regional collaboration on targeted initiatives. This includes exploring opportunities to establish a sub-regional economic development office with shared staff amongst participating municipalities. Other discussions are focused on sharing municipal administrative staff and services (i.e. waste management) on a regional level. These initiatives, however, are impeded by limited council support, competition across municipalities, and limited understanding about the value of regional governance or collaboration initiatives. There are concerns about the viability of regional approaches to service delivery. Some stakeholders fear that there are not enough taxpayers in the surrounding rural areas to collect the revenue needed to extend municipal services such as road maintenance, water, sewer, snow removal, firefighting services, and more. As such, some stakeholders called for stronger provincial leadership to develop a regional service agreement that will support the viable operations of regionalized services.

Regional economic development (RED) boards once formed a foundation for regional governance structures in rural regions. These boards were staffed with 2-3 employees to support regionally focused economic development strategies. These regional bodies completed business plans and identified clear deliverables to support a continuum of economic development strategies over time. Once the federal and provincial funding for RED boards was eliminated, the RED boards were not replaced with a new regional governance network. Without senior government support, these small municipalities do not have the fiscal or staff resources to perform tasks previously addressed by the RED boards. Moving forward, municipal stakeholders advocated for senior levels of government to reinvest in a smaller number of regional governance bodies to support coordination and more efficient operations for transportation, healthcare, tourism, and economic development.

In the 1990s, the Viking Trail Tourism Association formed. This regional tourism-based organization served areas from Deer Lake to St. Anthony, and across to Southern Labrador. The association designated the highway, route 436/route 430, as a tourism route and used the corridor as a foundation for a tourism destination and marketing initiative. Unfortunately, when provincial and federal funding for the RED boards was cut, funding was also eliminated for the Viking Trail Tourism Association. Destination management organizations are regulated by the Province. Despite provincial jurisdiction over these tourism-based associations, there is insufficient funding to mobilize initiatives. Municipalities have funneled funding for specific initiatives, such as festivals and events, through the Viking Trail Tourism Association; however, the group is still searching for core funding. Without regional governance structures, there are concerns that municipal and provincial investments in tourism will be lost. Regional governance can play an important role to train and retain tourism and hospitality workers, strengthen coordinated marketing and social media platforms, and strengthen opportunities and connections with supply chains.

Impact of Senior Government Regulations on Municipal Innovation

Overall, senior government policies and regulations are impacting municipal innovation and entrepreneurial strategies in a number of ways. First and foremost, one concern identified is the need to work through lengthy funding and regulatory processes to pursue strategic projects. Aside from pursuing provincial and federal grants, there are a range of processes that municipalities must work through to finance, tender, design, and implement projects. A number of stakeholders felt that this process can take up to two years; thereby, impeding the ability of small municipalities to be nimble and responsive to emerging needs and opportunities.

As stakeholders engaged with senior government agencies, many staff are situated in government offices located in larger cities. Few seemed to have experience or an understanding of the pressures and capacity limitations in rural regions. Stakeholders advocated for provincial and federal staff to have more training to understand rural economies and municipal management and operations. Provincial and federal government staff resources need to be proactively mobilized to offer outreach support to small municipalities.

FINAL THOUGHTS

Collaborative, innovative, and entrepreneurial strategies are transforming the capacity and resiliency of small municipalities. Municipalities are generating revenue through municipal business and social enterprises, negotiated agreements, tax and revenue sharing agreements, community trusts and foundations, and grants. Stakeholders are leveraging relationships to share staff, as well as to form partnerships and regional governance structures to pool resources for investments in community infrastructure. Municipal policies and investments in research, technology, and infrastructure are being leveraged to attract and support economic development.

These strategies, however, often lack the commensurate expertise, governance structures, infrastructure, fiscal levers, and legislative frameworks to support their full development and potential. Moving forward, local government legislation needs to provide clarity about the conditions under which municipalities may develop municipal enterprises in order to address public debates about competing with private sector interests and potential conflict of interests for municipal staff and elected officials engaged in these ventures. Municipal legislation needs further clarification about the extent to which municipalities may leverage local policies and tax incentives to attract business investments. As municipalities use municipal enterprises to generate revenue, the very nature of these business enterprises requires municipalities to be agile, responsive to emerging opportunities, and have a greater degree of freedom to operate independently by reducing the issues requiring provincial approval.

As municipalities are encouraged to be more collaborative, innovative, and entrepreneurial, provincial and federal governments need to provide more outreach, training, and logistical support for small municipalities. This includes more fiscal, policy, and logistical resources to support collaboration through regional governance structures. As municipalities are 'creatures' of provincial governments, top-down provincial supports through regional teams to advise and guide municipalities will be instrumental as small municipalities develop and manage these innovative and entrepreneurial initiatives. Programs and training supports are needed to develop risk management expertise amongst municipal staff. Provincial governments and municipal associations can strengthen opportunities for sharing policy templates, software, and other resources amongst small municipalities. These changes would better equip and position small municipalities to be agile and responsive to the challenges and opportunities associated with rural change.

This research network hopes that the entrepreneurial strategies, policies, and recommendations discussed in this report will stimulate debates at the municipal, provincial, and federal government levels about the opportunities and constraints for local government entrepreneurialism to support rural resiliency. There is no single model or set of municipal tools to address the pressures that are impacting municipal operations. The context of each municipality will shape the capacity, options, and potential structures of municipal enterprises, policies, and assets that are leveraged to address community and economic development.

APPENDIX A: DETAILED SUMMARY OF MUNICIPAL ENTREPRENEURIAL STRATEGIES

Table 1: Municipal Entrepreneurial Strategies – Detailed Summary

Revenue Generating / Revenue Neutral

Municipal Enterprises
- Biomedical waste incinerator
- Bowling alley
- Cable and telephone
- Cold storage facility
- Community forest
- Cooperative short line railway
- Equipment rental
- Fishing cooperative
- Gas network
- Greenhouse facility
- Hydrogen facility / green energy hub
- Leasing land to industry
- Leasing small commercial space
- Micro-hydro
- Municipal airport
- Port authority
- Reclaimed water
- Recycling
- Rural broadband network

Social enterprises
- Affordable / social housing enterprise
- Community theatre
- Genomics / health research
- Heritage buildings / streetscapes
- Tourism accommodation

Revenue from service delivery contracts with other communities
- Fire
- IT services
- Medical services
- Recreation
- Revenue from Tourism Info Centre
- Services agreements for Indigenous communities
- Wastewater
- Water

Partnerships

Industry partnerships
- Business accelerator program
- Regional infrastructure partnerships
- Inter-municipal partnerships
- Economic development committee partnerships

Leveraging First Nations Relationship Agreements
- Economic development
- Education
- Ferry terminal
- Healthcare
- Mining sector training
- Patient accommodations

Partnerships Cont'd

Leveraging regional collaboration
- Pooling regional fiscal resources
- Regional food corridor investments
- Rural healthcare scholarship program

Leveraging P3 partnerships
- Port authority

Leveraging non-profit partnerships
- Non-profits managing community facilities

Negotiated Agreements

Industry contributions
- Child care spaces
- Education and training
- Housing
- Landfill and waste management equipment
- Mobile camp land donation for health care facilities
- Non-profit donations
- Physical infrastructure
- Public works equipment
- Recreational infrastructure
- Road use agreement

Land agreements
- Land annexation agreement
- Land transfer agreement

Regional service agreements for mutual aid
- Flood mitigation
- Grassland fires
- Wildfires

Revenue Sharing Agreements

First Nations revenue sharing partnership
- Sharing municipal enterprise revenue with Indigenous partners

Resource revenue sharing agreements
- Fair Share Agreement
- Peace River Agreement
- Inter-municipal tax sharing

Leveraging Funding

Legacy trusts / community foundations

Leveraging government grants
- Coal transition funding
- Wildfire corridor management
- Seed funds for cooperative venture

Leveraging lottery fundraising for community projects

Research and Education

Leveraging investments in human resources
- Business Retention, Investment, and Expansion Committee
- Innovation hub partnerships with universities to support entrepreneurship
- Interagency group
- Investing in education
- Matchmaking campaign to mentor new entrepreneurs
- Tourism task force

Leveraging investments in research
- Research to assess diversification options
- Research to assess viability of shared services
- Research in value added forest products

New positions created
- Archives
- Climate change specialist
- Communications
- Culture and events coordinator
- Economic development
- Grant writer
- IT staff

Shared Resources

Shared Services
- Airport
- Ambulance
- Economic development
- Fire
- GIS
- Planning commission
- Policing
- Recreation
- Road maintenance
- Snow removal
- Social services
- Transit
- Waste management
- Victims services

Shared staff
- Building inspector
- Economic development officer

Shared equipment
- Joint purchases of heavy public works equipment

Leveraging Technology

Investing in broadband connectivity

Leveraging technology investments
- Invested in IT systems for more efficient municipal operations

Leveraging Infrastructure

Leveraging Land
- Clean oceans tech park
- Geopark development
- Industrial park
- Leasing land to industry
- Leasing land to mobile work camps
- Leveraging land assets for recreation / resident recruitment
- Leveraging land to attract housing developers
- Opened up land to attract foreign investment
- Sold commercial property to generate revenue for social housing
- Waterfront development

Leveraging building assets
- Multi-purpose facilities
- Renovated aging facilities to rent space
- Transformed aging school into seniors' cottages
- Used fire hall for temporary extreme weather shelter

Leveraging space
- Leasing / renting space to service groups
- Opened Just Transition Centre for workers

Leveraging investments in entrepreneurial ecosystems / hubs / incubators
- Facilitating food innovation hub
- Providing free operating space
- Underwriting capital costs

Leveraging investments in housing and infrastructure
- Expanding multi-use trails
- Infrastructure investments for retirement sector
- Invested in coloured bike paths
- Investments in housing subdivisions
- Matching down payments in affordable housing
- On demand ride share program
- Providing free transit to promote town

Leveraging investments in green energy infrastructure
- Battery storage facility to redistribute energy at peak times
- Installing solar panels
- Mapped locations for solar / wind developments
- Municipal solar energy benches with chargers / free wifi
- Municipal solar energy projects

Leveraging Municipal Policies and Programs

Business incentives
- Financing energy-efficient retrofits added to tax bill
- Forgivable loans for accessible housing investments
- Forgivable loans for affordable housing investments
- Forgivable loans for secondary suite investments

Leveraging Municipal Policies and Programs Cont'd

Business incentives cont'd

- Grants for accessible business renovations
- Grants for façade improvements
- Grants to convert illegal suites
- Grants to offset costs of installing solar systems
- Housing rental incentives to recruit physicians
- Property tax credit for residents recruiting new businesses / families
- Property tax incentives for commercial renovations
- Waive fees for water, sewage, or building permits

Density bonusing

- Density bonusing bylaw to obtain affordable housing fund contributions

Investment attraction strategies

- Buy local campaigns
- Creating synergies through regional planning

Other strategies

- Providing permits for spinoff businesses from college programs

APPENDIX B: METHODOLOGY

Building upon the experiences in British Columbia, Alberta, Ontario, and Newfoundland and Labrador, this project explores how municipal fiscal and jurisdictional reforms are unfolding in rural Canada, and how small municipalities are responding to these changes through innovative or entrepreneurial approaches to community and economic development. The research methodology consisted of literature reviews, analysis of census and local government statistics, and interviews with key informants.

Context of Case Studies

Case studies were selected based upon an extensive literature review of local government entrepreneurial strategies unfolding in small municipalities. A total of 33 case studies in four regions were included (Table 2).

Table 2: Selected Case Studies

British Columbia	Alberta	Ontario	Newfoundland and Labrador
Burns Lake	Canmore	Brockton	Bonavista
Dawson Creek	Flagstaff County	Dubreuilville	Deer Lake
Fort St. John	Forestburg	Goderich	Fogo Island
Kitimat	Hanna	Haldimand County	Grand Falls-Windsor
Mackenzie	Lethbridge County	Newmarket	Holyrood
Prince Rupert	Olds	Sioux Lookout	Labrador City
Quesnel	Parkland County	Wellington County	Placentia
Valemount	Taber		St. Anthony
	Wainwright		

This has produced some important caveats for our research stemming from selection bias and convenience sampling and the potential impacts this may have on the external validity of the issues emerging from key informant interviews (Reed et al. 2003). By drawing upon a range of case studies in four regions across Canada, however, we hope that a more comprehensive understanding of local government reforms and insights into local government entrepreneurial strategies can be provided for small municipalities in Canada.

Drawing upon Statistics Canada data from the 2016 census period, participating municipalities in this study ranged from a population of 613 to 222,726 (Table 3). The latter reflects the inclusion of the largest regional rural county in Ontario. Similarly, revenues and expenditures across these municipalities varied. Based on audited municipal statements for 2019, revenues ranged from $2,706,055 to $238,779,119, while expenditures ranged from $2,553,117 to $224,785,257. Small municipalities in British Columbia generally exhibited a greater difference between revenues and expenditures. Understanding the breadth in fiscal capacity across these small municipalities provides a foundation to assessing small municipal responses to the impacts of local government reforms.

Table 3: Characteristics of Selected Study Sites

Province / Municipality	Population (2016)	Total Expenditures (2019)	Total Revenues (2019)	Total Difference between Revenue & Expenditures	% Difference between Revenue & Expenditures
British Columbia					
Burns Lake	1,779	4,744,885	10,151,324	5,406,439	113.9
Dawson Creek	12,178	44,834,244	57,993,438	13,159,194	29.4
Fort St. John	20,155	61,837,717	84,828,385	22,990,668	37.2
Kitimat	8,131	32,659,729	36,942,776	4,283,047	13.1
Mackenzie	3,714	11,459,750	17,988,777	6,529,027	57.0
Quesnel	9,879	28,440,174	29,679,580	1,239,406	4.4
Prince Rupert	12,220	40,057,419	57,701,448	17,644,029	44.0
Valemount	1,021	3,804,520	7,377,971	3,573,451	93.9
Alberta					
Canmore	13,992	64,038,465	69,517,574	5,479,109	8.6
Flagstaff County	3,738	25,679,940	25,697,784	17,844	0.1
Forestburg	875	2,826,167	2,706,055	-120,112	4.2
Hanna	2,559	7,226,982	6,797,387	-429,595	5.9
Lethbridge County	10,353	27,196,912	27,373,260	176,348	0.6
Wainwright	4,479	33,248,867	29,415,811	-3,833,056	-11.5
Olds	9,184	25,417,905	24,423,555	-994,350	-3.9
Parkland County	32,097	82,511,942	83,550,820	1,038,878	1.3
Town of Taber	8,428	25,919,281	24,084,647	-1,834,634	-7.1
Ontario					
Brock	11,642	14,355,736	15,565,771	1,210,035	8.4
Brockton	9,461	19,031,133	20,783,081	1,751,948	9.2
Dubreuilville	613	2,553,117	2,982,913	429,796	16.8
Goderich	7,628	20,155,564	23,396,407	3,240,843	16.1
Haldimand County	45,608	132,639,291	155,379,584	22,740,293	17.1
Newmarket	84,224	134,189,872	141,717,592	7,527,720	5.6
Sioux Lookout	5,272	35,584,373	38,673,977	3,089,604	8.7
Wellington County	222,726	224,785,257	238,779,119	13,993,862	6.2
Newfoundland & Labrador					
Bonavista*	3,448	2,930,392.42	2,930,392.42	0	0
Deer Lake	5,249	N/A	N/A	N/A	N/A
Fogo Island*	2,244	2,859,494.12	2,859,493.81		
Grand Falls-Windsor*	14,171	19,859,227	19,859,227	0	0
Holyrood*	2,463	3,875,686.06	3,875,686.06	0	0
Labrador City*	7,220	24,866,148	24,866,148	0	0
Placentia*	3,496	6,304,434	6,304,434	0	0
St. Anthony	2,258	N/A	N/A	N/A	N/A

Sources: Infrastructure and Finance Branch 2020; Ministry of Municipal Affairs and Housing 2020; Municipal Affairs 2020; Statistics Canada 2016; Town of Bonavista 2018; Town of Fogo Island 2019; Town of Grand Falls-Windsor 2019; Town of Holyrood 2018; Town of Labrador City 2019; Town of Placentia 2018. *Note: information has been taken from the budget statement in absence of access to financial statements. N/A: Not available.

Key Informant Interviews

In 2020 and 2021, key informant interviews were conducted with elected municipal leaders, CAOs, EDOs, planners, and retired staff. Participants were recruited through publically available contact lists through municipal websites. There were a total of 62 interview participants in 33 small municipalities. A general breakdown of interview participants by region is shown in Table 4.

Table 4: Interview Respondents

Region	Number of Respondents	% of Respondents
British Columbia	17	27.4
Alberta	17	27.4
Ontario	14	22.6
Newfoundland and Labrador	14	22.6
Total	62	

Source: LGE Project 2020-2021.

Ethics Review Protocol

Our research is bound by protocols across all of the participating universities on our research team, including the University of Northern British Columbia, Simon Fraser University, University of Lethbridge, University of Guelph, and Memorial University. A key component to our research protocols is to provide research participants with a copy of the consent form that outlines the purpose of the study, how the research process will protect their anonymity and confidentiality, and that their participation is voluntary.

Interview Questions

The purpose of this project is to explore how municipal reforms are unfolding in small communities across Canada, as well as how local governments are responding to these changes through innovative or entrepreneurial approaches to community and economic development. This research also explores broader structural and policy related changes needed to better support innovative and entrepreneurial approaches adopted by local governments in these settings. This report assembles a summary of key issues that emerged from our interviews. Questions were asked to explore:

- The significant socio-economic changes in the community in the last decade,
- The key pressures facing local government,
- The structure and capacity of local government,
- How responsibilities for local government have changed in the last 20 years,
- How provincial and federal policies produced reforms for local government (i.e. fiscal powers, jurisdiction, amalgamation, etc.),
- Local government responses to reforms,
- How small municipalities have mobilized innovative or entrepreneurial strategies in order to strengthen the resilience of these local governments to address community and economic development,
- How provincial and federal policies and programs have impacted local government's ability to pursue more innovative and entrepreneurial approaches, and

- The changes that are needed to better position small municipalities to leverage more opportunities for innovative and entrepreneurial strategies that strengthen municipal and community resilience in these settings.

Following each interview, notes were provided to each participant for review. Latent and manifest content analysis was completed to identify, code, and categorize patterns and themes that emerged from open-ended questions.

APPENDIX C: CONSENT FORM

Entrepreneurialism and Rural / Small Town Local Government

Research Lead:

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Purpose – Local government reform has accelerated since the early 1980s. However, local governments continue to struggle with outdated financial and jurisdictional structures even as senior governments ask them to become more creative, innovative, and 'entrepreneurial' in their responsibilities and approach to operations. Building upon the experiences in British Columbia, Alberta, Ontario, and Newfoundland and Labrador, this project will explore how local government reforms are unfolding in rural and small town communities across Canada, as well as how local governments are responding to these changes through innovative or entrepreneurial approaches to community and economic development. This research will also explore broader structural and policy related changes needed to better support innovative and entrepreneurial approaches adopted by local governments in these settings.

How Respondents Were Chosen - The interview participants were contacted through publically available contact lists of local government leaders and staff. Interview participants were selected for their potential to provide information that can help to better understand community change and transition, local government reforms as shaped by provincial policies, as well as innovative and entrepreneurial approaches being pursued by local governments to support local community or economic development.

Anonymity and Confidentiality - The names of participants will not be used in any reporting, nor will any information which may be used to identify individuals. All information shared in this interview will be held within strict confidence by the researchers. All electronic data will be managed, encrypted, and securely stored on password protected computers and will be accessible only to the research team. Our research team consists of Greg Halseth (UNBC), Laura Ryser (UNBC), Sean Markey (Simon Fraser University), Lars Hallstrom (University of Alberta), Ryan Gibson (University of Guelph), and Kelly Vodden (Memorial University). The information will be kept until the final project report is complete. After which time, shredding and file erasure will destroy all information related to the interview.

Potential Risks and Benefits - This project has been assessed by the UNBC Research Ethics Board. The project team does not consider there to be any risks to participation. We hope that by participating you will have a chance to share your experiences and provide input into issues relevant to policies shaping ongoing local government reforms, and its impacts on local government operations.

<u>Voluntary Participation</u> - Participation in the interview is entirely voluntary and, as such, interviewees may choose not to participate. Interviewees may choose not to answer any questions that make them uncomfortable, and they have the right to end their participation in the interview at any time and have all the information they provided withdrawn from the study and destroyed. The interview will be audio recorded and a summary of key themes will be created. A summary of key themes from the interview will be sent to the interviewee through an encrypted, password protected file, and they will have two weeks to provide any edits or corrections back to the research team. The interview should take about 45 minutes to complete.

<u>Research Results</u> - In case of any questions that may arise from this research, please feel free to contact Dr. Greg Halseth (250-960-5826; greg.halseth@unbc.ca) in the Geography Program at UNBC. The final project report will be distributed to all participants.

<u>Complaints</u> - Any complaints about this project should be directed to the Office of Research, UNBC (250) 960-6735, or email: reb@unbc.ca.

I have read the above description of the study and I understand the conditions of my participation. My signature indicates that I agree to participate in this study.

(Name -please print) (Signature) (Date)

APPENDIX D: INTERVIEW GUIDE

Entrepreneurialism and Rural / Small Town Local Government

Interview Guide

Participant name: ________________________________

Contact information: ________________________________
____
____

Interviewer: ________________________________

Date: ______________________

Interview Time: Start_____________ Finish______________

NOTES:

A. Background Community Questions

In this first section, we wanted to explore some key changes that have taken place in the community and the implications of those changes for you in local government.

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1. What have been some significant changes that have taken place in your community over the last decade?
    a. What have been some of the significant ***demographic changes*** that have taken place in your community over the last decade?
    b. What have been some of the significant ***economic changes*** that have taken place in your community over the last decade?
    c. What have been some of the significant changes in ***infrastructure demands*** that have taken place in your community over the last decade?
2. Leaving aside immediate COVID-19 issues, what are the key pressures now facing the local government?
    a. *Prompts: infrastructure, housing, services (i.e. social, emergency, etc.), economic development, human resources, fiscal resources, climate change, etc.*

3. Has your local government been engaged in strategic planning to address these pressures and changes in the community? If so, what does this process entail?
    a. Internal planning staff, council committee, or regional planning
    b. Internal staff vs. external consultants

Section B: Local Government Reform

In this section, we wanted to explore issues around local government reform and how they are shaping or reshaping approaches to local government operations.

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1. How is your local government office and staff organized to deliver on the functions of your local government?

2. How have responsibilities for your local government ***generally***changed over the past 20 years?

    a. How have ***service*** responsibilities for your local government changed over the past 20 years?

    b. How have ***infrastructure*** responsibilities for your local government changed over the past 20 years?

    c. How have ***community development*** responsibilities for your local government changed over the past 20 years?

    d. How have ***economic development*** responsibilities for your local government changed over the past 20 years?

3. How have provincial policies produced changes or reform for local government?
    a. *Prompt: changes in jurisdiction or authority*
    b. *Prompt: fiscal levers / power*
    c. *Prompt: changes in transfers to local government (unrestricted vs. restricted transfers)*
    d. *Prompt: amalgamation*

4. How has your local government been dealing with these changes or reforms?
    a. *Prompts: hiring, training, cutbacks, restructured administration, retooling policies / bylaws, planning, shared services, municipal enterprises, etc.*

5. Have new municipal enterprises been established due to any governance/collaborative approaches in the community, and have these been led by the local government?

6. How do these changes affect the flexibility or opportunities for local government to pursue innovative or alternative arrangements to support community and economic development needs?
   a. Prompt: local vs. regional level.
   b. Opportunities for collaboration
   c. Specific governance arrangements that evolved

7. Have these changes enhanced or restricted your local government's ability to plan for and respond to challenges and future planning?

Section C: Local Government Entrepreneurialism

In this section, we wish to explore some of the ways by which local governments are mobilizing entrepreneurial responses to local government reforms. In this case, our conceptualization of entrepreneurialism goes beyond things such as municipal enterprises. We are interested in how local governments are mobilizing proactive responses or even taking risks to leverage their regulatory tools, partnerships, land, or innovative practices or arrangements.

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1. Were local government regulations / bylaw mechanisms updated / used to obtain additional fiscal resources to address infrastructure / service pressures? If yes, how?
    a. *Prompt: density bonusing, land trusts, contributions to local government fund, renovations to commercial / industrial buildings, secondary suites, funds for additional staff, etc.*

2. Did you need to negotiate, re-negotiate, or revise any agreements with industry, provincial / federal levels of government, other municipalities to address local government pressures?
    a. *Prompt: joint services, water, sewage, roads, bridges, housing, RCMP, inspection staff, training, studies, transportation, etc.*
    b. *Specifically with neighbouring Indigenous community(ies)?*
    c. *Specifically with the federal gas tax?*

3. Did you develop any municipal enterprise or joint enterprise with any other private or public sector partner? (i.e. Indigenous community, industry, private developer, provincial agency, etc.)

    a. If yes, please explain.

4. Was an investment strategy developed to strategically use fiscal resources? (i.e. an approach to guide decisions about investment priorities or how to invest revenues generated)

5. What happens to any additional fiscal resources / revenues obtained?
    a. *Prompt: general revenue, investments, housing fund, community fund, etc.*

6. What is your approach to risk management when considering new arrangements, mechanisms?

7. Have any provincial or federal regulations, policies, or structures impacted the local government's ability to pursue any new innovative or entrepreneurial approaches to address local community development and economic development needs? If yes, please explain.

8. Have these changes positioned your community to be better or less well prepared to deal with future challenges?

9. What changes do you think are needed to better position local governments to leverage more opportunities to pursue more entrepreneurial approaches?

    a. local level
    b. provincial / federal level

10. Is there anything else that you would like to say about local government issues that we may have missed?

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