

A comparative study of municipal performance measurement systems in Ontario and Québec, Canada

Alicia M. Schatteman* and
Etienne Charbonneau

School of Public Affairs and Administration,
Rutgers University – Newark,
360 Martin Luther King Jr. Blvd.,
Hill Hall, 7th floor, Newark, NJ 07102-1801, USA
E-mail: aschatteman@comcast.net
E-mail: etienne@newark.rutgers.edu
*Corresponding author

Abstract: This paper is an analysis of the municipal performance measurement systems in Ontario and Quebec affecting about 2/3 of all Canadian citizens. The article describes these two systems; how the systems came to be, their goals, types of indicators, accountability and reporting requirements, data analysis, and requirements for performance reporting. After a discussion of the broad literature related to municipal performance measurement both globally and in Canada, the two cases are described in terms of political background, system components, measurement requirements, and reporting requirements. Analysis of these systems then follows comparing the two systems which are similar but unique in significant ways. This analysis has implications for these provinces as well as other jurisdictions with, or considering, mandated municipal performance systems.

Keywords: performance management; local government; implementation; performance measurement systems; Canada.

Reference to this paper should be made as follows: Schatteman, A.M. and Charbonneau, E. (2010) 'A comparative study of municipal performance measurement systems in Ontario and Québec, Canada', *Int. J. Public Sector Performance Management*, Vol. 1, No. 4, pp.360–375.

Biographical notes: Alicia M. Schatteman is an Instructor in the School of Public Affairs and Administration at Rutgers University-Newark. Her research interests include performance reporting, e-governance, public communications and citizen participation. She received her Master's degree in Communications Management from the Newhouse School at Syracuse University and in Canadian Studies from Trent University in Ontario.

Étienne Charbonneau is a Doctoral candidate at the School of Public Affairs and Administration at Rutgers University-Newark. His research activities focus on municipal performance measurement and benchmarking systems. He is a Senior Research Associate at the National Center for Public Performance (NCPP). He received his Master's degree in Policy Analysis from Université Laval (Canada).

1 Introduction

One reason to examine performance measurement systems is because the use of performance management has been adopted at the local level around the world in most OECD countries. Another reason is that citizens and higher levels of government are demanding performance information. “The local level [of government] provides the richest evidence, the best potential for analytical generalisation, and not the least, the largest demand for research-based knowledge” [Askim, (2007), p.3]. Along with legislations and budget, performance measurement is another important management tool that can be use by one level of government to keep track and possibly steer, other levels of governments.

Performance measurement is also convenient way to report information, as it reduces complex realities into a few graspable dimensions that can be modelled and measured. Municipal performance reports have the potential to inform citizens and build trust and confidence in local governments. Citizens can also better fulfil their role of oversight of government, and help identify priorities for the government.

To study organised municipal performance measurement in a North American context, we turn our attention to the municipal performance measurement systems in two Canadian provinces: Ontario’s *Municipal Performance Measurement Program* and Québec’s *Municipal Management Indicators*. This paper will focus on these two systems; how the systems came to be, their goals, types of indicators, accountability and reporting requirements, data analysis, and requirements for performance reporting. These two provinces include together 62.2% (respectively 38.8% and 23.4%) of the total Canadian population and 62.67% of the Canadian GDP (respectively 42.01% and 20.66%). This analysis has implications for these provinces as well as other jurisdictions with, or considering, mandated municipal performance systems.

1.1 Literature review

Schatteman (2008) provides an overview of public performance reporting. Although, its history certainly dates back to the early 1900s it was in the 1990s that performance measurement movement really gained political support and management will. Palmer (1993) researched how local governments were measuring their performance in England. Although imperfect, the English system did yield positive results. She also concluded at that time, that there was pressure from higher levels of government for better performance at the local level of government. This is also about the time when privatisation was becoming mainstream, assuming the private sector could do a better job of providing public goods and services than a public entity. Performance measurement was another attempt to call for public accountability in the face of citizen mistrust and lack of confidence in government. In any case, the majority of state and local governments by the late 1990s in the USA still had not adopted performance measurement programs [De Lancer-Julnes, 1999; GASB, 1998; Streib and Poister, (1999), p.111].

Benchmarking is different from traditional performance measurement by comparing internal performance measures and results against outside entities (Meszaros and Owen, 1997). In this way, benchmarking is a management tool to identify better practices (Raaum, 2007). These comparisons with other practices provide a real ‘baseline for

performance improvement' [McAdams and O'Neil, (2002), p.454]. In order to be able to import those best practices, managers interested in benchmarking try to tap into normalised knowledge on the targeted activity (Triantafillou, 2007). In OECD countries, which includes Canada, there is now an observable trend where "the development of measurement systems which enable comparison of similar activities across a number of areas," [Kouzmin et al., (1999), p.122]. With comparative data, benchmarking produces a reference that is based factual level of productivity, rather than on opinions or on values [Triantafillou, (2007), p.839]. This enables managers to make more meaningful assessments of an organisation's performance, with information about its relative performance [Meszaros and Owen, (1997), p.22]. It has been reported that benchmarking "urges the organizative performance, which is the target of the comparison, to act" [Triantafillou, (2007), p.839]. Comparisons "help to establish a performance-based culture in the public sector" [Kouzmin et al., (1999), p.123].

Public sector organisations can decide to compare themselves at different levels. Palmer (1993, p.32) referred to the state of the practice of performance measurement in local governments in the UK to identify five levels of comparisons: temporal, intra-service, inter-authority standards and with private sector organisations (like possible contractors). Other typologies exist regarding benchmarking. Meszaros and Owen (1997, p.13) differentiate between:

- 1 internal benchmarking
- 2 *competitive benchmarking*, where comparisons are drawn with direct competitors
- 3 *non-competitive benchmarking*, where "comparison to organizations not considered to be direct competitors but that perform functions that are similar to one's own organization" [Meszaros and Owen, (1997), p.13] are used
- 4 the most ambitious category of benchmarking, *world-class benchmarking*, where the best practices is being identify as a target.

The literature acknowledges that internal benchmarking is not as satisfactory as external benchmarking comparisons for performance improvement purposes [Boyne et al., (2002), p.700]. However, at the state level in the US, it is still the main benchmark level found in budget reporting [Willoughby, (2004), p.32]. In a 1999 study of UK Local Governments, Boivard and Davis (1999, p.310) concluded that "internal benchmarking activity (sharing ideas around a single authority) appears to be relatively inefficient in many cases". Keehley and MacBride (1997, p.77) went as far as stating that benchmarking has to go further than internal comparisons, otherwise, 'breakthrough improvement is impossible'. Sheffield (1998) found that citizens most strongly prefer comparisons to other cities, followed by comparisons with private companies (contracted services), and other neighbourhoods within the same city. GASB (2002) reported that citizens preferred comparative information in the form of performance versus goals.

Plant (2006) was part of a team studying performance measurement systems in North America. He suggested that performance measurement must include performance management, where performance measurement is "viewed as one element of a general management system in a local government" [Plant, (2006), p.9]. This study resulted in the creation of a performance management system. In terms of the outcomes impacts, this includes 'assessment' of citizen, council, administration and employee. Feedback from citizens, employees and politicians are incorporated in the decision-making process. As a

result, performance standards can be modified. This study commissioned by the Institute of Public Administration Canada (IPAC), included four cities plus the New York City Police Department; and five cities in Canada plus the Ontario Fire Marshall's office for a total of 11 case studies. The researchers concluded "it is more important to implement a dynamic customised system in an organisation rather than a perfect system which does not generate results" [IPAC, (2004), p.11]. The main component of this type of system was the involvement of employees in the entire process. The full-length report by Plant et al. (2005) goes into detail about how the authors propose that there are stronger and better connections between higher-level decision-making and the operational level. Citizens and elected officials appear to be hardly included at all in local governments' performance measurement programs. The focus in most cases studies was on performance measurement and not performance management.

2 Municipal performance measurement in Canada

In 1906, the Bureau of Municipal Research was founded in New York City. It, and other bureaus that formed across the USA, were supported through donations to promote government efficiency and improve accountability to citizens by reporting on the work of local government. Dr. Horace Brittain, a Canadian, became a staff member of the New York Bureau in 1902. He was recruited to become the first Managing Director of the Toronto Bureau of Municipal Research in 1914. Operating in a similar way to the New York Bureau, the Toronto Bureau's goals were to determine how the local government was doing and publish their results for Toronto citizens. The intent was to "build up informed citizenship, the only sure foundation for efficient democratic government in the municipal field" [Brittain, (1951), p.122].

The Toronto Bureau was one of the first, if not the largest, independent organisation in Canada to monitor city affairs and to educate citizens about local government. No one has written a comprehensive history of this organisation but we do know it survived through the 1970s in some form. An Ontario municipal bureau was also set up in 1919, but shortly thereafter became the Department of Municipal Affairs (Crouch, 1949). In 1919, Dr. Brittain founded the Citizens' Research Institute of Canada, which grew out of the Toronto Bureau. "The aim of its founders was to make available to all municipalities in Canada, and all governmental departments and public institutions, the same type of service that the Bureau offered Toronto" [Brittain, (1951), p.123]. The institute was also an independent organisation supported not by grants from any government but from earned revenue through conducting administrative surveys, the sale of its publications, and membership subscriptions. The national office was maintained in Toronto with local committees in the major cities of Canada. The institute conducted surveys, statistical analysis, research, organised conferences and had an active publishing arm.

Since these early days, performance reporting has shown to have the potential to close the loop between government activities and citizens. States and provinces can encourage performance reporting through top-down mandates, leading by example or providing technical assistance, such as what is going on in Québec and Ontario (Dusenbury, 2000). Heise (1985) called for a public communication framework that involves more than disseminating information, which many performance reports have become, especially with mandated performance measurement programs. Pollanen (2005), in one of the very

few studies of Canadian municipalities, called for more research on external reporting and accountability issues from different stakeholders' perspectives. Based on the same survey data set, Pollanen (2005, p.10) found that "the requirements for external reporting provides a strong incentive for the development and reporting of performance measures, and that the increased credibility associated with the formal verification process can improve the perceived usefulness, and hence the use, of performance measures".

To date, there have only been four studies of municipal performance reporting in Canada. Pollanen (2005) surveyed 334 senior administrators. He found that performance measures were used most often for internal purposes, such as management decisions, budgeting, and reporting to elected officials. Overall, he asserted that municipal performance systems are behind initiatives in the UK, the USA or Australia. Ontario, Québec and Nova Scotia have mandatory municipal performance measurement systems. British Columbia has a voluntary system.

In a second study, Chan (2004) surveyed municipalities in both Canada and the USA with regards to their use of performance measurement systems. The author surveyed municipal chief administrative officers in the USA and Canada. She found that municipalities were using performance measures to assess their organisations' financial, customer service, operating efficiency, innovation and change, and employee performance.

The third research study was done by the Canadian Comprehensive Auditing Foundation CCAF-FCVI. In 1999, the organisation launched their public performance reporting research program "to help governments advance to a new level in their reporting of performance to the public" [CCAF-FCVI, (2006), p.1]. A study team undertook an extensive literature review, received written submissions from 30 organisations in federal, provincial, municipal, territorial and international jurisdictions, and conducted over 70 interviews with Canadian and international experts. Overall, they found that public performance reporting in Canada is primarily used for internal purposes rather than the intended users of legislators, the media and the general public. They identified the extent to which each of these groups used public performance reports, "the factors that prevent or encourage their use of this material, and some ideas for change to increase the extent to which people actually read and find them useful" [CCAF-FCVI, (2006), p.13]. Unfortunately, this group did not conduct empirical evidence from Canadians. Instead, they relied on literature in the US context, from GASB.

Most recently, Schatteman (2009) examined municipal performance reporting in Ontario. She examined the quality of municipal performance reports and surveyed chief administrative officers/city managers to determine possible organisational factors that influence the report quality. Overall, the report quality for nearly all municipalities was poor and the average report received a failing grade. City managers perceived the system had inherent flaws, and therefore, did not allocate resources or time beyond the minimum reporting requirements.

2.2 Ontario and Quebec: case studies

Ontario and Quebec, the two largest provinces in Canada, have developed mandated performance measurement systems. Using public reports and internal documents of the respective provincial governments and municipalities, we will compare and contrast these systems and identify implementation and policy challenges in these jurisdictions.

2.2.1 Political background

Collin and Léveillé (2003) argued that the overall effect of municipal government reforms pursued in Canada in the 1990s affected “municipal finances and taxation, administrative efficiency and the organisation of services, along with an increased downloading of responsibilities and areas of jurisdiction from provincial governments to municipalities” [Collin and Léveillé, (2003), p.36] There are other interpretations of these reforms as well but in any case, large cities are calling for more reforms. The majority of Canadians now live in cities where top public servants and elected officials argue that they do not have the financial or political resources to meet the needs of their citizens. Collin and Léveillé (2003, p.37) called this an ‘institutional straitjacket’. Cities do not have the necessary local resources or the flexibility to come up with home-grown solutions. Some have called for a change in legal status for municipalities, to enshrine them in the Canadian Constitution instead of deriving their power from the provinces, to assert the right of local self-government. This is closer to the ‘home rule’ concept in the USA.

Over 150 years ago, the Province of Ontario created the legislation that governs the province’s municipalities. This legislation has continued to evolve, most recently with the 2001 Municipal Act for Ontario. “The Municipal Act is a framework statute providing for the structure, governance and general powers of municipalities” [Province of Ontario, (2001), p.2). This document not only describes the relationship between the province and the municipality, but also the power of the municipality to govern itself in the form of general municipal powers. Specifically, municipalities are given ‘spheres of jurisdiction’ over ten areas: public utilities, waste management, public highways, transportation systems, culture (parks, recreation and heritage), drainage and flood control, parking, economic development services, structures and animals. The Act also defines the relationship between the municipality and other municipalities such as between lower and upper tier municipalities. The Municipal Act stipulates financial reporting provisions and audit requirements. The formal requirements for MPMP under Section 299 of the *Municipal Act* came into effect on January 1, 2007.

Ontario’s performance measurement system was introduced as part of the extensive changes in the relationship of the province to municipalities in the mid to late 1990s. Mike Harris swept the Ontario Conservative Party, the ‘Tories’, to power in June 1995. Harris’ political agenda for Ontario was clearly outlined in a 22 page document called the ‘common sense revolution’. He called for change, for the government to change the way it was doing business just like Ontarians had changed their own lives, being more fiscally responsible, reducing debt, and working smarter (Conservative Party of Ontario 1994).

The phrase *common sense revolution* was used as a political slogan to describe common sense conservative platforms in New Jersey, Ontario and Australia in the 1990s. Before becoming Premier, Harris even visited then Governor of New Jersey Christie Whitman to hear about her tax-cutting government. Interestingly, Thomas Paine wrote ‘Common sense’ in 1776 which called for common sense using simple arguments and clear language to support the argument for independence from Britain. It sold 500,000 copies and reverberated in the colonies and England. It appealed to common people as well as the elite, and Harris’ ‘Common sense revolution’, I would argue, was an attempt to do the same thing.

In his election bid, Harris called for smaller government, more efficiency, and reduction of waste, so-called getting back to the basics. This platform resonated with

Ontarians dealing with high unemployment at the time and seeing government waste resources. He wanted to restructure and reform the way Ontario governed. Only one line in the revolution document referred to the restructuring of municipal powers, which basically called for a dialogue with municipalities to improve efficiency.

Following its restructuring and amalgamation efforts, Ontario became the first jurisdiction to mandate a municipal performance measurement program (MPMP) in either the USA or Canada. The goals were to improve delivery of municipal services, strengthen accountability to citizens and enhance the capacity of municipalities to improve and benchmark performance (Province of Ontario, 2001). The program requires every municipality in Ontario to measure and report on their performance in several areas.

In contrast, Québec's municipal performance measurement system, came out relatively late compared with other municipal performance measurement systems in Ontario, Canada, the UK and New South Wales, Australia. This delayed implementation can be credited in part for leapfrogging pitfalls that were encountered in previous performance measurement systems: hastiness of implementation [Chang and Kelly, (1994), p.13], no or little practitioners outreach in the design phase [Davis, 1998; Ammons, (1999), p.106], lack of comparison subcategories [Foltin, (1999), p.44], and absence of shared accounting practices [Coe, (1999), p.114]. The system was tried in pilot projects between May 2001 and May 2002. Since 2005, it is mandatory for municipalities to make the data public. According to article 17.6.1 of the *Law on the Ministry of Municipal Affairs and the Metropolis* (L.R.Q., C. M-22.1), under article 241 of chapter 37 of the laws of 2002, the Ministry of Municipal Affairs, Sports and Leisure collects values for the mandatory indicators of the municipal management indicators [CPEGM, (2005), p.38].

Québec's municipal performance measurement system survived a regime change in 2003, when a *Parti Québécois* government was replaced with the Liberal Party of Québec. It also thrived under two *Parti Québécois* ministers and two *Liberal Party* ministers. The Québec Ministry of Municipal Affairs, Regions and Territorial Use (MAMROT in French) implemented the *Municipal Management Indicators* in 2003. Québec's Municipal Management Indicators originates from consultations in 1999, when stakeholders from six professionals associations, two associations of municipalities, one business school and Québec's Ministry of Municipal Affairs and Regions¹ met to discuss the plan of Québec's municipal performance measurement system.

a Performance measurement system components

There are three pieces to Ontario's measurement program. The first is the Ontario MPMP, where each municipality collects data using a variety of measures in a number of service areas. In terms of accountability, municipalities submit their results to the Province by June each year for review and analysis. By September, they must report to citizens. In terms of which method or methods they use, municipalities are encouraged to report to taxpayers in a simple and accessible manner. Such methods might include the following: direct mail to all taxpayers or households, can insert with the property tax bill, a notice in local newspapers and the internet. Although, this program is not tied specifically to provincial funding or transfer payments, the province encourages municipalities to use their results in their annual business plans and budget reviews for setting new targets and measuring achievements. According to Larry Clay, Director,

Municipal Performance and Accountability Branch, Ontario Ministry of Municipal Affairs and Housing “we are stressing that performance measurement is a tool for municipal managers to help them determine where they can cut costs... where they can improve efficiency... or where they can increase the effectiveness of their services” (IPAC, 2004). This focus on municipal management ignores the component of citizen involvement and accountability, even though these are expressed goals of the program.

A second component of the program is the Ontario municipal benchmarking initiative, collaboration between the Ontario Ministry of Municipal Affairs and Housing and regional chief administrative officers and 15 municipalities. Because the province’s performance measurement program does not take into account variables among municipalities to explain why some municipalities appears to be doing better, OMBI is developing a complementary performance measurement program. The third component builds on the previous two, with the establishment of the Ontario Centre for Municipal Best Practices as a resource for municipalities. The Centre is directed by a Steering Committee of 19 volunteer representatives. Best practices are focused on four key areas of municipal services, which are waste management, roads, transit and water and sewer.

Quebec’s system does not have as many components like Ontario’s system. The *Indicateurs de gestion municipaux* stands on its own. Accordingly with Quebec tradition of deliberation, the *Municipal Management Indicators* performance measurement system is not tied with financial consequences. The Ministry of Municipal Affairs, Regions and Territorial Use outsourced the analysis of the data to a third party, the *Center for the Promotion of Municipal Management Excellency* (CPEGM in French) at the *École des Hautes Études Commerciales de Montréal* (HEC-Montréal) The CEPGM is the depository of the data for the Ministry of Municipal Affairs and Regions. The CEPGM produces a report where municipal managers can compare their performance with aggregated data of municipalities of their size. The data in the reports are presented by quartiles, by population sizes. Although, *best practices* are supposed to be offered to municipal managers, it never materialised in reality. The closest thing to best practices that is offered to municipalities is an anonymous upper limit on a box plot chart that comes in reports: specific examples of municipalities to emulate are not yet offered.

b Performance measurement requirements

Ontario’s MPMP mandates that each municipality must collect data on 54 different measures in 12 service areas (in 2006). The number and type of measures has evolved over time in Ontario. The Province has consistently added new measures every year. Each municipality must collect and report these same measures in all 445 municipalities in Ontario. The data collected is submitted electronically along with the annual financial information return, directly to the Province for auditing. Once reviewed, the municipality receives a report back from the province, tallying their performance data and allowing for release to the public.

In Quebec, for the 2003–2006 period, the *Municipal Management Indicators* required municipalities to collect information for 19 mandatory indicators. Of those 19 indicators, there were three indicators about street maintenance, two about snow removal, five on water treatment and distribution, two about sewage systems and seven about global financial health. Eight out the 12 non-financial indicators were cost indicators. In 2007, changes were made in terms of what get collected in terms of indicators. Some indicators that were deemed problematic from municipalities are no longer required by the Ministry

of Municipal Affairs, Regions and Territorial Use. There is now one indicator about street maintenance, one for snow removal, four on water treatment and distribution, two about sewage systems and two about global financial health. In addition, four new indicators on human resources have been added. Nine out of the eleven non-financial indicators measure cost. Moreover, 13 indicators are now facultative from 2007 onward: two of these indicators measures dimensions of human resources, three facultative indicators are on fire services, five are about culture and leisure and finally, three are have to do refuse collection & recycling. These facultative indicators will possibly become mandatory in a few years.

Contextualisation is a recurrent theme in all official reports on the *Municipal Management Indicators*. It is specified in every official document by the Ministry that “(...) the interpretation of values obtained for the indicators will often be different between municipalities, depending on realities specific to municipalities and the service at hand²” [Ministère des Affaires Municipales, du Sport et du Loisir, (2004), p.4]. Contextualisation is supposed to offer “(...) reasonable expectations and potential improvements” [CPEGM, (2005), p.10]. Originally, the indicators were developed with two aims in mind: to help elected officials and managers to improve the management of municipal services and report to citizens [Guindon and Bellavance, (2004), p.3; CPEGM, (2005), p.8]. It is specified in the guide sent to all municipalities at the beginning of the implementation phase that “Any external comparisons makes sense only if influential factors are known for each municipalities included in the comparison”³ [Ministère des Affaires Municipales, du Sport et du Loisir, (2004), p.5].

Performance reporting requirements

In Ontario, municipalities must report their performance results to citizens by September each year. In terms of which method or methods they use, municipalities are encouraged to report to taxpayers in a simple and accessible manner. Such methods might include the following: direct mail to all taxpayers or households, can insert with the property tax bill, a notice in local newspapers and the internet. Although, this program is not tied specifically to provincial funding or transfer payments, the province encourages municipalities to use their results in their annual business plans and budget reviews for setting new targets and measuring achievements. The municipalities began reporting in 2001 (Province of Ontario, 2001).

Because the performance measurement program is completely controlled by the Province, and from the time the municipalities must report their annual results (in the first three months following the end of the year) and the time it takes for the province to do the analysis and issue a report back to the municipalities (six months or more), the performance measurement report can feel dated. However, the reports can be useful to citizens and other stakeholders if done correctly with a focus on user needs. “With all of the attention that public officials have given a new public management that incorporates significant components of performance measurement, it is critical to consider the factors that affect the implementation and impact of performance measurement systems” (Jennings and Haist, 2004). One of the major factors of implementation is the timely release of the performance data. In terms of Ontario’s system, reporting to citizens up to nine months after the end of year significantly affects the effectiveness of their system.

In the spring of 2007, the Province of Ontario launched a web-based query and analysis tool to make it easier for municipalities to extract and analyse their MPMP

and Financial Information Return results. With the help of the MIDAS software, municipal managers will be able to see how they compare with other municipalities by requesting to be provided with data from municipalities of his/her choosing (Plumridge and Wynnycky, 2007). This new web tool is available free of charge to municipalities. Unfortunately, unlike the program in Nova Scotia, municipal results are not transparent to those outside of government, such as citizens. They must generally seek this information out, requesting the reports or scouring websites to locate annual reports. Furthermore, they must gather reports from other municipalities if they wish to compare results.

Initially, the provincial government of Québec has made some efforts to facilitate reporting to citizens. First, the SESAMM software has a built-in reporting function that makes reporting of raw data straightforward. Second, the provincial government produced a guide to municipalities about reporting practices. In this guide, practical tips are given, along three comprehensive examples of reports that should be emulated (CPEGM, 2005, Annex A, B, C). However, the current objectives of the system no longer include elements of citizen reporting.

The provincial guidebook to municipalities stipulate that comparisons with other municipalities should be sought [Ministère des Affaires municipales, du Sport et du Loisir, (2004), p.9], mainly for voluntary performance improvement purposes, and reporting purposes. However, so far municipalities transmit data online unilaterally, through the SESAMM software, to the provincial government [Ministère des Affaires municipales, du Sport et du Loisir, (2004), p.8] but they do not have access to current pooled municipal data in real time. Municipal managers have to request the full database to the ministry. This means that they cannot readily use current external information to set performance targets or report information taking full advantage of the performance measurement system to contrast their performance with best practices. However, municipal managers have access to two source of information to contextualise their performance. First, they can compare their achieved performance in regards of the rest of municipalities in the province but only through statistical aggregates, through the use of quartiles. A report containing performance organised by quartiles is published with a two-year delay by the Centre for the Promotion of Excellence in Municipal Management (CPEGM in French) at HEC Montréal, a prominent business school who contracts with the provincial government on the municipal performance measurement system. Second, Municipal managers now have a tool inspired from Ontario MIDAS system. They can consult comparative performance with a password-protected online tool. However, the data from this tool accused a two year delay and are aggregated and anonymous. Third, a list of predetermined influential factors is provided by the government of Québec to help municipalities contextualised why they perform the way they did (Ministère des Affaires Municipales et Régions, 2005).

Municipalities have to report on the mandatory indicators once a year to the provincial government. Municipalities must transmit the information by September 30 each year [Ministère des Affaires Municipales, du Sport et du Loisir, (2004), p.4; Ministère des Affaires Municipales et Régions, 2008]. For example, it means that municipalities had up to September 30th of 2009 to report on 2008 data. This largely explains why the report with performance quartile comes in so late. Reporting on the performance indicator is mandatory; reporting on influential factors is not (Ministère des Affaires Municipales et Régions, 2008).

3 Analysis

The two provincial systems continually adjust and expend to include more functional areas. In the case of Ontario, their program now also focuses on outcomes/benefits; in the case of Québec, performance measures were dropped from the system when they were deemed impractical by municipal managers. The Quebec system went as far as retroactively calculated the 2004–2006 data, so that the then new 2007 indicators would benefit from historic comparisons.

Municipalities in Ontario can develop customised performance measures to address unique local situations. Municipalities in Québec can also report on facultative service areas. Moreover, they can contextualised their performance with the use of influential factors, both predetermined and customisable (MAMR, 2005). Beginning in spring 2007, a new web tool is available free of charge to Ontarian municipalities to create their own reports, and include comparisons with other municipalities they choose. However, the tool is only available to public administrators and not the general public. A similar tool is now available in Québec. The main difference between the two is that managers in Quebec cannot identify by name comparable municipalities the way Ontarian managers can. Smaller municipalities are burdened by the requirements of data collection, and reporting. This is the price to pay for comparability. Comparability enables benchmarking, which in terms can foster realistic targets for performance improvement. Although, not comparable between the two provinces, the indicators are the same for municipalities in a given province. This creates the possibility of comparisons between municipalities, which is so difficult for their American counterparts.

The two measurement systems also have some shortfalls that need to be addressed. Easy comparisons between municipalities in Ontario are recent, and are not available to the public; they are reserved to internal management purposes. Comparisons between municipalities in Québec are only done in an anonymous manner in the form of statistical aggregate, approximately two years after the fact.

In terms of report usefulness, Ontario suggests reporting results to citizens in one of several ways; mailing the report directly to taxpayers or households, inserting information about the report with a property tax bill, inserting an ad in local newspapers or advertising periodicals, or posting the information online. In Québec's case, municipalities can report only raw numbers, without obligation to contextualise the data or provide explanations for achieved level of performance. Previous studies have indicated that cost and time are major barriers to effective reporting to citizens (Ammons, 2000; De Lancer Julnes and Holzer, 2001; Wholey and Hatry 1992). Administrators may also resist broad reporting of performance measurement results if they perceive that local officials and citizens will not use the information. Elected officials may resist broad reporting of results for fear of unwanted political fallout (Ammons, 2001; Walters, 1998). "The cost and effort to collect and report data on measurable indicators of results is of little value if the information is not used in an effort to improve the community" [Epstein et al., (2006), p.6]. Most municipalities in Ontario and Québec are rural, 62% and 90% respectively (Statistics Canada 2007; MAMR, 2008). With mandatory systems, the trouble is that the one-size fits all approach, really doesn't fit all.

In Ontario, smaller municipalities are sometimes resistant to the time and effort needed to collect the data, little capacity to go beyond the basic requirements of meeting accountability requirements of the Province. Resistance was not felt in Québec.

The measures used in both Quebec and Ontario focus on crude efficiency and effectiveness and not on outcomes/benefits. The measures are purely aimed at management and do not take into account the kind of information that citizens would like or need to determine how well their local government is performing.

Finally, in both cases, there are no consequences, financial or others, for poor and good performing municipalities, as is the case for local agencies in the UK (Davis, 1998; Game, 2006). The information is collected because “it is nice to have” [Altmayer, (2006), p.9].⁴

4 Conclusions

Municipalities in both provinces have the opportunity to move from mere measurement to performance management, as they can integrate results into budget and management decisions. Although, these programs are not tied specifically to provincial funding or transfer payments, the provinces encourages municipalities to use their results in their annual business plans and budget reviews for setting new targets and measuring achievements. It could also be argued that the simple fact of having the opportunity to integrate the measures produced in the budgets is an intrinsic quality of the performance measurement system.

As we have seen, there are little external benchmarking activities in these two provinces, although such comparisons are said to be sought [Ministère des Affaires municipales, du Sport et du Loisir, (2004), p.9]. As Ammons and Rivenbark (2008) recently formulated, performance measurement systems can be used for reporting or for service improvement. “Perhaps it is axiomatic that performance measurement systems designed strictly for the former (i.e., performance reporting), especially when a premium is placed on ease of data collection, are unlikely to yield much of the latter [Ammons and Rivenbark, (2008), p.308]. It seems that the municipal performance measurement systems in Ontario and Quebec have difficulties achieving either one.

There are two schools of thoughts when it comes to assessing municipal performance; on one side, there are performance initiatives that view comparisons between municipal performances suspiciously. Municipalities are seen as evolving in vastly different environments. Comparisons across municipalities are seen as being of little use. Instead, municipalities put together independently what they see should be measured at home, and keep track of it over time. Only internal benchmarking is possible in such initiative. This describes performance measurement municipalities in the USA, where cities develop their own set of indicators. On the other side, there are cases where comparisons between municipalities are sought. In these systems, true benchmarking (comparisons with best practices) is the goal. It is argued that performance is best understood in the context of what all municipalities are doing. This describes performance measurement municipalities in the UK, Norway, Nova Scotia, Canada and New South Wales, Australia.

The systems in place in Ontario and Québec are somewhat of a hybrid. It could be possible to make comparisons between municipalities, as they all collect the same indicators. Municipalities in Québec could even continue to be able to contextualise their performance for nuances. This is far from following the former British Comprehensive Performance Assessment system, where municipalities were evaluated with a star-system (from zero to four stars) that accompanies their indicators’ numbers (Department for

Communities and Local Government, 2008). It is fair to say that in Ontario and Québec, there are in effect little comparisons between municipalities, aside from new possible selected cases with the new tool in Ontario and a report that come two years after the fact in Québec. This defensiveness towards comparison is especially present in Québec, where numerous caution notices punctuate governmental documents in Québec, warning about ‘unfair’ comparisons, which are in effect almost any comparisons. When confronted with new data, citizen of Ontario and Québec has no way to benchmark the current performance of his municipality to another. All they can do is compare last year’s performance with this year. Only provincial managers in the respective Ministry of Municipal Affairs have the full picture. Of the three systematic municipal performance measurement systems in place in North America, only the one in the province of Nova Scotia let its citizen’s access comparative data of municipal performance. All in all, municipalities in Ontario and Québec are closer in their performance measurement activities to their American counterpart than to British ones.

We need to acknowledge two elements of the municipal performance measurements systems. First, they exist. This alone is exceptional, as these are among the three only systems out of the 60 states and provinces in the U.S. and Canada. The limitations that we described above have to be understood in this light, where the buy-in from municipalities is difficult. Many municipal managers in the two largest Canadian provinces would probably prefer to develop their own sets of measures. This would assure a better fit between local needs and local strategies. Also, such an approach denies in effect comparisons between municipalities, as is the case for American municipalities. As long as municipalities would not show a decrease in yearly performance, which would be the only referral, they would not look bad. Second, these two Canadian provincial systems have the potentiality for true benchmarking, as municipalities are getting in the habit of collecting standardised data. The only element standing in the way of the Ontario and the Québec systems for clearer and purposeful reporting and benchmarking target setting is political will from elected officials and realisation from municipal managers that comparisons in performance management is not ‘a beauty contest’ [Ammons, (1999), p.108].

Acknowledgements

The authors want to thank the CPEGM at HEC-Montréal and the Ministère des Affaires municipales, Régions et Occupation du territoire for making their data available. This article does not represent these organisations’ opinions.

References

- Altmayer, C. (2006) ‘Moving to performance-based management’, *Government Finance Review*, Vol. 22, No. 3, pp.8–14.
- Ammons, D.N. (1999) ‘A proper mentality for benchmarking’, *Public Administration Review*, Vol. 59, No. 2, pp.105–109.
- Ammons, D.N. (2000) ‘Benchmarking as a performance management tool: experiences among municipalities in North Carolina’, *Journal of Public Budgeting, Accounting & Financial Management*, Vol. 12, No. 1, pp.106–124.

- Ammons, D.N. (2001) 'Performance measurement in North Carolina cities and towns', *Popular Government*, Fall 2001, pp.11–17.
- Ammons, D.N. and Rivenbark, W.C. (2008) 'Factors influencing the use of performance data to improve municipal services: evidence from the North Carolina benchmarking project', *Public Administration Review*, Vol. 68, No. 2, pp.304–318.
- Askim, J. (2007) 'Local government by numbers: who makes use of performance information, when, and for what purpose?', PhD Dissertation, University of Oslo.
- Boivard, T. and Davis, P. (1999) 'Learning to manage within limited resources coping strategies and learning breakthroughs in UK Local Government', *The International Journal of Public Sector Management*, Vol. 12, No. 3, pp.293–313.
- Boyne, G., Gould–Williams, J., et al. (2002) 'Plans, performance information and accountability: the case of best value', *Public Administration*, Vol. 80, No. 4, pp.691–710.
- Brittain, H. (1951) *Local Government in Canada*, The Ryerson Press, Toronto.
- CCAF-FCVI. (2006) *Users and Uses: Towards Producing Better Public Performance Reporting*, Ottawa, Ontario.
- Centre de promotion de l'excellence en gestion municipale (CPEGM) (2005) 'Guide sur la reddition de comptes des indicateurs de gestion municipaux auprès du citoyen', Québec, QC.
- Chan, Y-C.L. (2004) 'Performance measurement and adoption of balanced scorecards: a survey of municipal governments in the USA and Canada', *International Journal of Public Sector Management*, Vol. 17, No. 3, pp.204–221.
- Chang, R. and Kelly, K. (1994) *Improving through Benchmarking: A Practical guide to Achieving Peak Process Performance*, p.106, Richard Chang Associates, Irvine, CA.
- Coe, C. (1999) 'Local government benchmarking: lessons from two major multigovernment efforts', *Public Administration Review*, Vol. 59, No. 2, pp.110–123.
- Collin, J-P. and Léveillé, J. (2003) *Municipal Organization in Canada: Tradition and Transformation, Varying from Province to Province*, Institut de Ciències Polítiques i Socials of the Universitat Autònoma de Barcelona, the Centre per la Innovació Local.
- Crouch, W. (1949) 'Foreign government and politics: administrative supervision of local government: the Canadian experience', *The American Political Science Review*, Vol. 43, No. 3, pp.509–523.
- Davis, P. (1998) 'The Burgeoning of benchmarking in British Local Government the value of 'learning by looking' in the public services', *Benchmarking for Quality Management & Technology*, Vol. 5, No. 4.
- De Lancer-Julnes, P. (1999) 'Lessons learned about performance measures', *International Journal of Public Administration*, Vol. 4, No. 2, pp.45–55.
- De Lancer-Julnes, P. and Holzer, M. (2001) 'Promoting the utilization of performance measures in public organizations: an empirical study of factors affecting adoption and implementation', *Public Administration Review*, Vol. 61, No. 6, pp.693–708.
- Downe, J., Grace, C., et al. (2007) 'Comparing for improvement: local government performance regimes in England, Scotland and Wales,' *The Public Services Programme: Quality, Performance & Delivery*, p.25, London, UK.
- Dusenbury, P. (2000) *Governing for Results and Accountability*, The Urban Institute, Washington, DC.
- Epstein, P., Coates, P., Wray, L. and Swain, D. (2006) *Results That Matter: Improving Communities by Engaging Citizens, Measuring Performance, and Getting Things Done*, Jossey-Bass, San Francisco.
- Foltin, C. (1999) 'State and local government performance: it's time to measure up!', *The Government Accountants Journal*, Vol. 48, No. 1, pp.40–46.
- Game, C. (2006) 'Comprehensive performance assessment in English Local Government', *International Journal of Productivity and Performance Management*, Vol. 55, No. 6, pp.466–479.

- Governmental Accounting Standards Board (GASB) (2002) *Performance Measurement Survey: Performance Measurement at the State and Local Levels: A Summary of Survey Results*, Washington, DC.
- Governmental Accounting Standards Board (GASB) (1998) *Survey, Use of Performance Measures and Effect of Using Performance Results by State and Local Governments*, Washington, D.C.
- Guindon, M. and Bellavance, F. (2004) *Rapport Concernant la Catégorisation des Organismes Municipaux et l'utilisation des Facteurs d'influence (Phase III)*, p.26, Montréal, QC, Corporation des officiers municipaux agréés du Québec
- Heise, J.A. (1985) 'Toward closing the confidence gap: an alternative approach to communication between public and government', *Public Administration Quarterly*, Vol. 9, No. 2, pp.196–217.
- Institute of Public Administration of Canada (IPAC) (2004) *Provincial-Territorial Charrette on Municipal Performance and its Measurement: Report on Proceedings*, 17–18 May, Toronto, Ontario.
- Jas, P. and Skelcher, C. (2005) 'Performance decline and turnaround in public sector organisations: a theoretical and empirical analysis', *British Journal of Management*, Vol. 16, No. 3, pp.195–210.
- Jennings, E. and Haist, M.P. (2004) 'Putting performance measurement in context', in Ingraham, P. and Lynn, L. (Eds.): *The Art of Governance: Analyzing Management and Administration*, pp.173–194, Georgetown University Press, Washington, DC.
- Keehley, P. and MacBride, S.A. (1997) 'Can benchmarking for best practices work for government?', *Quality Progress*, Vol. 30, No. 3, pp.75–80.
- Kouzmin, A., Löffler, E., Klages, H. and Korac-Kakabadse, N. (1999) 'Benchmarking and performance measurement in public sectors', *International Journal of Public Sector Management*, Vol. 12, No. 2, pp.121–144.
- McAdams, R. and O'Neil, L. (2002) 'Evaluating best value through clustered benchmarking in UK Local Government: building control services', *International Journal of Public Sector Management*, Vol. 15, Nos. 6/7, pp.438–457.
- Meszaros, G. and Owen, C.J. (1997) 'Improving through benchmarking: a competitive assessment of municipal utility services', *Public Works Management & Policy*, Vol. 2, No. 1, pp.11–23.
- Ministère des Affaires Municipales et Régions (MAMR) (2005) 'Facteurs d'influence predetermines', Official Website of the Government of Québec, available at http://www.mamr.gouv.qc.ca/finances/fina_indi_resu_fact.htm (accessed on 10 December 2007).
- Ministère des Affaires municipales et Régions (MAMR) (2008) 'Modalités de transmission', official website of the Government of Québec, available at http://www.mamr.gouv.qc.ca/organisation/orga_donn_popu.asp# (accessed on 25 April).
- Ministère des Affaires municipales, du Sport et du Loisir (2004) *Les Indicateurs de Gestion Municipaux: Un Regard Neuf Sur Notre Municipalité*, p.12, Gouvernement du Québec, Québec.
- Palmer, A.J. (1993) 'Performance measurement in local government', *Public Money & Management*, Vol. 13, No. 4, pp.31–36.
- Plant, T. (2006) 'Public sector strategic planning: an emergent approach', *Performance Improvement*, Vol. 45, No. 5, pp.5–6.
- Plant, T., Agocs, C., Brunet-Jailly, E. and Douglas, J. (2005) *From Measuring to Managing Performance: Recent Trends in the Development of Municipal Public Sector Accountability*, No. 16 New Directions, The Institute of Public Administration of Canada, Toronto, Ontario.
- Plumridge, N. and Wynnycky, B. (2007) 'The 'Midas' touch: new system will bring powerful analysis tools online for Ontario municipalities', *Municipal World*, Vol. 117, No. 10, pp.27–30.
- Pollanen, R.M. (2005) 'Performance measurement in municipalities: empirical evidence in Canadian context', *International Journal of Public Sector Management*, Vol. 18, No. 1, pp.4–24.

- Province of Ontario (2001) *New Directions: A New Municipal Act for Ontario*, Queen's Printer, Toronto, Ontario.
- Raam, R.B. (2007) 'Applying the finding paradigm to audits of output and outcome performance: a research perspective', *Journal of Government Financial Management*, Vol. 56, No. 2, pp.44–50.
- Schatteman, A. (2008) 'Is public performance reporting living up to its expectations? A bibliographic essay', *Public Performance & Management Review*, Vol. 32, No. 2, pp.307–325.
- Schatteman, A. (2009) 'Public performance reporting: determinants of excellence', PhD Dissertation, School of Public Affairs and Administration, Rutgers University, Newark campus.
- Sheffield, S. (1998) 'External reporting of budget and performance information: building public trust', PhD Dissertation, School of Public Administration and Policy, Florida State University.
- Statistics Canada. (2007) *2001 Census: Ontario Profile by Census Divisions and Census Subdivisions*, Dossier #94F0495XCB2001001, Ottawa, Ontario.
- Streib, G. and Poister, T.H. (1999) 'Assessing the validity, legitimacy, and functionality of performance measurement systems in municipal governments', *American Review of Public Administration*, Vol. 29, No. 2, pp107–123.
- Triantafillou, P. (2007) 'Benchmarking in the public sector: a critical conceptual framework', *Public Administration*, Vol. 85, No. 3, pp.829–846.
- Walters, J. (1998) *Measuring Up*, Governing Press, Washington, DC.
- Wholey, J. and Hatry, H. (1992) 'The case for performance monitoring', *Public Administration Review*, Vol. 52, No. 6, pp.604–610.
- Willoughby, K.G. (2004) 'Performance measurement and budget balancing: state government perspective', *Public Budgeting & Finance*, Vol. 24, No. 2, pp.21–39.

Notes

- 1 Despite its French heritage, the government of Québec operates like the other Canadian provinces, in a Westminster-style parliamentary system. One of the consequences is that the portfolios of agencies are subject to change. For example, the Ministry of Municipal Affairs has also been responsible in time for the Metropolis [Montreal], Sports and Leisure, and Regions.
- 2 Translation by the author.
- 3 Ibid.
- 4 There is still a debate about the effect on performance of sanctions and rewards based on performance measurement data in PMS. Jas and Skelcher (2005), e.g., perceive negative effects on performance. More recent data, also from the British experience, finds positive effects (Downe et al., 2007).