

# ***Municipal Consolidation in the 1990s: An Analysis of Five Canadian Municipalities***



***Igor Vojnovic***

**ICURR** Intergovernmental Committee on Urban  
and Regional Research  
Comité intergouvernemental de recherches  
urbaines et régionales **CIRUR**

**ICURR** Intergovernmental Committee on Urban  
and Regional Research

Comité intergouvernemental de recherches  
urbaines et régionales

**CIRUR**



***Municipal Consolidation in the 1990s: An Analysis  
of Five Canadian Municipalities***

by  
**Igor Vojnovic**

**ICURR Press  
Toronto  
August 1997**

**ICURR** Intergovernmental Committee on Urban  
and Regional Research  
Comité intergouvernemental de recherches  
urbaines et régionales **CIRUR**

Published by ICURR Press  
150 Eglinton Avenue East, Suite 301  
Toronto, Ontario, CANADA M4P 1E8  
Telephone: (416) 973-5629  
Fax: (416) 973-1375

First Edition: August 1997  
Copyright © ICURR Press 1997  
All rights reserved

No part of this report may be reproduced in any form without the written consent of the publisher. The views expressed here are those of the author and do not necessarily represent the official views of ICURR.

ISBN 1-895469-61-9

Canadian Cataloguing in Publication Data

Vojnovic, Igor

Municipal consolidation in the 1990s: an analysis of five Canadian municipalities

Issued also in French under title: **Le regroupement municipal dans les années 1990 : analyse de cinq municipalités canadiennes.**

Includes bibliographic references.

ISBN 1-895469-61-9

1. Annexation (Municipal government) – Canada. 2. Local government – Canada.  
3. Canada – Administrative and political divisions. I. Intergovernmental Committee on Urban and Regional Research (Canada). II. Title.

JS1712.A56V65 1997

320.8'59'0971

C97-932490-4

# Table of Contents

|  |           |
|--|-----------|
| Foreword.....  | i         |
| Acknowledgements .....   | iii       |
| About the Author .....   | v         |
| Executive Summary .....  | vii       |
| <b>CHAPTER 1: MUNICIPAL REFORM —<br/>AN INTRODUCTION TO CONSOLIDATION.....</b>       | <b>1</b>  |
| 1.1 <b>Municipal Consolidation .....</b>   | <b>2</b>  |
| 1.2 <b>Alternatives to Consolidation .....</b>                                       | <b>2</b>  |
| 1.2.1         Two-Tier Government Structures.....                                    | 2         |
| 1.2.1.1 <i>Metropolitan Governance.....</i>  | 2         |
| 1.2.1.2 <i>Two-Tier Regional Structures.....</i>                                     | 3         |
| 1.2.2         Special Purpose Agencies.....  | 4         |
| 1.2.3         Contracting Out and Intergovernmental Service Agreements.....          | 4         |
| 1.3 <b>Organization of the Text .....</b>  | <b>5</b>  |
| <b>CHAPTER 2: THE EFFECTS OF CONSOLIDATION —<br/>CONSTRUCTING THE FRAMEWORK.....</b> | <b>7</b>  |
| 2.1 <b>Economies of Scale.....</b>   | <b>7</b>  |
| 2.1.1         Potential Benefits of Consolidation.....                               | 7         |
| 2.1.2         Problems with Scale Effects .....                                      | 8         |
| 2.1.3         The Public Choice Perspective .....                                    | 9         |
| 2.1.4         Assessment.....  | 10        |
| 2.2 <b>Equity Considerations .....</b>   | <b>13</b> |
| 2.2.1         Assessment.....  | 13        |
| 2.3 <b>Citizen Access and Political Accountability .....</b>                         | <b>14</b> |
| 2.3.1         Dimensions of Accessibility .....                                      | 14        |
| 2.3.2         Assessment.....  | 16        |
| 2.4 <b>Regional Planning .....</b>   | <b>16</b> |
| 2.4.1         Assessment.....  | 17        |
| 2.5 <b>Economic Development .....</b>  | <b>18</b> |
| 2.5.1         Assessment.....  | 19        |
| 2.6 <b>Concluding Comment.....</b>   | <b>20</b> |
| <b>CHAPTER 3: BRITISH COLUMBIA.....</b>  | <b>23</b> |
| 3.1 <b>The Districts of Abbotsford and Matsqui.....</b>                              | <b>23</b> |
| 3.1.1         Political Boundaries and Local Government Structure .....              | 25        |
| 3.1.1.1 <i>Municipal and Special Purpose Agency Staff.....</i>                       | 27        |
| 3.1.2         Population .....   | 27        |
| 3.1.3         Local Finances .....   | 27        |
| 3.1.3.1 <i>Property Taxes and Rates .....</i>  | 27        |
| 3.1.3.2 <i>Municipal Debts.....</i>  | 28        |

|                                 |  |           |
|---------------------------------|--|-----------|
| 3.1.4                           | Legislation .....  | 28        |
| <b>3.2</b>                      | <b>The City of Abbotsford — After Amalgamation .....</b>   | <b>29</b> |
| 3.2.1                           | The New Political and Administrative Structure .....   | 29        |
| 3.2.1.1                         | <i>Administration .....</i>  | 30        |
| 3.2.1.2                         | <i>Changes in Administrative Structure .....</i>   | 31        |
| 3.2.2                           | Changes in Service Delivery and Municipal Functions .....  | 32        |
| 3.2.2.1                         | <i>Planning .....</i>  | 34        |
| 3.2.2.2                         | <i>Economic Development .....</i>  | 34        |
| 3.2.2.3                         | <i>Environmental Policies .....</i>  | 34        |
| 3.2.3                           | Changes in Local Finances .....  | 34        |
| 3.2.3.1                         | <i>The Costs of Amalgamation .....</i>   | 34        |
| 3.2.3.2                         | <i>Property Taxes and Changes in Rates .....</i>   | 35        |
| 3.2.3.3                         | <i>Municipal Debt .....</i>  | 36        |
| <b>CHAPTER 4: ONTARIO .....</b> | <b>39</b>  |           |
| <b>4.1</b>                      | <b>The Village of Rodney and the Township of Aldborough –<br/>Political Boundaries and Local Government Structure .....</b>    | <b>40</b> |
| 4.1.1                           | Municipal and Special Purpose Agency Staff .....   | 42        |
| 4.1.2                           | Population .....   | 43        |
| 4.1.3                           | Local Finances .....   | 43        |
| 4.1.3.1                         | <i>Property Taxes and Rates .....</i>  | 43        |
| 4.1.4                           | Legislation .....  | 45        |
| <b>4.2</b>                      | <b>The Township of Aldborough — After Amalgamation .....</b>   | <b>45</b> |
| 4.2.1                           | The New Political and Administrative Structure .....   | 46        |
| 4.2.1.1                         | <i>Changes in Administration and Administrative Structure .....</i>  | 47        |
| 4.2.2                           | Changes in Service Delivery and Municipal Functions .....  | 49        |
| 4.2.2.1                         | <i>Planning .....</i>  | 49        |
| 4.2.2.2                         | <i>Economic Development .....</i>  | 49        |
| 4.2.3                           | Changes in Local Finances .....  | 50        |
| 4.2.3.1                         | <i>The Costs of Amalgamation .....</i>   | 50        |
| 4.2.3.2                         | <i>Property Taxation .....</i>   | 50        |
| 4.2.3.3                         | <i>Municipal Debt .....</i>  | 51        |
| <b>CHAPTER 5: QUEBEC .....</b>  | <b>53</b>  |           |
| <b>5.1</b>                      | <b>The Case of Victoriaville, Arthabaska and Sainte-Victoire<br/>Political Boundaries and Local Government Structure .....</b> | <b>55</b> |
| 5.1.1                           | Municipal Staff .....  | 55        |
| 5.1.2                           | Population .....   | 57        |
| 5.1.3                           | Local Finances .....   | 58        |
| 5.1.3.1                         | <i>Property Taxes and Rates .....</i>  | 58        |
| 5.1.4                           | Legislation .....  | 59        |
| <b>5.2</b>                      | <b>The City of Victoriaville — After Amalgamation .....</b>  | <b>60</b> |
| 5.2.1                           | The New Political and Administrative Structure .....   | 63        |
| 5.2.1.1                         | <i>Changes in Administration and Administrative Structure .....</i>  | 63        |
| 5.2.2                           | Changes in Service Delivery and Municipal Functions .....  | 65        |
| 5.2.3                           | Changes in Local Finances .....  | 65        |
| 5.2.3.1                         | <i>The Costs of Amalgamation .....</i>   | 65        |
| 5.2.3.2                         | <i>Property Taxes and Changes in Rates .....</i>   | 66        |
| 5.2.3.3                         | <i>Municipal Debts .....</i>   | 68        |

|   |            |
|---|------------|
| <b>CHAPTER 6: NEW BRUNSWICK</b> .....   | <b>69</b>  |
| <b>6.1 The Miramichi Urban Community — Political Boundaries and Local Government Structure</b> .....        | <b>71</b>  |
| 6.1.1 Municipal and Special Purpose Agency Staff .....  | 73         |
| 6.1.2 Population .....  | 73         |
| 6.1.3 Local Finances .....  | 73         |
| 6.1.3.1 <i>Property Taxes and Rates</i> .....   | 75         |
| 6.1.4 Legislation .....   | 78         |
| <b>6.2 The City of Miramichi — After Amalgamation</b> .....   | <b>79</b>  |
| 6.2.1 The New Political and Administrative Structure.....   | 80         |
| 6.2.1.1 <i>Administration</i> .....   | 81         |
| 6.2.1.2 <i>Administrative Structure</i> .....   | 81         |
| 6.2.2 Changes in Service Delivery and Municipal Functions .....   | 84         |
| 6.2.2.1 <i>Planning</i> .....   | 84         |
| 6.2.2.2 <i>Economic Development</i> .....   | 84         |
| 6.2.3 Changes in Local Finances .....   | 84         |
| 6.2.3.1 <i>The Costs of Amalgamation</i> .....  | 84         |
| 6.2.3.2 <i>Taxation</i> .....   | 85         |
| 6.2.3.3 <i>Municipal Debt</i> .....   | 88         |
| <b>CHAPTER 7: NOVA SCOTIA</b> .....   | <b>89</b>  |
| <b>7.1 The Halifax-Dartmouth Region — Political Boundaries and Local Government Structure</b> .....         | <b>90</b>  |
| 7.1.1 Municipal Staff .....   | 92         |
| 7.1.2 Population .....  | 93         |
| 7.1.3 Local Finances .....  | 94         |
| 7.1.3.1 <i>Municipal Debts</i> .....  | 96         |
| 7.1.4 Legislation .....   | 96         |
| <b>7.2 The Halifax Regional Municipality — After Amalgamation</b> .....                                     | <b>97</b>  |
| 7.2.1 The New Political and Administrative Structure.....   | 100        |
| 7.2.1.1 <i>Administration</i> .....   | 100        |
| 7.2.2 Changes in Service Delivery and Municipal Functions .....   | 104        |
| 7.2.2.1 <i>Planning</i> .....   | 105        |
| 7.2.2.2 <i>Economic Development</i> .....   | 105        |
| 7.2.3 Changes in Local Finances .....   | 105        |
| 7.2.3.1 <i>The Costs of Amalgamation</i> .....  | 105        |
| 7.2.3.2 <i>Property Taxation</i> .....  | 106        |
| 7.2.3.3 <i>Municipal Debt</i> .....   | 109        |
| <b>CHAPTER 8: CONSOLIDATION — CONCLUDING COMMENTARY</b> .....   | <b>111</b> |
| <b>8.1 Amalgamation and Bureaucratic Specialization</b> .....   | <b>111</b> |
| 8.1.1 Salary Increases .....  | 112        |
| <b>8.2 The Structure of Consolidation Agreements</b> .....  | <b>113</b> |
| <b>8.3 Short-Term Changes in the Cost of Administration and Service Delivery</b> .....                      | <b>114</b> |
| <b>8.4 The Lack of Success in Consolidating Larger Government Units</b> .....                               | <b>114</b> |
| 8.4.1 Relationship between the Transition Costs of Amalgamation and Municipal Size .....                    | 115        |
| 8.4.2 Regional Governance, Intermunicipal Agreements and the Evolving Nature of Municipal Cooperation ..... | 117        |
| <b>8.5 Representation and Political Accountability</b> .....  | <b>118</b> |

|            |  |     |
|------------|--|-----|
| <b>8.6</b> | <b>Fiscal Accountability</b> .....                           | 118 |
| 8.6.1      | Consolidating Urban and Rural Districts.....                 | 119 |
| <b>8.7</b> | <b>Equity</b> .....  | 120 |
| <b>8.8</b> | <b>The Provinces' Role in the Amalgamation Process</b> ..... | 121 |

|                         |            |
|-------------------------|------------|
| <b>REFERENCES</b> ..... | <b>123</b> |
|-------------------------|------------|

**APPENDICES**

|   |            |
|---|------------|
| <b>Appendix I: Request for Information Survey</b> ..... | <b>129</b> |
|---|------------|

|  |            |
|--|------------|
| <b>Appendix II: Anticipated and Short-Term Effects Questionnaire</b> ..... | <b>138</b> |
|--|------------|



**ICURR** Intergovernmental Committee on Urban  
and Regional Research  
Comité intergouvernemental de recherches  
urbaines et régionales **CIRUR**

|              |  |            |
|--------------|--|------------|
| <b>8.6</b>   | <b>Fiscal Accountability</b> .....                           | <b>118</b> |
| <b>8.6.1</b> | <b>Consolidating Urban and Rural Districts</b> .....         | <b>119</b> |
| <b>8.7</b>   | <b>Equity</b> .....  | <b>120</b> |
| <b>8.8</b>   | <b>The Provinces' Role in the Amalgamation Process</b> ..... | <b>121</b> |

|                         |            |
|-------------------------|------------|
| <b>REFERENCES</b> ..... | <b>123</b> |
|-------------------------|------------|

**APPENDICES**

|   |            |
|---|------------|
| <b>Appendix I: Request for Information Survey</b> ..... | <b>129</b> |
|---|------------|

|  |            |
|--|------------|
| <b>Appendix II: Anticipated and Short-Term Effects Questionnaire</b> ..... | <b>138</b> |
|--|------------|



**ICURR** Intergovernmental Committee on Urban  
and Regional Research  
Comité intergouvernemental de recherches  
urbaines et régionales **CIRUR**



|   |            |
|---|------------|
| <b>CHAPTER 6: NEW BRUNSWICK</b> .....   | <b>69</b>  |
| <b>6.1 The Miramichi Urban Community — Political Boundaries and Local Government Structure</b> .....        | <b>71</b>  |
| 6.1.1 Municipal and Special Purpose Agency Staff .....  | 73         |
| 6.1.2 Population .....  | 73         |
| 6.1.3 Local Finances .....  | 73         |
| 6.1.3.1 <i>Property Taxes and Rates</i> .....   | 75         |
| 6.1.4 Legislation .....   | 78         |
| <b>6.2 The City of Miramichi — After Amalgamation</b> .....   | <b>79</b>  |
| 6.2.1 The New Political and Administrative Structure.....   | 80         |
| 6.2.1.1 <i>Administration</i> .....   | 81         |
| 6.2.1.2 <i>Administrative Structure</i> .....   | 81         |
| 6.2.2 Changes in Service Delivery and Municipal Functions .....   | 84         |
| 6.2.2.1 <i>Planning</i> .....   | 84         |
| 6.2.2.2 <i>Economic Development</i> .....   | 84         |
| 6.2.3 Changes in Local Finances .....   | 84         |
| 6.2.3.1 <i>The Costs of Amalgamation</i> .....  | 84         |
| 6.2.3.2 <i>Taxation</i> .....   | 85         |
| 6.2.3.3 <i>Municipal Debt</i> .....   | 88         |
| <b>CHAPTER 7: NOVA SCOTIA</b> .....   | <b>89</b>  |
| <b>7.1 The Halifax-Dartmouth Region — Political Boundaries and Local Government Structure</b> .....         | <b>90</b>  |
| 7.1.1 Municipal Staff .....   | 92         |
| 7.1.2 Population .....  | 93         |
| 7.1.3 Local Finances .....  | 94         |
| 7.1.3.1 <i>Municipal Debts</i> .....  | 96         |
| 7.1.4 Legislation .....   | 96         |
| <b>7.2 The Halifax Regional Municipality — After Amalgamation</b> .....                                     | <b>97</b>  |
| 7.2.1 The New Political and Administrative Structure.....   | 100        |
| 7.2.1.1 <i>Administration</i> .....   | 100        |
| 7.2.2 Changes in Service Delivery and Municipal Functions .....   | 104        |
| 7.2.2.1 <i>Planning</i> .....   | 105        |
| 7.2.2.2 <i>Economic Development</i> .....   | 105        |
| 7.2.3 Changes in Local Finances .....   | 105        |
| 7.2.3.1 <i>The Costs of Amalgamation</i> .....  | 105        |
| 7.2.3.2 <i>Property Taxation</i> .....  | 106        |
| 7.2.3.3 <i>Municipal Debt</i> .....   | 109        |
| <b>CHAPTER 8: CONSOLIDATION — CONCLUDING COMMENTARY</b> .....   | <b>111</b> |
| <b>8.1 Amalgamation and Bureaucratic Specialization</b> .....   | <b>111</b> |
| 8.1.1 Salary Increases .....  | 112        |
| <b>8.2 The Structure of Consolidation Agreements</b> .....  | <b>113</b> |
| <b>8.3 Short-Term Changes in the Cost of Administration and Service Delivery</b> .....                      | <b>114</b> |
| <b>8.4 The Lack of Success in Consolidating Larger Government Units</b> .....                               | <b>114</b> |
| 8.4.1 Relationship between the Transition Costs of Amalgamation and Municipal Size .....                    | 115        |
| 8.4.2 Regional Governance, Intermunicipal Agreements and the Evolving Nature of Municipal Cooperation ..... | 117        |
| <b>8.5 Representation and Political Accountability</b> .....  | <b>118</b> |

# List of Tables, Figures and Maps

## TABLES

|   |    |
|---|----|
| Table 1: Municipal and Special Purpose Agency and Staff Before Consolidation<br>(Abbotsford and Matsqui)..... | 27 |
| Table 2: Municipal Tax Rates 1994 (Abbotsford and Matsqui).....   | 28 |
| Table 3: Changes in Elected Representation (Abbotsford and Matsqui) .....                                     | 30 |
| Table 4: Full-Time Employees (Abbotsford and Matsqui) .....   | 31 |
| Table 5: Comparison of Pre- and Post- Amalgamation Operational Expenditures<br>(City of Abbotsford) .....     | 33 |
| Table 6: Anticipated Changes in the Tax Rate (Abbotsford and Matsqui) .....                                   | 35 |
| Table 7: Municipal Tax Rates, 1993-1996 (Abbotsford and Matsqui) .....  | 37 |
| Table 8: Elected Representation in the Former Township of Aldborough<br>and Village of Rodney .....           | 40 |
| Table 9: Municipal Staff Before Consolidation.....  | 42 |
| Table 10: Municipal Tax Rates, 1990-1993 (Aldborough and Rodney) .....  | 44 |
| Table 11: Changes in Elected Representation (Aldborough and Rodney) .....                                     | 47 |
| Table 12: Current Municipal Staff (Aldborough and Rodney) .....   | 48 |
| Table 13: Full and Part-time Municipal Salaries, 1993-1995 .....  | 48 |
| Table 14: Municipal Tax Rates, 1993-1996 (Township of Aldborough).....  | 51 |
| Table 15: Tax Rate Increase Since 1993 (Township of Aldborough).....  | 51 |
| Table 16: Breakdown of Quebec Municipalities by Population Categories (1995).....                             | 54 |
| Table 17: Elected Representation in the Former Victoriaville Region .....                                     | 55 |
| Table 18: Permanent Full-Time Staff Members (Victoriaville region).....                                       | 57 |
| Table 19: Municipal Population and Trends, 1986-1991 (Victoriaville Region).....                              | 57 |
| Table 20: Distribution of Taxable Assessment, 1993 (Victoriaville Region) .....                               | 58 |
| Table 21: Distribution of Taxable Assessment per Capita, 1993 (Victoriaville Region) .....                    | 58 |
| Table 22: Property Tax Rates, 1990-1993 (Victoriaville Region) .....  | 59 |
| Table 23: Rental Value Tax Rates, 1990-1993 (Victoriaville Region).....                                       | 59 |
| Table 24: Intermunicipal Agreements Prior to Amalgamation (Victoriaville Region).....                         | 62 |
| Table 25: Changes in Elected Representation (Victoriaville Region).....                                       | 63 |
| Table 26: Consolidation Grants to the City of Victoriaville .....   | 66 |
| Table 27: Property Tax Rates, 1993-1997 (City of Victoriaville).....  | 67 |
| Table 28: Yearly Property Tax Change Since 1993 (City of Victoriaville).....                                  | 67 |
| Table 29: Rental Value Tax Rates, 1993-1997 (City of Victoriaville) .....                                     | 68 |
| Table 30: Elected Representation in the Former Municipalities<br>of the Miramichi Urban Community .....       | 71 |
| Table 31: Municipal and Special Purpose Agency and Staff, 1993<br>(Miramichi Urban Community).....            | 73 |
| Table 32: Municipal Tax Rates, 1994 (Miramichi Urban Community).....  | 78 |
| Table 33: Changes in Elected Representation (Miramichi Urban Community) .....                                 | 80 |
| Table 34: Salary Increases in the Post-Amalgamation Period<br>(Miramichi Urban Community).....                | 83 |
| Table 35: Phase-in of Residential Municipal Tax Rates (Miramichi Urban Community).....                        | 86 |

|   |     |
|---|-----|
| Table 36: Phase-in of Non-Residential Municipal Tax Rates (Miramichi Urban Community) .....           | 87  |
| Table 37: Population per Elected Representative (Halifax-Dartmouth Region).....                       | 92  |
| Table 38: Former Staff (Halifax-Dartmouth Region).....  | 93  |
| Table 39: Population and Trends (Halifax-Dartmouth Region).....                                       | 94  |
| Table 40: Distribution of Taxable Assessment, 1995/96 (Halifax-Dartmouth Region) .....                | 94  |
| Table 41: Distribution of Taxable Assessment per Capita, 1995/96 (Halifax-Dartmouth Region).....      | 95  |
| Table 42: Municipal Tax Rates, 1995/96 (Halifax-Dartmouth Region) .....                               | 95  |
| Table 43: Capital Debt Status, 1994 (Halifax-Dartmouth Region).....                                   | 96  |
| Table 44: Population per Elected Representative, 1997.....  | 100 |
| Table 45: Expected Reductions in Municipal Staff Numbers (Halifax-Dartmouth Region).....              | 102 |
| Table 46: Municipal Staff Numbers in the Post-Amalgamation Period (Halifax Regional Municipality).... | 103 |
| Table 47: Proposed Residential Tax Rates, 1997/98 (Halifax Regional Municipality).....                | 108 |
| Table 48: Proposed Commercial Tax Rates, 1997/98 (Halifax Regional Municipality) .....                | 108 |
| Table 49: Major Near Term Capital Improvement Projects (Halifax Regional Municipality).....           | 110 |
| Table 50: Comparing Costs of Transition .....   | 116 |

## FIGURES

|  |    |
|--|----|
| Figure 1: Miramichi Urban Community — Population of Former Municipal Members, 1991.....  | 74 |
| Figure 2: Value of Taxable Assessment, 1994 (Miramichi Urban Community) .....            | 76 |
| Figure 3: Per Capita Value of Taxable Assessment, 1994 (Miramichi Urban Community) ..... | 76 |

## MAPS

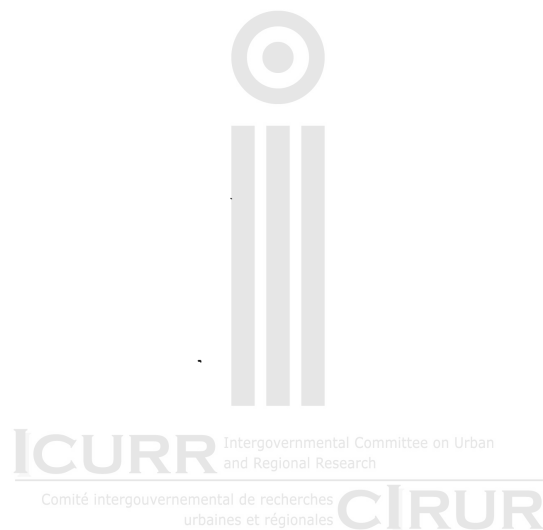
|  |    |
|--|----|
| Map 1: Former Clearbrook and Abbotsford, 1994 .....                            | 24 |
| Map 2: Former District Boundaries (Abbotsford and Matsqui).....                | 26 |
| Map 3: The Former Township of Aldborough and Village of Rodney.....            | 41 |
| Map 4: Former Boundaries of Sainte-Victoire, Arthabaska and Victoriaville..... | 56 |
| Map 5: City of Victoriaville .....   | 64 |
| Map 6: New Brunswick Municipalities by Population Size, 1991.....              | 70 |
| Map 7: Member Municipalities of the Miramichi Urban Community, 1991.....       | 72 |
| Map 8: Former Municipal Members of the Halifax Regional Municipality.....      | 91 |
| Map 9: Halifax Regional Municipality, 1997.....                                | 98 |

# Acknowledgments

The author would like to thank the ICURR staff — Michael Afar, John Slatcher, Wayne Berry, Heidi Stock, and Vicky Gregor — for all of their help in tracking down documents, translation, commentary, and editorial assistance. I am also grateful to the commentary provided by Dr. Claude Marchand and André Lanteigne. The many stimulating conversations with and support of Dr. Claude Marchand were especially appreciated.

The author also wishes to acknowledge the invaluable assistance of the municipal and provincial officials, and city mayors who took time out of their busy schedules for interviews, to answer questionnaires, and to provide government documents and legislation. Without them, this report would not have been possible.

Finally, I wish to thank the senior analysts from CMHC and the ministries of Municipal Affairs from across Canada for their constructive criticism of the draft document.





## About the Author

Dr. Igor Vojnovic is a research consultant and academic who holds degrees in Economics and Planning. He has published reports, book chapters, and articles on urban and environmental planning, urban design and computer-aided graphics. From 1994 to 1997, he taught urban design part-time in the graduate Planning Program at the University of Toronto. Dr. Vojnovic currently lectures in Urban and Environmental Geography and holds a Post-Doctoral Fellowship at the Maxwell School of Citizenship and Public Affairs, Syracuse University.

Dr. Vojnovic has received numerous research grants and awards while completing his graduate studies at the University of Toronto (Department of Geography / Planning). While completing his M.Sc.Pl., he held an Ontario Graduate Scholarship, and his Ph.D. was funded by the Social Science and Humanities Research Council of Canada. He was also the recipient of the Griffith Taylor Memorial Award (1996/97) for his Ph.D. work on the pricing of linear infrastructure and its impact on urban development patterns and building typologies. One of his early publications that explored the relationship between the under-pricing of urban services, including linear infrastructure, and low density development patterns is *Pathways Towards Sustainable Development and Sustainable Urban Forms* (1994), is available through the Centre for Urban and Community Studies, University of Toronto.



# Executive Summary

With increasing financial and political pressure on Canadian local governments in the 1990s, municipal consolidation has emerged as a popular option in the view of some provincial officials for improving the efficiency and the effectiveness of local governance and municipal service delivery. The rise in the municipal consolidation advocacy follows similar political and fiscal trends throughout Canada. As the Federal government shifts a greater portion of the financial burden to the provinces, the provinces readjust their own financial structure by placing greater financial responsibility for local service delivery on the municipalities. In this process of fiscal reorganization, the provincial governments seek to promote the “rationalization” of municipal functions, thus increasing the pressure for consolidation.

The objective of this report is to establish a methodology and a baseline for research on the effects of municipal consolidation. The study involves an assessment of five recently consolidated municipalities in Canada — the City of Abbotsford (British Columbia), Aldborough Township (Ontario), the City of Victoriaville (Quebec), the City of Miramichi (New Brunswick), and the Halifax Regional Municipality (Nova Scotia). A more detailed breakdown of the number of municipal jurisdictions that were consolidated and the total population of each new municipality are shown in the table below. The project examines whether the expected benefits of municipal consolidation have been achieved, whether any unexpected benefits were realized, and whether any detrimental effects can be observed from the mergers.

| <b>Consolidated Municipality</b> | <b>Number of Former Political Jurisdictions</b> | <b>Population</b> |
|----------------------------------|---|-------------------|
| City of Abbotsford               | 2   | 106,000           |
| Aldborough Township              | 2   | 3,770             |
| City of Victoriaville            | 3   | 38,000            |
| City of Miramichi                | 11  | 21,000            |
| Halifax Regional Municipality    | 4   | 330,000           |

Intergovernmental Committee on Urban and Regional Research  
 Comité intergouvernemental de recherches urbaines et régionales

The following study reports on the first phase of the consolidation research project. It reviews the pre-consolidation municipal structure — financial, political, and administrative — of the former municipal members. This component of the study also examines the changes that the municipalities expected from the amalgamation process, assesses and reviews the transitional period, and looks at the short-term effects of municipal consolidation. The second component of the research will assess the long-term impacts of consolidation, once the restructuring process has stabilized. After a period of five years or so, will examine whether the expected effects of amalgamation were realized.

The present study begins with a literature review on municipal consolidation, to establish what effects amalgamation can be expected to have on the participating municipal members. This component of the report analyses the theoretical framework behind the arguments *for* and *against* municipal consolidation, including a review of economies of scale, equity considerations of municipal fragmentation, political accountability, citizen access, regional planning, and economic development.

The research then develops an analytical framework for the study, and identifies a number of key areas for examination. The framework includes strategies for developing the necessary data for the assessment of



financial, political, and administrative impacts of municipal consolidation. It also assesses the legislative context for amalgamation in each of the provinces examined in the report.

To some extent, the data required for this review is empirical, for example, changes in tax rates. However, much of the information has been compiled from key informant surveys and interviews. Two surveys were designed for the research, one to capture information on *anticipated and short-term effects of consolidation*, and the other as a *request for information* survey.

The first set of questionnaires was completed by city treasurers and city managers; the second sought information from city mayors. To supplement the survey responses and the financial data from the municipalities, interviews were carried out with a variety of municipal officials — including human resources directors, directors of planning and financial information managers.

The study concludes with a comparison of the after-effects of amalgamation for the case-study regions with the results expected from the literature review. This assessment examines the extent to which the anticipated effects of amalgamation have been realized, and if not, what variables might have influenced the unexpected outcomes.

In addition to shedding light on developments in the transition period and on the short-term effects of consolidation, our analysis of the five cases under study identified the many variables that must be considered in any municipal restructuring initiative. The reorganization of intricate administrative and political structures that sustain municipal functions is a complex task, and will be unique to each region. Many of the problems encountered, and the successes achieved, by the five municipal jurisdictions were particular to the circumstances of the municipal members that were consolidated.

Not all groups of municipalities considering reform will find that consolidation is the most effective restructuring option. The success of consolidation in achieving greater efficiency and effectiveness in governance and service delivery will depend on the distinct history and geography, as well as the economic and political circumstances of the urban region that is considering restructuring. For some municipalities, consolidation will be more appropriate than for others. Much will depend on their history of intermunicipal cooperation, financial arrangements, collective agreements, political structure, spatial organization, and political will to amalgamate. More effective local government reform may also include intermunicipal agreements, contracting out, developing special purpose agencies, or introducing two-tier systems of governance.

## CHAPTER 1

# Municipal Reform — An Introduction to Consolidation

In the post-World War II period, municipal reform has not only been used as a restructuring option to help local governments cope with rapid physical growth, but has also been a popular initiative among municipalities seeking to improve local planning and service provision. The form of municipal restructuring that has received particular attention in Canada is consolidation — the process of amalgamating a number of smaller local governments into one larger municipal unit. Consolidation, and the arguments behind this form of municipal restructuring are not new. After the Second World War, consolidation became an active policy initiative in many Canadian provinces (Tindal and Tindal 1995: 89-147). In fact, many countries in the industrialized West also actively pursued restructuring reforms during this period (Keating 1993: 14). Over 1,500 municipalities in Britain were reduced to less than 500 local jurisdictions. Local government restructuring in West Germany reduced 24,000 municipalities to about 8,500 local governments. A similar scale of local government reform was also apparent in Italy.<sup>1</sup> The conventional wisdom behind consolidation, however, began to be increasingly challenged in Canada and abroad, and municipal consolidation became a less favourable initiative by the mid-1970s.

With increasing financial and political pressure on Canadian local governments in the 1990s, municipal reform again emerged as a popular option for improving both the efficiency and the effectiveness of local authorities. Proponents of consolidation have argued that this reform leads to increased efficiency in service provision, a more stable tax base, more effective regional planning, and less government. In contrast to the “bigger is better” view, there are some that do not endorse arguments for municipal consolidation. They contend that the perceived benefits of amalgamation are purely theoretical, and that there is no proof to support the inadequacy of small municipalities. The arguments for greater efficiency and effectiveness of larger urban centres is challenged at a number of different levels. Some maintain that the economies of scale argument is overstated; that amalgamated government units can become too large, thus becoming less efficient and effective; and that large municipalities with effective regional planning functions are unnecessary to promote either coordination or cooperation among municipalities.

While the debate surrounding consolidation is not new, it has recently attracted considerable public attention, with the increasing interest in municipal reform, and particularly amalgamation, encouraged by provincial and municipal governments in Canada. Decreasing revenue sources for municipalities, and the growing public perception of being “over-governed,” have prompted municipalities not only to reduce the size of government, but to seek alternative methods of delivering local public services more cheaply. Within this new political environment, reducing government and lowering administrative costs through efficiency improvements have emerged as popular options. However, the extent to which cost-cutting is actually realized through the reorganization of municipal structures is questionable. Little conclusive evidence has been provided to demonstrate that efficiency gains in service provision or municipal administration result from consolidation (Derksen 1988; Sancton 1994; Boyne 1995).

The perception of consolidation by the public itself is generally twofold. On the one hand, any policy initiative that promises to improve the efficiency of local government, and consequently reduce taxes, is viewed favourably. On the other hand, many municipalities, especially the fiscally stronger ones, resist the idea of consolidation. Municipalities that fear the erosion of their fiscal tax base as a consequence of

---

<sup>1</sup> The two countries which did not experience the same level of restructuring during this period were France and the United States.

municipal reforms designed to redistribute tax burdens generally oppose restructuring initiatives. Any economic advantage from efficiency that may be gained by the more exclusive municipalities, which are in themselves uncertain, can easily be eliminated with the pooling and the redistribution of tax funds from their jurisdiction to others. The fiscally weaker municipalities, however, usually welcome such municipal reorganization initiatives.

## **1.1 MUNICIPAL CONSOLIDATION**

The consolidation of municipalities is a restructuring process that can take two different forms — amalgamation or annexation. Amalgamation involves two or more incorporated municipal units joining to form one larger political jurisdiction. An alternative, and the traditional process to facilitating outward growth, is municipal annexation. Annexation permits an already developed city to expand its municipal jurisdiction by adding to it an unincorporated adjacent district, or a portion of an adjacent municipality. Both types of consolidation inevitably result in a larger municipal boundary, and a single governing authority responsible for a new level of required planning and service provision. (Sancton 1993: 11.)

In Canada, the Winnipeg Unicity is perhaps the best known example of a multiple unit jurisdiction that was amalgamated into a single municipality. In 1972, the *City of Winnipeg Act* consolidated twelve lower-tier municipalities and the upper-tier government of Metropolitan Winnipeg into a single governing unit (City of Winnipeg Act Review Committee 1986: 5). The internal governing structure has considerably changed from the original 51 member council (it is now 15), and a rural portion of the City has seceded, the Headingly area.<sup>2</sup> Nonetheless, with a current population of over 600,000 people, Winnipeg is still managed by a single governing authority over a quarter of a century after it was originally consolidated.

## **1.2 ALTERNATIVES TO CONSOLIDATION**

Whether facilitating rapid growth, or seeking improvements in local planning and service provision, municipalities have a number of alternative municipal reform options available to them. Besides consolidation, these options include the incorporation of two-tier governments, the development of special purpose agencies, contracting out to private or public sector competitors, and the introduction of service agreements. These alternative municipal reform options will be developed more fully in subsequent chapters. Here, they will merely be introduced.

### **1.2.1 Two-Tier Government Structures**

#### *1.2.1.1 Metropolitan Governance*

A two-tier government superimposes an umbrella authority over an existing group of municipalities: the lower tier of governments are preserved, while the upper tier government assumes responsibility for regional issues. A two-tier government enables the lower-tier municipal units to provide services and planning functions of a local concern (such as parks, recreation, waste collection and local roads), while the upper-tier jurisdiction takes on the responsibilities of planning and service delivery that require regional coordination (including water and sewage mains, arterials, highways, and waste disposal).

A two-tier government can take on many organizational forms, with differing degrees of flexibility. Metropolitan structures, such as the Montreal Urban Community or the Municipality of Metropolitan

---

<sup>2</sup> The 51 member Winnipeg Council consisted of 50 councillors elected from wards and a mayor elected at large. In 1977 the Council was reduced from 51 to 30, and in 1992 it was reduced to 15.

Toronto, are considered very effective forms of government for large municipal jurisdictions whose member municipalities are interested in preserving their unique character. However, the two metropolitan areas selected the two-tier organization for different reasons; and they differ with respect to the composition of their lower tiers.

Metropolitan Toronto has been considered one of the most successful two-tier governments in North America (Rothblatt 1994: 502). It was incorporated in 1954, making it the first federated form of local government in Canada. Metropolitan Toronto was introduced largely to facilitate development in the suburban areas surrounding the City of Toronto, and it was very successful in realizing this objective. With a 1991 population of roughly 2,275,000, Metro Toronto in 1997 consisted of six lower-tier governments and an upper-tier metropolitan authority.

Characterized by a much more fragmented lower-tier municipal structure than that of Metropolitan Toronto, the Montreal Urban Community consists of 29 lower-tier municipalities, with a population of a little over 1,775,000 people. Incorporated in 1970, the Montreal Urban Community replaced the Montreal Metropolitan Corporation (1959). While the Metro Toronto government was introduced to expand municipal services into the peripheries and facilitate suburbanization, the creation of the Montreal Urban Community was initiated because of a service crisis in the central City (Sancton 1995: 133). The 1967 World Exhibition, and a costly subway system, had depleted the City of Montreal's finances. When the police went on strike in 1969, requesting higher salaries, a pay increase was only possible through a new metropolitan government that gave the City access to revenue sources from the suburbs.

#### *1.2.1.2 Two-Tier Regional Structures*

Canada offers numerous examples of two-tier regional structures, including Quebec's regional county municipalities, New Brunswick's local service districts, and Ontario's regional governments. However, the most flexible and unique two-tier regional system in Canada is in British Columbia. British Columbia's regional districts were originally introduced in 1963 as governing bodies whose primary function was to be planning. In 1983, planning was withdrawn from their authority, although the Greater Vancouver Regional District did retain some planning functions (Diamant 1994: 23).

The political structure of the regional districts in British Columbia allows the jurisdictions to provide a full range of customized local services, as desired by their member municipalities or unincorporated areas. Member municipalities can select, at their own discretion, whether they want to participate in particular regional functions or not. The regional districts are governed by a board of directors, composed of representatives from the incorporated municipalities and the unincorporated electoral areas. The size of the regional districts varies considerably across the Province. For instance, the Greater Vancouver Regional District has a population of roughly 1,550,000 people — making up roughly half of the Province's population. It consists of seven cities, eight districts (urban municipalities), three villages and three electoral areas. In contrast, the Central Coast Regional District contains a population of a little over 3,000 people with five electoral areas and no municipalities. (O'Brien 1993: 53; Diamant 1994: 23.)

The success of British Columbia's regional districts is attributed to a number of factors. They have demonstrated flexibility in providing a hybrid of services — both upper- and lower-tier — based on the requirements of the municipalities and the rural areas. This flexibility within the system facilitates a more effective response to local desires, allowing them to satisfy customized public needs. When required, the districts have also acted as administrative agencies for projects or services undertaken jointly by their member municipalities, further demonstrating their ability to accommodate specific local needs. In addition, the districts can introduce new functions with a two-thirds vote of the Board, and thus

potentially initiate any new service or facility desired by member municipalities. (Walliser 1987; Tindal and Tindal 1995.)

### **1.2.2 Special Purpose Agencies**

At the local level, many functions fall under the responsibility of special purpose boards and commissions. Unlike municipalities, which provide numerous civic functions, special purpose agencies generally maintain a very limited set of local responsibilities. The most prominent of such special purpose bodies is the school board, which pre-dates the incorporation of municipalities (Tindal and Tindal 1995: 164). In urban and rural areas where the costs of consolidation, or adding a new tier of government, are not financially feasible, introducing a special purpose agency to provide the necessary services can be a very cost-effective alternative. Such agencies are especially successful in carrying out intermunicipal mandates. Special purpose agencies can allow a range of regional services to be provided in political environments characterized by fragmented municipal structures.

Siegel indicates that across Canada, “almost every province” maintains a special purpose body for, recreation, culture, tourism, planning, trade, commerce, and housing (Richmond and Siegel 1994: 17). Many provinces also have special purpose agencies for policing, transit, health care and conservation. For example, the *Regional Municipal Services Act* (1981) in Alberta enabled regional service commissions to be established for the provision of water, sewage facilities, and waste management (Sancton 1993: 36). Currently, over a dozen such commissions are in operation across Alberta. In New Brunswick, over 300 single purpose agencies, boards and commissions exist, complementing the local government structure in delivering a wide range of regional services that include policing, ambulances, and libraries (Burns, McCarthy and Robison 1994: 5). Special purpose agencies are most prominent in Ontario, where the largest municipal police force in Canada is governed by a special purpose body. As indicated by Siegel, the police force in Metro Toronto maintains a budget of more than a half-billion dollars, and a workforce of close to eight thousand employees (Richmond and Siegel 1994: 17).

### **1.2.3 Contracting Out and Intergovernmental Service Agreements**

Contracting out the production and delivery of local services to private firms or public sector competitors has been the “most popular method” of alternative service delivery in Canada (McDavid and Clemens 1995: 180; Skelly 1996: 7). The production or delivery of the service by the second party, in whole or in part, is said to improve the efficiency in service provision by increasing competition. Having competitors bid for contracts against private sector firms and other public sector competitors enables municipalities to attain the best price for any given level and standard of service. The increased competition also places pressure on the municipal staff to become more productive and innovative in service delivery.

Regarding equity considerations, it has been argued that, in cases where private firms do win the bids, public regulation and monitoring can allow municipalities to maintain an appropriate level and standard of service. Thus, while cost reductions can potentially be achieved from the more competitive municipal environments, government monitoring can ensure that all residents receive adequate levels of service provision.

Contracting out is most appropriate when service outputs can be easily measured and when the provision of the service is not excessively complex (Batley 1996; Skelly 1996). For this reason, technical services, such as public works and transportation, are considered to be the most appropriate municipal services for contracting to private or public sector competitors. Measuring output of social services is much more difficult, and such services are therefore considered inappropriate for contracting out. However,

contracting out of technical services has been, and continues to be, an important method of service delivery in Canada.

A recent study on contracting out in British Columbia indicated that private firms were involved in the production of over 30 percent of all local services — with engineering services being most frequently produced by contractors (McDavid and Clemens 1995). The survey also revealed that, in municipalities with over 10,000 people, contracting out residential solid waste collection had more than doubled between 1980 and 1985. In general, solid waste collection has been a popular service for contracting out not only because of the ease in measuring the service output, but also because of its relatively low political profile.

With respect to efficiency consideration, Cy Armstrong — a municipal government employee who held positions as Chief Administrative Officer and City Manager in St. Catharines, Hamilton-Wentworth and Edmonton — indicates that considerable efficiency improvements were achieved as the three municipalities moved towards contracting out the provision of local services (Armstrong 1993). Armstrong's experience showed that contracting out services such as garbage collection, road maintenance and public transit to private competitors, led to both cost reductions and a leaner bureaucracy. Studies by Skelly (1996), Batley (1996), and McDavid and Clemens (1995) have supported similar conclusions.

There is considerable merit in each of the restructuring options, and each will be appropriate under specific circumstances. However, it will ultimately be the distinct history and geography of an urban region, as well as the economic and political circumstances, that will determine the most appropriate political restructuring initiative.

### **1.3 ORGANIZATION OF THE TEXT**

The objective of the project was to establish a methodology and a baseline for research on the effects of municipal consolidation. Chapter 2 begins with a literature review that examines what effects amalgamation is expected to have on the participating municipalities. This component of the report involves a review of the theoretical framework behind the arguments *for* and *against* municipal consolidation, including a review of economies of scale, equity considerations raised by municipal fragmentation, political accountability, citizen access, regional planning, and economic development.

The report then develops an analytical framework for the study. The framework establishes a number of key areas for examination, and strategies for developing the data needed to assess the financial, political, and administrative impacts of municipal consolidation. Another component of this framework involves an assessment of the legislative context for amalgamation in each of the provinces examined in the report. A critical element of the framework design is to ensure data comparability between provinces. To some extent, the data required for this review was empirical, for example, budget revenues and expenditures. However, much of the information came from surveys of key informants and from interviews that sought opinions on such questions as the extent to which consolidation enhances the capacity to govern effectively.

Chapters 3 to 7 of this report examine five recently consolidated municipalities in Canada: Abbotsford, British Columbia; Aldborough Township, Ontario; Victoriaville, Quebec; Miramichi, New Brunswick; and the Halifax Regional Municipality in Nova Scotia. In each case, we seek to determine whether the expected benefits of municipal consolidation have been achieved, whether any unexpected benefits were realized, and whether any detrimental effects were observed. The report examines the pre-consolidation

municipal structure (political, financial and administrative) of the former municipal members, and looks at the changes that the municipalities anticipated from the amalgamation process.

The case studies include a review and an assessment of the transitional period, and summarize the short-term effects of municipal consolidation. Any unforeseen problems that were experienced by the municipality during the transition period — political, financial and/or administrative — are also reported, along with the solutions that were proposed to deal with these difficulties, and the extent to which these responses were successful in addressing the unexpected outcomes.

The review of the short-term effects of municipal amalgamation describe the impacts of amalgamation on the political and administrative structure of each municipality. This involves an assessment of the changes made to the number of elected representatives and to the number of full-time employees in each municipal department. Each case study also examines the agencies, boards and commissions that might have been created, or dismantled, as a result of the amalgamation process, and reviews changes to intermunicipal service operations, service delivery and other municipal functions (such as planning, economic development, and environmental policies.) The final component of the analysis presents a financial assessment of consolidation. It seeks to estimate the cost of amalgamation by looking at the component costs of the consolidation process such as updating accounting and information systems, and harmonizing municipal bylaws.

A review of changes in the tax rates is also undertaken in this section of the report. This involves an assessment of the phase-in period, as well as the efficiency and equity impacts of the redistribution of the tax burden. In addition, the net debt status of each of the former municipalities is reviewed, as well as the manner in which the debt of the former municipal members has been merged within the new administrative structure.

The final chapter concludes with a comparison of the after-effects of amalgamation for each case-study with the anticipated results from the literature review. This assessment examines the extent to which the expected effects of amalgamation have been realized, and seeks to determine which variables might account for any discrepancies between expectations and outcomes.

## CHAPTER 2

# The Effects of Consolidation — Constructing the Framework

Advocates of consolidation have argued that in a political environment where the public seeks less government and lower taxes, decreasing the number of government units is an initiative that would not only satisfy the public interest, but also ensure greater levels of efficiency and effectiveness of local agencies. In contrast, public choice theorists have insisted that greater fragmentation of municipalities, and increased levels of competition between them and private market competitors, would ensure increased public access, greater political accountability, and reductions in the costs of municipal service provision. In most instances, the theoretical differences in these two positions are based on assumptions about bureaucratic interests and the public's perception of the type of local government structure that is most accessible — and thus provides greatest political accountability. It will be important to understand the theoretical framework behind the arguments *for* and *against* municipal consolidation in order to fully appreciate the complexities of this long-standing debate. In this analysis it should become apparent that there is considerable merit in each of the reform options reviewed. Ultimately, a perfect municipal structure will be difficult to establish, however, some restructuring options will be more suitable than others, given the particular circumstances of the urban region considering reform.

## 2.1 ECONOMIES OF SCALE

### 2.1.1 Potential Benefits of Consolidation

The theory of scale economies postulates the existence of an inverse relationship between the output of a good and the average cost of producing a unit of that good. The larger the scale of production, the lower the average cost, up to a point. Since the cost function is considered to be 'U' shaped, *diseconomies of scale* may begin to arise after a certain level of production has been reached. This is an economic condition whereby an increase in output results in higher average costs of producing an extra unit of that particular good or service. Ford Motor Company's River Rouge plant illustrates a classic example (Kushner 1996: 10). At the beginning of this century, Ford Motors realized scale economies in production whenever a larger plant was built and the scale of output increased. Because of the associated cost savings with increased levels of production, a plant at River Rouge, Michigan, was built in the 1920s to consolidate Ford's manufacturing process, and to further reduce costs. The River Rouge plant employed 75,000 workers, but its extensive assembly line operations, large workforce, required inputs, and the shipping of finished products, were considered so unmanageable that the plant was quickly replaced by smaller production units.

The theory of scale economies, initially developed around the production of private goods, has also been applied to the optimal scale of production of public services. In the context of local government, it is assumed that an optimal size of government is one which covers a large enough jurisdiction, and thus produces enough public service output to minimize the average cost of service production. Two variables are important in the discussion of optimal government size. First, because of the U-shaped cost function, government units can encounter diseconomies of scale if the municipalities are too large. The higher average costs of service provision might be associated with bureaucratic congestion, or result from difficulties in delivering services to the peripheral regions of its jurisdiction. Thus, it becomes important to determine the particular municipal size, and the associated scale of production, where the cost function begins to increase.



Second, it is also important to identify the gradient of the cost function. The slope of the cost function enables local authorities to assess the consequences of deviations from the optimal level of service output. If the cost gradient is steep, then small departures from the optimal production level will produce significantly higher service costs. Conversely, if the cost gradient is shallow, large deviations from the optimal level of production will result in only minor cost variations.

Studies have shown that scale economies are usually captured in the provision of physical services such as water, sewage, and transportation networks (Boyne 1992: 335; Bird and Slack 1993: 32). The costs of providing services can be reduced by purchasing equipment and service inputs in larger quantities to lower unit costs, reducing administrative overhead by requiring fewer supervisory personnel, and minimized duplication in government agencies, staff and office space. However, such reductions in costs are generally considered marginal; on their own, they are insufficient to justify the high administrative costs of municipal amalgamation. For instance, Lyman indicates that the cost savings from the introduction of the upper-tier Metropolitan Toronto government were roughly 9 percent of service provision costs, and that these savings alone did not warrant the extensive costs of incorporation (Lyman 1975: 31).

An added benefit of scale economies is associated with the improvement in the *quality* of local services per dollar spent. Quality improvements in the provision of local services are largely realized through improved planning cooperation and coordination, as well as increased specialization in service provision. By coordinating service delivery — particularly in the provision of transportation infrastructure and water and sewage facilities — municipalities can provide appreciably improved services. In addition, a larger municipal authority can better afford specialized professionals and equipment. Advocates of consolidation have maintained that specialized equipment would increase technical efficiency, while highly trained professionals would not only increase the quality of public service, but also accelerate policy-making. More fragmented municipal units would usually not have the fiscal capacity to consider the specialized equipment and personnel affordable.

### **2.1.2 Problems With Scale Effects**

Opponents of consolidation have identified a number of difficulties associated with using the economies of scale argument to justify municipal amalgamation. Different urban services produce minimum average costs at different scales of production. The optimal size of government will thus depend on the type of service considered. For instance, Kitchen's study on the operating costs of municipal water provision has shown that the least cost per gallon of water supplied existed in municipalities with populations in the range of 25,000 to 35,000 people (Kitchen 1995: 4). However, the operating costs of municipal refuse collection were lowest in municipalities of under 5,000 people, with per capita costs rising until the municipality reached 325,000 people. After this point the per capita costs began to decline once again (Kitchen 1995: 4).

Generally, while capital intensive services require larger levels of production to achieve efficiency, labor intensive services tend to face higher average costs as levels of service output increase (Bird and Slack 1993: 32). This particular characteristic of the scale effect justifies a two-tier local government more than it justifies consolidation itself. The upper tier authority can then take responsibility for services considered to display economies of scale — such as transportation, and water and sewage facilities — while the lower-tier units remain responsible for services that will benefit from lower scales of production, such as fire protection and recreation. Two-tier metropolitan governments, such as the Montreal Urban Community or the Municipality of Metropolitan Toronto, have both been partly justified on the grounds that optimal government size will vary by type of service.

Contrary to the consolidationist argument that economies of scale will generate lower costs by eliminating duplication, some have insisted that the larger municipal unit will lead to a more professionalized bureaucracy. Such an administrative environment supports increased service standards, higher paid civil servants, and the requirement of specialized and expensive equipment. Opponents of amalgamation argue that the increased levels of specialization increase public costs, without any proof that a professional bureaucracy improves the functioning of local government. Thus, the specialized administration that advocates of consolidation believe to be quality improvements in the bureaucracy are simply considered unnecessary costs by its opponents.

Another problem with consolidation is that the amalgamation process forces all local governments within the new jurisdiction to move to the highest service and wage standards, even if these standards are considered unnecessary by the residents. Since the municipality with the highest standards will generally find it politically unacceptable to reduce either public wages or the provision of services, pressure is placed on the remaining member municipalities to increase their wage and service standards to the highest existing level. However, the residents of the other member municipalities might find these wage and service standards unnecessary, and prefer lower local charges to the proposed new levels of public expenditures.

The example of Alberta's Crowsnest Pass provides a case in point. In 1978, four municipalities and one improvement district were amalgamated into the Municipality of Crowsnest Pass. Initially most of the residents were in favour of consolidation, especially after provincial studies indicated that service standards could be substantially increased at little public cost. However, after the new public expenditures on physical infrastructure were completed, and local taxes increased to cover these new expenses, considerable local opposition was mounted seeking to abolish the new municipality. The public expenditures had caused the property tax to increase by 17 percent for homeowners and 10 percent for local businesses (Sancton 1993: 32).

### **2.1.3 The Public Choice Perspective**

The most critical opposition to the municipal consolidation argument based on scale effects has been presented by public choice theorists. They have argued that there are many alternatives to consolidation that can also capture potential scale effects without incurring the high costs of full scale municipal restructuring. Advocates of the public choice model begin with the assumption that local governments do not need to be *producers* of public goods and services, but only *arrangers*. Once this distinction has been made between public service *producers* and *arrangers*, a number of options are available in the provision of municipal services (Batley 1996; Skelly 1996). For instance, local governments can determine which services should be provided within their jurisdiction, but the production of these services can be undertaken by a second party. The production and delivery of the service by the second party — a private market competitor, a special purpose agency, or another municipality — does not have to be limited to a particular scale of output based on jurisdictional boundaries. The producer of the service can operate across municipal boundaries, capturing the scale economies.

Public choice theorists see the benefits of a fragmented form of municipal structure in its ability to allow individuals to choose how they will spend their resources among competing municipalities and tax-service packages. The municipal competition that is encouraged within this political structure ensures efficiency and accountability. The public choice model is rooted in a local government structure proposed by Charles Tiebout (Tiebout 1956). The objective of this design is to develop a local government organization that will ensure a large number of smaller municipalities, each with its own set of customized services and appropriate local taxes to fund the provision of these specialized amenities. The public then has a choice "to shop with their feet" among competing local jurisdictions, all of which

maintain distinctive services and corresponding public levies. Families with young children might then select a municipality that offers an abundance of single family detached housing with large private yards, and the necessary linear infrastructure provisions. This family type might also prefer a municipality that places significant emphasis on the funding of schools, libraries and recreation facilities. An elderly couple, on the other hand, might select a municipality with housing — and complementary linear infrastructure servicing — that emphasizes smaller dwellings and less private land, as well as lower municipal expenditures on education. The emphasis of the empty nesters might instead be placed on policing and particular recreation facilities, such as golf courses and public parks.

Public choice theorists contend that a fragmented municipal structure ensures both efficiency and public accountability through the competition mechanism. For instance, if two municipalities offer similar services, but one is less efficient and has higher public charges, new homebuyers can simply select housing in the other jurisdiction. However, the extent to which buyers select their new residences based on municipal service provision has been challenged by a number of analysts. More important factors in selecting a new home tend to be proximity to family members, employment opportunities and employment location (Bailey 1994; Sancton 1994).

In addition, research by Lowry and Lyons in the U.S. has demonstrated that, at least in their particular case study in Kentucky, most citizens within fragmented institutional arrangements did not consider the municipality as the central provider of municipal services (Lowry and Lyons 1989). This would lead to the conclusion that individuals might not even *think about* tax service packages when deciding where to live. Yet, for efficiency and accountability to be realized in the public choice model, citizens are required to take alternative tax service packages into account when making a choice among the available jurisdictional options.

Criticisms of the public choice model have also been advanced on grounds of equity. While municipal fragmentation can provide individuals with a wide choice of tax service packages, certain income classes might be forced into municipalities with fewer services and lower service standards. With the fragmented form of municipal structure, exclusionary practices by elites can be developed, while the more unfortunate, by force and not necessarily by choice, are isolated in municipal jurisdictions with inferior tax service packages. This problem has been especially pronounced in deteriorating U.S. inner cities. In response to such criticism, public choice advocates maintain that governments through public regulation, can still secure considerable control over municipal services, thus ensuring that equity is maintained.

#### **2.1.4 Assessment**

Studies on municipal amalgamation have never presented conclusive proof that municipal efficiency improves when the organization changes from a fragmented to a consolidated political structure (Boyne 1992; Sancton 1994; Boyne 1995; Diamant 1996). For instance, the experience of municipalities that amalgamated into Alberta's Crowsnest Pass reveals significant cost increases resulting from such reforms. Desbiens' recent study of local governments in Quebec similarly demonstrated that smaller municipalities had lower costs per capita in municipal service provision than larger municipal jurisdictions (Desbiens 1996).<sup>1</sup> The smallest municipal units (with a population between 400 and 2,000 inhabitants) maintained average costs of \$500 per capita. Municipalities with a population of 50,000 to 100,000 maintained average costs of approximately \$1,100 per capita, while the largest municipalities in the study group (100,000 +) had costs ranging between \$1,000 and \$1,800 per capita (Desbiens 1996: 88-

---

<sup>1</sup> The municipal services examined in the study included police and fire protection, road maintenance, snow removal, street lighting, traffic management, waste management, water treatment, garbage removal, parks and recreation, cultural activities, and libraries.

90). Recent research in Ontario has shown similar results (Kushner, Masse, Soroka, and Peters 1996). However, the greater costs in the larger municipalities are largely associated with different levels and standards of service provision (Kitchen 1984; Vojnovic 1997). Ultimately, differences in levels of service and service standards, make cost comparisons between different sized municipalities difficult.

A number of recent international studies have demonstrated similar increases in costs associated with larger municipalities (Derksen 1988; Nelson 1992; Boyne 1995). Derksen's research concentrated on the municipal amalgamation initiative in the Netherlands, which reduced the number of municipalities from 994 in 1960 to 714 in the late 1980s (Derksen 1988). His results demonstrated that after consolidation, the new Dutch municipal units had a larger staff and higher administration costs. Derksen concluded that the Dutch municipal reforms led to considerable net fiscal losses, especially when the expenses of amalgamation were considered. However, the extent to which these higher costs in the larger municipalities were a result of service quality improvements was never assessed, since operationalizing a measure for public service quality, or local government performance, was considered beyond the scope of the research.

Derksen's study also revealed that decision and policy making in the larger municipalities was slower, an additional factor contributing to increased administration costs. The more cumbersome policy-making process within the larger local governments could be attributed to the increased number of interest groups, and thus, of opinions about local policy initiatives. It is reasonable to assume that smaller municipal units, with a narrower set of interests, would generate fewer arguments over local issues. In addition, larger governments have to satisfy a wider range of public interests with respect to municipal amenities, thereby requiring a single authority to provide a greater number of specialized services, facilities, and programs.

Despite the examples cited above, it would be premature to completely dismiss the monetary benefits of scale economies. While it has never been conclusively demonstrated that consolidated municipal units are more efficient than fragmented municipal structures, the inadequacy of a larger, single-unit government has never been proven either. For instance, research by Bunch and Strauss (1992) in the Pittsburgh metropolitan area reveals that considerable benefits can be realized with the consolidation of smaller municipalities into a larger, single unit jurisdiction. Their study involved nine fiscally distressed municipalities ranging in population from 800 to 14,000 people. The research demonstrated that, through municipal amalgamation, all nine local government jurisdictions could overcome their operating deficits, largely by eliminating government duplication. (Bunch and Strauss 1992: 617).

A number of Canadian studies have also revealed that larger, single-tier municipalities have maintained considerable efficiency, despite their size and lack of fragmentation. A 1992 article in the *Financial Times of Canada* reported on a study of eleven Canadian cities that compared taxes and the quality of public services provided within each municipality. The services covered in the research included police and fire protection, waste collection and disposal, roads, public transit, and municipal administration. The survey indicated that four out of the top six ranked cities were London, Calgary, Winnipeg and Edmonton. All four of these municipalities are single unit political jurisdictions. In fact, London, Calgary and Winnipeg ranked as the top three cities in the survey. In these municipalities, according to Stevenson, the residents got the "biggest bang for their tax buck" (Stevenson 1992a: 11). He notes that one advantage of their municipal structure, with a single city manager or chief commissioner to report to, is that:

*city administration doesn't become a hodgepodge of library boards, transit commissions and hydro commissions reporting to different levels of civic government. This means less confusion, even less pork-barreling* (Stevenson 1992a: 11).

London's efficiency was also demonstrated in a study by the Niagara Region Review Commission (1989) headed by Harry Kitchen. The research, which compared municipal expenditures per household in nine different Ontario municipalities with both one and two tier government structures, concluded that London was the most efficient, with the lowest expenditures per household (Niagara Regional Review Commission 1989: 72). The study also revealed that the real expenditures per household for London declined by 3 percent between 1977 and 1986 (Niagara Regional Review Commission 1989: 72). Thus, the argument of public choice theorists that large, single-unit municipalities lack efficiency due to the absence of competition, is clearly not justified in the Canadian context. London, Calgary, and Winnipeg are all examples of large, single government units that offer some of the best standards of local services per dollar spent in Canada, despite the lack of fragmentation within their municipal structure.

It should become apparent from this review that municipal consolidation alone does not guarantee efficiency improvements in the function of local government. At the same time, increased fragmentation, and competition between municipalities, do not ensure efficiency either. Moreover, there are many other factors that affect the costs of providing public service, regardless of the type of *theoretical* impacts that municipal reform is supposed to produce. For instance, there is no reason to believe that just because municipalities consolidate, the duplication of staff or agencies within the new municipal jurisdiction will be eliminated. In addition, any net benefits from scale economies can easily be lost when the administrative costs of large scale municipal restructuring are considered.

The strength of local unions is an additional variable that might influence predicted efficiency improvements. For instance, in the late 1980s Calgary realized significant savings in garbage collection by changing their two-person garbage trucks to one person vehicles. In 1990, these cost savings amounted to \$250,000 in only one of three service districts. When East York in Metro Toronto attempted a similar reform in 1982, the initiative was blocked by the unions (Stevenson 1992c: 12). Thus, by potentially limiting the extent of reform, local unions may play an important role in any restructuring outcome.

The extent of restructuring that *actually* takes place within a local government after the municipal reform must also be considered when one tries to determine the impact of scale effects. In Boyne's critique of municipal consolidation, he distinguishes between "plant-level" and "firm-level" economies of scale (Boyne 1995: 220). Boyne notes that analysts have dedicated their assessment of scale effects to the relationship between the size of the municipal jurisdiction and costs, and not to the public service output generated by individual service production units and costs. In many instances, however, scale economies will be determined by the output of the individual "plants" and not necessarily by the population of the municipality itself. Given this distinction, assessments must take into consideration both the size of the municipality, and the level of output of individual units producing the public services. A study of changes in "plant-level" production would involve an analysis of the scale of output of individual service production units, such as police and fire stations, schools, libraries, and recreation centres. The possibility remains that even when municipalities are consolidated into a larger jurisdiction, the level of production of individual plants will remain the same, and not generate any significant scale effects.

As the above review on economies of scale has illustrated, there are many variables to consider in reform discussions, and this is why there is no generic answer to the question regarding the most appropriate restructuring option. Ultimately, the potential benefits of scale economies must be assessed on the merits of the particular circumstances of the urban region considering municipal reform. It cannot be assumed that amalgamation will guarantee lower average costs in service delivery and local governance just because a political jurisdiction has increased its population and geographic size.

## 2.2 EQUITY CONSIDERATIONS

Advocates of consolidation have insisted that while greater fragmentation within urban centres does allow people with similar municipal service demands to be concentrated within smaller, more fragmented municipal jurisdictions, it also accentuates class polarization. People with similar municipal service demands will have similar preferences for these services because of comparable income levels. A municipal environment based on such preferences, however, tends to promote exclusionary practices by elites. The problems associated with class polarization have been especially pronounced in the United States, where considerable fiscal inequities between neighboring jurisdictions are accentuated by municipal fragmentation and competition. (Skaburskis 1992; Rusk 1995; Poindexter 1995.)

Fiscally distressed municipalities might not be able to afford adequate service standards within their jurisdiction because of their weak tax base. Municipalities with a strong fiscal assessment base, on the other hand, might be able to offer a rich bundle of amenities while maintaining a comparatively low tax rate. Opponents of the public choice approach commonly argue that the competition between municipalities characteristic of the fragmented form of municipal structure not only sustains class and racial segregation, but also hinders the economic growth and success of the urban regions as a whole (Rusk 1995: 32; Poindexter 1995: 22-23).

Because of their distinct history, government structure, and social conditions, Canadian municipalities do not experience the levels of residential segregation — and the corresponding racial and class tensions — that are encountered by their U.S. counterparts. But if issues of equity in Canada tend to arise from much more subtle class differences, they still constitute important considerations in ensuring that the costs of service provision, and their benefits, are “fairly” distributed. In Canada, the most severe equity concerns between municipalities have been cited in Alberta and Newfoundland (O’Brien 1993: 23).

Advocates of consolidation argue that equity concerns can be more effectively satisfied within larger, single-unit jurisdictions because of the larger governments’ ability to provide a wider tax base and, more importantly, because of revenue sharing. In cases where there are considerable inequities between neighbouring municipalities, and especially when these differences result from inequities in the distribution of commercial or industrial investment, the amalgamation of the two government units can result in considerable equity improvements as measured by both public service standards and the local tax burden. There are many instances in which smaller municipalities do not have sufficient funds to provide necessary residential amenities, while fiscally stronger municipalities have considerable revenue left over after all essential municipal programs, facilities, and services have been paid for.

### 2.2.1 Assessment

A number of studies have demonstrated that improvements in service standards through amalgamation, and the pooling of local taxes, can generate greater levels of equity between municipalities (Nelson 1992; O’Brien 1993; Sancton 1994; Rusk 1995). Since Canadians generally accept the redistribution of taxes from wealthier to poorer jurisdictions, the equity argument is important in evaluating the benefits of municipal reform.<sup>2</sup> This does not necessarily mean that fiscally advantaged municipalities will be willing to amalgamate voluntarily and share their resources with their revenue distressed neighbours. In fact,

---

<sup>2</sup> In the United States, strong citizen opposition to revenue sharing has historically been a major obstacle to achieving municipal consolidation (Hedrick 1993: 2). However, recent work by Gerston and Haas has shown that these attitudes might be changing (Gerston and Haas 1993: 157). Their survey of Santa Clara County, in Northern California, has demonstrated that 90 percent of the residents were willing to cooperate regionally in order to solve problems of air pollution, traffic congestion, and affordable housing.

some municipalities with stronger tax bases will likely need to be forced into such agreements by the provinces. However, creating a government structure that abides by the rules of the private market would most probably be a politically unacceptable proposition. As argued by Sancton, in Canada it would be difficult to defend a municipal structure composed of “hundreds of municipal governments engaged in cut-throat competition with one another” (Sancton 1994: 99).

While amalgamation can lead to greater equity in service standards across municipalities, it can also place upward pressure on public service costs, eliminating any possible cost savings from scale economies. Potential efficiency improvements resulting from economies of scale can thus be neutralized by the increased service standards in fiscally weaker member municipalities. A number of studies have already demonstrated that efficiency gains from amalgamation might be more apparent with increased levels of services in some areas, rather than decreased public service costs (Nelson 1992; Sancton 1993).

## 2.3 CITIZEN ACCESS AND POLITICAL ACCOUNTABILITY

Providing municipal services, and ensuring *efficiency* and *equity* in their delivery, is one dimension of local government. In order to be effective in the provision of these services, a municipality must also be aware of the type of services that are considered necessary by its residents. Thus, another important role of local government in ensuring the effective provision of services is to be fully aware of the needs and desires of its constituents. Since local government units are the closest political bodies to the public, their role in identifying and reacting to public opinion is considered to be fundamental in ensuring local democracy. Within this framework, an effective municipal structure is one which is accessible and fully capable of responding to the needs of its constituents.

Opponents of consolidation have argued that larger, single-unit local governments are less accessible to the people they are supposed to respond to because such government units are more intimidating and unmanageable. They insist that the role of local government as *access point* for its citizens can be compromised by its size. To be effective in responding to the needs of their citizens, local governments must be small; they must ensure clear lines of accountability, and keep in touch with the needs of their constituents. Public choice theorists support the notion that the “best government is that which is closest to the governed.”

Advocates of consolidation insist that the evolving complexities in local administration within a fragmented structure make it difficult to ensure citizen access and to maintain political accountability. The potential complexities of municipal fragmentation make it difficult to determine which local agencies are responsible for what. Establishing a single, multipurpose authority would provide a more transparent municipal structure — making access to administrative bodies simpler and more approachable. To provide a more intricate assessment of this debate it is necessary to review the term *accessibility* in all its dimensions.

### 2.3.1 Dimensions of Accessibility

Three types of *accessibility* have been identified as necessary to ensure the effectiveness of local government (O’Brien 1993: 10). They are access to elected representatives, access to public services, and access to the bureaucracy. Access to elected representatives diminishes as the population within any jurisdiction increases. Simply, with the increased number of constituents per representative, the political distance between the voter and representative increases. Smaller jurisdictions, where councillors might be known on a first name basis by their constituents, are considered to be more approachable because of the identifiable and personal nature of the interaction. In contrast, larger municipal jurisdictions are often

forced to hire staff to provide citizens with advice or to hear complaints. Such an environment minimizes the access of citizens to those who have the political or administrative power to initiate change.

The smaller political unit also increases the importance of each constituent's opinion within the political jurisdiction. The political voice of one person in a municipality of one hundred carries as much political weight as the opinion of one hundred constituents in a municipal jurisdiction of ten thousand. Hence, small units with fewer constituents represent more effective government structures from the perspective of representation. By designing a municipal structure that maximizes the political importance of constituents' desires and opinions, local governments will best be able to respond to the needs of their citizens. In addition, citizens who know that their opinions and desires play an important role in deciding policy might become more politically active, and thus create a healthier local political environment.

Access to public services is generally improved in larger jurisdictions because of the municipality's wider tax base and its ability to provide a greater range of service options. By sharing revenue sources, larger municipal units can offer specialized services, programs, and facilities. Smaller municipal units, with a weaker tax base, would find most of these public amenities unaffordable. Fewer choices among public services will generally be available to residents of smaller, more fragmented municipalities that do not have the fiscal resources to offer specialized services. Introducing an alternative service delivery method, such as a cost-sharing program or contracting-out, can provide an added option to municipal amalgamation, but this form of structural organization still enforces the need for larger political or administrative units to carry out the delivery of more expensive and specialized public services. Thus, because of the stronger revenue base, access to public services within a political jurisdiction is likely to be improved by the creation of a larger municipality — provided, of course, that the services are made accessible to all.

Municipal structure and accessibility to the bureaucracy can be viewed from two perspectives. On the one hand, creating a single, multipurpose authority to replace commissions, boards, and local governments provides the public with clear lines of responsibility. Access to a specific bureaucratic unit might be as simple as calling the central authority and asking to be transferred to the appropriate department. The single political authority seems to work effectively in some Canadian contexts. In the *Financial Times of Canada* survey, Stevenson cites Tom Gosnell, then mayor of London, as praising London's efficiency and the effectiveness of its single tier system in which municipal officials:

*can't hide behind different levels of bureaucracy. It's a much more accountable city, and accountability usually leads to savings for the taxpayer* (Stevenson 1992b: 10).

Nonetheless, in certain communities, the public might prefer a more personal interaction with officials. A decentralized local office, with bureaucrats who are capable of responding to "grassroots" interests, is viewed by advocates of fragmentation as the ideal form of accessibility. As with elected representatives, public influence is viewed as being most effective when bureaucrats can be approached personally and when they are capable of identifying with community needs at street level.

However, the potential multiplicity of such fragmented structures has been criticized by a number of provinces and by the advocates of consolidation. Provincial officials in New Brunswick, Quebec and Ontario, drawing on their negative experiences with municipal structures characterized by a multiplicity of civic governments, boards and commissions, have voiced concerns about political accountability (New Brunswick, Department of Municipalities, Culture and Housing 1992: 12; O'Brien 1993: 8). Special purpose agencies have come in for particular criticism, because they not only have limited accountability to elected government; but also obscure lines of responsibility. With the existence of such complex political structures, the public has no way of displaying either their approval or discontent with



policy initiatives or decisions. In New Brunswick, for instance, the public knows little about the responsibilities of the growing number of agencies, boards and commissions. The outcome of such a complex political structure is that the constituents attribute blame for all perceived problems on elected officials, and not the particular agencies responsible for the problems (New Brunswick, Department of Municipalities, Culture and Housing 1992: 12).

There should be nothing unexpected about this lack of accountability of special purpose bodies. Indeed, many boards are not accountable to local governments or the electorate because they have been purposely removed from political influence. It has been felt that many local functions, such as policing or planning, should be removed from the “political arena” in order to avoid the “evils of politics” (Richmond and Siegel 1994: 55-56). As argued by Myhal, however, the decisions that are made by the special purpose bodies are “inherently political,” and cannot be made in a “non-political manner” (Richmond and Siegel 1994: 56). The only difference is that “agencies, boards, and commissions frequently only move the locus of decision-making from an open venue in which many interests are represented to a closed venue with only a few people present” (Richmond and Siegel 1994: 56).

### **2.3.2 Assessment**

The above review of the debate about accessibility has demonstrated the complexity of the issues involved. The extent of citizen access within a particular municipal structure will vary by *type of access* considered. Direct citizen access to elected representatives is reduced as the number of constituents per representative increases. Smaller municipal units also increase the importance of each constituent’s opinion, which makes representatives more responsive to the needs of their electorate. Since a smaller municipal jurisdiction is more responsive to the needs of its constituents, from the perspective of effective political representation, a more fragmented municipal structure will be more effective in ensuring community needs and in fostering local democracy. However, larger municipal jurisdictions, with a wider and more stable tax base, will be able to offer their residents a wider range of public services, facilities and programs. By amalgamating revenue sources, larger jurisdictions can offer a richer bundle of specialized municipal services. Smaller municipal jurisdictions will in most cases find these customized municipal services unaffordable. As long as public services are accessible to all of its residents, larger political units will generally give their constituents better access to a wider range of services.

Access to the bureaucracy is a more controversial topic. On the one hand, the public might prefer decentralized local offices that can effectively identify grassroots interests. On the other hand, a single multipurpose authority can ensure that citizens can easily identify departments responsible for local management and service provision. There is no reason, however, to believe that all regions across Canada will prefer one particular form of government structure. In some instances, the local political culture will favour a single authority, while in other cases, a more fragmented structure will be preferred.

## **2.4 REGIONAL PLANNING**

Advocates of consolidation have maintained that there are certain municipal problems, specifically issues of a regional concern, that only larger, single unit municipalities are able to handle effectively. Municipalities that are experiencing rapid social and physical transitions, and require a coordinated planning body to address issues of waste management, environmental protection, infrastructure investment, economic fluctuations, or population growth, will be able to manage change most effectively by creating a regional authority. Larger jurisdictions can reduce the bureaucratic obstacles to effective regional planning that tend to exist in the complexities of a fragmented municipal structure. Having a single authority to report to — as opposed to requiring agreements among a number of separate

departments and special purpose bodies — ensures greater organization, expediency in decision-making, and increased political accountability. Improved accountability is facilitated by the transparency of the single authority, which is exclusively responsible for any policy initiative, delay or veto.

The need for regional governments has often been identified in rapidly growing urban regions that are facing population spillovers. If a municipality is experiencing rapid growth, establishing new boundaries that encompass the full geographic expansion area would help both the neighbouring rural jurisdiction, into which the population overspill is occurring, and the urbanized municipality. The rural municipality might simply be unprepared to provide the necessary amenities that the new residents expect. This problem will be especially pronounced in the provision of capital intensive services such as water, sewage and transportation networks. The urbanized jurisdiction, on the other hand, might find that residents of the adjacent rural municipality are making extensive use of its services without paying for their use. The nature of this relationship, and the associated problems, can be illustrated by the 174 “village-parishes” in Quebec. Quebec officials indicated that the residents of rural municipalities regularly use the services of adjacent villages without paying their share of the service costs. Not surprisingly, they concluded that the “village-parish” form of political structure produces considerable financial distortions (O’Brien 1993). The loss of fiscal accountability in this type of relationship should be of special concern when congestion externalities of existing municipal services are apparent in the urban area. By encompassing a greater proportion of the population within a single political unit, a municipality can potentially provide greater fiscal accountability by ensuring that everyone pays for their fair share of service use.

Opponents of consolidation insist that, when regional planning is necessary, it can be organized through an intermunicipal agreement among neighbouring jurisdictions. Municipalities do not need to incur the high costs of municipal consolidation, and of full-scale administrative restructuring, when all that is required is the introduction of a planning unit with regional decision-making authority.

#### **2.4.1 Assessment**

Given the political controversy and the high costs of administrative restructuring, it is understandable why municipal reform has not been politically popular. Some municipal structures introduced in Canada over a century ago have not been significantly reformed since then (Task Force on Local Government 1992; Government of Newfoundland and Labrador 1996). However, the appropriateness of their design in meeting current economic, service delivery, or environmental needs is highly questionable. For instance, many rural municipalities are incapable of delivering basic services to the population spillovers from neighbouring urbanized jurisdictions. Loss of fiscal accountability within such fragmented structures is also common. Three out of the five provinces involved in this study (Quebec, New Brunswick and Nova Scotia) indicated that discussions on restructuring stemmed, at least in part, from concern about fiscal accountability. However, as examples in subsequent chapters will show, the restructuring of municipal boundaries alone is not sufficient to ensure fiscal accountability.

Environmental issues — such as waste management, sewage treatment, or water supply — also call for greater cooperation and coordination between adjacent municipalities. Their resolution requires not only coordinated planning, but also some type of revenue-sharing to finance costly services or facilities beyond the reach of smaller municipalities.

The above cases introduce planning issues that require some form of regional coordination. Regional planning can be accomplished through intermunicipal agreements, but if special purpose agencies are needed to carry out a number of municipal functions, the creation of a larger municipal structure might be a more effective solution. In such a case, consolidation might be the answer. The success of London,

Calgary and Winnipeg demonstrates the ability of large, single unit municipalities to provide effective and efficient urban management. An alternative option to consolidation, however, could be a two-tier municipal structure. The design of such a political system could take the form of a two-tier metropolitan government, such as in Montreal or Toronto, or of an even more flexible structural organization, exemplified by British Columbia's regional districts or Quebec's regional county municipalities. The upper-tier jurisdiction can then accommodate municipal services that exhibit considerable scale economies, while the lower-tier jurisdictions manage services of more local concern.

## **2.5 ECONOMIC DEVELOPMENT**

Advocates of consolidation have maintained that a larger political unit promotes more effective and efficient economic development activities. The pooling of resources, both labour and monetary, gives the larger jurisdiction a number of advantages over smaller, fiscally less stable, municipalities. First, the larger and more stable tax base allows the larger jurisdiction to provide a wider range, and better quality, of services. Municipal initiatives that are intended to add to the appeal of a municipality include infrastructure improvements, development of industrial lands, downtown revitalization, and landscape improvements (Niagara Region Review Commission 1989: 234). All such initiatives are considered to have a positive effect on attracting new investment.

With the pooling of resources, the larger municipal unit can also accommodate more effective marketing and advertising. A larger municipality can afford to develop a professional bureaucracy, with a highly specialized staff able to formulate more robust development strategies and actively pursue potential investors. Improved promotional campaigns — whether in the form of increased advertising or more professional brochures and information packages — are also said to improve a municipality's ability to attract new business. In addition, a larger municipality is expected to maintain a higher profile, making it more attractive to new investors. The larger municipal jurisdiction reinforces confidence that the municipality is able to provide a wide range of services and infrastructure, as well as an adequate labor supply. Added to its increased ability to attract new commercial or industrial investment, a marketing strategy backed by more resources can also enhance the promotion of local tourism.

Advocates of consolidation have also argued that competition between neighbouring municipalities for industrial and commercial investment is not only costly to local municipalities, but can produce considerable inefficiencies within urban economies. For instance, in order to attract commercial or industrial investment into its jurisdiction, a municipality might keep its local taxes on commercial and industrial properties below the levels necessary to cover the costs of service provision. While these practices might be effective in attracting investment — and expanding the commercial-industrial tax base — they also allow new investors to avoid paying their fair share of public costs. Consolidation is viewed as an initiative that would limit competition between adjacent jurisdictions and hinder economically inefficient competition practices. By amalgamating adjacent municipal jurisdictions, and promoting the coordination and cooperation of economic development activities, competing municipalities can pool their resources and promote economic development more effectively, while ensuring greater levels of fiscal accountability within their jurisdiction. In the longer term, the increased level of fiscal accountability will facilitate greater efficiency in the region, making the municipality even more attractive for future investment.

Besides the fiscal benefits of the larger municipal unit, it has also been maintained that there are structural advantages to amalgamation that are realized with improved timeliness of administrative procedures. The larger, single municipality is said to offer a streamlined bureaucratic mechanism which can offer a more efficient rezoning or development approval process. A more fragmented municipal structure might require approval from multiple agencies which can add considerable costs to a proposed

investment initiative, and thereby make the community less attractive to new investors. Amalgamation advocates insist that the approval process is not only faster in a consolidated unit, but the requirements for approval are also clearer because they are provided by a single authority.

Opponents of consolidation, on the other hand, argue that when municipal cooperation is required to promote economic development, it can be performed through an intermunicipal agreement. The success of the Greater Moncton Economic Commission (GMEC) in revitalizing its urban economy has often been provided as a celebrated example. The GMEC is composed of eleven municipalities. Its mandate is to “develop” and “diversify the economic base with special emphasis on advanced technology industries” (Malenfant and Robison 1994: 64). With its bilingual workforce, the GMEC seems to have been very successful in attracting telecommunication services, such as telemarketing, to the region. Moncton has become “Atlantic Canada’s greatest success story in revitalizing an urban economy” (Sancton 1994: 47). The Greater Moncton area was selected in both 1992 and 1993 by the *Globe and Mail’s Report on Business* as “one of the best places in Canada to locate business” (Malenfant and Robison 1994: 19).

The extent to which the Commission was *actually* responsible for attracting new economic activities still remains unclear. There is no reason to believe that the creation of the GMEC was solely responsible for attracting new industries into Greater Moncton. Other locational variables, including the cost of sites, access to markets, and the bilingual workforce, have probably played an even more important role in bringing new investment into the Moncton region. As argued by Sancton, “in a province with an activist urban-oriented provincial government and a population of only 724,000, the exact structural arrangements of municipal government are probably of only limited importance” (Sancton 1994: 47).

### 2.5.1 Assessment

While municipal involvement in economic development activities is common among Canadian municipalities, the extent to which these practices have been successful in attracting new commercial or industrial investment is questionable. No concrete evidence has ever been presented to demonstrate that municipal economic development strategies have been responsible for attracting commercial or industrial investment into a particular jurisdiction (Niagara Region Review Commission 1989; Sancton 1994).

In 1988, the Niagara Region Review Commission undertook two surveys to examine whether municipal activities were responsible for decisions to locate or expand plant investment. The first survey examined the “impact of local governments on firms’ decisions to locate in Niagara” (Niagara Region Review Commission 1989: 230). The survey was sent out to twenty-seven firms recently located in the Niagara region. Of the twelve that responded, nine indicated that neither local, provincial, nor federal governments had influenced their decision to locate in the region.

The second survey examined the “impact of local governments on firms’ decisions to expand” (Niagara Region Review Commission 1989: 232). It was sent out to 91 firms, and twenty-eight responded to the questionnaire. Once again, the results indicated that local and regional governments had very little to do with the firms’ decisions to expand their facilities. In the survey, twenty out of twenty-eight firms indicated that local officials played no role in the new investment decisions.

With the economic downturn of the 1990s, there is clearly more pressure on all levels of government to foster economic development and promote employment opportunities. However, as in the case of the economies of scale benefits from consolidation, the idea that a larger and more sophisticated local bureaucracy would be more effective in attracting new investment might be more myth than reality. Many major locational factors — such as access to suppliers, proximity to principal markets, and cost of living — will be out of the hands of local officials. Rather than promoting economic development

directly, municipalities should become more concerned with providing an effective and efficient administrative and political structure. A local government that is capable of offering a rich bundle of local services and physical infrastructure, while maintaining competitive public charges, will be an attractive municipal jurisdiction for new investment regardless of its promotional campaigns or its development strategies. In addition, there are many activities that are not traditionally seen as part of economic development that also play a crucial role in attracting new businesses. Some of these include providing a well-developed transportation network, an adequately educated labour force, and a streamlined administrative process that is transparent and enables customized needs to be met expediently in the face of a rapidly changing global market.

## **2.6 CONCLUDING COMMENT**

As revenues from provincial sources decline and public pressure for lower taxes increases, municipal reform, in some cases, might be the answer to improving efficiency and effectiveness of local government. However, it is questionable whether traditional arguments for consolidation justify amalgamation as the ideal form of restructuring. While most arguments advocating consolidation concentrate on cost reductions in municipal service delivery, no conclusive proof has been provided to demonstrate the relationship between larger government units and scale economies. Efficiency gains from consolidation can also be neutralized if service standards to fiscally weaker member municipalities are increased. In these instances, expected cost savings in service provision for the jurisdiction as a whole are unlikely to be realized.

Alternatives to municipal consolidation are available that in certain instances will be better suited to the needs of a particular municipal jurisdiction. In fact, these alternatives might even facilitate greater efficiency improvements, as they will not require the municipality to incur the high costs of the large-scale administrative restructuring necessary for amalgamation. The type of municipal reform best suited to an urban region will vary with the distinctive needs of the municipal jurisdiction and the expectation of its citizens. There are benefits and drawbacks in each of the restructuring options, and ultimately, it is highly unlikely that a municipality will find a perfect structure, given the many competing local interests.

For example, intermunicipal agreements and special purpose agencies can be a cost-effective measure in restructuring planning or service provision requirements in some municipalities. However, if numerous municipal functions must be satisfied, and a plethora of special purpose agencies are required to carry out these functions, the creation of a single municipality might be a more effective and efficient alternative. A critical concern about municipal structures that rely heavily on special purpose bodies is that such bodies are not politically accountable. The evolution of a complex multiplicity of committees, boards, and civic governments can produce a labyrinth unintelligible to the public. In order to facilitate a healthy local democracy, a municipal structure must ensure some effective mechanism by which the public can communicate their approval of, or discontent with government policies and decisions. Without such a mechanism, political accountability is lost.

At the point that intergovernmental agreements or special purpose agencies become unmanageable, consolidation into a larger single authority, or a two-tier government structure, are options to be considered. A two-tier municipal structure has many virtues. While it creates a superimposed authority with enough administrative and political power to adequately coordinate regional planning and service provision, it does not threaten the local identity of lower-tier municipalities. This can be an effective alternative to consolidation in municipalities that feel strongly about preserving the character of their communities. Even though the public choice model of municipal competition is unacceptable in Canada's political culture, there is considerable democratic merit to be found in municipal diversity. As long as equity can be ensured across regions, a rich municipal diversity will be more effective in

satisfying customized community needs, as well as preserving unique political cultures and community traditions.

In addition, unlike in a single-unit consolidated structure, a two-tier government can allow different public services to be delivered on a more appropriate scale, which will vary by service type. Municipal services that exhibit economies of scale can then be provided by the upper-tier jurisdiction, while services that have no apparent scale effects, or perhaps even diseconomies of scale, can be retained as the responsibility of the local municipal units.

Another advantage of a two-tier government structure is found in its design flexibility. The design of such a political system can take the form of a two-tier metropolitan government; but a province can also select a more flexible two-tier political structure. For example, communities within British Columbia's regional districts are provided with opportunities to arrange for services, facilities, and programs tailored to their own needs. This encourages municipal diversity and allows customized public demands to be satisfied more effectively.

The drawbacks of the two-tier structure largely deal with concerns over clouded accountability and potential complexities in the bureaucratic and political mechanisms. Shifting responsibility and blame between the levels of government will be more common when the political structure makes this possible. For instance, distinguishing between lower-tier and upper-tier planning responsibilities in a two-tier municipal structure might be difficult for the average constituent living in such a jurisdiction. Public criticism over perceived problems will thus tend to be placed randomly, and have no political effectiveness in conveying the public dissatisfaction with particular decisions and policies. A single political authority, with clear lines of responsibility, can ensure greater public accountability, as specific policy initiatives will be clearly associated with particular departments. In addition, at a time when the public is demanding less government, it might be politically difficult to legitimize a municipal reform that will add multiple layers of governance.

Finally, for some municipalities, a single consolidated jurisdiction will be the ideal form of municipal structure. In certain urban regions, especially ones characterized by a multiplicity of agencies and civic governments, the current public interest in less government might simply be a reaction to the existing complexities of civic government. Some communities might prefer a single transparent authority, even though this municipal structure *might* lack the personal interaction available from localized offices. In other cases, small municipalities that face considerable economic distress might not be fiscally viable. These municipalities might lack the necessary population and fiscal capacity to provide even a basic level of local services (Nelson 1992; Bunch and Strauss 1992.) The amalgamation of such governments might provide a tax base sufficiently stable to ensure adequate provision of municipal amenities in the new larger jurisdiction. Indeed, substantial international evidence has demonstrated that for small, fiscally distressed municipalities, consolidation into a larger single unit can provide increased financial stability.

Severe equity discrepancies between neighbouring municipalities present another strong argument for municipal amalgamation. Consolidation of adjacent municipalities, and revenue-sharing, can produce a stable tax base able to provide an equitable standard of local services throughout the larger new municipality. In addition, the extent to which the larger jurisdiction is successful in providing a wide range of rich amenities to all the member municipalities might also improve its ability to attract investment. However, fiscal accountability must be maintained in such resource-sharing arrangements, since consolidation alone does not guarantee equity in the new jurisdiction. Considerable fiscal distortions can result from resource-sharing agreements, since some member municipalities might be *inequitably* subsidizing municipal services of other member jurisdictions.

The most critical disadvantage of a larger, single-unit structure is associated with the potential loss of accessibility to elected representatives. If the structural changes in the new jurisdiction increase the number of constituents per representative, the importance of each vote will diminish, making elected representatives less responsive to the individual constituent's desires and opinions. In some cases, a single large consolidated unit will also not be an appropriate government authority to deal with the particular nature of problems in the region. Differing municipal concerns and different public expectations might require a more fragmented municipal structure to deal with the diverse local interests. The most common example is seen with differing service requirements and public expectations of rural and urban municipalities. The consolidation of such jurisdictions can place upward pressure on taxes in the rural area because of the municipal service requirements of the urban district.

Chapter 2 has reviewed the theoretical framework behind the arguments opposing and supporting municipal consolidation, and has established the foundation for the following five chapters which will assess, in detail, the transition and short-term effects of amalgamation in five recently consolidated Canadian municipalities. The analysis in Chapters 3 to 7 will provide a more detailed review of the impacts of restructuring on the financial, political, and administrative systems within each of the municipalities, examining the short-term benefits achieved and the problems encountered during the reform initiatives.



## CHAPTER 3

# British Columbia

Of the five provinces examined in this report, British Columbia is the only one currently not taking active initiatives to promote municipal consolidation. This has been attributed, in large part, to the success of British Columbia's regional districts in responding to necessary changes in service delivery and municipal governance. The Province's regional districts have been very effective in meeting new municipal requirements without the need of full scale municipal restructuring. Brian Walliser, Director of Policy and Research in the Ministry of Municipal Affairs, indicates that:

*at the risk of oversimplification, we accept that the largely technical problems of service production do not require consolidation. This explains why so little consolidation actually occurs. Furthermore, we accept that only where there are critical political problems do we pursue consolidation (O'Brien 1993: 55-56).*

Municipal consolidation in B.C. remains largely a local initiative, although the Province does provide financial aid to municipalities that want to examine restructuring. The only recognizable benefit from the consolidation of municipalities to the Province is realized with policing. Since B.C. pays the full cost of police protection to municipalities that maintain a population of less than 5,000 people, the creation of larger municipal units would reduce the costs of policing to the provincial government.<sup>1</sup>

### 3.1 THE DISTRICTS OF ABBOTSFORD AND MATSQUI

Before 1995, the City of Abbotsford was composed of two separate municipalities, the Districts of Matsqui and Abbotsford. Located in the Central Fraser Valley Regional District (roughly 70 kilometers from Vancouver), the area had been experiencing considerable population growth, in part because of improved accessibility to Greater Vancouver.<sup>2</sup> The rapid growth of the two municipalities was one of the factors that led to discussions on amalgamation (Districts of Abbotsford and Matsqui 1993: 12). The concern was over the coordination of future development in the two districts. While it was acknowledged that the two municipalities had successfully accommodated population growth into the 1990s, it was also indicated that many municipal functions could be strengthened through greater cooperation. The areas of potential concern included transportation planning, revitalization of the city centres, and facilitating new residential developments and large scale projects.

Another variable that influenced discussions on amalgamation was the increasing conflict between the two districts over the joint service committees. Matsqui and Abbotsford maintained many intermunicipal programs, including fire protection, sewer and water services, and a recreation commission. A number of problems were associated with these joint service operations. First, the decision-making process on the joint service boards proved cumbersome, usually because of the involvement of the two municipal councils. An additional area of concern was over representation and funding. The joint service committees maintained equal representation from both districts, however, Matsqui paid 75 percent of the costs. This factor led to a number of disputes over the joint service operations (Price Waterhouse 1990: 26). Because of the numerous conflicts, the joint service committees were expected to be dissolved unless the decision-making process could be improved and a resolution reached regarding representation

---

<sup>1</sup> In comparison, municipalities with a population of over 15,000 are responsible for 90 percent of policing costs.

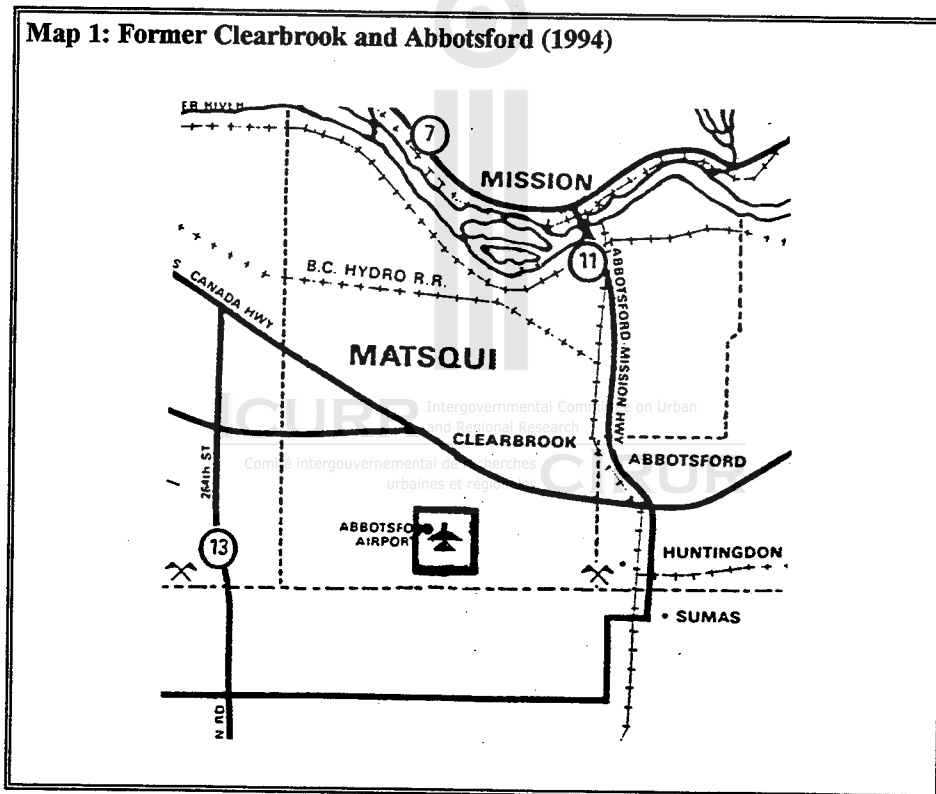
<sup>2</sup> At the end of 1995, three regional districts (Central Fraser Valley, Dewdney-Alouette and Fraser-Cheam) had amalgamated and created the Fraser Valley Regional District.



and funding (Price Waterhouse 1990). If a separation of the joint service operations did take place, increased costs in service provision were anticipated in both Abbotsford and Matsqui.

Within this context, amalgamation was seen as a possible solution to both the cumbersome decision making process and the funding of joint operations. A single government was also expected to respond more quickly to the needs of the various municipal departments, and to have a clearer direction in responding to the future requirements of the region. The two municipalities hired a private consulting firm to study the effects of amalgamation. Its report indicated that annual savings could be expected to exceed \$2 million if the two districts amalgamated (Price Waterhouse 1990: 69).

While Matsqui was strongly in favour of amalgamation from the start, Abbotsford entered the process much more reluctantly (O'Brien 1993). When the first referendum on the Matsqui and Abbotsford consolidation took place in 1990, the plebiscite was lost. The required majority vote in the two municipalities was not achieved. Eighty-six percent of the Matsqui residents favoured amalgamation, while only 45 percent of the Abbotsford voters approved the proposed restructuring. The two districts, however, had a successful second referendum in 1993, in which 58 percent of Abbotsford and 77 percent of Matsqui residents approved the restructuring.



### 3.1.1 Political Boundaries and Local Government Structure

The districts of Abbotsford and Matsqui were perfect examples of contiguous communities that functioned as a single socio-economic unit even though they had separate municipal governments. The bordering urban cores of Abbotsford and Clearbrook had little indication of the individual municipal boundaries (see Map 1).<sup>3</sup> In fact, many residents in Clearbrook had Abbotsford postal addresses, and the airport located in Matsqui was called the Abbotsford Airport. The ties between Matsqui and Abbotsford were further strengthened by the many intermunicipal programs that had existed for some 30 years. Map 2 shows the old district boundaries of the Matsqui and Abbotsford municipalities.

Before consolidation, both districts were incorporated and governed by an elected council. Each district had one mayor and six councillors, all elected at large. The significant population differences between the two municipalities meant that Matsqui maintained a considerably higher ratio of residents per elected official. Using the 1991 census, Matsqui had one elected representative for every 9,723 residents, while Abbotsford had one elected representative for every 2,695 residents.

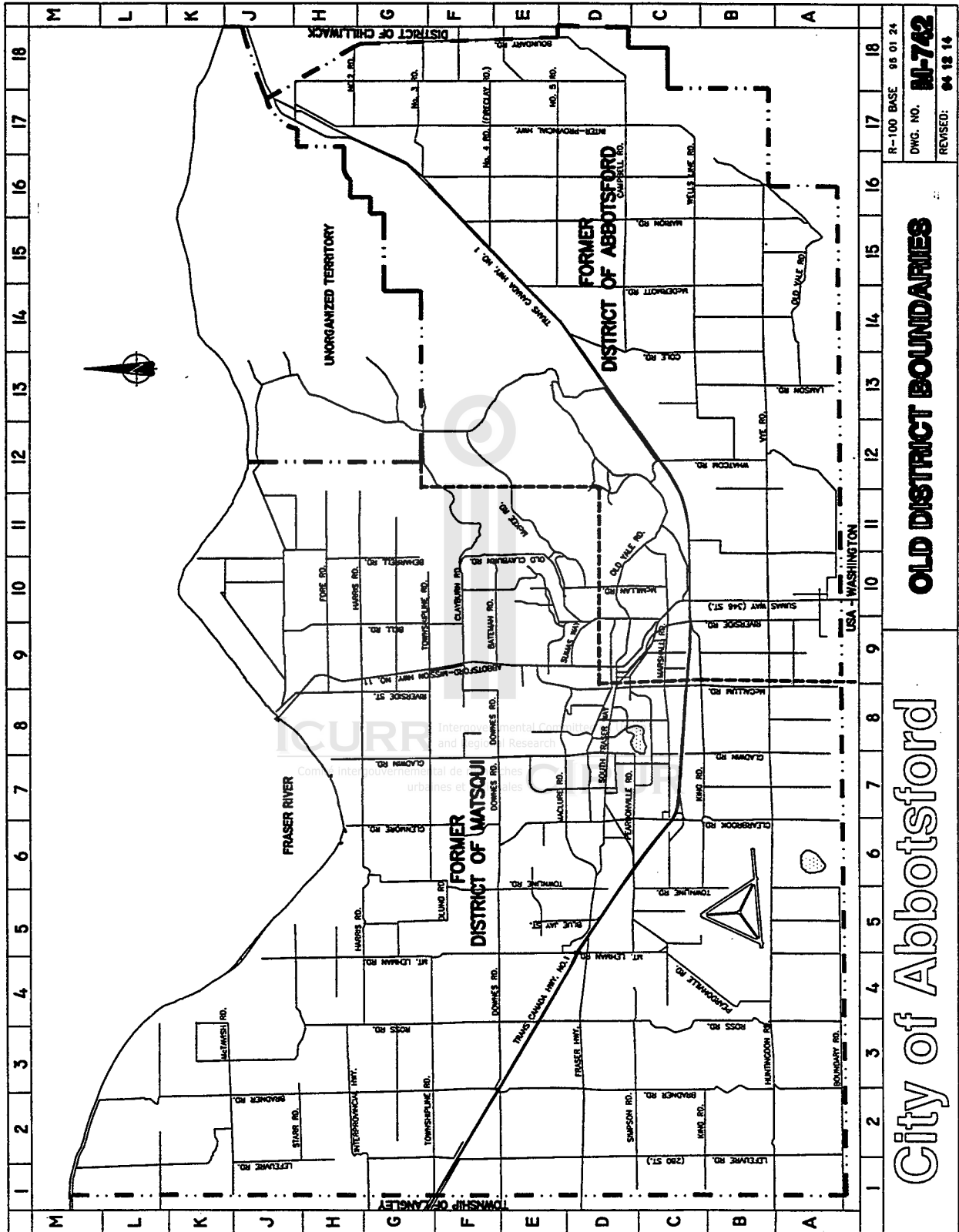
Both Matsqui and Abbotsford were part of the Central Fraser Valley Regional District. The Regional Board, the governing body of the regional district, was comprised of elected officials from the member municipalities and the unincorporated electoral areas. Matsqui and Abbotsford were also members of the Greater Vancouver Regional District for the regional park function. In addition, because of the development and operation of the municipal water source at Norrish Creek, Matsqui was also a participating member of the Dewdney Alouette Regional District.



---

<sup>3</sup> By 1994, Clearbrook had two-thirds of Matsqui's urban concentration, and was considered the business core of the district.

Map 2: Former District Boundaries (1994)



R-100 BASE 95 01 24  
 DWG. NO. **M-782**  
 REVISED: 04 18 14

**OLD DISTRICT BOUNDARIES**

**City of Abbotsford**

R:\ROADS\RT100.DWG

### 3.1.1.1 *Municipal and Special Purpose Agency Staff*

Before amalgamation, Matsqui had a much larger full-time municipal staff than Abbotsford. This difference was not only a result of a larger population, but also a distinctive approach to service delivery. While Matsqui provided most of its services through its own staff, Abbotsford tended to contract out. In Abbotsford, both garbage collection and policing were contracted out, with policing provided by the R.C.M.P.. The composition of the full-time municipal and special purpose agency staff in the two former districts is presented in Table 1.

**Table 1: Municipal and Special Purpose Agency Staff Before Consolidation**

| <b>Municipality</b> | <b>Staff</b> | <b>Special Purpose Agency</b> | <b>Staff</b> |
|---------------------|--------------|-------------------------------|--------------|
| Abbotsford          | 82           | Joint Recreation Commission   | 53           |
| Matsqui             | 221          | Joint Fire Department         | 30           |
|                     |              | Abbotsford R.C.M.P.           | 37           |
|                     |              | Matsqui Police                | 135          |

Districts of Abbotsford and Matsqui. 1993. *Abbotsford-Matsqui Amalgamation Vote*. In-house information package.

### 3.1.2 **Population**

The 1991 census shows a total population of approximately 87,000 inhabitants in the two districts. Matsqui maintained a population of about 68,000 and Abbotsford had roughly 19,000. Both communities had experienced rapid population growth over the past 15 years. In fact, between 1981 and 1986, the *Matsqui Census Agglomeration* (comprised of the districts of Matsqui, Abbotsford and Mission) was the fastest growing Census Agglomeration in Canada. The rapid growth was expected to continue, with projected populations in the region of approximately 136,000 in 2001 and 173,000 in 2011. In 1996, the population of the City of Abbotsford was estimated to be approximately 106,000. (Matsqui 1994; City of Abbotsford 1996.)

### 3.1.3 **Local Finances**

#### 3.1.3.1 *Property Taxes and Rates*

Considerable differences existed in the property tax base between the two municipalities. The General Taxation category in the 1994 Assessment Roll shows that the District of Matsqui had a total assessed value of \$4,715,100,000 (\$4,017,000,000 residential and \$698,100,000 non-residential), while the District of Abbotsford had a total assessed value of \$1,565,000,000 (\$1,259,000,000 residential and \$306,000,000 non-residential). However, a per capita assessment of the tax base reveals that while Matsqui maintained a tax assessment value of roughly \$69,000 per capita, Abbotsford's tax assessment was approximately \$83,000 per capita.<sup>4</sup>

With respect to general assessment characteristics, it is important to note that, of the two districts, Matsqui maintained a stronger commercial assessment base, and this is expected to continue to increase

<sup>4</sup> The per capita values were calculated using 1991 census data.

in comparison to Abbotsford (Price Waterhouse 1990). The more expensive residential properties in the area, however, were concentrated in Abbotsford, while Matsqui contained a proportionately large number of townhouses (O'Brien 1993: 57). Abbotsford also maintained a large utility assessment base, whose value in 1990 was almost double that of Matsqui's (Price Waterhouse 1990: 13). In 1993, for instance, utilities represented 15 percent of Abbotsford's general tax revenue, and only 2 percent of Matsqui's revenues (Districts of Abbotsford and Matsqui 1993: 5).

|                       | <b>Abbotsford</b> | <b>Matsqui</b> |
|-----------------------|-------------------|----------------|
| <b>Residential</b>    | 5.95              | 6.88           |
| <b>Business</b>       | 18.50             | 14.38          |
| <b>Light Industry</b> | 24.99             | 9.45           |
| <b>Major Industry</b> | 22.55             | 28.33          |
| <b>Utility</b>        | 46.32             | 36.69          |

\* Rates do not include the school levy.

Because of differing approaches to the financing of local services, and the different assessment bases, the tax rates in the two districts varied considerably among different property classes. Matsqui had higher residential and farm tax rates than Abbotsford, while Abbotsford had considerably higher tax rates on industrial and commercial properties (see Table 2). Matsqui's lower tax rates on business properties was attributed to its active initiative to attract new businesses to the area. The higher utility assessment base in Abbotsford, on the other hand, enabled it to maintain lower mill rates on residential properties (Price Waterhouse 1990).

### 3.1.3.2 *Municipal Debts*

In January 1994, the debenture debt of the District of Abbotsford was at \$959 per capita, while Matsqui's was at \$327 per capita (City of Abbotsford 1996). However, the general reserve surpluses in each of the two districts exceeded the long term debt, and both municipalities were therefore considered to be in good financial standing before consolidation.

### 3.1.4 **Legislation**

In British Columbia, the legal process for amalgamation is stipulated in Part 24, Section 772 of the *Municipal Act*, entitled *Amalgamation and division of regional districts and alterations of boundaries*. Besides establishing the legal framework for the amalgamation process, the legislation authorizes the Minister of Municipal Affairs to propose an "allocation or division of assets and liabilities" of the municipalities involved in restructuring.

In addition, Part A of the *Revenue Sharing Act Regulations* enables the Minister of Municipal Affairs to provide a grant to assist a municipality to "study, plan, organize or implement any establishment or reorganization of a municipal or regional district government or any change in its functions" (B.C. Ministry of Municipal Affairs 1993: 2). The maximum amount for the restructure grant in a given fiscal year is \$40,000.

## **3.2 THE CITY OF ABBOTSFORD — AFTER AMALGAMATION**

On January 1, 1995, the Districts of Matsqui and Abbotsford amalgamated to form the City of Abbotsford. The name of the new municipality was selected in the same manner that amalgamation was decided on, by referendum. Since the amalgamation of the two districts was voluntary, decided by plebiscite, the public reaction to the restructuring was generally favourable. When interviewed for this study, Hedda Cochran, the City Manager of Abbotsford, indicated that the prior history of intermunicipal collaboration between the two municipalities, evident in the numerous intermunicipal agreements, had facilitated the amalgamation process. In addition, she noted that, since discussions on amalgamation had been taking place for roughly two decades, the public was well informed and generally supportive of the restructuring initiative. Moreover, George Ferguson (the Mayor of the City of Abbotsford) stated that the “development of the ... strong core of volunteers” — which numbered approximately 6,000 — were also instrumental in “unit[ing] the two communities.”

The most contentious feature of the restructuring process emerged during the transition period. Policing became an emotional issue, and it still is, for some of the residents. The choice had to be made whether to retain the Matsqui Municipal Police or the Abbotsford R.C.M.P. detachment. The final decision was influenced by two factors — the size of the police force and uncertainty over contracting out. As roughly 100 more staff members were employed by Matsqui’s police department, the community impact was expected to be considerably minimized by bringing all policing in-house. In addition, the R.C.M.P. were not sure whether they were going to continue to provide municipal policing. Thus, Abbotsford could not rely on the R.C.M.P. to renew their contract. According to Ferguson, during the transition discussions “it became apparent that the R.C.M.P. were not available.”

The amalgamation process was assisted by two civic bodies: the Joint Council, which was composed of all fourteen members of the former Matsqui and Abbotsford Councils, and a Senior Management Committee. Discussions on amalgamation were initiated in 1977, when the two Councils authorized the first consolidation study. In 1990, a second amalgamation study was authorized; as in the first case, it was contracted out to a private consulting firm. Finally, in 1993, an In-house Information Package issued by the two districts indicated the expected administrative, political, and financial impact of amalgamation. This was the last feasibility study before the two districts were amalgamated.

The two councils had one year between the referendum and amalgamation to decide on the new political and administrative structures, staffing, and the harmonization of policies and procedures. All of these issues were eventually worked out by consensus. To facilitate this consensus, the two Councils spent roughly ten hours a week, for twelve months, resolving the inter-district disputes. In addition, the former Districts of Matsqui and Abbotsford spent approximately eighty more hours in negotiations with the provincial government. By the time the two Districts consolidated, there were no unresolved conflicts.

### **3.2.1 The New Political and Administrative Structure**

The City of Abbotsford is currently being governed by ten councillors and a mayor, a reduction of three elected council members from the previous structure of the old Abbotsford and Matsqui Districts. As in the pre-amalgamation situation, all council members are elected at large. Within the new structure, the access to elected representatives has improved somewhat for Matsqui, while accessibility to elected representatives has been reduced for Abbotsford (see Table 3).

**Table 3: Changes in Elected Representation**

| <b>PRE-AMALGAMATION</b>  |                            |                                     |
|--------------------------|----------------------------|-------------------------------------|
|                          | <b>Elected Councillors</b> | <b>Residents per Representative</b> |
| District of Matsqui      | 6 Councillors & Mayor      | 1: 9,700                            |
| District of Abbotsford   | 6 Councillors & Mayor      | 1: 2,700                            |
| <b>POST-AMALGAMATION</b> |                            |                                     |
|                          | <b>Elected Councillors</b> | <b>Residents per Representative</b> |
| City of Abbotsford       | 10 Councillors & Mayor     | 1: 7,900                            |

Some problems were confronted with the new political structure. During the transition period the Council of eleven seemed “somewhat dysfunctional,” and not everyone was satisfied with the new political organization. In addition, before the municipalities were amalgamated, it was expected that some officials would protect the interests of their former districts. In the current City Council, there is evidence that they do so.

#### *3.2.1.1 Administration*

The new administrative offices for the City of Abbotsford are located in the old District of Matsqui. They remained in the same building as the previous administration of former Matsqui. By retaining the office space in an existing building, the City of Abbotsford saved on capital restructuring costs. In addition, relocation costs were also minimized since the largest number of municipal employees, from Matsqui, did not need to be relocated — and neither did their equipment.

In the pre-consolidation period, less duplication was expected to help reduce administration costs. It was expected that 26 fewer municipal staff members would be required, with most job losses in management and administrative support. Full-time municipal employees were to be reduced to 546 from the previous year’s full-time staff of 572. This was to result in annual savings of roughly \$1 million. In 1995, after the amalgamation process, there were in fact 27 fewer municipal staff members, so the expected cost savings from consolidation were realized.

In 1996, 27 new full-time employees were hired by the City of Abbotsford (see Table 4). The total number of municipal staff, with 572 full-time employees, was again at the pre-amalgamation level. The Fire, Police and Recreation Departments all increased their numbers of full-time employees. However, none of these three departments had experienced reductions in staff in 1995 from the amalgamation process. Thus, the increases in employee numbers did not occur in the departments where “duplicated staff” had been eliminated.

| <b>Department</b>                                 | <b>1995</b> | <b>1996</b> |
|---|-------------|-------------|
| Administration<br>(Includes Information Services) | 31          | 31          |
| Engineering                                       | 160         | 163.5       |
| Development Services                              | 41          | 40.1        |
| Finance   | 27          | 27          |
| Parks and Recreation                              | 78          | 82          |
| Fire  | 32          | 44.4        |
| Police Civilians                                  | 56          | 56          |
| Police Members                                    | 120         | 128         |
| <b>Total</b>                                      | <b>545</b>  | <b>572</b>  |

Cochran indicated that the new employees were necessary to deal with the new service demands of the increasing population. Increases in staffing in these departments would have had to occur whether the former Districts amalgamated or not. For instance, the twelve new fire fighters were a result of a commitment made by the two Councils to the joint fire department prior to the referendum on amalgamation. In Cochran's words "they reflected the needs of a growing community ... amalgamation or not."

Before the two municipalities consolidated, it was also expected that no salary increases would result from either changes in required levels of specialization or new levels of workload. As anticipated, amalgamation itself created no increases in salaries beyond the expected cost of living adjustments — an average increase of 1.5 percent between 1994 and 1995 (see Table 5). A detailed breakdown of pre- and post- amalgamation operational expenditures by municipal function are shown in Table 5. The increase in general government operating costs of \$1,086,400 represents a portion of the one-time transition cost of amalgamation.

For some municipal staff members, the transition period did represent a difficult time of readjustment. In general, the problems were due to the numerous structural reorganizations. The municipal staff members were affected by relocation, new work standards, and an increased level of required team work within the larger municipal jurisdiction. The municipal employees also faced a significant increase in workload, which resulted in delays in processing inquiries, complaints and applications.

### *3.2.1.2 Changes in the Administrative Structure*

The old District of Matsqui, which was based on the Council-Manager system, remained intact, but significant changes were made by the former District of Abbotsford. The District of Abbotsford had a complex Council Committee System, with individual councillors overseeing departmental operations. This administrative structure was changed to the Council-Manager system, corresponding to the former District of Matsqui's administrative organization. Within this structure, the City Manager is the chief administrative officer of the corporation.



Additional administrative restructuring involved the Parks function, which used to be part of Public Works in both of the former Districts. This municipal function was merged with Recreation in the amalgamation. Changes were also made to the joint service operations. The Recreation Commission now acts in an advisory capacity only, while the jointly operated Fire Department has been merged into the municipal functions of the City. A number of other boards, that constituted separate agencies within the former structure, were also merged within the new City during the consolidation. These included the Police Board, the Economic Development Commission, and the Board of Variance.

### **3.2.2 Changes in Service Delivery and Municipal Functions**

The two former Districts anticipated changes in the cost of three municipal service functions, once the municipalities were consolidated. It was expected that, in the post-amalgamation period, the costs of policing and general government would decrease, while the costs of water provision would increase. With respect to service standards, the old Districts of Abbotsford and Matsqui expected that quality standards would rise in the post-amalgamation period in the areas of land use planning and engineering, building inspection, garbage collection, parks, and economic development.

It was also expected that there would be an increased level of contracting out of service delivery after the municipalities amalgamated. An example of the increasing importance of contracting out was provided by Jim Trueman, the Budget and Financial Information Systems Manager, who noted that the City of Abbotsford was examining the possibility of contracting out garbage collection in the rural area of the former District of Matsqui. Cochran indicated, however, that the contracting out of service delivery is influenced more by current “political trends” at all levels of government rather than by the amalgamation of the two municipalities. The following sections will review specific municipal functions, to show in detail what changes resulted from amalgamation.

**Table 5: City of Abbotsford — Comparison of Pre- and Post-Amalgamation Operational Expenditures**

**Changes in Operational Expenditures (\$)**

|   | Increase (\$)          | Decrease (\$)    |
|---|------------------------|------------------|
| Legislative                               |                        | 94,600           |
| General Government                        | 1,086,400 <sup>1</sup> |                  |
| Police                                    | 265,000 <sup>2</sup>   |                  |
| Fire                                      |                        | 147,000          |
| Public Works Administration & Engineering |                        | 235,000          |
| Roads                                     |                        | 1,168,800        |
| Cemeteries                                |                        | 31,600           |
| Solid Waste                               | 165,000 <sup>3</sup>   |                  |
| Civic Buildings                           |                        | 124,000          |
| Parks & Recreation                        | 805,800 <sup>4</sup>   |                  |
| Development Services                      |                        | 109,100          |
| Inspections                               |                        | 131,000          |
| Dyking                                    |                        | <u>10,100</u>    |
|   | <b>2,322,200</b>       | <b>2,051,200</b> |
| <br>                                      |                        |                  |
| Total 1994 Expenditures <sup>5</sup>      | 46,098,726             |                  |
| Total 1995 Expenditures                   | 46,367,832             |                  |
| <b>Increase</b>                           | <b>269,106</b>         |                  |

- 1 Increase due to one-time amalgamation expense of \$1,147,850
- 2 Increase due to one additional officer and a wage increase of 1.5 percent for the department
- 3 Increase due to increased service levels (spring and fall clean-up)
- 4 Increase due to increased service levels (new arena and parks)
- 5 The 1994 and 1995 operating expenditures were higher than the figures presented in either of the two total expenditure groupings. Some expenses which were exempt included debt charges, transfers to own funds and reserves, and transfers to outside agencies. The municipality felt that the removal of these expenditures would represent a better approximation of true municipal operating expenditures.

City of Abbotsford. 1995. *Comparison of Pre- and Post-Amalgamation Operational Expenditures.*

### *3.2.2.1 Planning*

One of the most significant benefits of amalgamation was expected with improvements in planning coordination of new residential and commercial developments in the region. It was anticipated that more effective planning would be carried out in the former districts because local planning functions would be coordinated better. As predicted, local planning is more effective in the new municipality. A new Official Plan and Zoning Bylaw were adopted for the City of Abbotsford in July 1996.

### *3.2.2.2 Economic Development*

The two municipalities had always been viewed as a single economic market, however, only the former District of Matsqui had an agency that carried out a formal Economic Development function. The Matsqui Economic Development Commission employed a full-time staff to attract new investment into the area and to support local businesses. A 1990 study indicated that Matsqui's development commission was making more than three times as many outside business contacts as Abbotsford's Planning Division, which was responsible for economic development in the District of Abbotsford (Price Waterhouse 1990: 31).

In addition, information provided by offices responsible for economic development in the two Districts tended to be confusing, and in some instances inaccurate, because of the overlapping postal codes. Officials in the two municipalities also found that they spent a considerable amount of time explaining to potential investors the differences in planning and development bylaws of the two Districts.

In the post-amalgamation period, the responsibility for economic development has been largely retained by Matsqui's existing economic development agency. The City of Abbotsford now provides a single package of economic information for the whole area. The municipality also seems to be much more successful in marketing itself because of its more "visible" and "recognizable" status. A new Corporate Strategic Plan has been adopted for the City.

### *3.2.2.3 Environmental Policies*

While the former District of Matsqui had an extensive environmental program, the District of Abbotsford did not. After the two municipalities were amalgamated, Matsqui's comprehensive environmental policy was retained, and Matsqui's former Environmental Manager became responsible for the City of Abbotsford's environmental program. The City's environmental policies are largely contained in its official plan.

## **3.2.3 Changes in Local Finances**

### *3.2.3.1 The Costs of Amalgamation*

The process of amalgamation involved a one-time consolidation expenditure of roughly \$1,150,000. This included approximately \$477,000 for changes in the Zoning Bylaw and the introduction of a new Official Community Plan. Two other major components of the transitional costs of amalgamation were the harmonization of policing and engineering services. Based on the 1991 census, the per capita costs of amalgamating Matsqui and Abbotsford were about \$13.21. The former Districts shared the costs of amalgamation with the provincial government. The Province paid for roughly one-third of the amalgamation costs, while the two Districts split the remaining two-thirds equally.

### 3.2.3.2 Property Taxes and Changes in Rates

The differing tax rates that existed in the pre-consolidation period will be brought into uniformity over a five year phase-in period. A 20 percent change in the tax rates of the two former Districts is to occur annually in each of the property classes until the rates are harmonized. During this period, the non-residential rates will move towards a higher rate in each property class, while the residential rates, which will also be set at a uniform rate, will be increased for former Abbotsford and decreased for former Matsqui. The municipal revenue increase generated by the higher non-

**Table 6: Anticipated Changes in the Tax Rate**

| Municipality                  | Property Type           | Type of Change |
|-------------------------------|-------------------------|----------------|
| Former District of Abbotsford | Residential             | Increase       |
|                               | Farm Land               | Increase       |
| Former District of Matsqui    | Residential             | Decrease       |
|                               | Utilities               | Increase       |
|                               | Light Industry          | Increase       |
|                               | Business                | Increase       |
|                               | Recreational/Non-profit | Increase       |

residential rates are intended to reduce residential rates throughout the new City. The goal is to achieve a 2.6 percent tax revenue shift from residential to non-residential properties. It is expected that at the end of the five-year phase-in period, the tax ratios in the City of Abbotsford will be similar to those of the neighbouring municipalities. Table 6 shows the anticipated tax rate changes by property type over the next five years.

The actual tax rate changes by property type between 1993 and 1996 are illustrated in Table 7. Both of the former Districts have realized significant tax rate reductions in both residential and business properties, with tax rates in the two property classifications being reduced faster in the former municipality of Abbotsford. In fact, since 1993 the residential rates in Abbotsford have been reduced almost twice as fast as those in Matsqui.

However, the tax rates of these two property types began to decrease even before amalgamation (see Table 7). An additional variable that has, in part, contributed to the decrease in rates has been the rapid growth in the region. The total assessed property value in the two municipalities has risen from approximately \$5,360,000,000 in 1993 to \$6,770,000,000 in 1996. This represents an increase of over 26 percent in total assessed value in a three year period.

An interesting trend can also be seen in the *industry* property grouping. In 1993, the tax rate for the *major industry* property classification was almost identical in the two districts. However, by 1996 this tax rate had decreased by approximately 16 percent in former Matsqui, and increased by over 19 percent in former Abbotsford. A phasing-in of a uniform rate is more apparent in the *minor industry* property classification. In 1993, Matsqui's property tax rate was roughly 35 percent of Abbotsford's, whereas in 1996, the rate of former Matsqui was approximately 50 percent of Abbotsford's. The rate on utilities has increased in both of the former municipalities.

### 3.2.3.3 *Municipal Debt*

Because there was no significant distinction in the net debt status of the two former Districts (once the general reserve surpluses were taken into account), the municipal debts of the old municipalities were amalgamated and taken over by the City of Abbotsford. The City also recognized all capital project commitments that were made by the two former Districts. This accounted for a sum of roughly \$8 million.

However, municipal consolidation does not necessarily require former municipal members to amalgamate their debts. If the net debt status of the member municipalities varies considerably, each municipal member can continue to retain responsibility for its own debt. For instance, in a recent study on restructuring in Comox Valley, the British Columbia Ministry of Municipal Affairs and Housing (1996) indicated that the financial provisions in the potential municipal restructuring could be designed so as to ensure that the individual municipal debts of the City of Courtenay and the Town of Comox continued to remain separate responsibilities (British Columbia Ministry of Municipal Affairs and Housing 1996: 6).



**ICURR** Intergovernmental Committee on Urban  
and Regional Research  
Comité intergouvernemental de recherches  
urbaines et régionales **CIRUR**

**Table 7: Municipal Tax Rates 1993 to 1996 — Taxation per \$1,000 Taxable Value\***

**Residential Rate Changes per \$1,000 Taxable Value**

|        | Abbotsford | % Change | Matsqui | % Change |
|--------|------------|----------|---------|----------|
| 1993   | 6.5918     |          | 7.1260  |          |
| 1994   | 5.9570     | -9.63    | 6.8882  | -3.41    |
| 1995** | 5.8705     | -1.45    | 6.8338  | -0.72    |
| 1996** | 5.6450     | -3.84    | 6.5904  | -3.56    |

**Business Rate Changes per \$1,000 Taxable Value**

|        | Abbotsford | % Change | Matsqui | % Change |
|--------|------------|----------|---------|----------|
| 1993   | 20.2932    |          | 14.5481 |          |
| 1994   | 18.5013    | -8.83    | 14.3781 | -1.17    |
| 1995** | 19.5381    | 5.60     | 14.2761 | -0.71    |
| 1996** | 17.9474    | -8.14    | 13.4541 | -5.76    |

**Light Industry Rate Changes per \$1,000 Taxable Value**

|        | Abbotsford | % Change | Matsqui | % Change |
|--------|------------|----------|---------|----------|
| 1993   | 28.3835    |          | 9.8417  |          |
| 1994   | 24.9886    | -11.65   | 9.4523  | -3.96    |
| 1995** | 26.1371    | 4.60     | 11.4986 | 21.65    |
| 1996** | 24.2424    | -7.25    | 11.9585 | 4.00     |

**Major Industry Rate Changes per \$1,000 Taxable Value**

|        | Abbotsford | % Change | Matsqui | % Change |
|--------|------------|----------|---------|----------|
| 1993   | 25.5643    |          | 26.9202 |          |
| 1994   | 22.5488    | -11.80   | 28.3342 | 5.25     |
| 1995** | 28.0934    | 24.59    | 22.4785 | -20.67   |
| 1996** | 30.5262    | 8.66     | 22.4855 | 0.03     |

**Utility Rate Changes per \$1,000 Taxable Value**

|        | Abbotsford | % Change | Matsqui | % Change |
|--------|------------|----------|---------|----------|
| 1993   | 44.6780    |          | 35.0022 |          |
| 1994   | 46.3203    | 3.68     | 36.6880 | 4.82     |
| 1995** | 49.7782    | 7.47     | 37.9795 | 3.52     |
| 1996** | 48.2781    | -3.01    | 38.4389 | 1.21     |

\* Rates do not include the school levy.

\*\* Post-amalgamation tax rates.



## CHAPTER 4

# Ontario

In Ontario, municipal amalgamations and annexations were an important restructuring tool in the immediate post-World War II period. The 1950s were characterized by rapid urban growth and population overspill, and during these years, municipal consolidations were a reform option that effectively facilitated the expansion of municipal boundaries. For instance, the *Select Committee on the Municipal Act and Related Acts* indicated that between 1951 and 1963, 23 of the 32 cities in Ontario had substantial adjustments to their boundaries (Tindal 1996: 3). In many cases, such adjustments significantly increased the area of the cities. As indicated by Richard Tindal, during this restructuring period Cornwall increased in area by 1,842 percent, Niagara Falls by 1,344 percent, Sarnia by 688 percent, and Kingston by 199 percent (Tindal 1996: 3). However, as a result of growing criticism of the consolidation process in the 1970s, the number of municipal restructurings in the Province fell considerably. In fact, between 1975 and 1992 there were no consolidations of small municipalities in Ontario. Then, within a two year period in the mid-1990s, five amalgamations took place in the Province (Diamant 1996: 39).

Since its election victory, Ontario's provincial government under Premier Mike Harris, has actively promoted municipal amalgamation as a method of achieving more effective political representation, and reducing the costs of municipal service provision and local governance. While the Harris government has not released a formal report stating the provincial policy position on municipal consolidation, its stand on this form of municipal restructuring was recently reflected in a speech by Al Leach, Minister of Municipal Affairs and Housing, to the Northwestern Ontario Municipal Association. In this speech Leach stated that "Ontario is in the middle of a sea of change" where the "Province has collapsed ministries [and] cut spending" (Ontario Ministry of Municipal Affairs and Housing 1996: 1). He went on to indicate that "the taxpayer wants a smaller, more efficient public sector" with "less government and fewer governments" (Ontario Ministry of Municipal Affairs and Housing 1996: 2). The Minister stated that within this political and fiscal environment, "maintaining 815 municipalities in Ontario ... is simply unrealistic" (Ontario Ministry of Municipal Affairs and Housing 1996: 2). The municipalities were going to face increasing reductions in Provincial grants, and political restructuring was the expected mechanism to facilitate "cost-savings" and "efficiency measures." Leach had already delivered a similar message in the Legislative Assembly in December 1995, when Bill 26 (the *Savings and Restructuring Act*) was introduced for second reading. At that time, Leach said:

*I don't want to gloss over the fact that municipalities will be receiving less money. Some municipalities, probably many municipalities, will need to restructure to manage their reductions. Municipalities can restructure by streamlining their operations or by realigning jurisdictions, but they must do whatever it takes to deliver services for less. (Longo and Williams 1996: 7)*

The determination of the Harris government to facilitate municipal restructuring was also seen with the enactment of the *Savings and Restructuring Act, 1996* (Bill 26). The Bill provided a much more "proactive process" to amalgamation that allows municipal councils to take more control in a local restructuring initiative (Bullock 1996: 13). The implications of the *Savings and Restructuring Act* will be covered in greater detail in the section on *Legislation*, below.



#### 4.1 THE VILLAGE OF RODNEY AND THE TOWNSHIP OF ALDBOROUGH — POLITICAL BOUNDARIES AND LOCAL GOVERNMENT STRUCTURE

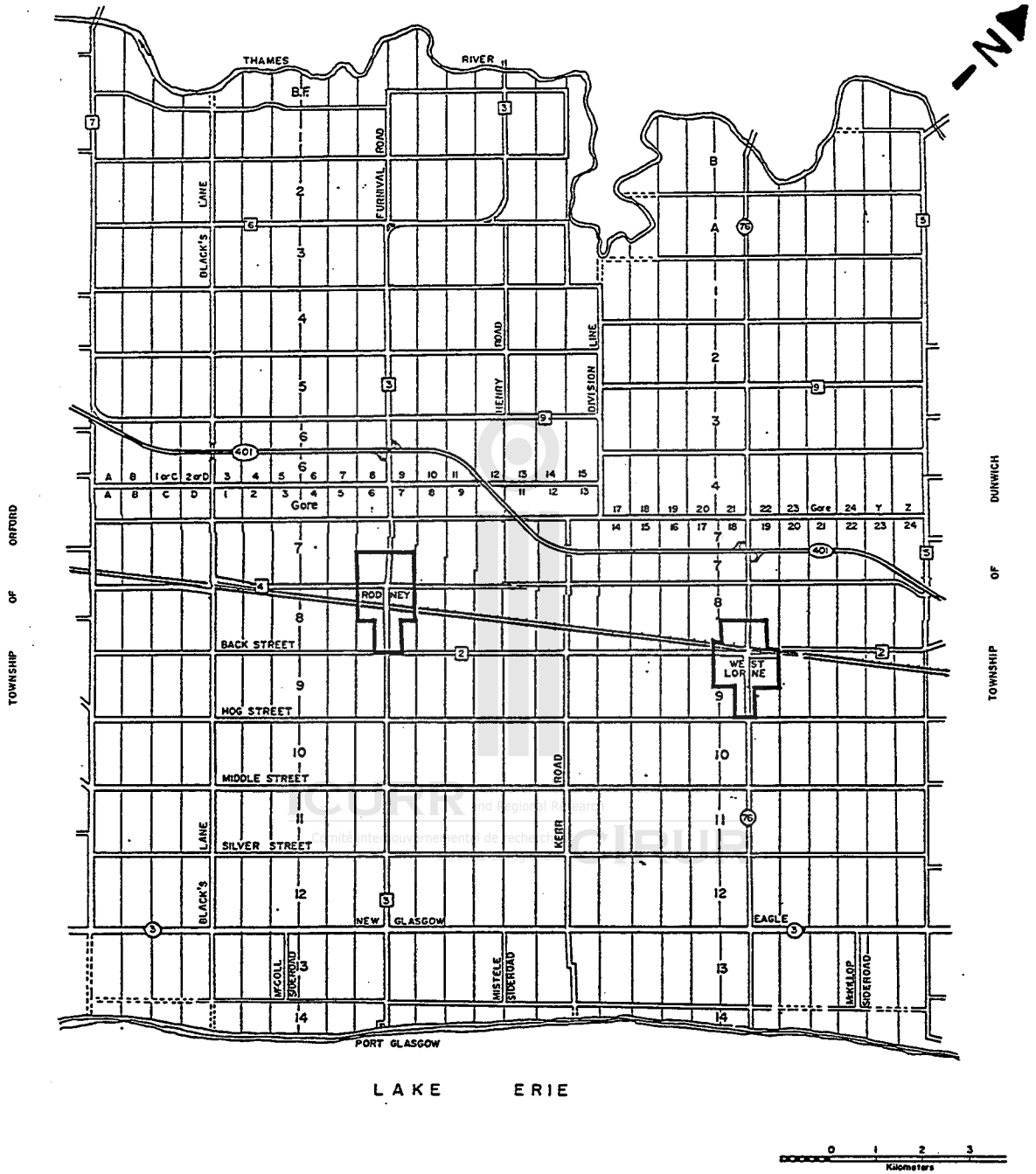
The consolidation of the Township of Aldborough and the Village of Rodney was one of the early cases of amalgamation in this new wave of local government reform of small municipalities. Map 3 shows the municipal boundaries of Aldborough and Rodney. Both municipalities were located in the County of Elgin, approximately 70 kilometers southwest of London, Ontario. Before consolidation each of the member municipalities had five councillors, who were elected at large. Within the former political structure, the Township of Aldborough had an elected reeve and a deputy reeve, while the Village of Rodney had one elected reeve. Table 8 shows the ratio of residents per elected council member in the former municipalities.

**Table 8: Elected Representation in the former Township of Aldborough and Village of Rodney**

|                        | <b>Elected Councillors</b>              | <b>Residents per Representative*</b> |
|------------------------|---|--------------------------------------|
| Township of Aldborough | 3 Councillors, 1 Reeve & 1 Deputy Reeve | 560                                  |
| Village of Rodney      | 4 Councillors & 1 Reeve                 | 217                                  |

\* The ratio of residents per elected council members is based on 1991 census populations (Township of Aldborough — 2,802 and the Village of Rodney — 1,087).

**Map 3: The Former Township of Aldborough and the Village of Rodney (1992)**



The Village of West Lorne was part of the initial discussions on amalgamation. After a failed referendum on consolidation, West Lorne withdrew from the restructuring initiatives.

#### 4.1.1 Municipal and Special Purpose Agency Staff

In the pre-consolidation period, Aldborough had 9 full-time and 2 part-time staff members, while Rodney had 2.5 full-time and 3 part-time staff members (see Table 9). Both the Chief Building Official and the Drainage Superintendent spent half of their work week with Rodney, and the other half with Aldborough.

**Table 9: Municipal Staff Before Consolidation**

##### **Village of Rodney**

###### *Full-Time*

- 1 Clerk (Also part-time PUC Manager.)<sup>1</sup>
- 1 Office assistant (Half the weekly hours were with PUC.)
- 1 Road Superintendent

###### *Part-time*

- 1 Part-time Chief Building Official (Worked half the weekly hours in the Township.)
- 1 Part-time Drainage Super. (Worked the weekly hours in the Township.)
- 1 Part-time Recreation Facilitator

##### **Township of Aldborough**

###### *Full-Time*

- 1 Clerk-Treasurer
- 1 Tax Collector / Planning Assistant
- 1 Office Assistant
- 1 Road Superintendent
- 5 Road Employees

###### *Part-time*

- 1 Part-time Chief Building Official
- 1 Part-time Drainage Superintendent

<sup>1</sup> PUC is the abbreviation for the Public Utilities Commission — a hydro electric commission that provides hydro electric service (Ontario Ministry of Municipal Affairs and Housing 1996: 17). In Ontario, municipalities have the authority to supply water under the *Public Utilities Act*, and power is provided under the *Power Corporations Act*. Villages and towns in Ontario could combine the two under a Public Utilities Commission (PUC), and usually they do so (Diamant 1996: 34).

## **4.1.2 Population**

The combined 1991 census population of the two municipalities was 3,889, with the Township of Aldborough maintaining a population of 2,802 and the Village of Rodney 1,087. For Aldborough, this represented a total population growth of 8.4 percent from a 1986 census population of 2,586, while Rodney experienced a total growth of 6.6 percent from 1986, when its census population was 1,020. However, from 1991 to 1994, the combined population of the two municipalities declined slightly to 3,772, a reduction of 3 percent over three years.

## **4.1.3 Local Finances**

### *4.1.3.1 Property Taxes and Rates*

In the pre-consolidation period, considerable differences existed between Aldborough and Rodney in the total taxable assessment. While Aldborough maintained a total assessed value of approximately \$6,871,000, Rodney's total assessment was about \$1,793,000. Aldborough's relative fiscal strength was also apparent when per capita tax assessments were compared. While Aldborough maintained a per capita assessment of approximately \$2,450, Rodney's per capita assessment was roughly \$1,650. However, the concentration of commercial properties in the Village of Rodney enabled it to sustain a higher total commercial assessment and per capita commercial assessment in comparison to the Township.

When discussions on amalgamation began in the early 1990s there was less than a two-mill variance between Aldborough and Rodney in the general property tax rate (see Table 10). However, between 1990 and 1993, while the general levy for Rodney remained fixed at 95.972, the levy for Aldborough increased from 97.024 to 120.152. By 1993, when the two municipalities consolidated, there was a 22-mill variance in the general levy between the Village of Rodney and the Township of Aldborough.

**Table 10: Municipal Tax Rates per \$1000 of Taxable Assessment — 1990-1993**

|   | <u>Former Township of Aldborough</u> |                   | <u>Former Village of Rodney</u> |                   |
|---|--------------------------------------|-------------------|---------------------------------|-------------------|
|   | <b>Residential</b>                   | <b>Commercial</b> | <b>Residential</b>              | <b>Commercial</b> |
| <b>1990</b>   |                                      |                   |                                 |                   |
| <b>Aldb. (General)</b>  | 97.024                               | 114.145           | <b>Rodney (General)</b>         | 95.972            |
| <b>County of Elgin</b>  | <u>41.883</u>                        | <u>49.274</u>     | <b>County of Elgin</b>          | <u>48.519</u>     |
| <b>Sub-total</b>  | 138.907                              | 163.419           |                                 | 169.989           |
| <b>Total tax rates with Public and Separate School Levies</b> |                                      |                   |                                 |                   |
| <b>Public Schools</b>   | 338.669                              | 398.432           |                                 | 300.101           |
| <b>Separate Schools</b>                                       | 337.162                              | 396.660           |                                 | 352.971           |
| <b>1991</b>   |                                      |                   |                                 |                   |
|   | <b>Residen.</b>                      | <b>Comm.</b>      | <b>Residen.</b>                 | <b>Comm.</b>      |
| <b>Aldb. (General)</b>  | 108.011                              | 127.071           | <b>Rodney (General)</b>         | 95.972            |
| <b>County of Elgin</b>  | <u>43.411</u>                        | <u>51.072</u>     | <b>County of Elgin</b>          | <u>55.100</u>     |
| <b>Sub-total</b>  | 151.422                              | 178.143           |                                 | 177.730           |
| <b>Total tax rates with Public and Separate School Levies</b> |                                      |                   |                                 |                   |
| <b>Public Schools</b>   | 346.289                              | 407.398           |                                 | 316.178           |
| <b>Separate Schools</b>                                       | 346.319                              | 407.433           |                                 | 370.924           |
| <b>1992</b>   |                                      |                   |                                 |                   |
|   | <b>Residen.</b>                      | <b>Comm.</b>      | <b>Residen.</b>                 | <b>Comm.</b>      |
| <b>Aldb. (General)</b>  | 117.602                              | 138.355           | <b>Rodney (General)</b>         | 95.972            |
| <b>County of Elgin</b>  | <u>49.012</u>                        | <u>57.662</u>     | <b>County of Elgin</b>          | <u>60.860</u>     |
| <b>Sub-total</b>  | 166.614                              | 196.017           |                                 | 184.507           |
| <b>Total tax rates with Public and Separate School Levies</b> |                                      |                   |                                 |                   |
| <b>Public Schools</b>   | 352.268                              | 414.435           |                                 | 324.496           |
| <b>Separate Schools</b>                                       | 351.847                              | 413.938           |                                 | 381.794           |
| <b>1993</b>   |                                      |                   |                                 |                   |
|   | <b>Residen.</b>                      | <b>Comm.</b>      | <b>Residen.</b>                 | <b>Comm.</b>      |
| <b>Aldb. (General)</b>  | 120.152                              | 141.355           | <b>Rodney (General)</b>         | 95.972            |
| <b>County of Elgin</b>  | <u>59.924</u>                        | <u>70.499</u>     | <b>County of Elgin</b>          | <u>59.924</u>     |
| <b>Sub-total</b>  | 180.076                              | 211.854           |                                 | 183.406           |
| <b>Total tax rates with Public and Separate School Levies</b> |                                      |                   |                                 |                   |
| <b>Public Schools</b>   | 345.086                              | 405.983           |                                 | 320.906           |
| <b>Separate Schools</b>                                       | 345.086                              | 405.984           |                                 | 377.536           |

#### 4.1.4 Legislation

Up until the enactment of the *Savings and Restructuring Act* (Bill 26) in January 1996, municipal restructuring in Ontario fell under the *Municipal Boundary Negotiations Act, 1981 (MBNA)*. While the amendments to the *Municipal Act* in Schedule M of Bill 26 did not repeal the *MBNA*, they provided a parallel process to municipal reform that offered local governments a more proactive restructuring procedure. As indicated in subsection 25(1) of Bill 26, the *Act* was intended “to provide for a process which allows municipal restructuring to proceed in a timely and efficient manner” and “to facilitate municipal restructuring of a significant nature” (Legislative Assembly of Ontario 1996: 145).

Under the *MBNA*, the council of a municipality can initiate the restructuring of boundaries by applying to the Minister of Municipal Affairs and Housing (as indicated under Section 2). A negotiating committee and a chief negotiator are then appointed (Section 6). The chief negotiator acts as chairperson of the negotiating committee. The main goal of this committee is to facilitate an acceptable restructuring agreement between the interested parties.

Subsection 20(1) of the *MBNA* allows the Province to “provide financial assistance to any party municipality in respect of the costs incurred by the municipality in carrying out studies related to the issue or issues raised by an application.” Subsection 20(2), on the other hand, enables Ontario to “require that the party municipalities contribute to the costs incurred by the Province as a result of an application.”

The *Savings and Restructuring Act* (Bill 26) established two separate paths for municipal restructuring. Subsection 25(2) allows “a municipality or local body ... [to] make a restructuring proposal to restructure municipalities and unorganized territory in the locality by submitting to the Minister a restructuring report.” The report has to illustrate the nature of the restructuring and it has to demonstrate that the proposal has the “prescribed degree of support.” If the report indicates that all of the requirements are met, the Minister of Municipal Affairs and Housing will implement the restructuring proposal.

The alternative restructuring method, under Subsection 25(3), allows the Minister to “establish a commission ... at the request of a municipality in a locality or at the request of 75 or more residents of an unorganized territory.” The purpose of the commission, as indicated under Subsection 25(3), “is to develop a proposal for restructuring.” Subsection 25(3) outlines the mandatory process for the municipal restructuring and also authorizes the commission “to implement the restructuring proposal.”

In the *Opening Note from the Minister* that introduced the *Guide to Municipal Restructuring* (1996), Leach indicated which option the Province preferred:

*I feel the first option makes the most sense. Local restructuring should not be left up to an independent third party to decide. These decisions should be made by local governments as they know best the needs of their taxpayers.* (Ontario Ministry of Municipal Affairs and Housing 1996: no page provided.)

## 4.2 THE TOWNSHIP OF ALDBOROUGH — AFTER AMALGAMATION

In July 1, 1993, the Village of Rodney and the Township of Aldborough amalgamated to form the new Township of Aldborough. The process of consolidation was initiated by former Aldborough, which approached the Villages of Rodney and West Lorne. The Village of West Lorne — located roughly seven kilometers east of Rodney (see Map 3) — was involved in the discussions on consolidation for

about one and one-half years. The first meeting between the three municipalities was held on June 11, 1991. The three municipalities held 31 meetings in total to discuss municipal consolidation. In deciding whether to proceed with the amalgamation process, West Lorne held a referendum in which the majority of the residents voted against consolidation. Rodney and Aldborough held six more meetings together before proceeding to amalgamate. The decision to consolidate in Rodney and Aldborough was decided by a vote in the two Councils.

The amalgamation process was facilitated by an amalgamation committee that consisted of the ten elected members of both councils, senior staff, and representatives of the Ministry of Municipal Affairs. The amalgamation committee negotiated for roughly two years before an agreement was finalized. During this period, no feasibility studies were undertaken to examine the municipal impacts of the amalgamation. The *Aldborough/Rodney Amalgamation Committee* was also responsible for selecting a name for the new municipality. The two options considered by the amalgamation committee were “Aldborough” and “Aldborough-Rodney.” The name “Township of Aldborough” was selected by a majority in the committee.

The public reaction to the amalgamation was mixed, largely as a result of notable tax changes over the last three years which increased property taxes in the former Village of Rodney, and decreased taxes for some ratepayers in Aldborough. However, as indicated by Joanne Groch, the Township’s Clerk Treasurer, these property tax changes were not only a result of the amalgamation process. In 1993, Elgin County had a County wide reassessment which determined that farmers in the County were over-taxed, and provided them with a considerable rebate. The resulting decreases in the property tax in the former Township had produced a “positive reaction” to amalgamation, even though the changes in taxes had nothing to do with the consolidation process itself.

Ratepayers in former Rodney, on the other hand, faced notable property tax increases, and this helped generate discontent over amalgamation in the former Village. As indicated previously, the property tax rates for former Rodney and Aldborough had diverged considerably prior to the amalgamation. This difference in tax rates was to be phased out over a four year period, starting in 1994. Former Rodney faced an increase of approximate seven mills annually. By the end of the phase-in period, in 1997, the rates of the two former municipalities will be harmonized.

As indicated by Groch, the transition period from the old municipal structures to the current administrative and political organization involved the “gradual merging of ledgers, staff, and bylaws,” which were all handled “in-house.” No significant difficulties were experienced during this restructuring initiative. Some of the transitional processes, such as the gradual updating and consolidating of municipal by-laws, are still in progress.

#### **4.2.1 The New Political and Administrative Structure**

The Township of Aldborough is governed by five elected officials — one reeve, one deputy reeve, and three councillors. As in the pre-consolidation period, all five representatives are elected at large. However, from the date of amalgamation (July 1, 1993) to the 1994 municipal elections, the Reeve and Deputy Reeve in the new Township were appointed by the ten members of the former municipal councils of Rodney and Aldborough.

**Table 11: Changes in Elected Representation**

**Pre-amalgamation**

|                        | <b>Elected Councillors</b>              | <b>Residents per Representative</b> |
|------------------------|---|-------------------------------------|
| Township of Aldborough | 3 Councillors, 1 Reeve & 1 Deputy Reeve | 560*                                |
| Village of Rodney      | 4 Councillors & 1 Reeve                 | 217*                                |

\* The ratio of residents per elected council members is based on 1991 census populations (Township of Aldborough — 2,802 and Village of Rodney — 1,087).

**Post-amalgamation**

|                        | <b>Elected Councillors</b>              | <b>Residents per Representative</b> |
|------------------------|---|-------------------------------------|
| Township of Aldborough | 3 Councillors, 1 Reeve & 1 Deputy Reeve | 754**                               |

\*\* The ratio of residents per elected council members is based on the Township of Aldborough's 1994 population (3,772).

The ratio of residents per elected council member before and after amalgamation is shown in Table 11. Both of the former municipalities have faced slight reductions in access to elected representatives within the new municipal structure.

*4.2.1.1 Changes in Administration and Administrative Structure*

The administrative offices for the new municipality are currently located in the former Aldborough Township. Because the offices were housed in an existing municipal building, no construction costs for office space were incurred. In the pre-consolidation period, the administration costs were expected to decrease slightly. As indicated by Harry Mezenberg, the Township Reeve, a decrease in administration costs of approximately 4 percent was expected, largely from reductions in duplication. In fact, according to Section 7 of the *Guiding Principles*:

*Amalgamation should eliminate duplication between the two municipalities. Contracts or services are duplicated for auditing, legal council, building inspection, drainage inspection, planning, zoning, by-law enforcement and garbage collection. Equipment is duplicated in roads and office administration. Representation to the county and conservation authority is duplicated. (Amalgamation Committee for the Township of Aldborough and the Village of Rodney 1993: 3.)*

Since the amalgamation, there have been reductions in both the full- and part-time staff. Before consolidation, Aldborough and Rodney maintained 11.5 full-time and 5 part-time employees. The current staff consists of 11 full-time and 2 part-time employees. Table 12 illustrates a more detailed break-down of the municipal staff in the amalgamated Township.



**Table 12: Current Municipal Staff (1996)**

**Township of Aldborough**

*Full-Time*

- 1 Clerk-Treasurer / Administrator
- 1 Deputy Clerk
- 2 Office Assistants
- 1 Road Superintendent
- 1 Road Foreman
- 5 Road Employees

*Part-time*

- 1 Part-time Chief Building Official
- 1 Part-time Drainage Superintendent

The two former municipalities expected increased staff specialization to occur in planning and accounting once the amalgamation process was completed. Despite the anticipated increases in staff specialization, no increases in salaries were expected apart from the cost-of-living adjustments.

Changes in full- and part-time municipal salaries and benefits from 1993 to 1995 are shown in Table 13. Since the figures in Table 13 are for total salaries, changes in their level are also a reflection of reductions in staff numbers. The figures show that salary and benefit increases among the full-time staff were countered by significantly greater reductions in salary and benefits among the part-time staff, resulting in net decreases in the total payroll in both the 1994 and the 1995 fiscal years.

**Table 13: Full- and Part-time Municipal Salaries (1993-1995)**

|      |              | <b>Full-Time</b> | <b>% Change</b> | <b>Part-Time</b> | <b>% Change</b> | <b>Total</b> | <b>% Change</b> |
|------|--------------|------------------|-----------------|------------------|-----------------|--------------|-----------------|
| 1993 | Wages        | \$320,826        |                 | \$201,453        |                 | \$574,044    | —               |
|      | Benefits     | 37,383           |                 | 14,382           |                 |              |                 |
|      | <b>Total</b> | <b>358,209</b>   | <b>—</b>        | <b>215,835</b>   | <b>—</b>        |              |                 |
| 1994 | Wages        | 364,243          |                 | 153,818          |                 | \$568,585    | -0.95%          |
|      | Benefits     | 42,430           |                 | 8,094            |                 |              |                 |
|      | <b>Total</b> | <b>406,673</b>   | <b>13.53%</b>   | <b>161,912</b>   | <b>-24.98%</b>  |              |                 |
| 1995 | Wages        | 383,182          |                 | 133,227          |                 | \$568,430    | -0.03%          |
|      | Benefits     | 44,500           |                 | 7,521            |                 |              |                 |
|      | <b>Total</b> | <b>427,682</b>   | <b>5.17%</b>    | <b>140,748</b>   | <b>-13.07%</b>  |              |                 |

Before consolidation, Rodney and Aldborough had a number of joint service agreements. These jointly operated municipal functions included waste management, fire protection, recreation and drainage services. When the two municipalities were amalgamated, all of the joint service operations were merged into the municipal functions of the new Township.

## 4.2.2 Changes in Service Delivery and Municipal Functions

Former Rodney and Aldborough expected little change in the cost of service provision or in the method of service delivery after amalgamation. Mezenberg indicated that an increased number of volunteers was perhaps the most significant change expected in the post-consolidation period. Little change was anticipated in the role of local agencies, boards, and commissions. However, the two municipalities did expect increases in service quality standards to rise in areas of fire protection, road maintenance and winter snow clearance of roads in Rodney.

### 4.2.2.1 Planning

In the pre-consolidation period, there was a need for more effective management and provision of infrastructure. Unmet demand for improved water services, and the resulting call for the extension of water lines, were of particular concern. For former Rodney, one of the immediate benefits of amalgamation was an increase in the borrowing limit for water and sewage projects. In addition, Groch, the Township's Clerk Treasurer, has indicated that, since amalgamation, there has been a notable improvement in planning because of the greater coordination and cooperation of planning functions throughout the region. For instance, she noted that with the current municipal structure, "residential development can be channeled to the serviced areas within the Village," significantly improving the coordination of new development.

Since the consolidation process, the new Township has slowly been merging, updating, and harmonizing the Official Plans and Zoning Bylaws, as needs in particular areas arose. However, Mezenberg indicated that due to the Provincial "government's pressure for further restructuring," this harmonization process has been placed on hold.

### 4.2.2.2 Economic Development

Prior to the amalgamation, there was a need for greater coordination of economic development initiatives. In the pre-consolidation period, considerable competition existed between the two municipalities for new commercial and industrial investment. Amalgamation of former Aldborough and Rodney was expected to improve economic development. According to Section 4 of the *Guiding Principles*:

*Amalgamation should result in a vision for the future. The new municipality will have the ability to plan for, promote, and service new economic development in a strong unified manner. ... The new amalgamated municipality will be better equipped to respond promptly to changing environmental, social and economic situations (Amalgamation Committee for the Township of Aldborough and the Village of Rodney 1993: 2).*

Before consolidation, only former Rodney had an Economic Development Commission, although its Municipal Council also played a major role in any economic development initiative. Since amalgamation, Rodney's Economic Development Commission has been merged with the Chamber of Commerce, which now undertakes this municipal function. Since the amalgamation of the two municipalities, a community advisory committee has also been established. While the advisory committee's central mandate has been to improve communications both within and outside the new municipality, it has taken on additional roles, which include attracting new investment into the Township.

## 4.2.3 Changes in Local Finances

### 4.2.3.1 *The Costs of Amalgamation*

The transition costs in the Township of Aldborough were estimated at approximately \$144,000. Based on the 1991 population of approximately 3,890 people, the transition costs per capita were about \$37.02. The consolidation costs can be separated into three components. The cost of *planning services* were about \$12,500, the cost of *computers and other equipment* were roughly \$70,500, while the costs of *administration* (legal, audit, advertising, and so on) were approximately \$61,000.

The Province of Ontario provided \$144,000 to assist with the transition — a sum that covered the full amalgamation expense. This was the only municipality out of the five in the study that had the full costs of the amalgamation process paid by the provincial government. The money granted to the municipalities was based on a pre-consolidation assessment of the transition expense developed by Aldborough, Rodney and West Lorne. During the period that the Village of West Lorne was also involved in the amalgamation discussions, Ontario was offering \$225,000 to the three municipalities to help with the transition costs. When West Lorne opted out of the amalgamation process, Ontario provided Rodney and Aldborough a sum of \$144,000. This sum was based on Ontario's estimate of the expected costs of amalgamation in the Township prior to the consolidation.

Besides providing funds to cover the transition costs of consolidation, Ontario also facilitated the amalgamation process by granting the former municipalities a Private Members Bill which allowed hydro services to remain the responsibility of the former jurisdictions. Under the *Power Corporations Act*, a municipality that is responsible for providing its residents with power must provide this service to all of its inhabitants (Ontario 1996: 17; Diamant 1996: 34). Since Rodney was responsible for the provision of power in its own jurisdiction, the *Power Corporations Act* would have required the local PUC to purchase all of the hydro infrastructure within former Aldborough from Ontario Hydro, once the Village and the Township were amalgamated. Since the costs of this requirement would have impeded any amalgamation process, Ontario passed a Private Members Bill enabling each of the former jurisdictions to retain responsibility until a phasing-in of hydro services could be achieved at a later date (Amalgamation Committee for the Township of Aldborough and the Village of Rodney 1993: 12). In 1997, Aldborough's power was provided by Ontario Hydro, while Rodney's was supplied by the Rodney Public Utilities Commission.

### 4.2.3.2 *Property Taxation*

Because the two municipalities amalgamated in July 1993, individual tax rates were maintained for the 1993 fiscal year. The phase-in of the tax rates resulting from amalgamation started in 1994. The amalgamation phase-in, however, overlapped with the four year County-wide reassessment phase-in, which started in 1993. The tax rate changes, therefore, represent the impact of both rate phase-ins. Table 14 shows the mill rates for former Aldborough and Rodney in the post-amalgamation years. As expected prior to consolidation, the most significant increases in property tax levies due to the combined effect of the amalgamation and the County property tax reforms were experienced by Rodney taxpayers.

**Table 14: Township of Aldborough — Post-amalgamation Mill Rates (per \$1000 of Taxable Value)**

|                    | <u>Former Township of Aldborough</u> |            | <u>Former Village of Rodney</u> |            |
|--------------------|--------------------------------------|------------|---------------------------------|------------|
|                    | Residential                          | Commercial | Residential                     | Commercial |
| <b>1994</b>        |                                      |            |                                 |            |
| <b>Total rates</b> |                                      |            |                                 |            |
| <b>Public</b>      | 352.817                              | 415.080    | 325.833                         | 383.334    |
| <b>Separate</b>    | 352.826                              | 415.089    | 325.842                         | 383.343    |
| <b>1995</b>        |                                      |            |                                 |            |
| <b>Total rates</b> |                                      |            |                                 |            |
| <b>Public</b>      | 369.287                              | 434.454    | 361.962                         | 425.834    |
| <b>Separate</b>    | 369.346                              | 434.525    | 362.021                         | 425.905    |
| <b>1996</b>        |                                      |            |                                 |            |
| <b>Total rates</b> |                                      |            |                                 |            |
| <b>Public</b>      | 383.148                              | 450.761    | 384.681                         | 452.563    |
| <b>Separate</b>    | 380.601                              | 447.765    | 382.134                         | 449.567    |

Table 15 shows the tax rate increases in each of the former municipalities since 1993. For public school supporters in the former Township of Aldborough, commercial and residential tax rates have increased by approximately 11 percent since 1993. For separate school supporters in the former Township, tax rates have increased by roughly 10 percent. Since 1993, ratepayers of former Rodney faced rate increases approximately twice those of former Aldborough in each of the associated property classes.

**Table 15: Township of Aldborough — Total Tax Rate Increases per \$1000 of Assessed Value since 1993**

|                 | <u>Former Township of Aldborough</u> |            | <u>Former Village of Rodney</u> |            |
|-----------------|--------------------------------------|------------|---------------------------------|------------|
|                 | Residential                          | Commercial | Residential                     | Commercial |
| <b>Public</b>   | 38.062                               | 44.778     | 63.775                          | 75.028     |
| <b>Separate</b> | 35.515                               | 41.781     | 61.228                          | 72.031     |

#### 4.2.3.3 *Municipal Debt*

As indicated in Section 43 of the Amalgamation Agreement, all assets and liabilities of the former municipalities were taken over by the new Township of Aldborough (Amalgamation Committee for the Township of Aldborough and the Village of Rodney 1993: 9). While there were differences between the two municipalities in the net debt status, the merging of municipal debts was not met with any controversy.



## CHAPTER 5

# Quebec

In May 30, 1995, Rémy Trudel, the Minister of Municipal Affairs, announced Quebec's new policy and incentives for promoting the consolidation of municipalities in the Province. As of January 1, 1995, there were 1,401 municipalities in Quebec, with over 600 of them maintaining a population of less than 1,000 people, and close to 950 maintaining a population of less than 2,000 (Québec 1996b: 2). Table 16 gives a breakdown of Quebec municipalities by population. Within this context, amalgamation was intended to strengthen the governance of municipalities by promoting greater municipal cooperation, improving economic development, and reducing the costs of public services in the Province. While the Province of Quebec wanted amalgamation initiatives to remain voluntary, they "strongly urged" municipalities to consider and analyze the potential for restructuring based on their specific circumstances and previous history of municipal cooperation. The Province's position on *voluntary amalgamation* was taken because it was understood that while some municipalities might benefit from consolidation, the amalgamation of municipalities would not be the ideal restructuring option for all municipalities considering reform. As indicated in the opening page of the report, *Consolidation of Local Communities*, "to presume that all municipalities in Quebec with a population of less than 2000 should amalgamate, regardless of the distance that separates them and the different exchange patterns that link them to one another, would be unrealistic" (Quebec 1996c: 1). However, Quebec did introduce strong financial incentives to promote municipal consolidations in the Province. In total, Quebec has added \$15 million to its consolidation support programs in order to facilitate expected amalgamations.

Quebec's 1995 consolidation initiative was composed of three phases. The first phase of the policy was directed at villages, parishes and small communities of less than 10,000. The goal of the first phase was "the merger of 416 existing municipalities into 179 new municipalities" (Québec 1996b: 3; Quebec 1996c: 2). In May 1996, the Province unveiled a map showing the municipalities called upon to amalgamate under the first phase of the consolidation initiatives. To encourage the amalgamation of these municipalities, Quebec made adjustments to two funding programs — PAFREM (Programme d'aide financière au regroupement municipal) and the Financial Neutrality Program (Programme de neutralité financière). In each case, new financial incentives were given to the small municipalities under the Phase I consolidation initiatives. The section on *Legislation* will review these recent changes to the financial benefits granted under PAFREM and the Financial Neutrality Program.

The second phase of the restructuring initiatives is directed at 21 urban regions with populations of more than 10,000, and 6 metropolitan centres (Montreal, Quebec, Hull, Chicoutimi, Sherbrooke and Trois-Rivières). Quebec has recognized that for the 263 municipalities that make up this area, "amalgamation is not the only solution to the consolidation of these communities" (Québec 1996a: 4; Quebec 1996c: 4). As a result, the Province has invited these municipalities "to present their proposals concerning the consolidation, amalgamation or reinforcement of their local, intermunicipal, regional or metropolitan institutions" (Quebec 1996c: 4). The municipalities under the Phase 2 initiatives have until June 30, 1997 to present their proposals for strengthening the financial position of their local communities.

**Table 16: Breakdown of Quebec Municipalities by Population Categories (1995)**

| Population Category | Number of Municipalities<br>Per Category | Cumulative   | 1995 Population  |
|---------------------|--|--------------|------------------|
| 0-499               | 239                                      | 239          | 79,743           |
| 500-999             | 363                                      | 602          | 265,864          |
| 1 000-1 499         | 211                                      | 813          | 257,455          |
| 1 500-1 999         | 129                                      | 942          | 223,805          |
| 2 000-2 999         | 142                                      | 1,084        | 345,615          |
| 3 000-3 999         | 80                                       | 1,164        | 278,581          |
| 4 000-4 999         | 40                                       | 1,204        | 178,445          |
| 5 000-9 999         | 75                                       | 1,279        | 512,603          |
| 10 000-24 999       | 73                                       | 1,352        | 1,137,843        |
| 25 000-49 999       | 28                                       | 1,380        | 991,745          |
| 50 000-99 999       | 17                                       | 1,397        | 1,215,589        |
| 100 000 +           | 4  | 1,401        | 1,677,860        |
| <b>Total</b>        | <b>1,401</b>                             | <b>1,401</b> | <b>7,165,148</b> |

Québec. 1996b. *La consolidation des communautés locales — Problématique et objectifs.*

The third phase of Quebec's policy is directed at 722 municipalities referred to as Quebec's *base communities*. The combined population of these municipalities is approximately 1,100,000. Quebec's base communities make-up over 50 percent of local governments in the Province, with three-quarters of these municipalities maintaining a population of less than 1,500 people (Québec 1996b: 3-4). To improve the effectiveness in governance and efficiency in service delivery among these municipalities, Quebec has proposed an increasing role for the regional county municipalities (MRC).<sup>1</sup> The power of the MRCs will be reinforced to ensure that they are able to provide all the "municipalities with adequate technical and administrative services." (Québec 1996c: 4; Quebec 1996a: 6).

<sup>1</sup> As authorized by the 1979 *Land Use Planning and Development Act*, Quebec introduced 95 regional county municipalities (*municipalités régionales de comté, MRCs*) to replace the 71 existing counties. MRCs are upper tier governing bodies which were initially given authority over regional planning and assessment for rural municipalities. MRCs can acquire additional functions based on a two-thirds approval from its council, or when delegated by the Province. By 1990, many MRCs had adopted a wide range of municipal functions, including waste collection and disposal, assessment updates for cities, and emptying septic tanks. The MRCs' governing councils are composed of the heads of councils, or council representatives, from the MRC member municipalities.

For municipalities that are under the Phase 3 initiatives, however, consolidation will not be excluded as a restructuring option. Any municipality that is part of the Phase 3 initiative may ask to receive the new financial benefits available to the municipalities under the first phase of Quebec's consolidation policy (Quebec 1996a: 6).

## 5.1 THE CASE OF VICTORIANVILLE, ARTHABASKA, AND SAINTE-VICTOIRE — POLITICAL BOUNDARIES AND LOCAL GOVERNMENT STRUCTURE

In November 1993, the City of Victoriaville, the City of Arthabaska and the Parish of Sainte-Victoire consolidated to form the new City of Victoriaville. Map 4 illustrates the old municipal boundaries of the three former municipalities. Located in the north-east part of the Eastern Townships, all three former municipalities were in the Regional County Municipality of Arthabaska (see Map 4).

**Table 17: Elected Representation in the Former Municipalities of the City of Victoriaville**

|                           | <b>Elected Councillors</b> | <b>Residents per Representative</b> |
|---------------------------|----------------------------|-------------------------------------|
| City of Victoriaville     | 8 Councillors & Mayor      | 2,489                               |
| City of Arthabaska        | 6 Councillors & Mayor      | 1,083                               |
| Parish of Sainte-Victoire | 6 Councillors & Mayor      | 1,045                               |

\* The ratio of residents per elected council member is based on the 1992 populations (City of Victoriaville — 22,400, City of Arthabaska — 7,584, and Sainte-Victoire — 7,313.)

Prior to consolidation, each of the three former municipalities was incorporated and governed by an elected municipal council. Arthabaska and Sainte-Victoire each had six councillors and a mayor, while the former City of Victoriaville had eight councillors and a mayor. The councillors and the mayors of Arthabaska and Sainte-Victoire were elected at large, while in the former City of Victoriaville, one councillor was elected in each of the eight wards and the mayor was elected at large. The ratio of residents per elected council member in the former jurisdictions is shown in Table 17.

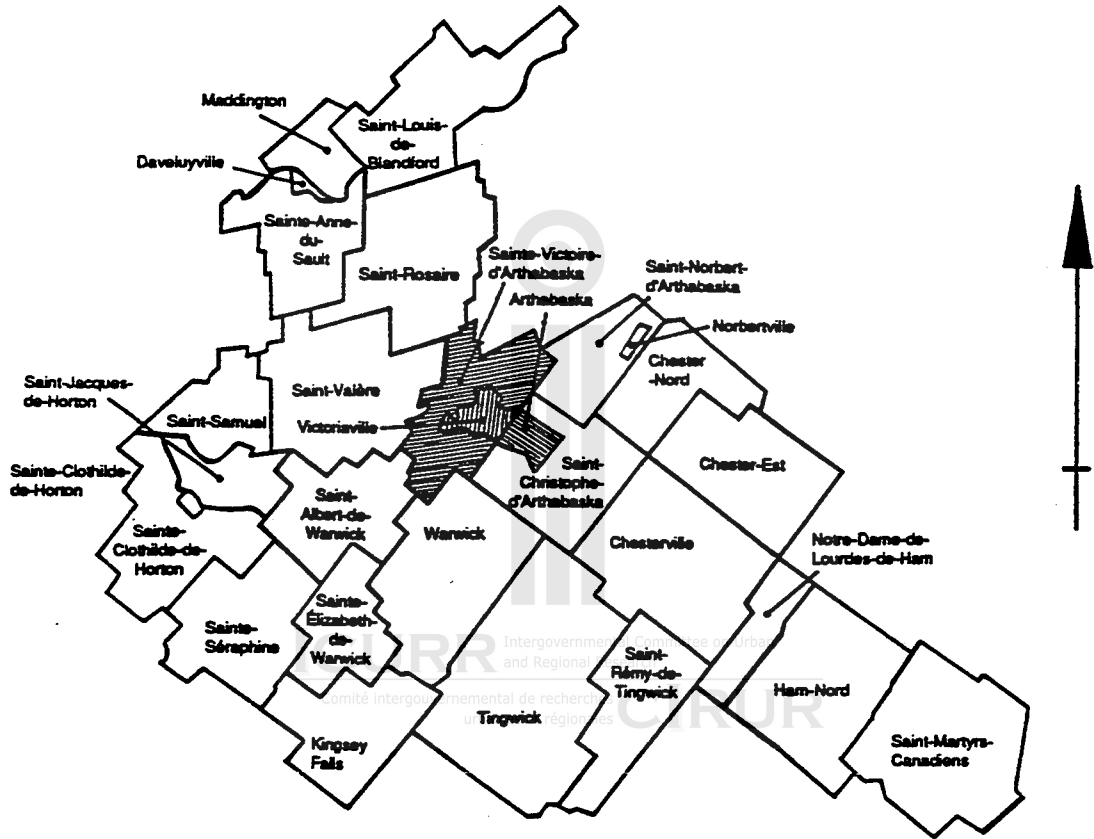
### 5.1.1 Municipal Staff

Before amalgamation, the three municipalities had 183 full-time, permanent employees. The salaries of the full-time employees made up approximately 35 percent of the total budget of the three former municipalities. Table 18 illustrates the breakdown of the full-time staff by municipality and municipal department. The one notable difference in the organization of labour among the three municipalities was in Arthabaska, which maintained fewer unionized workers. In Arthabaska, clerks, support staff, and administration were not unionized prior to the consolidation.



**Map 4: Former Boundaries of Sainte-Victoire, Arthabaska, and Victoriaville within the Regional County Municipality of Arthabaska**

**MUNICIPALITÉ RÉGIONALE  
DE COMTÉ D'ARTHABASKA**



Source: Municipalité régionale  
de comté d'Arthabaska, 1991

**Table 18: Permanent Full-Time staff Members**

| Services                  | Victoriaville | Arthabaska | Sainte-Victoire | Total      |
|---------------------------|---------------|------------|-----------------|------------|
| Executive Directors       | 2             | 3          | 0               | 5          |
| Court Clerks              | 5             | 0          | 0               | 5          |
| Finances *                | 12            | 8          | 5               | 25         |
| Public Security           | 55            | 15         | 0               | 70         |
| Public Utilities          | 45            | 9          | 5               | 57         |
| Recreation and Culture ** | 11            | 2          | 0               | 16         |
| Human Resources           | 3             | 0          | 0               | 3          |
| <b>Total</b>              | <b>133</b>    | <b>37</b>  | <b>10</b>       | <b>181</b> |

\* Includes Treasury, Assessment, Planning and Data Processing.

\*\* Includes Library Services.

Albert R. Audet et al.. 1993. *Projet de regroupement Villes et Paroisse de Victoriaville, Arthabaska, Sainte-Victoire-d'Arthabaska*. 34.

### 5.1.2 Population

The 1991 combined census population of Victoriaville, Arthabaska and Sainte-Victoire was approximately 37,000. Table 19 shows the population of the three municipalities and the population change since 1985. Former Victoriaville was the largest of the three jurisdictions, and was considered the urban core, while Sainte-Victoire was growing at the fastest rate. In absolute numbers, the population increase in Victoriaville and Sainte-Victoire was approximately the same between the years 1986 and 1991. The former City of Victoriaville, however, had actually experienced a population decline between 1971 and 1986. By 1995, the total population of the new City of Victoriaville, at 38,191, was 3.2 percent above the combined population of the three former municipalities in 1991.

**Table 19: Municipal Population and Trends (1986-1991)**

| Municipality    | 1986          | 1991          | % Change   |
|-----------------|---------------|---------------|------------|
| Victoriaville   | 21,587        | 22,500        | 4.2        |
| Arthabaska      | 7,244         | 7,500         | 3.5        |
| Sainte-Victoire | 6,038         | 7,013         | 16.14      |
| <b>Total</b>    | <b>34,869</b> | <b>37,013</b> | <b>6.2</b> |

Corporation de Développement Économique des Bois-Francs (CDEBF). 1991 *Victoriaville: Dossier Socio-Économique*. 40. CDEBF. 1991. *Arthabaska: Dossier Socio-Économique*. 40. CDEBF. 1991. *Sainte-Victoire: Dossier Socio-Économique*. 40.

### 5.1.3 Local Finances

#### 5.1.3.1 Property Taxes and Rates

Table 20, which shows the distribution of taxable assessment among different property types in 1993, illustrates that considerable differences existed in the absolute values of taxable assessment among the three municipalities at the time of consolidation. Former Victoriaville maintained the highest property assessment values among all property types. In a comparison of per capita values of taxable assessment, however, the differences are considerably reduced (see Table 21). In fact, Victoriaville maintained the lowest value of per capita assessment among the three municipalities, while Arthabaska maintained the highest per capita assessment value.

**Table 20: Distribution of Taxable Assessment in \$ (1993)**

| Property Type                                | Victoriaville      | Arthabaska         | Sainte-Victoire    |
|--|--------------------|--------------------|--------------------|
| Commercial assessment                        | 94,693,600         | 39,425,700         | 24,886,000         |
| Industrial assessment                        | 36,058,500         | 4,345,900          | 7,750,200          |
| Residential assessment                       | 402,173,130        | 188,898,900        | 156,679,100        |
| Other  | 55,084,406         | 21,173,360         | 35,099,800         |
| <b>Total Value<br/>of Taxable Assessment</b> | <b>588,009,636</b> | <b>253,843,860</b> | <b>224,415,100</b> |

In this comparison, the difference in the value of industrial assessment between former Arthabaska and Sainte-Victoire particularly stands out. The Parish of Sainte-Victoire maintained almost double the industrial assessment of Arthabaska in both per capita and absolute values. Prior to consolidation, locating industries in Sainte-Victoire was preferred over Arthabaska because the lower levels of services provided by the former Parish meant that taxes in this jurisdiction were lower. The industries, however, would locate close to former Victoriaville, thus gaining access to many of the services and facilities provided by this municipality. Property and rental value tax rate comparisons are provided in Tables 22 and 23.

**Table 21: Distribution of Taxable Assessment per Capita in \$ (1993)**

| Property Type                             | Victoriaville    | Arthabaska       | Sainte-Victoire  |
|---|------------------|------------------|------------------|
| Commercial assessment                     | 4,227.39         | 5,198.54         | 3,402.98         |
| Industrial assessment                     | 1,609.75         | 573.04           | 1,059.78         |
| Residential assessment                    | 17,954.16        | 24,907.56        | 21,424.75        |
| Other                                     | 2,459.13         | 2,791.85         | 4,799.64         |
| <b>Value of Per Capita<br/>Assessment</b> | <b>26,250.43</b> | <b>33,470.97</b> | <b>30,687.15</b> |

Prior to consolidation, both the property and rental tax rates differed considerably among the three municipalities.<sup>2</sup> The City of Victoriaville maintained the highest rates among all property types, while the Parish of Sainte-Victoire maintained the lowest rates.

**Table 22: Property Tax Rates per \$1000 of Assessed Value (1990-1993)\***

**Property Tax Rates (per \$1000)**

|      | Victoriaville | Arthabaska | Sainte-Victoire |
|------|---------------|------------|-----------------|
| 1990 | 18.10         | 17.50      | 8.00            |
| 1991 | 18.40         | 18.00      | 8.30            |
| 1992 | 17.00         | 14.20      | 10.00           |
| 1993 | 17.00         | 14.20      | 10.10           |

\* The school tax, which is collected by school boards, is levied in addition to the above rates.

**Table 23: Rental Value Tax Rates per \$1000 of Assessed Value (1990-1993)**

**Rental Value Tax Rates (per \$1000)**

|      | Victoriaville | Arthabaska | Sainte-Victoire |
|------|---------------|------------|-----------------|
| 1990 | 70.00         | 45.00      | 30.00           |
| 1991 | 70.00         | 45.00      | 30.00           |
| 1992 | 70.00         | 45.00      | 30.00           |
| 1993 | 70.00         | 45.00      | 30.00           |

**5.1.4 Legislation**



Municipal consolidation in Quebec is governed by the *Act Respecting Municipal Territorial Organization* (Quebec 1996e). Some significant components of the *Act* include Section 84, which enables “adjacent local municipalities wishing to amalgamate their territories ... [to] apply to the Government to be constituted into a local municipality having jurisdiction over their combined territories by filing a joint application to that effect.” In addition, Subsection 84(1) authorizes municipalities to “enter into an agreement for the purpose of having a study carried out into the advisability of amalgamating their territories.” The role of the MRCs in the amalgamation process is described in Section 89 of the *Act*, which states that “not later than 60 days after receiving copy of the application, the regional county municipality shall transmit its opinion on the application for amalgamation, failing which its approval is presumed.”

The financial aid granted by the Province of Quebec to consolidating municipalities is provided under two funding programs — *Programme d'aide financière au regroupement municipal* (PAFREM) and

<sup>2</sup> Property tax rates were levied on residential, commercial, and industrial properties at the same rate in each of the municipalities. Rental value rates were levied on businesses in addition to the property tax rate. The rental value tax was levied on commercial institutions according to the assessed rental value of the business.

*Programme de neutralité financière* (Financial Neutrality Program). In order to encourage the amalgamation of municipalities under the first phase of the consolidation policy, Quebec modified both of these funding programs.

For municipalities with a population of less than 10,000, the grants available under the PAFREM program have been doubled. The financial aid to newly amalgamated municipalities was increased from \$50 to \$100 per capita, and the initial lump-sum consolidation grant assistance rose from \$10,000 to \$20,000. As indicated by the authors of the report, *Consolidation of Local Communities*, “an amalgamated municipality of 2,000 which, prior to the announcement of this policy would have received \$110,000, will now receive \$220,000” (Québec 1996a: 3; Quebec 1996c: 3). However, the new financial incentives under the PAFREM program will only be available until January 1, 1999.

Quebec had also made changes to the Financial Neutrality Program, which will compensate amalgamated municipalities for their “loss of government subsidies that they would have received had they not amalgamated” (Quebec 1996c: 3; Québec 1996a: 4). The grant compensation under the Financial Neutrality Program will extend over eight years — granting full compensation for five years after the amalgamation, and partial compensation over the subsequent three years. The neutrality funds received will be based on the regulations and programs that existed in the municipality before the first budgetary year of the new municipality (Québec 1996a: 4).

An added financial incentive for municipalities that have been placed on the *definitive list* for amalgamation under Phase I will be the reduction in Provincial transfer payments. As indicated by Quebec officials, “after January 1, 1999, the government, when administering its programs, will consider as being amalgamated all those municipalities that have been placed on the definitive list and map” (Quebec 1996c: 3). In other words, these municipalities will be treated as if they have been merged, and Quebec grants — such as police protection and equalization payments — will be adjusted accordingly.

## **5.2 THE CITY OF VICTORIAVILLE — AFTER AMALGAMATION**

Discussions on consolidation between Victoriaville and Arthabaska were first initiated in 1974. At that time the two municipalities concluded that sufficient benefits from amalgamation would not be realized, and restructuring initiatives were placed on hold. As the municipal tax-load began to increase during the 1980s and 1990s, however, discussions on amalgamation in the region reemerged. To resolve issues over the new political and administrative structure, the three municipalities spent approximately 18 months with each other and the Province of Quebec negotiating the amalgamation agreement. In former Victoriaville and Sainte-Victoire, the decision to amalgamate was determined by the municipal Councils. Arthabaska, on the other hand, held a referendum in which approximately 60 percent of the voters were in favour of the consolidation. The name of the consolidated municipality was also determined by referendum.

Consolidation in the region was initially facilitated by the municipal Councils and the Executive Directors of the three former municipalities. In November 1993, coinciding with the municipal consolidation, municipal elections were held to elect the new Victoriaville Council of eleven. The new Council, along with the Executive Directors of the municipalities, facilitated the amalgamation transition. No serious problems were encountered during the transition period.

The public reaction to the consolidation was generally positive. As in the case of Abbotsford, the amalgamation was probably made easier by long existing intermunicipal collaborations between the three former municipalities. The only concern about the amalgamation process came from Arthabaska residents during the selection of the new municipality’s name. They felt that their community identity

would be compromised if the name “Victoriaville” was chosen for the new City. However, in a referendum held on selecting the name, the majority of residents chose “Victoriaville”.

Public reaction to the consolidation has been very positive. This is, in large part, because of the considerable reduction in property taxes realized in Victoriaville after the amalgamation. However, as will be shown later, the reductions in property taxes did not result from cost reductions in municipal administration or service delivery, but rather, were made possible by Provincial consolidation grants.

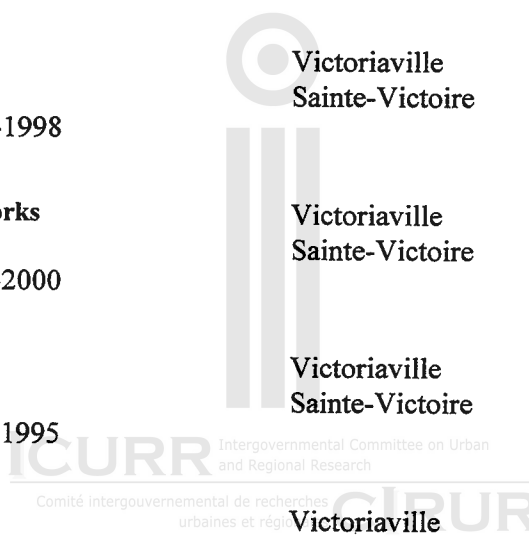
As in the case of Abbotsford and Matsqui, the consolidation of the former Victoriaville municipalities was facilitated by a long history of intermunicipal agreements and jointly operated authorities. Between 1980 and 1990, seven intermunicipal agreements were created among the former three municipalities, which enforced the maintenance and common use of water and sewage networks, fire protection services and recreation facilities. Table 24 illustrates these intermunicipal agreements and the services provided. In addition, the municipalities had three jointly operated authorities for the functions of economic development, community development and tourism.



**ICURR** Intergovernmental Committee on Urban  
and Regional Research  
Comité intergouvernemental de recherches  
urbaines et régionales **CIRUR**

**Table 24: Intermunicipal Agreements Prior to Amalgamation**

| <b>Intermunicipal Agreements</b>   | <b>Participating Municipalities</b>                                 |
|--|---|
| <b>1) Régie intermunicipale des Bois-Francis</b><br>(Two sport facilities)<br><br>Duration of agreement: 1980-1995 | Victoriaville<br>Arthabaska<br>Sainte-Victoire<br>Sainte-Christophe |
| <b>2) Water treatment</b><br><br>Duration of agreement: 1984-2004  | Victoriaville<br>Arthabaska<br>Sainte-Victoire                      |
| <b>3) Water delivery</b><br><br>Duration of agreement: 1988-1998   | Victoriaville<br>Sainte-Victoire                                    |
| <b>4) Maintenance of sewer networks</b><br><br>Duration of agreement: 1990-2000                                    | Victoriaville<br>Sainte-Victoire                                    |
| <b>5) Recreation and culture</b><br><br>Duration of agreement: 1990-1995   | Victoriaville<br>Sainte-Victoire                                    |
| <b>6) Recreation and culture</b><br><br>Duration of agreement: 1990-1995   | Victoriaville<br>Arthabaska   |
| <b>7) Fire protection</b><br><br>Duration of agreement: 1990-1995  | Victoriaville<br>Sainte-Victoire                                    |



Albert R. Audet et al. 1993. *Projet de regroupement Villes et Paroisse de Victoriaville, Arthabaska, Sainte-Victoire-d'Arthabaska*. 28.

## 5.2.1 The New Political and Administrative Structure

The new City of Victoriaville is governed by ten councillors and a Mayor — a reduction of ten councillors and two mayors from the former governing structure. The councillors in Victoriaville are elected from ten electoral districts and the mayor is elected at large. The new municipal boundaries and the electoral districts are shown in Map 5.

Table 25 illustrates the post-amalgamation ratio of residents per elected representatives, and the change in this ratio from the pre-amalgamation period. Within the new structure, access to elected representation has been reduced in all three former municipalities.

**Table 25: Changes in Elected Representation**

| <b>PRE-AMALGAMATION</b>   |                            |                                       |
|---------------------------|----------------------------|---------------------------------------|
|                           | <b>Elected Councillors</b> | <b>Residents per Representative *</b> |
| City of Victoriaville     | 8 Councillors & Mayor      | 2,489                                 |
| City of Arthabaska        | 6 Councillors & Mayor      | 1,083                                 |
| Parish of Sainte-Victoire | 6 Councillors & Mayor      | 1,045                                 |
| <b>POST-AMALGAMATION</b>  |                            |                                       |
|                           | <b>Elected Councillors</b> | <b>Residents per Representative *</b> |
| City of Victoriaville     | 10 Councillors & Mayor     | 3,391                                 |

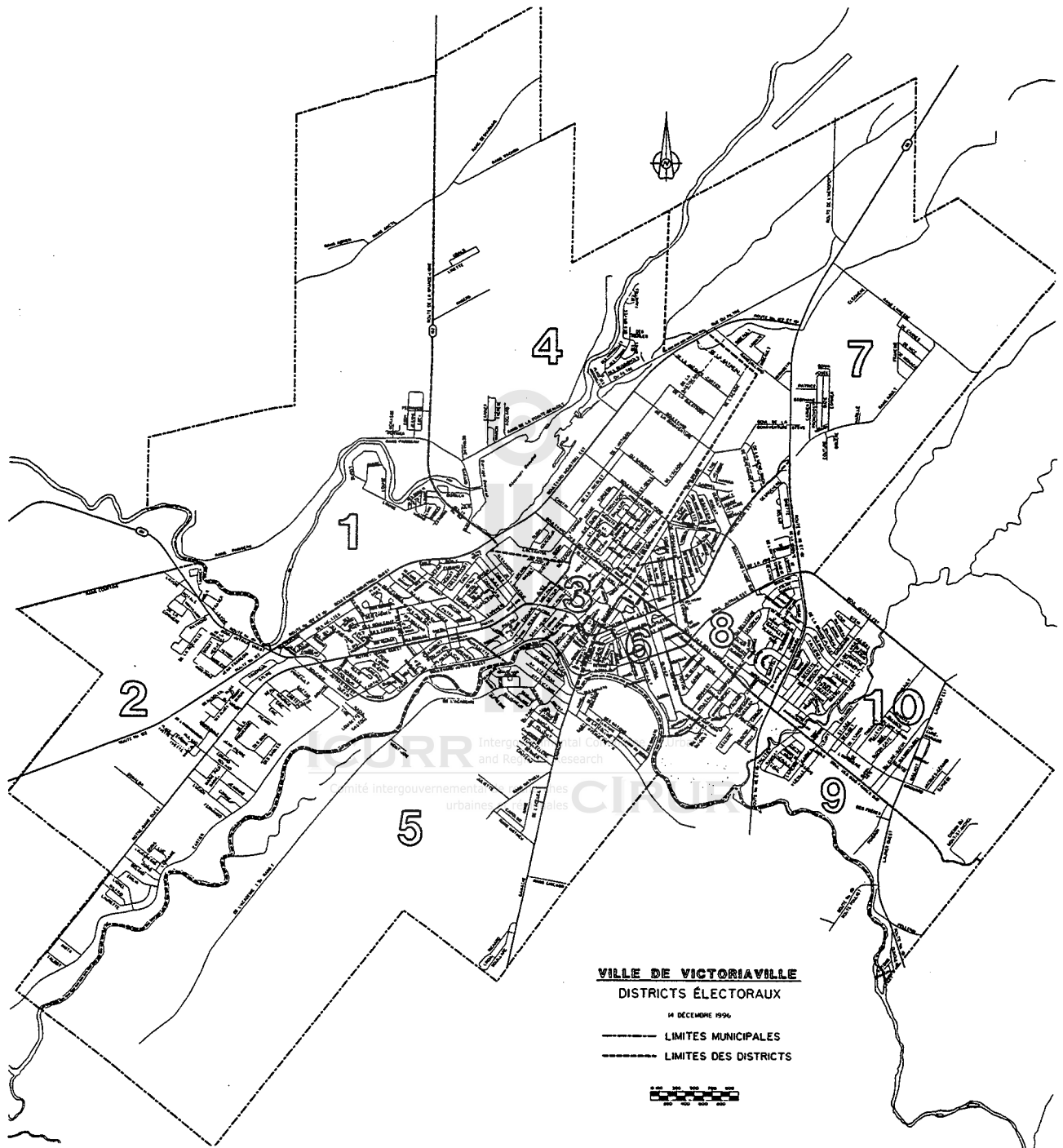
\* The ratio of residents per elected council member is based on the 1992 populations, just before the municipalities amalgamated (City of Victoriaville — 22,400, City of Arthabaska — 7,584, and Sainte-Victoire — 7,313.)

### 5.2.1.1 Changes in Administration and Administrative Structure

The administrative offices for the new City are located in the former Cities of Victoriaville and Arthabaska. The offices were located in existing buildings, so no capital costs were incurred in the construction of new office space. Administration costs did, however, increase after the consolidation. An approximate increase of \$400,000 in administration costs resulted in part from higher municipal salaries. Pierre Roux, Victoriaville's Mayor, indicated that the "administration costs were expected to diminish in the long run with the attrition of personnel."



Map 5: The City of Victoriaville



As explicitly stated in the consolidation agreement, no job losses were expected to result from the consolidation. After amalgamation, the City still had 183 full-time staff members. Prior to the amalgamation, however, there were expectations of increases in staff specialization. According to Roux, staff specialization did in fact increase after the consolidation.

Municipal officials from the three former municipalities also expected salaries to remain the same after the municipal restructuring. In the 1994 fiscal year, however, salary levels increased. Management salaries rose to the highest existing salary standard among the three municipalities. This resulted in a net increase of \$78,000 in management salaries alone; and adoption of the highest existing salary standards for both “blue and white collar” employees increased total salaries by \$118,000.

A net reduction was realized in the total honoraria of councillors, despite increases in the individual stipends, because the number of elected officials was more than halved. The net payment for honoraria decreased by \$32,000 — from \$227,000 in 1993 to \$195,000 in 1994.

### **5.2.2 Changes in Service Delivery and Municipal Functions**

Prior to the consolidation, the three municipalities expected no changes to result in the cost of delivering services in the new City. However, policing in former Sainte-Victoire was expected to improve as this municipal function was to be merged, and the service level standardized with that which prevailed in the other two municipalities. After the amalgamation, road maintenance in all three former jurisdictions was also expected to improve. A three year investment program on urban infrastructure, introduced after the amalgamation, considerably improved water, sewage, and road networks in the new City. According to Roux, the infrastructure investment program would not have been possible had the municipalities not consolidated.

The consolidation of the three cities was anticipated to significantly improve both local and regional planning. Better planning regulations were expected, as well as a consensus among the three municipalities on actions for future development. In 1997, Victoriaville was still working on its new Official Plan.

After the consolidation, the City of Victoriaville set aside funds for new environmental planning initiatives. Prior to consolidation, none of the three municipalities had an environmental policy. In the post-consolidation period, Victoriaville introduced a waste management program and a recycling program. The recycling program is considered to be very successful — with 77 percent of their garbage being recycled in 1997.

The three former municipalities anticipated considerable improvements in economic cooperation and coordination among the three municipalities, to attract not only industrial and commercial investment, but also new residential development. In fact, even before the consolidation, the municipal officials from the former municipalities had agreed to concentrate solely on developing the industrial park in former Victoriaville.

### **5.2.3 Changes in Local Finances**

#### **5.2.3.1 *The Costs of Amalgamation***

The transition costs of the consolidation process were estimated at about \$137,000. On a per capita basis, this amounts to \$3.70. The largest component of these costs, associated with merging and harmonizing municipal bylaws, accounted for approximately \$90,000. About \$45,000 was spent on public meetings,

preparing consolidation documents, keeping up files, and merging and harmonizing accounting and information systems. The costs of the transition process were split among the three jurisdictions on a per capita basis.

At \$3.70 per capita, the cost of the consolidation transition in Victoriaville represented the lowest per capita cost of transition among the five municipalities involved in this study. The comparatively low costs can be largely attributed to the many years of intermunicipal agreements. Numerous municipal functions in this region were already merged prior to the consolidation. A number of local initiatives also contributed to the low costs. For instance, municipal vehicles were not repainted immediately upon the consolidation of the three municipalities, but rather, they were gradually painted as new vehicles were bought.

To facilitate the amalgamation in Victoriaville, the Province of Quebec provided consolidation grants. These provincial grants were used to reduce debt servicing, and thus lower property tax rates. The impact of the consolidation grants on the property tax rates in the three former jurisdictions is illustrated in Table 27. The estimates of the total sum of the grants, and their per capita values, during the first five years following consolidation are shown in Table 26.

**Table 26: Consolidation Grants to the City of Victoriaville (\$)**

|              | Per Capita | Population | Total Grant        |
|--------------|------------|------------|--------------------|
| 1st Year     | 12.47      | 36,392     | 453,983            |
| 2nd Year     | 9.70       | 36,392     | 353,098            |
| 3rd Year     | 6.93       | 36,392     | 252,213            |
| 4th Year     | 3.47       | 36,392     | 126,106            |
| 5th Year     | 3.00       | 36,392     | 109,176            |
| <b>Total</b> |            |            | <b>\$1,294,577</b> |

Albert R. Audet et al. 1993. *Projet de regroupement Villes et Paroisse de Victoriaville, Arthabaska, Sainte-Victoire-d'Arthabaska*. 99.

### 5.2.3.2 Property Taxes and Changes in Rates

After the amalgamation, property tax rates in the former jurisdictions were not harmonized. As a result, considerable differences in the rates still exist among the areas that comprise the three former municipalities (see Table 27). In the current fiscal year (1997), the property tax rates in former Victoriaville are approximately 37 percent higher, and rates in Arthabaska are about 9 percent higher, than those in Sainte-Victoire. The differences in the tax rates are attributed, in part, to differences in the individual long term debt — which remained a separate responsibility after the consolidation — as well as differences in surpluses and in the provincial consolidation grants.

**Table 27: Property Tax Rates per \$1000 of Assessed Value (1993-1997)\***

| Property Tax Rates (per \$1000) |                      |                   |                        |
|---------------------------------|----------------------|-------------------|------------------------|
|                                 | Former Victoriaville | Former Arthabaska | Former Sainte-Victoire |
| 1993                            | 17.00                | 14.20             | 10.10                  |
| 1994                            | 16.20                | 13.60             | 9.60                   |
| 1995                            | 14.70                | 11.70             | 8.80                   |
| 1996                            | 14.90                | 12.00             | 9.50                   |
| 1997                            | 15.20                | 12.10             | 11.11                  |

\* The school tax, which is collected by school boards, is levied in addition to the above rates. The education levy in 1997 was \$3.50 per \$1,000 of assessed value.

Table 28, which shows property tax rate changes since 1993, shows that while differences in the current property tax rates persist, considerable benefits in terms of rates of change were realized by the ratepayers of former Arthabaska and Victoriaville. Since 1993, property tax rates in former Victoriaville and Arthabaska have been reduced by 10.6 percent and 14.8 percent, respectively. During the same period, tax rates in former Sainte-Victoire increased by 10 percent. However, Table 22 illustrates that this trend in tax rates existed even prior to the consolidation. Since 1992, while property tax rates had been declining in Victoriaville and Arthabaska, they had been increasing in Sainte-Victoire.

**Table 28: Yearly Property Tax Changes Since 1993**

| Yearly Property Tax Changes (%) |                      |                   |                        |
|---------------------------------|----------------------|-------------------|------------------------|
|                                 | Former Victoriaville | Former Arthabaska | Former Sainte-Victoire |
| 1994                            | -4.7                 | -4.2              | -0.2                   |
| 1995                            | -9.3                 | -14.0             | -8.3                   |
| 1996                            | 1.4                  | 2.5               | 8.0                    |
| 1997                            | 2.0                  | 0.8               | 10.0                   |

Unlike the property tax rates, the rental value rates were harmonized in the new municipality, (see Table 29). The most dramatic impact of standardizing rental value rates was experienced by the ratepayers of former Sainte-Victoire, where rates increased by 83 percent. In former Victoriaville, the harmonization of rental value rates resulted in a decrease of 21.4 percent, and for the commercial institutions in former Arthabaska, rates increased by 22 percent.

**Table 29: Rental Value Tax Rates per \$1000 of Assessed Value (1993-1997)**

**Rental Value Tax Rates (per \$1000)**

|      | <b>Former Victoriaville</b> | <b>Former Arthabaska</b> | <b>Former Sainte-Victoire</b> |
|------|-----------------------------|--------------------------|-------------------------------|
| 1993 | 70.00                       | 45.00                    | 30.00                         |
| 1994 | 55.00                       | 55.00                    | 55.00                         |
| 1995 | 55.00                       | 55.00                    | 55.00                         |
| 1996 | 55.00                       | 55.00                    | 55.00                         |
| 1997 | 55.00                       | 55.00                    | 55.00                         |

*5.2.3.3 Municipal Debts*

Because considerable differences existed in the long-term debt incurred by the three municipalities, each municipal district retained the responsibility of its former debt. Former Victoriaville is responsible for 75 percent of the total debt of the three, Arthabaska for 18.67 percent and Sainte-Victoire for only 6.33 percent (Audet et al. 1993: 44). The separate long-term debts are expected to be completely paid off by the year 2014. All debts incurred after the consolidation, however, are the responsibility of the new City of Victoriaville.

## CHAPTER 6

# New Brunswick

In December 1992, New Brunswick's Department of Municipalities, Culture and Housing issued a discussion paper entitled *Strengthening Municipal Government in New Brunswick*. The authors of the paper indicated that through amalgamation, regionalization and/or reorganization of local government, municipalities can facilitate the cost-efficient delivery of better services, while strengthening local accountability. There was growing concern in New Brunswick over recent trends in local servicing, notably the increase in the number of special purpose agencies as municipalities attempted to improve their delivery of local services. By 1994, roughly 300 single purpose agencies, boards and commissions had evolved, on what was considered largely an ad hoc basis. In this context, the Province viewed municipal reform as a method of rationalizing municipal service delivery while increasing local accountability. In addition, with continued decreases in federal transfer payments, the Province of New Brunswick saw amalgamation as a method of reducing public service costs, and thus alleviating some of its own fiscal difficulties.

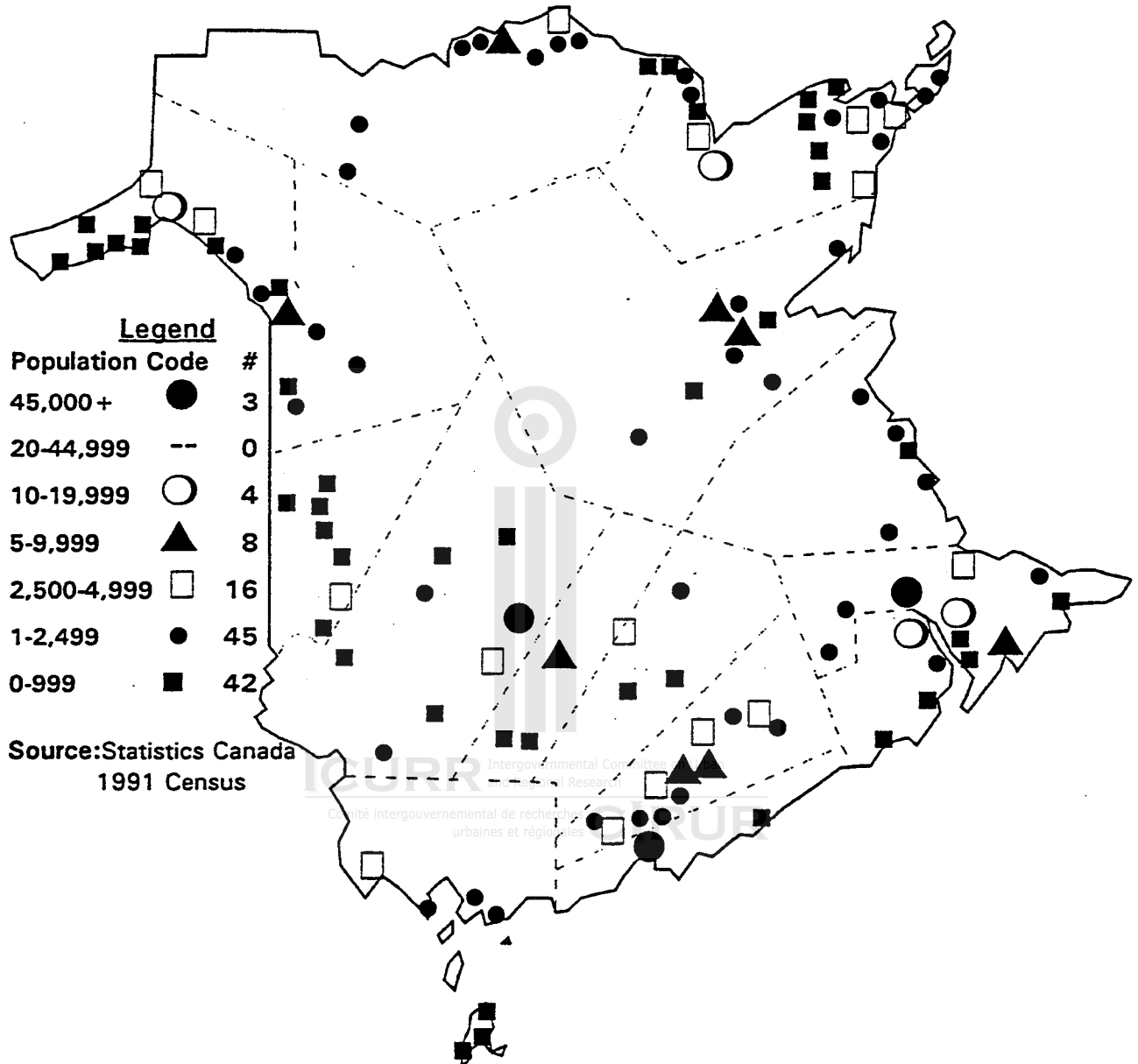
New Brunswick was also concerned with the structure of local government in the Province. The authors of the 1992 *Report* indicated that there were 118 municipalities which encompassed about 60 percent of the population (441,780). They ranged in size from 229 persons (Lac Baker) to 75,000 persons (Saint John). Most municipalities in the Province maintained populations of less than 1,000 (see Map 6). The remaining 40 percent of the population (282,120) lived in 291 local service districts.<sup>1</sup> The local service districts were unincorporated areas of New Brunswick that covered approximately 85 percent of the land. The *Report* noted that while the population levels in the municipalities had been stable, the population in the local service districts had been increasing (New Brunswick, Department of Municipalities, Culture and Housing 1992: 8). This was considered a problem because of the large number of local service districts and the degree of local fragmentation. The average population in each local service district was approximately 970.

The discussion paper identified seven study areas which could potentially benefit from municipal reform through streamlining of local governments and special purpose agencies. It proposed that seven urban areas evaluate the applicability of both "municipal amalgamation" and "formalized regionalization of services" within their jurisdictions (New Brunswick, Department of Municipalities, Culture and Housing 1992: 43). In June 1993, the document, *Terms of Reference for Feasibility Studies on Local Government Restructuring in Selected Urban Centered Regions*, selected the first two urban regions for review: Greater Moncton and the Miramichi urban community.

---

<sup>1</sup>Local service districts, which were formed in the 1960s, are political jurisdictions considered to be rural New Brunswick. In November 1963, the *Report of the Royal Commission on Finance and Municipal Taxation in New Brunswick*, commonly known as the Byrne Report, noted enormous variation in local service availability across the Province. Differentiation in fiscal capacity among local jurisdictions produced considerable inequities in service provision. In order to maintain a more equitable level of local services across New Brunswick, the Province introduced local service districts. They replaced counties and became administered jurisdictions of the Province as part of New Brunswick's Equal Opportunity Program, 1967. (New Brunswick, Department of Municipalities, Culture and Housing 1992: 7).

**Map 6: New Brunswick Municipalities by Population Size (1991)**



Local Government Administration Branch, Department of Municipalities, Culture and Housing.

**6.1 THE MIRAMICHI URBAN COMMUNITY — POLITICAL BOUNDARIES AND LOCAL GOVERNMENT STRUCTURE**

Before amalgamation, the Miramichi region was comprised of eleven communities located at the mouth of the Miramichi River (see Map 7). They included the Towns of Chatham and Newcastle, the Villages of Douglastown, Loggieville and Nelson-Miramichi, the Local Service Districts of Chatham Head, Douglasfield, Ferry Road-Russellville, Moorefield and Nordin, and a portion of Chatham Parish.

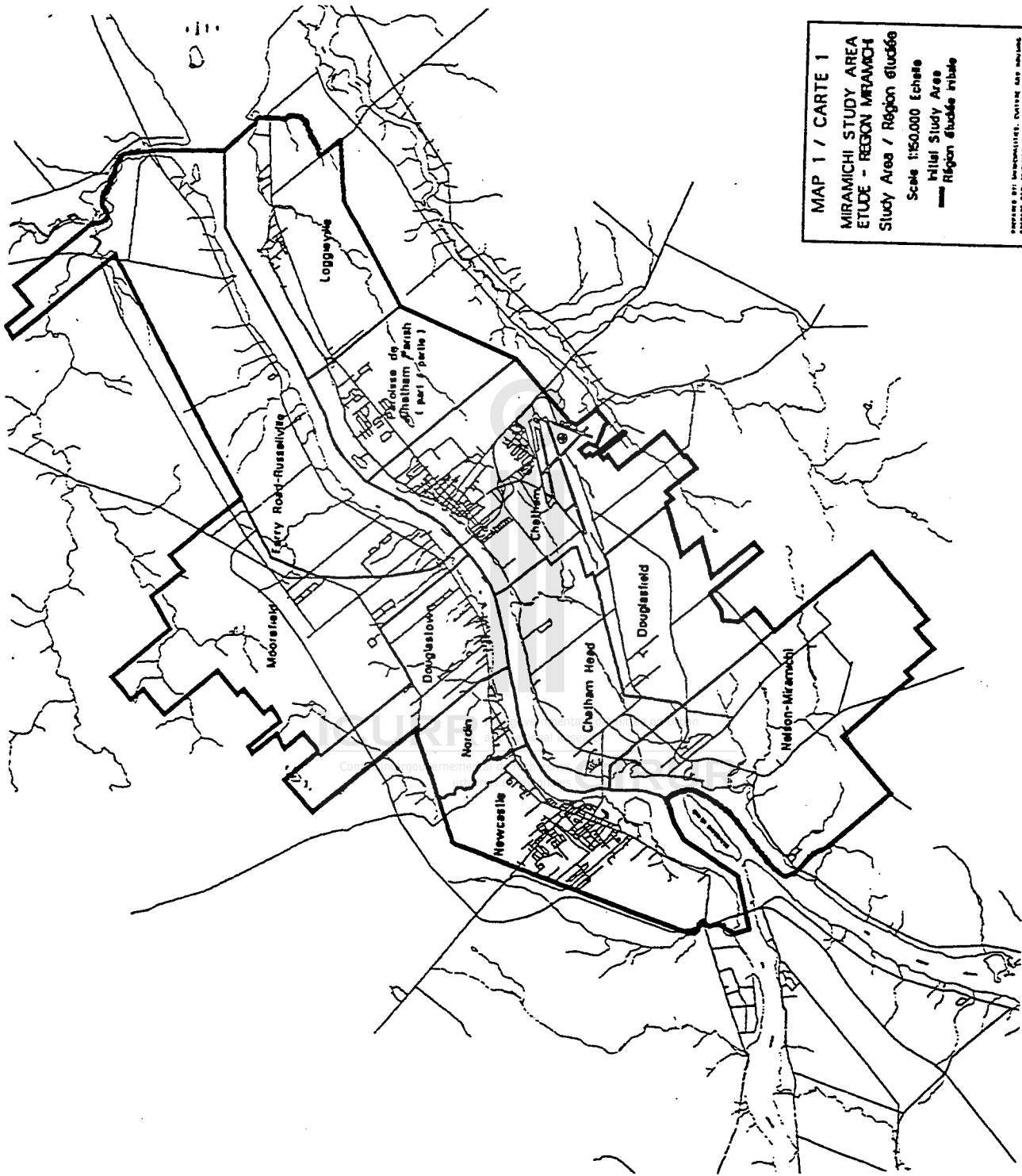
Before consolidation, the five municipalities within the Miramichi urban area were each incorporated and governed by an elected municipal council. Both the Towns of Chatham and Newcastle had eight councillors and a mayor. The Village of Douglastown had a mayor and five councillors, Loggieville had a mayor and four councillors, and Nelson-Miramichi had a mayor and three councillors. All five municipalities had the authority to enact by-laws and adopt policies as provided under the Municipalities Act, the Community Planning Act, and other provincial legislation (Burns, McCarthy, and Robison 1994: 9). Table 30 shows the ratio of residents per elected council member in the former municipalities of the Miramichi urban community.

|                             | <b>Elected Councillors</b> | <b>Residents per Representative</b> |
|-----------------------------|----------------------------|-------------------------------------|
| Town of Chatham             | 8 Councillors & Mayor      | 727                                 |
| Town of Newcastle           | 8 Councillors & Mayor      | 635                                 |
| Village of Douglastown      | 5 Councillors & Mayor      | 259                                 |
| Village of Loggieville      | 4 Councillors & Mayor      | 152                                 |
| Village of Nelson-Miramichi | 3 Councillors & Mayor      | 346                                 |

Five of the remaining six unincorporated areas were local service districts. Each had an elected advisory committee to provide advice to the Province’s Minister of Municipalities, Culture and Housing. Under the *Municipalities Act*, the Minister acts as the Mayor and Council for all local service districts. Each local service district had five elected representatives, except Douglasfield which had four. Chatham Parish was the only unincorporated area that did not create a local service district, and thus did not have an elected advisory committee (Burns, McCarthy, and Robison 1994: 10).



**Map 7: Member Municipalities of the Miramichi Urban Community (1994).**



MAP 1 / CARTE 1  
 MIRAMICHI STUDY AREA  
 ETUDE - REGION MIRAMICHI  
 Study Area / Région d'étude  
 Scale 1:50,000 Echelle  
 Miramichi Study Area  
 Région d'étude Miramichi

PROPOSED BY: MUNICIPALITIES, CANTONS AND SERVICES  
 PREPARED FOR: MUNICIPALITIES, CANTONS ET SERVICES

Local Government Administration Branch, Department of Municipalities, Culture and Housing.

### 6.1.1 Municipal and Special Purpose Agency Staff

Prior to consolidation, the individual member municipalities of the Miramichi urban community contained local government employees for the five incorporated municipalities and three special purpose agencies. The three special purpose agencies were the Miramichi Region Development Corporation, the Miramichi Planning District Commission, and the Miramichi Water and Sewerage Commission. The municipal and special purpose agency staff numbers for the individual member municipalities are shown in Table 31.

**Table 31: Municipal and Special Purpose Agency Staff before Consolidation (1993)**

| Municipality     | Staff      | Special Purpose Agency                 | Staff      |
|------------------|------------|--|------------|
| Chatham          | 44.0       | Miramichi Region Development Corp.     | 5.0        |
| Newcastle        | 66.0       | Miramichi Planning District Commission | 4.0        |
| Douglastown      | 4.0        | Miramichi Water & Sew. Commission      | <u>0.5</u> |
| Loggieville      | 3.0        |  | 9.5        |
| Nelson-Miramichi | <u>3.5</u> |  |            |
|                  | 120.5      |  |            |

L. Burns, T. McCarthy, and J. Robison, 1994. *Miramichi City: Our Future — Strength Through Unity.*

### 6.1.2 Population

The 1991 census population of the eleven communities was roughly 21,000 (Figure 1). The total population of the Miramichi urban area ranked as the fourth largest in New Brunswick, behind Saint John, Moncton, and Fredericton. In 1991, roughly 75 percent of the Miramichi area population was located in the five municipalities — the Towns of Chatham and Newcastle, and the Villages of Douglastown, Loggieville and Nelson-Miramichi — while the remaining 25 percent was distributed throughout the six unincorporated districts (Burns, McCarthy, and Robison 1994: 10).

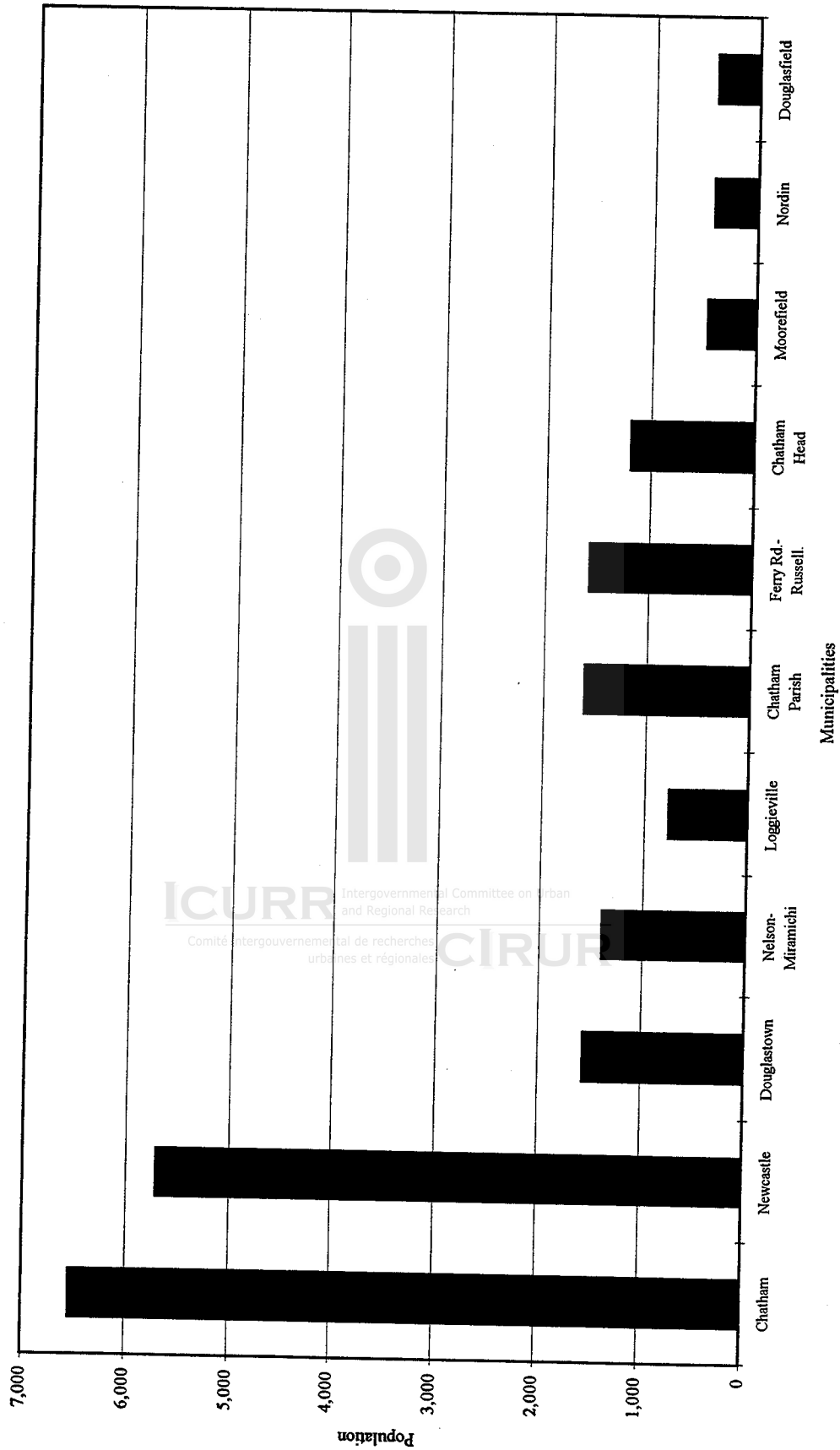
Over the past two decades, most of the growth in the Miramichi urban region had occurred in Douglastown and the unincorporated areas. During this period, the population in Chatham and Newcastle had declined slightly, while in Loggieville and Nelson-Miramichi the population had remained relatively stable.

### 6.1.3 Local Finances

The incorporated municipalities were responsible for providing the mandatory service of policing, in addition to a full range of optional services that in most cases included general government services, fire protection, transportation services, solid waste management, and economic and community development. Since the local service districts were considered rural jurisdictions, with most services administered by the Province, the actual responsibilities of these communities were minimal. Their expenditures were primarily on fire protection and street lighting, while the Province of New Brunswick was responsible for the provision of police protection, solid waste disposal, and transportation services.

Figure 1: Miramichi Urban Community -- Population of Former Municipal Members (1991)

Miramichi Urban Community  
1991 Population



### 6.1.3.1 *Property Taxes and Rates*

There were significant variations in the property tax base across municipalities within the Miramichi urban community (see Figures 2 and 3). This variation was due to the diversity in the overall assessment base, with some municipalities having considerable fiscal strength because of a high concentration of commercial-industrial properties, while others, with a proportionately higher residential property distribution, maintained a lower revenue capacity.

Newcastle, with its numerous industrial and commercial properties, had the strongest property tax assessment base in the region. It not only maintained a concentration of businesses in the financial sector, but also a substantial network of firms in the forestry and related private sector industries — most notably Miramichi Pulp and Paper Inc. owned by Repap Enterprises. Since it was the second largest municipality in the Miramichi region, Newcastle also maintained a large residential assessment base, which further added to its fiscal stability.

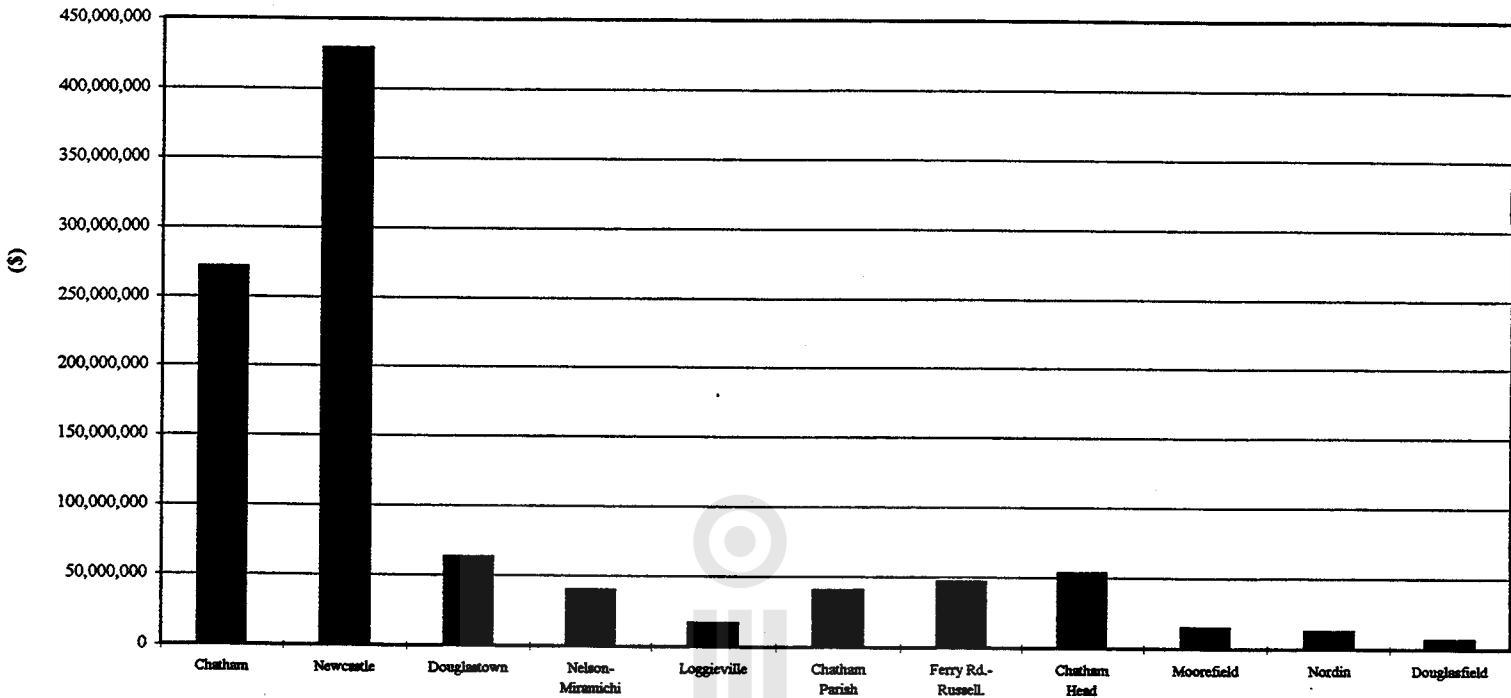
As the largest municipality in the Miramichi urban community, Chatham not only maintained a strong residential assessment base, but also had a well-established commercial centre. Supplementing its residential and commercial base, Chatham also had a significant government presence, that included the New Brunswick Community College (Miramichi Campus) and a Canadian Forces Base. Chatham's diversified assessment made it the municipality with the second strongest tax base, as measured by both absolute and per capita values.

In terms of economic development, Douglastown was not only the fastest growing municipality within the Miramichi urban community, but was also considered the fastest growing municipality in New Brunswick. Between 1986 and 1991, Douglastown had experienced a population increase of 37 percent. The village had a rapidly developing retail and service sector, that included shopping centres, restaurants, and numerous new businesses.

The Village of Nelson-Miramichi has traditionally depended on the lumbering and forest industry to supplement its residential tax base. A notable presence in this community was the groundwood mill of Miramichi Pulp and Paper Inc.. In Chatham Head, the light industrial and commercial tax base had been recently improved with the addition of the Miramichi Regional Hospital, a \$65 million investment. The tax base in Ferry Road-Russellville consisted of a number of business properties and the New Brunswick Power generating station. Moorefield contained another important provincial presence, the New Brunswick Community College. The other communities within the Miramichi region largely consisted of residential properties. (New Brunswick, Department of Municipalities, Culture and Housing 1993: 133-140; Burns, McCarthy, and Robison 1994: 14).

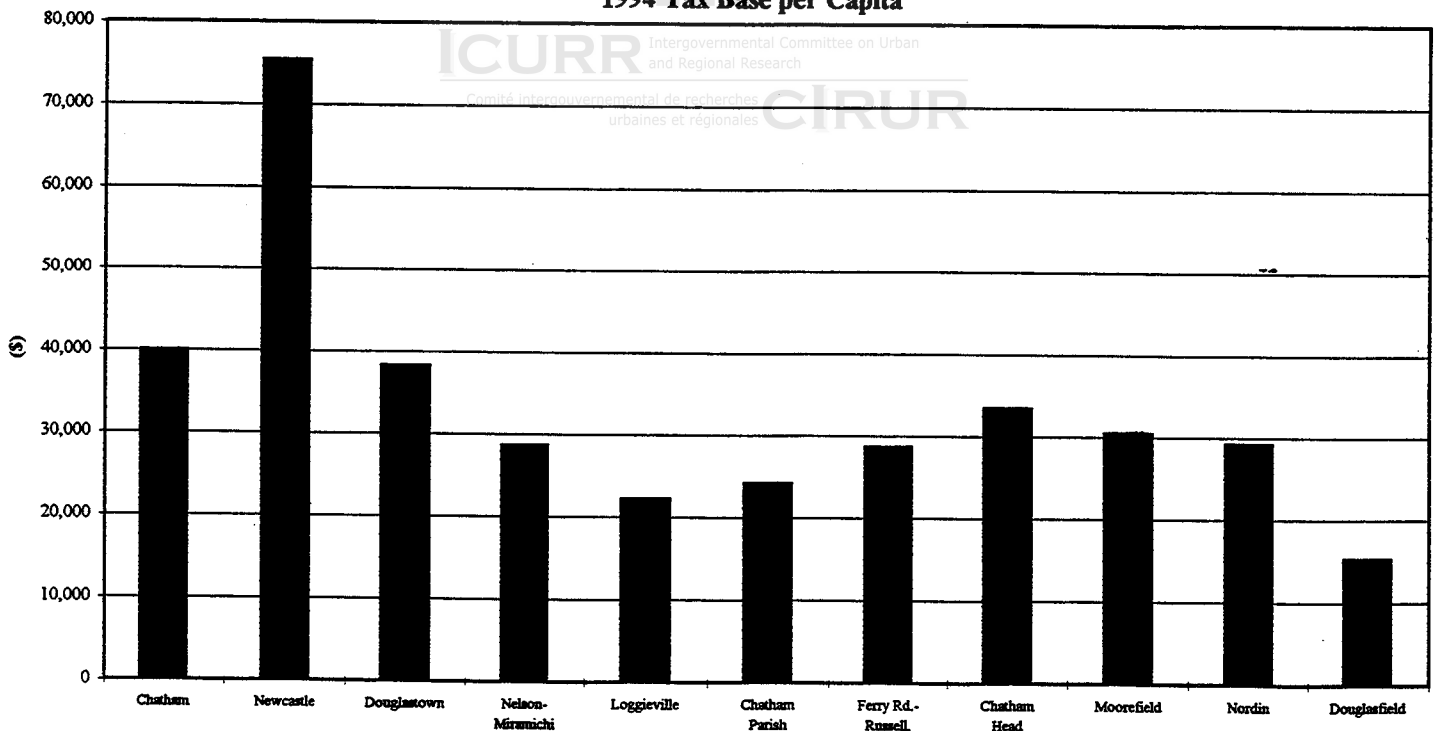
**Figure 2: Value of Taxable Assessment (1994)**

**Miramichi Urban Community  
1994 Tax Base**



**Figure 3: Per Capita Value of Taxable Assessment (1994)**

**Miramichi Urban Community  
1994 Tax Base per Capita**



Among the incorporated municipalities, the municipal tax rates on residential and non-residential properties were highest in Chatham and lowest in Nelson-Miramichi (see Table 32).<sup>2</sup> The Province of New Brunswick also levied a residential and a non-residential tax. The provincial residential tax was \$15 per \$1,000 of assessed property value, while the non-residential tax was \$22.50 per \$1,000 of the assessed value of business, commercial, and industrial properties. Among the unincorporated jurisdictions, the highest tax rate on residential and non-residential properties was in Nordin, while the lowest rate was in Chatham Parish. The provincial residential tax in the unincorporated communities was \$15 per \$1,000 of assessed property value, while the non-residential tax was \$22.50 per \$1,000 of assessment.

The communities in the Miramichi region also received a Provincial credit on residential property if the property was owner-occupied. The Province credited owner-occupied properties in the municipalities with the full \$15 per \$1,000 of assessed value, while such properties in the unincorporated areas received a credit of only \$8.50 per \$1,000. The provincial local tax of \$6.50 per \$1000 of assessed value partially covered the costs of providing local services within the unincorporated areas. The total provincial cost for the provision of police protection, solid waste disposal, and transportation services within the local service districts in the Miramichi urban community was roughly \$1.2 million in 1994 (Burns, McCarthy, and Robison 1994: 14). The provision of these services to some of the unincorporated areas had established an effective tax rate of more than \$8 per \$1,000 of assessment. Table 32 shows the 1994 tax rates per \$1,000 of assessed value for each of the municipalities and the unincorporated areas in the former Miramichi urban community.



---

<sup>2</sup> The non-residential rates were one and one-half times the residential rates.

**Table 32: Municipal Tax Rates 1994 — Taxation per \$1,000 Taxable Value**

|                             | Residential |        |        | Total  | Non-Residential <sup>+</sup> |        |        |
|-----------------------------|-------------|--------|--------|--------|------------------------------|--------|--------|
|                             | Prov.       | Local  | Credit |        | Prov.                        | Local  | Total  |
| Chatham                     | 15          | 13.095 | 15.00  | 13.095 | 22.50                        | 19.643 | 42.143 |
| Newcastle                   | 15          | 12.600 | 15.00  | 12.600 | 22.50                        | 18.900 | 41.400 |
| Loggieville                 | 15          | 11.863 | 15.00  | 11.863 | 22.50                        | 17.795 | 40.295 |
| Douglastown                 | 15          | 10.825 | 15.00  | 10.825 | 22.50                        | 16.238 | 38.738 |
| Nelson-Miramichi            | 15          | 10.252 | 15.00  | 10.252 | 22.50                        | 15.378 | 37.878 |
| Nordin                      | 15          | 1.506  | 8.50   | 8.006  | 22.50                        | 2.259  | 24.759 |
| Moorefield                  | 15          | 0.959  | 8.50   | 7.459  | 22.50                        | 1.439  | 23.939 |
| Douglasfield                | 15          | 0.894  | 8.50   | 7.394  | 22.50                        | 1.341  | 23.841 |
| Ferry Road -<br>Russelville | 15          | 0.860  | 8.50   | 7.360  | 22.50                        | 1.290  | 23.790 |
| Chatham Head                | 15          | 0.663  | 8.50   | 7.162  | 22.50                        | 0.993  | 23.493 |
| Chatham Parish              | 15          | 0.169  | 8.50   | 6.669  | 22.50                        | 0.254  | 22.754 |

The municipal non-residential rates are one and one-half times the rates on residential properties. In New Brunswick, education is a responsibility of the Province; thus the municipal tax does not include a levy for this service.

#### 6.1.4 Legislation

The legislative framework for municipal restructuring in New Brunswick is contained in the *Municipalities Act* (1995). A significant component of the *Act* is Subsection 14(1), which authorizes the Lieutenant-Governor in Council to amalgamate two or more municipalities and contiguous areas if a feasibility study is undertaken and the Minister of Municipalities, Culture and Housing recommends the amalgamation. In addition, Subsection 19(a) of the *Act* enables the Lieutenant-Governor in Council to “prescribe the name and boundaries and the effective date of the ... amalgamation” (New Brunswick 1995: 22).

Section 20 of the *Municipalities Act* deals with merging and harmonizing bylaws of former municipal members. Subsection 20(2) of the *Act* allows each of the former municipalities to retain their existing bylaws until they are repealed by the “council of the new municipality” (New Brunswick 1995: 29). The *Municipalities Act* (Section 21) also enables the new municipality to merge all assets and liabilities of the former municipal members.

## 6.2 THE CITY OF MIRAMICHI — AFTER AMALGAMATION

On January 1st, 1995, the eleven municipalities of the former Miramichi urban community amalgamated to form the City of Miramichi. Before amalgamation, the public reaction to the political restructuring was mixed. Strong support for amalgamation came from the local businesses, “cautious acceptance” from the labour community, and strong resistance from some residents. However, there was no formally organized political opposition to amalgamation in the Council meetings, only individual discontent and criticisms. Given the level of individual discontent, the lack of organized opposition to the municipal restructuring was considered to be a surprising aspect of the process.

Mayor Janice Morrison indicated that, before consolidation, there were, in fact, “reports that most people accepted [the restructuring] ... however, most people had a wait and see attitude.” Morrison noted that since amalgamation, “there is more discontent.” She indicated that “people thought [that the new] services would be provided overnight ... many [also] feel they pay more for less.” In addition, there are still contentious issues that, on occasion, generate intermunicipal conflict. This is especially apparent with the continued rivalry between the former Towns of Chatham and Newcastle.

The amalgamation of the Miramichi community was initiated by the Province of New Brunswick, which was interested in rationalizing municipal service delivery and increasing local accountability. The process started with an in-depth study on amalgamation initiated by the Province, and with full support of the participating municipalities. The municipalities negotiated issues of restructuring among themselves for approximately two years. They spent roughly the same amount of time discussing amalgamation with the Province, in the full realization that New Brunswick would have the final say.

In April 1994, the feasibility study, *Strength Through Unity*, was presented. It recommended the amalgamation of eleven municipalities in the Miramichi urban community into a single local government authority — the City of Miramichi. The Province of New Brunswick accepted the recommendations of the *Strength Through Unity* report, and legislation soon followed. Throughout this process, no referendums were held in the Miramichi urban community to see whether the public agreed with the proposed municipal restructuring. The amalgamation process was a top-down initiative, instituted by the Province.

The new name for the municipality was selected by New Brunswick without much controversy. Since the Miramichi River runs through the community, the name was considered appropriate. In addition, the selection of Miramichi avoided potential political problems that might have been associated with selecting the name of either of the two large rival municipalities — Chatham or Newcastle.

The transition period from the old structure to the new was to be facilitated by a Transitional Council. The Council, which was appointed by the Province, was supposed to administer the Miramichi Community from the date of amalgamation (January 1, 1995) to the next scheduled municipal elections (May, 1995). However, a court challenge was initiated by two councillors from the former districts who opposed the Province’s appointment of the Transitional Council. The court ruled that although the Province had the authority to amalgamate and annex the municipalities, it did not have the authority to appoint the Transitional Council. The court ordered municipal elections to be held in March — two months before they were scheduled. The controversy and dissension that the court challenge created has still not been completely resolved. Mayor Morrison has indicated that Miramichi is “still suffering from [this] period.” The residents of Miramichi, however, had fully supported the councillors who initiated the challenge. Both have been re-elected to the new Miramichi Council — one as a Councillor and the other as the Mayor.



## 6.2.1 The New Political and Administrative Structure

The City of Miramichi is currently governed by twelve councillors and a mayor. Eight councillors are elected by Wards, while four councillors and the mayor are elected at large. The member municipalities did not have any wards in the pre-consolidation period. The eight new wards were created in the municipal restructuring process. In the new municipal structure, access to elected representatives has been reduced for all five incorporated municipalities. However, the unincorporated municipalities now have access to elected representatives with actual political power. Prior to consolidation, the unincorporated municipalities had access to elected representatives that only functioned in an advisory capacity.

In addition to the issue of representation, Morrison had indicated that the reduced number of councillors per residents within the new political structure had placed a “heavy demand on elected officials.” The ratio of residents per elected council member before and after amalgamation is shown in Table 33.

**Table 33: Changes in Elected Representation**

| <b>PRE-AMALGAMATION</b>   |                            |                                     |
|---|----------------------------|-------------------------------------|
|   | <b>Elected Councillors</b> | <b>Residents per Representative</b> |
| Town of Chatham   | 8 Councillors & Mayor      | 727                                 |
| Town of Newcastle   | 8 Councillors & Mayor      | 635                                 |
| Village of Douglastown  | 5 Councillors & Mayor      | 259                                 |
| Village of Loggieville  | 4 Councillors & Mayor      | 152                                 |
| Village of Nelson-Miramichi   | 3 Councillors & Mayor      | 346                                 |
| <p>Five out of the six unincorporated areas had elected advisory committees with elected representatives that functioned in <i>advisory</i> capacity only. Since these elected officials did not have political authority, they were not included in this review.</p> |                            |                                     |
| <b>POST-AMALGAMATION</b>  |                            |                                     |
|   | <b>Elected Councillors</b> | <b>Residents per Representative</b> |
| City of Miramichi   | 12 Councillors & Mayor     | 1,663                               |

The amalgamation of the Miramichi urban community presents a unique case study because of the spatial layout of the urbanized cores, and the extent of intermunicipal rivalry, particularly between the two largest municipal jurisdictions. In the new municipality there are two business cores, one in the region of former Newcastle, and the other in the area of former Chatham. This spatial relationship between the two urbanized cores is evident in Map 7. The two City centres are approximately ten kilometers apart, divided by the Miramichi River and a transition area between the two urban cores that is largely rural. Historically, a considerable degree of friendly rivalry existed between the citizens of the two municipalities — as evident in the competition of local sports teams. In the political arena, this rivalry was translated into much more serious competition for new development projects. Unlike the Districts of Abbotsford and Matsqui in B.C., for instance, the two largest business cores and municipalities of the Miramichi urban area never functioned as a single economic entity.

Although the former Towns of Chatham and Newcastle are now members of a single municipality, there is still considerable intramunicipal competition for major projects. According to Morrison, “the old lines of thought still prevail ... [and] there is heavy competition for new development.” The competition between these two regions continues for a number of reasons. First, the new councillors still have a

tendency to favour what they perceive to be their former jurisdictions. Second, the two business districts are physically divided, and a major project in either of the urban cores will have a disproportionate economic impact on the area in which the project is initiated.

Besides the continued intermunicipal rivalries, the municipal restructuring process in the Miramichi urban community has generated conflicts at a number of other levels. There is currently less cooperation, trust and respect between the new municipality and the Province of New Brunswick. There is also an increased level of friction between the municipality and the existing Boards and Commissions. Before the amalgamation, not much consideration was given to the potential impacts of restructuring on Boards and Commissions. Bob Jardine, Miramichi's City Treasurer, has commented that this lack of consideration has created increased "friction" between the new City and the Planning Commission, the Renewal Development Corporation, the Miramichi Airport Commission, and several Community Development Organizations.

#### 6.2.1.1 Administration

The new administrative offices are located in the former municipality of Newcastle. The offices are being leased, so there were no construction costs associated with the office relocation. Before the restructuring process it was expected that operating costs in the new municipality would increase because of added service delivery to the previously unincorporated areas. Thus, in this restructuring process, no job losses were anticipated. As expected, municipal staff numbers increased from 120 before consolidation to 157 after the municipalities were consolidated.

It was also anticipated that, after amalgamation, municipal staff salaries would increase because of the increased levels of specialization in the larger bureaucracy. Higher salary levels were indeed realized, but to levels much higher than anticipated. Table 34 provides an example of some of the salary changes of municipal staff members that occurred after amalgamation.

After considerable discontent on the part of both the citizens and the Miramichi Council, a private consulting firm was hired to review the post-amalgamation salary increases. The authors of the report, *Compensation Review of City of Miramichi*, concluded that:

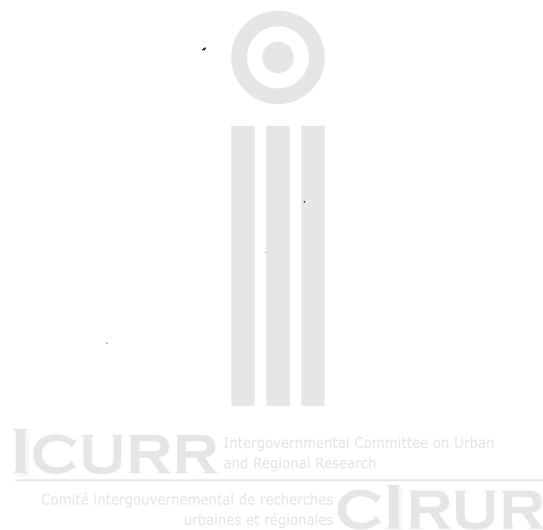
*salaries for the majority of staff are in line with those available to the smaller municipalities included in the survey and are generally lower than comparable jobs in the surveyed non-municipal marketplace. Finally, salaries for non-bargaining jobs are somewhat lower than those of the two bargaining units' jobs sampled. (KPMG 1995: 17.)*

In addition to these cost increases, the new City now spends more on stationary, photocopying, travel and personnel training. However, decreased costs are expected for council honoraria, as the elected officials were reduced from 33 to 13. In other words, although the stipends for each councillor increased considerably, Council Honoraria in Miramichi are expected to cost less in total.

#### 6.2.1.2 Administrative Structure

One of the most significant administrative changes in the City of Miramichi involved the establishment of a single police and fire department. However, although amalgamation has reduced the need for joint service operations, the local agencies, boards, and commissions have not been reduced substantially in numbers. For instance, the Miramichi Region Development Corporation and the Miramichi Planning and

District Commission still fulfill their respective functions.<sup>3</sup> One of the former special purpose agencies that has been dissolved is the Miramichi Water and Sewerage Commission, which has been merged with the City of Miramichi. The most critical changes that occurred among the special purpose agencies appear to have involved the replacement of some of the agency members by others that the Miramichi Council regarded as “more satisfactory.”



---

<sup>3</sup> The Miramichi Planning and District Commission is responsible for unincorporated areas and villages that are located outside the City of Miramichi’s boundaries. This is one reason that this particular Commission still continues to provide its associated functions.

**Table 34: Salary Increases in the Post-Amalgamation Period**

|                        | Salaries<br>Pre-<br>amalgamation | Salaries<br>Post-<br>amalgamation | Salary<br>Increase | % Raise | Minimum<br>Possible<br>Salary | Maximum<br>Possible<br>Salary |
|------------------------|----------------------------------|-----------------------------------|--------------------|---------|-------------------------------|-------------------------------|
| <b>Job Description</b> |                                  |                                   |                    |         |                               |                               |
| Manager                | 62,534                           | 77,000                            | 14,646             | 23.49   | 64,000                        | 84,000                        |
| Treasurer              | 59,850                           | 68,000                            | 8,150              | 13.62   | 60,000                        | 75,000                        |
| Police Chief           | n/a                              | 62,500                            | n/a                | n/a     | 55,000                        | 70,000                        |
| Dir. Engineering       | 54,823                           | 60,000                            | 5,177              | 9.44    | 50,000                        | 65,000                        |
| Dir, PW / water        | 48,000                           | 57,500                            | 9,500              | 19.79   | 50,000                        | 65,000                        |
| Fire Chief             | 49,192                           | 57,500                            | 8,308              | 16.89   | 50,000                        | 65,000                        |
| Rec. Director          | 47,016                           | 55,000                            | 7,984              | 16.98   | 45,000                        | 60,000                        |
| Clerk                  | 42,105                           | 52,500                            | 10,395             | 24.69   | 45,000                        | 60,000                        |
| Pub. Work Super.       | 40,568                           | 50,000                            | 9,432              | 23.25   | 45,000                        | 55,000                        |
| Pub. Work Super.       | 47,825                           | 50,000                            | 2,175              | 4.55    | 45,000                        | 55,000                        |
| Dep. Police Chief      | n/a                              | 50,000                            | n/a                | n/a     | 45,000                        | 60,000                        |
| Human Resources        | 34,480                           | 47,500                            | 13,020             | 37.76   | 40,000                        | 55,000                        |
| Dep. Fire Chief        | 37,500                           | 47,500                            | 10,000             | 26.67   | 40,000                        | 55,000                        |
| Dvpmt./Tourism         | 36,000                           | 45,000                            | 9,000              | 25.00   | 40,000                        | 55,000                        |
| Asst. Man. Hum. Res.   | 32,758                           | 40,000                            | 7,242              | 22.11   | 35,000                        | 45,000                        |
| Asst. Rec. Dir.        | 34,894                           | 40,000                            | 5,106              | 14.63   | 30,000                        | 45,000                        |
| Asst. Super.           | 38,368                           | 40,000                            | 1,632              | 4.25    | 35,000                        | 45,000                        |
| Legislative Asst.      | 27,974                           | 38,333                            | 10,359             | 37.03   | 35,000                        | 45,000                        |
| Asst. Treasurer        | 27,600                           | 35,000                            | 7,400              | 26.81   | 30,000                        | 45,000                        |
| Office Clerk 2         | 24,941                           | 27,333                            | 2,392              | 9.59    | 26,000                        | 30,000                        |
| Secretary 2            | 25,762                           | 27,000                            | 1,238              | 4.81    | 27,000                        | 32,000                        |
| Secretary 2            | 25,762                           | 27,000                            | 1,238              | 4.81    | 27,000                        | 32,000                        |
| Office Clerk 2         | 24,941                           | 26,667                            | 1,726              | 6.92    | 26,000                        | 30,000                        |
| Secretary 1            | 23,609                           | 25,333                            | 1,724              | 7.30    | 27,000                        | 32,000                        |
| Secretary 1            | 24,941                           | 25,333                            | 392                | 1.57    | 27,000                        | 32,000                        |
| Secretary 1            | 21,000                           | 23,667                            | 2,667              | 12.70   | 27,000                        | 32,000                        |
| Office Clerk 1         | 16,000                           | 23,000                            | 7,000              | 43.75   | 26,000                        | 30,000                        |
| Office Clerk 1         | 19,081                           | 23,000                            | 3,919              | 20.54   | 26,000                        | 30,000                        |
| Office Clerk 1         | 22,880                           | 23,000                            | 120                | 0.52    | 26,000                        | 30,000                        |

*The Miramichi Leader*. Wednesday March 8, 1995. A-1.

## **6.2.2 Changes in Service Delivery and Municipal Functions**

The member municipalities of Miramichi anticipated a number of changes in both the cost and quality of service delivery after amalgamation. Increased average costs were expected in transportation, waste collection and disposal, water and sewerage provision, and recreation. Police protection was expected to cost less, on average.

Other anticipated changes in service delivery included more contracting out for transportation services, and less for garbage collection and engineering services, which were to be brought in-house; the expansion and the extension of the water and sewerage systems; and an increase in the number of building inspectors. Increased quality standards were anticipated with transportation, recreation, water and sewerage, and community planning. It was also expected that amalgamation would reduce the participation of volunteers in various services. However, Jardine indicated that, to date, there were no significant reductions in volunteers.

### *6.2.2.1 Planning*

Before the consolidation, most believed that both regional and local planning would become more effective as a result of the merger. The planning functions that were expected to be most significantly improved included water and sewage provision, zoning regulation, and bylaw enforcement. Jardine noted that there is still some “dissatisfaction with respect to planning.” According to Morrison, the major problems occurred because “some areas did not have a municipal plan or zoning.” A new Official Plan is expected to be adopted by fall of 1996, and it is expected to alleviate most of the difficulties.

### *6.2.2.2 Economic Development*

Economic development was a municipal function that was expected to be considerably improved as a result of better coordination and cooperation among the former member municipalities. Before consolidation, many of the local communities competed for businesses, and it was indicated that the politics involved with this competition drove many potential investors away. In addition, because the smaller jurisdictions within the Miramichi urban community lacked a “unified voice,” they were considered to be at a competitive disadvantage when competing against other, larger, New Brunswick city regions. Consolidation, and the pooling of resources, were to result in more effective promotional campaigns and development strategies. In addition, it was also expected that city status would attract new investment because of the higher community profile and, hence, greater investor confidence that the municipality would provide a wide range of services and an adequate labour supply.

As expected, the amalgamation has improved cooperation among the former municipalities. A comprehensive Economic Development Strategy was identified as a priority, and it is expected to be completed shortly. However, competition still exists among some of the member municipalities. This is especially apparent between the two oldest rivals, former Chatham and Newcastle.

## **6.2.3 Changes in Local Finances**

### *6.2.3.1 The Costs of Amalgamation*

The process of amalgamation in the City of Miramichi involved a one-time consolidation expenditure of about \$180,000 — a per capita cost of approximately \$8.60. The largest portion of this amount was used to cover the costs of updating accounting and information systems. Additional expenses included the costs of the transitional council, development of a new logo, repainting police cars, changing uniform

patches and insignias, and the expenses of receptions and public meetings involving amalgamation. The cost of updating and consolidating bylaws in the new City will total between \$15,000 and \$20,000. The updating process is still in progress, so more exact costs are not available. To assist in paying for the costs of amalgamation, the Province of New Brunswick gave the City of Miramichi \$50,000. The Province also fully financed all the studies on amalgamation in the former Miramichi community.

#### 6.2.3.2 *Taxation*

Increases in the property tax as a result of the consolidation were expected in all the former villages and unincorporated areas. Decreases in the tax rates were anticipated for ratepayers in the two former Towns. With expected reductions in provincial transfer payments, however, the tax rates in the new City were anticipated to increase to levels comparable to other cities in New Brunswick. No significant differences were expected in the increase, or decrease, between residential and non-residential taxes in any one of the former jurisdictions. In other words, all property types within the jurisdictions were expected to change in the same direction and by roughly the same magnitude.

The different tax rates which existed among the former member communities are to be harmonized over a four year period. The original rate phase-in was to be over five years, but changes to the initial proposal were made in the 1995 municipal budget. The new phase-in plan also distinguishes between the former villages and local service districts because it was recognized that the local service districts would have to shoulder a comparatively greater fiscal burden in the restructuring process.



**Table 35: The Implications of the Five and Four Year Phase-In on Residential Municipal Tax Rates**

**The Original Five Year Phase-in Proposal (Taxation per \$1,000 Taxable Value)**

|                 | 1995           | 1996               | 1997              | 1998               | 1999             |
|-----------------|----------------|--------------------|-------------------|--------------------|------------------|
| Towns           | 12.588         | 12.788             | 12.988            | 13.188             | 13.388           |
| Villages & LSDs | 9.441<br>(75%) | 10.390<br>(81.25%) | 11.365<br>(87.5%) | 12.364<br>(93.75%) | 13.388<br>(100%) |

**Implications of the Current Four Year Phase-in Plan (Taxation per \$1,000 Taxable Value)**

|          | 1995            | 1996             | 1997              | 1998               |
|----------|-----------------|------------------|-------------------|--------------------|
| Towns    | 12.607          | 13.035*          | 13.235**          | 13.435**           |
| Villages | 11.851<br>(94%) | 12.514*<br>(96%) | 12.970**<br>(98%) | 13.435**<br>(100%) |
| LSDs     | 9.582<br>(76%)  | 10.949*<br>(84%) | 12.176**<br>(92%) | 13.435**<br>(100%) |

\* Proposed 1996 tax rates from City of Miramichi. December 1995. *Press Release: Proposed 1996 City of Miramichi Expenditures and Revenue.*

\*\* Estimates for 1997 and 1998 are based on expected annual increases in the Towns' tax rates of \$.20 per \$1,000 of assessment, added to the 'phase-in' rate increase for the Villages and LSDs.

Table 35 shows the tax rate for residential property per \$1,000 of assessment, and the percentage of the Towns' rate that was expected to be applied to the Villages and Local Service Districts in the initial five year phase-in proposal. The table also presents the proportion of the Towns' rates that were expected to be applied to the Villages and Local Service Districts in the current four year phase-in plan. The new phase-in period will establish a uniform rate by 1998.

For the four year plan, no figures were available for the expected residential tax rate increases in 1997 and 1998. The figures in Table 35 are estimates of expected rates based on predicted annual tax rate increases in the former Towns of \$0.20 per \$1,000 of assessed value. The former Towns and Villages face considerably lower tax rate increases with the four year phase-in than do the former local service districts. In 1995, one year after amalgamation, tax rate increases in the former local service districts have ranged from 20 percent to 44 percent. However, tax rate changes in 1995 for the former Towns and Villages have ranged from a decrease of 4 percent for the former Town of Chatham, to an increase of 5 percent for the former Village of Nelson-Miramichi. For the former local service districts, expected increases in residential tax rates from 1994 to 1998 will range from 70 percent to over 100 percent. The expected tax rate increases during the same period for the former Towns and Villages is expected to range from 3 percent increase for Chatham, to 40 percent for Nelson-Miramichi.

For the former local service districts, the increased tax rates are meant to cover the costs of a number of municipal functions that were previously not available to these jurisdictions. Perhaps most importantly, the increased rates are intended to cover the costs of access to elected representatives with actual political power. The spill-over argument has also been used to justify the tax levy increases. Thus, it has been argued that the local service districts made extensive use of services within the Towns and Villages of the Miramichi urban community without paying their fair share (Cadogan 1994: A1 and A12.) The

increased rates in the new City are seen as charges that will ensure that all former jurisdictions are paying for their share of service use. However, the extent to which the intensity of service provision will be the same between the former municipalities and former local service districts is questionable. Because of the differences between urban and rural service provisions, municipal service intensity levels in the rural areas of Miramichi cannot reasonably be expected to equal those in the urbanized regions of the City. But unless service levels and standards are equalized between urban and rural areas within the City, the new tax structure will produce both inefficiencies and inequities, and the harmonizing of urban and rural tax rates will therefore raise legitimate concerns about fiscal accountability.

The importance of a tax structure that can adequately reflect differences in levels of service throughout Miramichi was also raised in the *Strength Through Unity Report* (1994):

*The area of the proposed municipality is very large and the density of population and properties varies considerably throughout. It is impractical, if not impossible, to provide equal levels of all services to all persons and properties, given the nature of the new community. Although levels and quality of service are likely to improve for all, certain areas are likely to receive lower levels of service than others. In the view of the Panel, the differences in types and levels of service should be reflected in the tax rate applicable to different areas of the community. This is not intended to suggest that there should be separate rates for each service, but that consideration should be given to establishing a two-tier rate structure based upon broad indicators of service. (Burns, McCarthy and Robison 1994: 39.)*

The non-residential tax rates in each of the former jurisdictions can be derived by multiplying the residential rates by 1.5. The tax rates per \$1,000 of non-residential assessment, including 1997 and 1998 estimates, are provided in Table 36. As in the case of residential rates, the most significant tax increases will occur in the local service districts.

**Table 36: The Implications of the Four Year Phase-In on Non-residential Municipal Tax Rates**

**Implications of the Current Four Year Phase-in Plan (Taxation per \$1000 Taxable Value)**

|          | 1995            | 1996             | 1997              | 1998               |
|----------|-----------------|------------------|-------------------|--------------------|
| Towns    | 18.911          | 19.553*          | 19.853**          | 20.153**           |
| Villages | 17.777<br>(94%) | 18.771*<br>(96%) | 19.455**<br>(98%) | 20.153**<br>(100%) |
| LSDs     | 14.373<br>(76%) | 16.424*<br>(84%) | 18.264**<br>(92%) | 20.153**<br>(100%) |

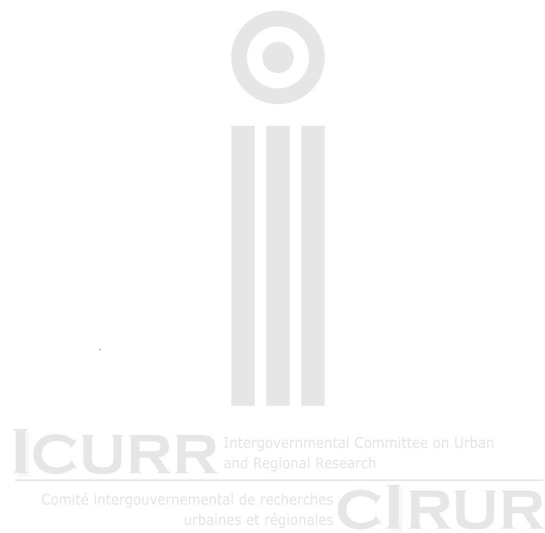
\* Proposed 1996 tax rates from City of Miramichi. December 1995. *Press Release: Proposed 1996 City of Miramichi Expenditures and Revenue.*

\*\* Estimates for 1996, 1997 and 1998 are based on expected annual increases in the Towns' tax rates of \$.20 per \$1,000 of assessment, added to the 'phase-in' rate increase for the Villages and LSDs.



### 6.2.3.3 *Municipal Debt*

All liabilities of the former jurisdictions were amalgamated and taken over by the City of Miramichi. The City also recognized roughly \$600,000 in project commitments made by the former municipal members.



## CHAPTER 7

# Nova Scotia

In April 1992, Nova Scotia's Task Force on Local Government presented a report calling for a "reallocation of service responsibilities" between the provincial and municipal levels of government, and the "rationalization of municipal political boundaries" (Nova Scotia, Ministry of Municipal Affairs Report 1992: 5). The Task Force was concerned about the organization of municipal structures and the allocation of service responsibilities in the Province. In Nova Scotia, major municipal restructuring had last occurred in the 1800s, and the report questioned the ability of the current organization of municipalities to meet present citizen needs effectively and efficiently.

The structure of local governments was of special concern, given that residential, commercial, and industrial development in rural jurisdictions was "outpacing" new developments in towns (Nova Scotia, Ministry of Municipal Affairs Briefing Book 1992: 22). Many of these rural municipalities, however, simply did not have the capacity to provide the necessary local services. In addition, the authors of the report indicated "the tendency for large-scale industrial complexes to locate in rural municipalities" where they did not have to pay for their share of municipal service provision (Nova Scotia, Ministry of Municipal Affairs Briefing Book 1992: 22). This lack of fiscal accountability was caused, in part, by the fact that the Province paid for policing and roads in the rural jurisdictions (Nova Scotia, Ministry of Municipal Affairs Briefing Book 1992: 29).

The authors of the report recommended a major reorganization of local governments in the five most urbanized counties in Nova Scotia — Cape Breton, Pictou, Halifax, Colchester, and Kings — which contained about 67 percent of the total population in the Province (Nova Scotia, Ministry of Municipal Affairs Report 1992: 43). The task force proposed a reduction in the total number of municipalities in Nova Scotia from 66 to 46. It was recommended that three cities, seventeen towns, and five rural municipalities be restructured into five one-tier regional governments, in order to provide a municipal structure that is "more economical and efficient, and more effective and accountable." (Nova Scotia, Ministry of Municipal Affairs Report 1992: 43).

In 1992, Premier Donald Cameron indicated that his government supported the Task Force's proposals. Cape Breton and Halifax were the first two urban regions selected for reform. Cameron announced his government's intention to consolidate the four municipalities in the Halifax Region into one government by the time municipal elections were held in 1994 (Hayward 1993: 5). In January 1993, the Provincial government appointed William Hayward as Municipal Reform Commissioner to "evaluate and implement" municipal restructuring in the Halifax region (Hayward 1993: 1). Later that year, Hayward issued an Interim Report that indicated not only potential improvements in decision-making capacity, but also annual savings of \$9.8 million from the establishment of a unitary government in the Halifax-Dartmouth Region (Hayward 1993: 123).

Following the 1993 elections, Cameron was replaced as premier by John Savage, former mayor of Dartmouth (Sancton 1994: 50). Unlike Cameron, Premier Savage was not as sympathetic to municipal restructuring. Municipal reform in Nova Scotia was to be slowed down until further public consultation could take place. While this was the official Provincial position on restructuring, six municipalities proceeded with amalgamation (O'Brien 1995: 30). In addition, days after the 1994 municipal elections in Nova Scotia, Premier Savage's government announced an April 1, 1996 amalgamation date for Halifax, Dartmouth, Bedford, and Halifax County. The announcement was met with considerable disapproval by all four municipal mayors in the Halifax-Dartmouth region (O'Brien 1995: 30). Despite the protest from

the mayors, in May 1995, Bill No.3 — *An Act to Incorporate the Halifax Regional Municipality*, was passed by the House of Assembly (House of Assembly 1995).

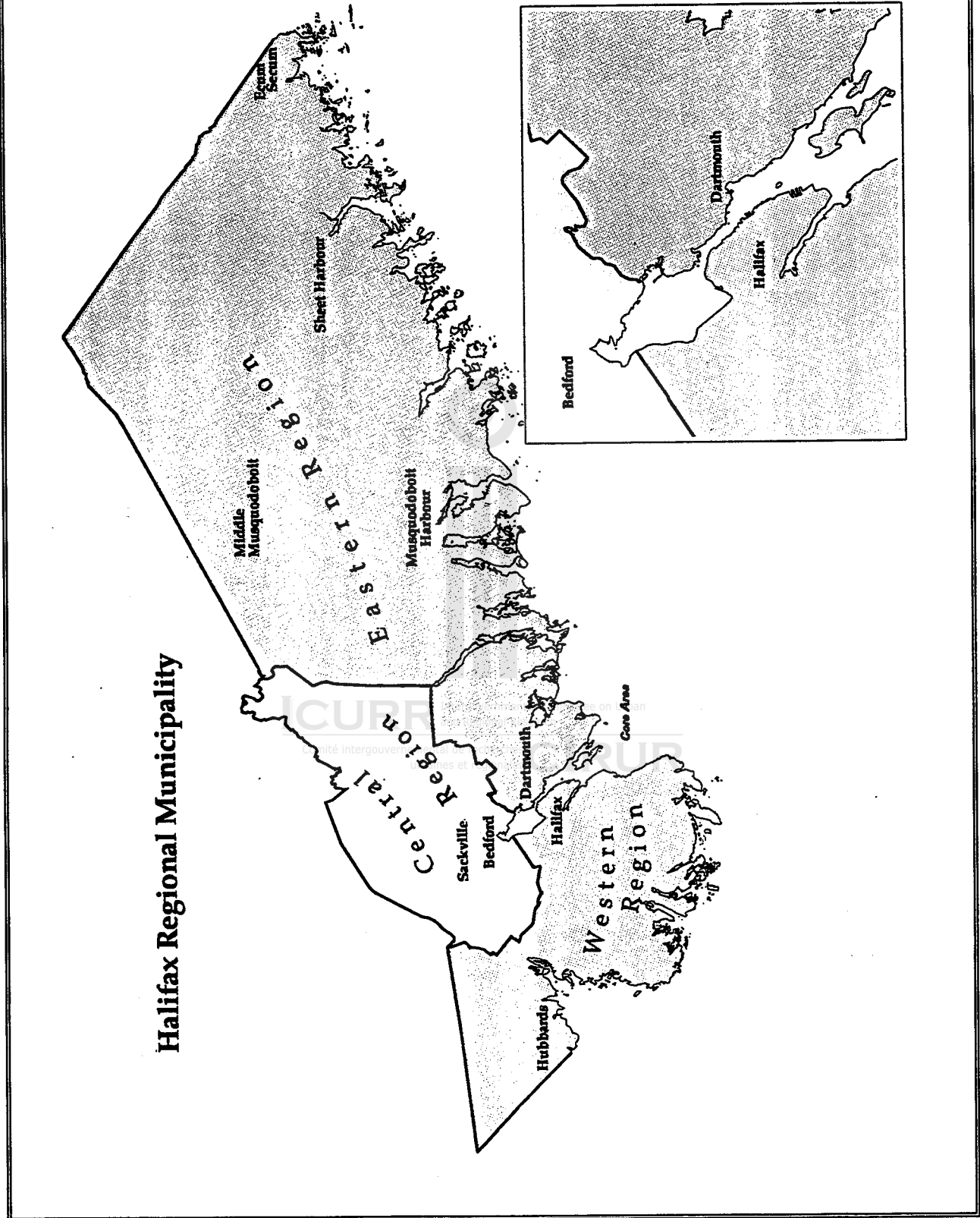
## **7.1 THE HALIFAX-DARTMOUTH REGION — POLITICAL BOUNDARIES AND LOCAL GOVERNMENT STRUCTURE**

The member municipalities of the former Halifax region include the Cities of Halifax and Dartmouth, the Town of Bedford, and the municipality of Halifax County (see Map 8). Halifax County also contained two incorporated villages, Uplands Park and Waverley. In addition, Upper Musquodoboit and Hammond Plains maintained service commissions, while Sackville and the Cole Harbour/Westphal areas had introduced community councils under the *Halifax County Charter* (Hayward 1993: 44). Sackville had a five member council and Cole Harbour/Westphal had four members on their council (Hayward 1993: 44). The two community councils were accountable to the residents at community meetings and through elections. As indicated by Hayward, the Sackville and Cole Harbour/Westphal community councils were “in effect committees of the municipal council” (Hayward 1993: 44).

The Halifax-Dartmouth region also had a joint regional agency called the Metropolitan Authority. It was originally composed of the cities of Halifax and Dartmouth, and the County of Halifax. In 1986 the Town of Bedford became the fourth member of this jointly operated body. The board of the Metropolitan Authority was composed of the mayors and two councillors from each of the cities and the county, in addition to the mayor and one councillor from the Town of Bedford. The chair of the board was not elected, but rather selected by the members. The legislative functions of this regional body included responsibility for the delivery of regional transit, solid waste disposal and planning. The Metropolitan Authority also had the ability to take on additional municipal functions if two or more of the member municipalities passed by-laws requesting the service. Although this authority operated a transit system, a land-fill site and a jail, it did not undertake the function of regional planning (Sancton 1994; Tindal and Tindal 1995).

The fundamental problem with the Metropolitan Authority was that, unlike the B.C. regional districts or the Quebec urban communities, the political structure was not based on representation by population. For instance, in 1991 the County of Halifax maintained a population of approximately 137,000 people, and had three representatives on the board, while Bedford had two representatives with a population of only about 12,000 (O'Brien 1993; Sancton 1994; Tindal and Tindal 1995).

Map 8: Former Municipal Members of the Halifax Regional Municipality, 1995



Before amalgamation, each of the municipalities within the Halifax-Dartmouth region had an elected council and a mayor. Dartmouth had fifteen elected representatives, with two alderman elected in each of seven wards, and a mayor elected at large. Halifax had thirteen elected representatives, with one alderman elected in each of twelve wards and a mayor elected at large. In Bedford, all council members and the mayor were elected at large. In Halifax County, the mayor was elected from the twenty-five councillors — one per district. The population per councillor for each of the former municipalities is presented in Table 37.

**Table 37: Halifax Region — Population per Elected Representatives**

| <b>Municipality</b> | <b>Elected Representatives</b> | <b>Residents per Representative *</b> |
|---------------------|--------------------------------|---------------------------------------|
| Bedford             | 7 including Mayor              | 1,660                                 |
| Dartmouth           | 15 including Mayor             | 4,520                                 |
| Halifax County      | 25 including Mayor             | 5,479                                 |
| Halifax City        | 13 including Mayor             | 8,804                                 |

\* Population figures are based on 1991 census data (Town of Bedford — 11,618, City of Dartmouth — 67,798, County of Halifax — 136,975, and the City of Halifax — 114,455.)

### **7.1.1 Municipal Staff**

Before consolidation, the municipal staff numbers within the four individual member municipalities of the Halifax-Dartmouth Region can be separated into the staff employees of the four local municipalities and the Halifax Metropolitan Authority. The municipal staff numbers for 1993 are shown in Table 38. These staff figures represent permanent, full-time employees of the former municipalities. However, because the former member jurisdictions of the Halifax Regional Municipality maintained payroll services for various local boards, commissions and agencies — as well as part-time staff — the actual municipal staff payroll of the four municipalities was almost double the figure in Table 38. The total municipal staff payroll of the former member jurisdictions of the Halifax-Dartmouth Region included: City of Dartmouth (812); City of Halifax (2,471); Town of Bedford (174); Municipality of the County of Halifax (1,226); and the Metropolitan Authority (534). Before amalgamation, therefore, there was a total of 5,217 municipal employees of all classes and all types within the Halifax-Dartmouth Region.

**Table 38: Municipal Staff of the Former Member Municipalities of the Halifax-Dartmouth Region**

| <b>Municipal Function</b> | <b>Staff Numbers</b> |
|---------------------------|----------------------|
| Administration *          | 259.5                |
| Police                    | 540                  |
| Fire                      | 505                  |
| Engineering               | 285                  |
| Economic Development      | 14                   |
| Recreation                | 501                  |
| Water                     | 161                  |
| Planning                  | 137                  |
| <b>Subtotal</b>           | <b>2,402.5</b>       |
| Other **                  | 427.5                |
| <b>TOTAL</b>              | <b>2,830</b>         |

\* CAO, Clerk, Finance, Legal, Human Resources, and Metro Authority Administration

\*\* Social Services, Libraries, Justice, Etc. (Metro Authority Operations have been excluded from staff figures.)

Halifax Regional Municipality. 1996. *Memorandum on Staff Establishment to Mayor Walter Fitzgerald and Members of Council*. Halifax Regional Municipality, Chief Administrative Office.

### 7.1.2 Population

Over 70 percent of the total population in the Halifax region is located on less than five percent of the land surrounding Halifax Harbour. The rural district of the region, which represents over fifty percent of the land, contains only three percent of the population (UMA Group 1995). The 1991 census population of the four municipalities was roughly 330,000. Table 39 illustrates the population of each of the four municipalities, and shows the population changes in the region since 1986. As evident in the table, the largest percentage change in population since 1986 has occurred in the Town of Bedford, while the greatest population increase, in absolute numbers, has taken place in the County of Halifax.

**Table 39: Halifax-Dartmouth Region Population and Trends (1991)**

| Municipality      | 1986           | 1991           | % Change   |
|-------------------|----------------|----------------|------------|
| City of Halifax   | 113,577        | 114,455        | 0.8        |
| County of Halifax | 119,588        | 136,975        | 14.5       |
| City of Dartmouth | 65,243         | 67,798         | 3.9        |
| Town of Bedford   | 8,010          | 11,618         | 45.0       |
| <b>Total</b>      | <b>306,418</b> | <b>330,846</b> | <b>8.0</b> |

### 7.1.3 Local Finances

The total assessed values of the four former municipalities reveal considerable differences, with former Bedford maintaining the weakest total property tax assessment base in the region (see Table 40). However, an analysis of per capita values reveals that Bedford, in fact, maintained considerable fiscal strength (see Table 41).

**Table 40: Distribution of Taxable Assessment 1995/96 (\$)**

| Property Type | Halifax City         | Halifax County       | Dartmouth            | Bedford            |
|---------------|----------------------|----------------------|----------------------|--------------------|
| Residential   | 3,984,458,800        | 3,758,887,000        | 1,816,788,400        | 528,664,400        |
| Commercial    | 1,325,978,600        | 340,830,400          | 877,289,000          | 123,271,400        |
| Business      | 477,929,429          | 131,104,700          | 342,122,141          | 48,705,600         |
| Manufacturing | 9,022,200            | 14,175,900           | 68,061,700           | 1,992,800          |
| Resource      | 4,536,200            | 106,110,400          | 1,662,700            | 4,086,600          |
| <b>Total</b>  | <b>5,801,925,229</b> | <b>4,351,108,400</b> | <b>3,105,923,941</b> | <b>706,720,800</b> |

Table 41 shows that Halifax County maintained the lowest per capita taxable assessment value in the region. A comparison of the distribution of the residential and commercial tax base in the former political jurisdictions reveals that the lack of commercial investment in Halifax County is, in part, the variable that ensured a comparatively low tax assessment value per capita in this former municipality.

**Table 41: Distribution of Taxable Assessment per Capita 1995/96 (\$)**

| Property Type | Halifax City  | Halifax County | Dartmouth     | Bedford       |
|---------------|---------------|----------------|---------------|---------------|
| Residential   | 34,812        | 27,442         | 26,797        | 45,504        |
| Commercial    | 11,585        | 2,488          | 12,940        | 10,610        |
| Business      | 4,176         | 957            | 5,046         | 4,192         |
| Manufacturing | 79            | 103            | 1,004         | 172           |
| Resource      | 40            | 775            | 25            | 352           |
| <b>Total</b>  | <b>50,692</b> | <b>31,766</b>  | <b>45,811</b> | <b>60,830</b> |

Before amalgamation, the municipal members of the Halifax-Dartmouth Region maintained eight separate base tax rates on residential and commercial property, and over 250 area rates in Halifax County. Considerable tax rate differences existed between the former municipal members of the region. Tax rates before the consolidation are shown in Table 42. Dartmouth maintained the highest mill rates on residential properties, while the City of Halifax maintained the highest commercial rates. The rural taxpayers in Halifax County maintained the lowest residential and commercial rates.

**Table 42: Municipal Tax Rates 1995/96 — Taxation per \$1,000 Taxable Value\***

| Property Type | City of Halifax | Halifax County<br>(plus area rates) | Dartmouth | Bedford |
|---------------|-----------------|-------------------------------------|-----------|---------|
| Residential   | 14.849          | 8.950                               | 15.50     | 13.780  |
| Commercial    | 38.625          | 22.510                              | 35.70     | 28.590  |
| Business      | 38.065          | 22.510                              | 35.70     | 28.590  |
| Manufacturing | 38.625          | 22.510                              | 35.70     | 28.590  |
| Resource      | 14.849          | 8.950                               | 0         | 13.780  |

\* All of the assessment figures in Table 42 include an educational levy of \$3.90 per \$1,000 of assessed value. In addition to this educational levy — which is collected at this standardized rate throughout the Province — a municipality could also include a supplementary levy that would fund more customized educational services. Supplementary education levies were charged in the former Cities of Halifax and Dartmouth.

As illustrated in Table 40, the Cities of Halifax and Dartmouth contained most of the commercial assessment in the region — approximately 83 percent. The substantial level of revenue generated from the commercial sector enabled these two former Cities of the Halifax-Dartmouth Region to provide



“additional services” while maintaining the tax rate on residential properties that was considered to be “acceptable” (Halifax Regional Municipality 1996: 9). However, as seen in the comparison of commercial and residential rates in all four former municipalities, higher rates on commercial properties have been used to subsidize residential rates among all member municipalities of the Halifax-Dartmouth Region. While commercial assessment accounted for 26 percent of the assessment base, it was responsible for about 50 percent of the total tax burden in the former municipalities (Halifax Regional Municipality 1996: 18).

In Halifax County, the tax rates not only varied significantly across the 25 districts, but also within each of the districts. There were over 250 different area rates throughout the County based on the different mix of services provided in each tax jurisdiction. For instance, a ratepayer in Sackville would add \$6.50 per \$1,000 of assessed property value to the County base rate for garbage collection, recreational services, street light, schools, transit, cross guards, sidewalks, police, and fire services. A ratepayer in the Hubbard’s area, on the other hand, would have added only about \$2.30 for each \$1,000 of assessed value to the County base rate to pay for fire fighting, garbage collection, street lighting, and schools (Halifax Regional Municipality 1996: 9). In the 1996/97 fiscal year, the average residential tax rate in Halifax County was \$11.60 and the average commercial tax rate was \$25.10 (Halifax Regional Municipality 1996: 25).

### 7.1.3.1 *Municipal Debts*

Considerable differences were apparent in the capital debt status of the former municipal members before they were amalgamated. Table 43 illustrates the per capita debt figures of the four former municipalities in March 1994. Dartmouth maintained the highest *capital debt per capita*, however, once the municipalities’ reserves and assets for sale were considered, Bedford maintained the highest *net capital debt per capita*. In the City of Halifax, the reserves and assets for sale exceeded the capital debt by \$112 per capita (UMA 1995: 25).

**Table 43: Capital Debt Status by Municipal Member, March 1994 (\$)**

| Property Type                 | Halifax City | Halifax County | Dartmouth | Bedford |
|-------------------------------|--------------|----------------|-----------|---------|
| Capital Debt per Capita       | 487          | 251            | 903       | 626     |
| Net Capital Debt per Capita * | (112)        | 109            | 362       | 552     |

\* Net Capital Debt per Capita represents capital debt less reserves and assets for sale.

UMA. 1995. *Analysis of Municipal Amalgamation*.

### 7.1.4 **Legislation**

On May 19, 1995, Bill 3, the *Halifax Regional Municipality Act*, was passed in the House of Assembly. As in the case of legislation for Cape Breton, the *Act* was specific to the amalgamation of the Halifax Regional Municipality. Some of the highlights of the *Act* include Section 3, which provides for the appointment of a Coordinator of the new local government who is to be “responsible for designing and implementing the administrative structure of the Regional Municipality.” The *Act* (Section 8) also authorizes the Halifax Regional Municipality to merge and take over all assets and liabilities of the former municipal members.

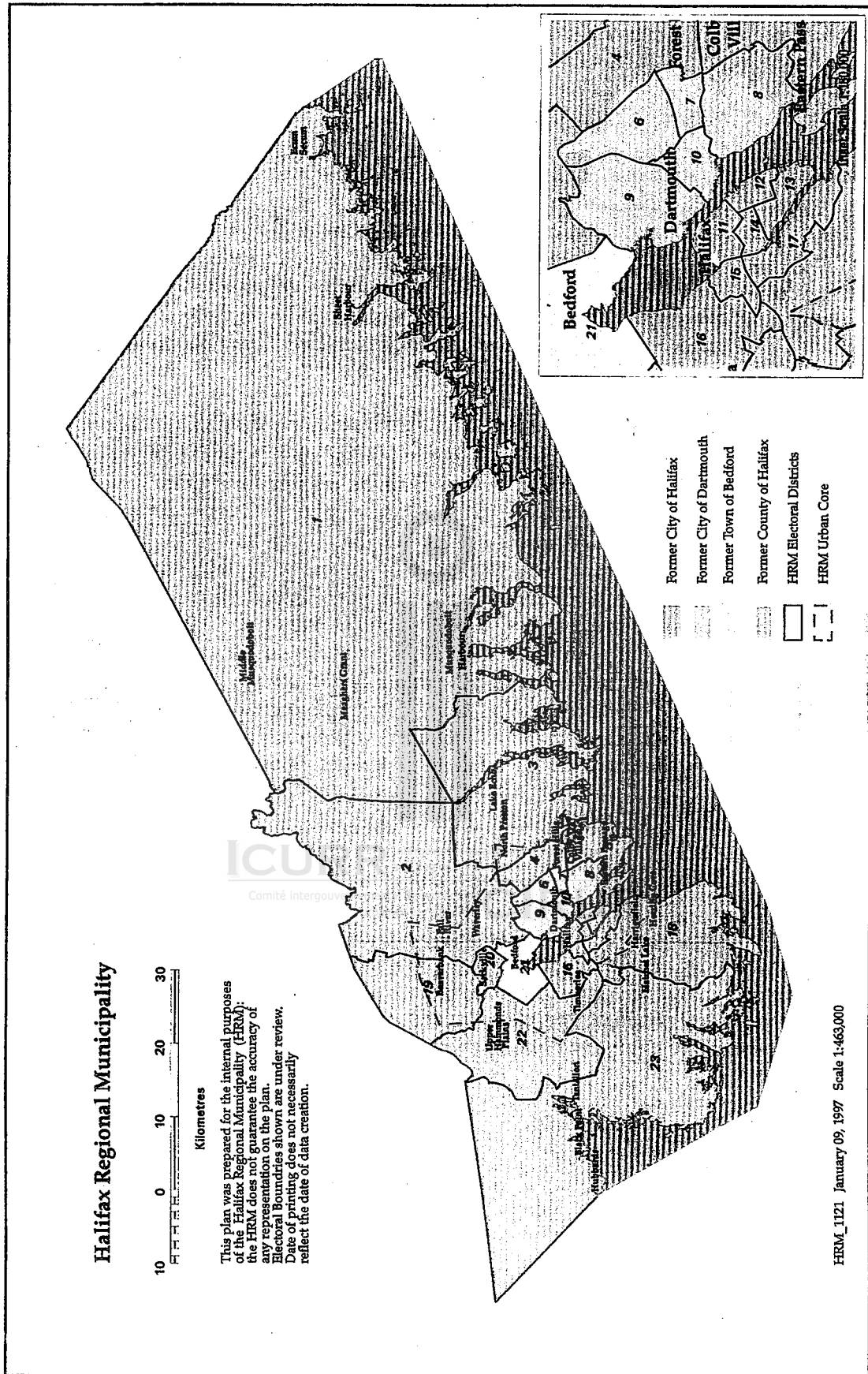
Because they recognized that establishing a uniform levy across the new jurisdiction had the potential to raise concerns about fiscal accountability, the authors of the *Halifax Regional Municipality Act* required a dual tax rate structure — one for the rural area of the Halifax Regional Municipality and the other for the urban area. According to Subsection 82 (8a):

*the Council shall authorize the levying and collecting of a separate rate for the area of the Regional Municipality determined by the Council to be a rural area receiving a rural level of services sufficient to raise the amount estimated to be required to defray an amount not exceeding the area's share of the net cost to the Regional Municipality of providing general administration, planning, development control, building and protective inspections, social services, contributions to a school board, contributions to a regional library, industrial or business development and attraction, and solid waste collection and disposal, including waste diversion; ... (Nova Scotia General Assembly 1995: 40).*

On January 11, 1996, the House of Assembly passed Bill 28, *An Act Respecting Regional Municipalities*. This is Nova Scotia's generic legislation intended to guide the future organization of regional municipalities in the Province. Subsection 3(1) of Bill 28 enables the Minister of Municipal Affairs, upon the request of the majority of the council in a municipality, to "undertake a study of the form of municipal government in the county to determine whether a regional municipality would be in the interests of the people of the county." Subsection 3(2) authorizes the Minister to establish a regional municipality if the feasibility study determines that a "regional municipality would be in the interests of the people" and a "majority of the councils of the municipal units in the county request that a regional municipality be established." Like Bill 3, the *Halifax Regional Municipality Act*, the *Act Respecting Regional Municipalities* (Sections 4 and 5) also provides for the appointment of a Coordinator of a regional municipality who is "responsible for designing and implementing the administrative structure." With respect to restructuring, therefore, Nova Scotia's new generic legislation (Bill 28) is very similar to the specific municipal legislation that authorized the consolidation of Cape Breton and Halifax.

## 7.2 THE HALIFAX REGIONAL MUNICIPALITY — AFTER AMALGAMATION

On April 1, 1996, the Cities of Halifax and Dartmouth, the Town of Bedford, and Halifax County amalgamated to form the Halifax Regional Municipality. The current boundaries of the City are the boundaries of the former Halifax County (see Map 9). When amalgamation was initially announced, the public reaction to the process was generally negative. There were concerns among the citizens of all four former municipalities over the threat to the individual community identities, as well as over the loss of control over municipal funding, governance and service delivery. The first six months of the amalgamation process drew mixed results and the consolidation still remains a sensitive issue.



The merging and harmonizing of the municipal functions was initially facilitated by the Transition Coordinator, as authorized under the *Halifax Regional Municipality Act*. The Coordinator, in consultation with the Nova Scotia Provincial government, was responsible for designing and implementing the political structure of the new municipality.

The Transition Coordinator was also responsible for designing and implementing the administrative structure of the Halifax Regional Municipality in the initial stages. Once the Chief Administrative Officer (CAO) was appointed, he assisted the Coordinator in implementing the new administration. However, the Commissioners of the newly amalgamated municipality, in collaboration with the CAO, were responsible for establishing their own administrative divisions. The Commissioners represent six broad areas of municipal functions, which include Corporate Services, Community Services, Regional Operations, Policy and Planning, Police and Fire Services, and the Administrative Board of Directors. Unlike in the other municipalities assessed in this study, the Municipal Council of the Halifax Regional Municipality was not involved in the design and implementation process of the new political and administrative structures.

A number of administrative and political problems were encountered during the transition period. Perhaps the greatest difficulty was associated with introducing the new financial system. A systems group composed of employees from the former municipalities was formed to develop the new system. Since the group had only about four months to develop a new structure, there was not enough time to actually design a new system. Instead, a system from one of the former municipalities was to be selected and adopted on a larger scale. Recognizing the political nature of selecting a system from a former municipality, the systems group hired a private consulting group to review the existing systems and determine which would be most suitable. After reviewing the options, Bedford's system was selected as the most appropriate for the new municipality. However, when Bedford's financial system was applied on a larger scale, and all the required functions of the former municipalities were harmonized, a number of technical difficulties became apparent.

Modifications had to be made to Bedford's system as it was being developed and implemented. As indicated by Ron Singer, Director of Finance in the Halifax Regional Municipality, the system is currently composed of about "five different systems pasted together." For instance, Dartmouth's system was considered to be the most suitable for the payroll, and it is currently being used for this function. Many of the technical difficulties with the new financial system have been worked out, and while it is not considered to be "ideal," it is performing its essential functions.

Communications problems were also confronted as the four former municipalities merged. Determining the most effective way to communicate in a new municipality of over 2,500 square kilometers, and particularly within the peripheral areas, was considered somewhat problematic. For instance, in the urban cores, e-mail was a standard way of communicating between departments, but many of the peripheral areas did not have the networks required for such systems.

A Corporate Communication Officer was appointed in September 1996 to address some of the communication difficulties. Considerable improvements were apparent in communication across the new municipality after this appointment. A number of municipal officials involved in this study stressed the importance of introducing a *communication official* for the transition period. An effective communication mechanism is of primary concern among consolidating members, as increased cooperation and coordination between councils, departments and special purpose agencies is essential during any restructuring initiative.

Differences in cultures among the four former municipalities also resulted in some conflicts. These differences among both employees and departments are still apparent at a number of levels. The problem of inappropriate computer facilities for e-mail in some of the rural areas is one example. On a larger scale, the municipalities had very different approaches to dealing with issues of urban management. For instance, the former City of Halifax was policy oriented, while the County of Halifax was not. These types of differences are still being worked out, and it will probably take a number of years before they are all resolved.

Selecting the name *Halifax* for the new municipality also met with some controversy. In all of the cases studied, choosing the name of one former municipality over other municipal members of the region proved problematic, and generally raises concerns over preference in preserving any one local community identity. In the case of the Halifax Regional Municipality, however, Subsection 11(2) of the *Halifax Regional Municipality Act* does allow the name of the new municipality to be changed at a later date.

### 7.2.1 The New Political and Administrative Structure

Based on the *Nova Scotia Utility and Review Board Order* (August, 17, 1995), the wards and districts of the four former municipalities have been restructured into 23 polling districts which make up the new Halifax Regional Municipality (see Map 9). Within the current political structure, one councillor is elected in each polling district and the mayor is elected at large.

**Table 44: Halifax Regional Municipality — Population per Elected Representative**

#### PRE-AMALGAMATION

| Municipality   | Elected Representatives | Residents per Representative |
|----------------|-------------------------|------------------------------|
| Bedford        | 7 including Mayor       | 1,660                        |
| Dartmouth      | 15 including Mayor      | 4,520                        |
| Halifax County | 25 including Mayor      | 5,479                        |
| Halifax City   | 13 including Mayor      | 8,804                        |

#### POST-AMALGAMATION

| Municipality                  | Elected Representatives | Residents per Representative |
|-------------------------------|-------------------------|------------------------------|
| Halifax Regional Municipality | 24 including Mayor      | 13,875                       |

Population figures are based on 1991 census data.

The representatives of the newly formed Council — the 23 councillors and the mayor — were elected in January of 1996, roughly four months before the amalgamation. The ratio of residents per elected representative before and after amalgamation are shown in Table 44. In the new municipal structure, access to elected representatives has been considerably reduced in all four former municipalities.

#### 7.2.1.1 Administration

The new administrative offices of the Halifax Regional Municipality are largely located in the former City of Halifax. Since the offices were located in existing buildings, capital costs for new office space

were not incurred. The staffing process within the administration of the new municipality had also been taking place since 1995, and as a result, many had a position with the new municipality by April 1, 1996.

Considerable costs, however, were produced by the relocation during the transition period. Some staff members were moved to two or three different temporary locations before their permanent locations were finally determined. This process was still going on ten months into the consolidation. Establishing the physical location of employees and departments was considered one of the greatest difficulties of the transition period.

The comparatively larger scale of restructuring in the case of the Halifax-Dartmouth Region is, in large part, the variable that is making this transition process more difficult than the municipal reform initiatives of the smaller municipalities assessed in this report. The scale of administrative reorganization necessary to merge and harmonize the administrative functions of municipalities is an important consideration in any reform initiative. The larger the scale of restructuring, and the greater the necessary cooperation and coordination, the higher the associated costs of the consolidation process. The relationship between municipal size, the richer bundle of municipal service provision, and higher per capita costs of the restructuring initiative will be discussed in great detail in the concluding chapter of this text.

The administrative structure of all four former municipalities was based on a Council-Manager system. Within this structure, all line Department Heads reported to the Manager, and the Manager to the Council. In addition to the Metropolitan Authority, all four former municipalities also had a large number of special purpose bodies responsible for various municipal functions.<sup>1</sup>

The new administrative structure is still headed by a Chief Administrative Officer (CAO). Within the current structure, Directors report to a Commissioner who in turn reports to the CAO. As indicated earlier, these Commissioners represent six broad areas of municipal functions within the new municipality — Corporate Services, Community Services, Regional Operations, Policy and Planning, Police and Fire Services, and the Administrative Board of Directors.

Within the new administrative structure, most of the special purpose agencies have been eliminated — including the Halifax Metropolitan Authority. In fact, only the Library Board, Police Board and Water Commission have been retained. All other boards, agencies and commissions of the former municipalities ceased to exist as of April 1, 1996. Kim Hominchuk, Executive Assistant to the CAO, indicated that if any special purpose bodies are needed in the future, they will be created as required. In the first ten months of amalgamation, there has been no need for such agencies.

---

<sup>1</sup> Hayward (1993) had indicated that in addition to the Halifax Metropolitan Authority, Bedford had 8 special purpose agencies providing various municipal functions, Dartmouth had 7, Halifax had 16, and Halifax County had 22 (Hayward 1993: 14-16.)

**Table 45: Expected Reductions in Municipal Staff Numbers**

|                      | <b>Existing<br/>(1993)</b> | <b>Hayward's Expected<br/>Numbers After<br/>Restructuring</b> | <b>Expected<br/>Reduction</b> |
|----------------------|----------------------------|---|-------------------------------|
| Administration*      | 259.5                      | 189   | 70.5                          |
| Police               | 540                        | 518   | 22                            |
| Fire                 | 505                        | 486   | 19                            |
| Engineering          | 285                        | 259   | 26                            |
| Economic Development | 14                         | 10  | 4                             |
| Recreation           | 501                        | 492   | 9                             |
| Water                | 161                        | 157   | 4                             |
| Planning             | 137                        | 117   | 20                            |
| <b>Subtotal</b>      | <b>2,402.5</b>             | <b>2,228</b>  | <b>174.5</b>                  |
| Other**              | 427.5                      | 427.5   | 0                             |
| <b>Total</b>         | <b>2,830</b>               | <b>2,655.5</b>  | <b>174.5</b>                  |

\* CAO, Clerk, Finance, Legal, Human Resources, and Metro Authority Administration

\*\* Social Services, Libraries, Justice, etc.  
(Metro Authority Operations have been excluded from staff figures.)

Halifax Regional Municipality. 1996. *Memorandum on Staff Establishment to Mayor Walter Fitzgerald and Members of Council*. Halifax Regional Municipality, Chief Administrative Office.

Hayward's *Interim Report* (1993) had indicated that a reduction of approximately 175 staff employees would result from the amalgamation of the four Halifax-Dartmouth Region municipalities (see Table 45). Most job losses were expected at the senior administrator and middle management levels. As anticipated, the municipal staff numbers were reduced; in fact, they were reduced by a greater number than Hayward had expected. The actual municipal employee reductions totaled 207.5 positions. The *Memorandum on Staff Establishment to Mayor Walter Fitzgerald and Members of Council* (July 1996) had indicated that the Halifax Regional Municipality had 2,195 permanent, full-time municipal employees in the immediate post-amalgamation period (see Table 46).<sup>2</sup>

<sup>2</sup> Direct comparisons by department are difficult because the administration in the new municipality has been completely restructured, and municipal functions are now broken down by the six new divisions, as discussed earlier.

**Table 46: Municipal Staff Numbers in the Post-amalgamation Period (July 22, 1996)**

| <b>Department</b>                             | <b>New Hires<br/>(Not from former units)</b> | <b>Regular Staff</b> |
|---|--|----------------------|
| CAO*  | 0  | 14                   |
| Community Services**                          | 4  | 215                  |
| Corporate Services                            | 3  | 277                  |
| Fire Service                                  | 0  | 457                  |
| Policy / Planning                             | 3  | 10                   |
| Regional Operations***                        | 3  | 517                  |
| Police Service                                | 0  | 542                  |
| <b>Halifax Regional Municipality (Totals)</b> | <b>13</b>                                    | <b>2,032</b>         |
| Halifax Regional Water Commission             | 10   | 163                  |
| <b>Total</b>                                  | <b>23</b>                                    | <b>2,195</b>         |

\* CAO includes Business Parks / Greater Halifax Economic Development Partnership

\*\* Community Services includes Recreation and Planning / Development but does not include Social Services or those organizations for which HRM provides payroll services

\*\*\* Regional Operations does not include Metro Authority Operations

Halifax Regional Municipality. 1996. *Memorandum on Staff Establishment to Mayor Walter Fitzgerald and Members of Council*. Halifax Regional Municipality, Chief Administrative Office.

As indicated earlier in this chapter, the former member jurisdictions of the Halifax Regional Municipality had, in fact, a total of 5,217 employees on their payroll. This figure included employees of special purpose agencies and part-time staff. The total number of employees on the Halifax Regional Municipality payroll, as of October 26, 1996, was 4,769 — a reduction of 448 employees.

Before the consolidation, it was expected that increased multi-tasking — as well as inter-departmental cooperation and coordination — would result in less specialization within the new administrative structure. It was also anticipated that the municipal salary levels existing in the former municipalities (as well as the differences in hours worked, pay and benefits) would be retained after the municipalities consolidated. Because of Nova Scotia's *Public Sector Compensation Act* — which became effective on November 1, 1994 — no pay increases were to be allowed to public sector employers and employees until October 31, 1997 (Nova Scotia 1994: 6). The *Compensation Act* also specified that all collective agreements would have to continue until November 1, 1997. As a result, municipal employees of the Halifax Regional Municipality are bound by 21 collective agreements, with considerable differences in salaries, benefits and hours worked, even though in some instances the staff positions are exactly the same. This wage constraint has generated considerable resentment among municipal employees. Some municipal staff members did not receive any salary increases for two or three years before the *Compensation Act* was introduced. Thus, while some municipal employees in the Halifax Regional



Municipality hold jobs with the same requirements, there are *significant* differences in salaries and benefits among them.

While municipal staff salaries did not increase after the consolidation, the stipends for Mayors and Councillors did increase considerably. This increase in honoraria was largely attributed to the changing nature of the workload. Prior to the consolidation, the role of the Councillors in the former municipalities was considered part-time, as was the role of the mayor in some cases. Within the new political structure, all the positions on the Council have become full-time responsibilities. The significant increase in population per elected representative, as shown in Table 44, illustrates the required new level of responsibility of the elected officials.

Despite the considerable increases in individual stipends, the 36 fewer elected representatives contributed to a net reduction of \$298,878 in honoraria under the new political structure. The total stipends granted to mayors and councillors before the consolidation was \$1,266,878, while after the reform, total honoraria for the mayor and councillors was \$968,000.

As in the other four consolidation cases, the amalgamation transition did create considerable difficulties for the municipal employees. Besides the increased work requirements necessary to facilitate the amalgamation transition, increased stress was also related to job insecurity. Some of the former municipal employees did not know whether they were going to keep their jobs a few weeks prior to the amalgamation. In addition, there were some municipal staff members who were placed on secondment with the new municipality, not knowing whether or not they would be retained.

### **7.2.2 Changes in Service Delivery and Municipal Functions**

The former member jurisdictions of the Halifax Regional Municipality expected a number of changes to result in service delivery after the consolidation. The average costs of transportation, policing and fire protection were expected to increase, while the costs of social assistance, social services, and justice (Municipal City Courts) were expected to decrease as a result of the transfer of these municipal functions to the Province of Nova Scotia. Thus, while the costs in the provision of these functions did decrease, the cost reductions were not a result of the consolidation, but rather, of provincial and municipal service restructuring initiatives.

Anticipated increases in the cost of transportation were also a result of the provincial-municipal service exchange. The new municipality became responsible for roads in the rural areas of former Halifax County which had previously been maintained by the Province.

So far, the most notable changes in the costs of municipal functions were all attributable to the provincial and municipal restructuring initiatives in Nova Scotia in general, and not to the consolidation itself. As indicated by Mayor Walter Fitzgerald:

*The Halifax Regional Municipality came into existence at a time of rapid change. Many of the factors which affect service delivery to its citizens are outside of the legislative sphere of the Municipality. Some of the key factors are: decreasing municipal revenue from other levels of government; shifting municipal service responsibilities; re-defining of federal, provincial and municipal government roles; and Provincial “downloading” of financial responsibility.*

Before the consolidation, it was expected that amalgamation would improve both the quality and level of service of waste management, police and fire protection, transportation and recreation. The former member municipalities of the Halifax-Dartmouth Region also anticipated changes to result in the method

of service provision after the restructuring. It was expected that contracting out of service delivery would increase, especially with street maintenance and solid waste management. Since the municipality is still in the transition period, it is too early to know the exact impact of the amalgamation process on service delivery.

#### *7.2.2.1 Planning*

While there was general cooperation in the areas of regional transportation and of water and sewer services among the former jurisdictions of the Halifax Regional Municipality, it was anticipated that the amalgamation would bring about regional planning from a truly common position, as opposed to four individual perspectives.

Environmental planning was one area where considerable improvements were expected due to the more coordinated and comprehensive management of area-wide issues under a single jurisdiction. Before consolidation there was both a lack of coordination and consistency in environmental management among the municipalities. This was particularly apparent when it came to addressing concerns of environmental resources that spanned jurisdictional boundaries, such as watersheds and undeveloped lands. It was expected that the merging of the jurisdictions would facilitate more effective regional-scale environmental planning and protection. Halifax Harbour was an environmental ecosystem which was expected to especially benefit from the amalgamation. The consolidation of the former municipalities into one was viewed as an initiative that would lead to greater coordination and consistency in wastewater treatment and discharge.

#### *7.2.2.2 Economic Development*

There was a considerable degree of competition for new investment among the former member municipalities of the Halifax-Dartmouth Region. An attempt to increase the cooperation between the four jurisdictions was initiated over the last two years before amalgamation through a joint marketing initiative under the Chambers of Commerce. However, it was anticipated that merging the four municipalities would further reduce competition between them. Reducing what was considered “inefficient” competition among the former municipalities was one of the primary objectives of consolidation in the region. Although it’s too early to be certain about the long term outcome, it has been noted that the two agencies responsible for economic development in the new municipality — the Greater Halifax Partnership and the Regional Development Agency — have been effective in promoting greater cooperation and coordination during the early stages of strategy development.

### **7.2.3 Changes in Local Finances**

#### *7.2.3.1 The Costs of Amalgamation*

William Hayward estimated that the costs of the amalgamation process in the Halifax-Dartmouth Region would be approximately \$10 million. While the whole transition process has not been completed, the one time expense of the consolidation reached about \$25 million in the first eight months of the transition. Since the amalgamation process is still going on, and transition costs are still being incurred, a precise breakdown of the component costs of the consolidation cannot yet be calculated. However, Singer has noted that some of the major component costs of the consolidation transition are attributed to severance and early retirement packages, renting temporary office space, and the development of the new financial system.

Based on the 1991 census population, the per capita cost of the transition in the Halifax-Dartmouth region during the first eight months of transition was about \$76.00. Of the five municipalities involved in this survey, this is the highest absolute and per capita transition cost of an amalgamation process. The high per capita cost of transition in Halifax is probably associated with the rich bundle of services that were delivered in the former municipalities, and the resulting increase in the scale of transition.

Unlike in the four other case studies examined in this report, the Nova Scotia Provincial government is not assisting the Halifax Regional Municipality with the costs of the amalgamation transition. Initially, when it was anticipated that the total costs of the consolidation would be \$10 million, the new municipality was expected to amortize this sum over a five year period, and gradually pay it off through local taxes. Now that the sum of the amalgamation process is approaching \$25 million, there are suggestions that a more reasonable amortization period would be ten years.

The significantly higher than expected transition costs of the amalgamation have produced an increasing sentiment in the Halifax Regional Municipality that the Province of Nova Scotia should also be responsible for paying some of the transition expense. This argument is based, in part, on the fact that Hayward made the initial cost forecast of \$10 million — and Hayward was provincially appointed. It is also attributed, in part, to the fact that the Province forced the consolidation.

#### 7.2.3.2 *Property Taxation*

Before the amalgamation, a number of changes in tax rates were expected to occur among the four former municipalities. In the former City of Halifax, tax rates on all property types were expected to increase as the finances of the municipalities were merged. In the former City of Dartmouth and in the Town of Bedford, only commercial tax rates were expected to increase, while in the former Halifax County, all tax rates except urban residential were expected to increase. It was also expected that the *differences* between the residential and commercial tax rates of the former municipalities would be harmonized over a period of two to four years after the consolidation. In addition, some shifts from the commercial to residential tax base were anticipated as user-pay charges on some municipal services were introduced — waste management being an example.

Since the former municipalities were amalgamated in April of 1996, the municipal tax rates for the 1996/97 fiscal year were based on rates set independently by the former municipalities of the Halifax region. Reformed tax rates are expected for the 1997/98 fiscal year. In December 1996, the Tax Structure Committee presented a report to the Council on the restructuring of rates, called the *Proposed Tax Structure Reform*. After looking at a number of tax structure options, a dual tax structure model was proposed for the new municipality that would consist of urban and rural residential rates and urban and rural commercial rates. The Tax Structure Committee also assessed a *harmonized* tax system, that would establish a universal tax rate across the Halifax Regional Municipality, and a *status quo* option that would have maintained the tax structures in the four former areas as they were prior to the consolidation. However, the dual tax structure was considered to be the most “equitable,” because such a tax structure can be designed “to reflect ... varying levels of services and the costs to provide those services” across the new jurisdiction, while at the same time accounting for inter-jurisdictional spill-overs (Halifax Regional Municipality 1996: 14-15).

In drafting the tax reform proposal, the Tax Structure Committee first assessed the various services provided within the Halifax Regional Municipality. In this process, the Committee concluded that transit and fire hydrants “were urban in nature” and should be separated from rural expenditures (Halifax Regional Municipality 1996: 13.) Sidewalks were also originally considered as a municipal service whose costs should be potentially differentiated between urban and rural districts; but after examining

the impact of the expenditure differentials on the tax rate, the cost differentials in sidewalks was determined to be negligible. In the end, the distinction in the Tax Structure Committee's proposal between urban and rural rates was based on the high concentration of hydrants and transit within the urban core.<sup>3</sup>

Another important consideration in the rate calculation was the commercial/residential weighting factor. Three options were provided, commercial weightings of 2.47, 2.25, and 2.00. Tables 47 and 48 show the commercial and residential tax rates under the different commercial weighting options. The commercial/residential weighting of 2.47 was considered the status-quo option since it was the average of current rates.<sup>4</sup>

Two other reform proposals from the *Tax Structure Reform Report* are important to note. The Tax Structure Committee reviewed taxation on farm and resource properties and concluded that they should be taxed at the same rate as residential property. The authors of the Report also proposed that all tax rate changes be phased in over a four year period, with a 25 percent increase or decrease each year until the rates are harmonized.



**ICURR** Intergovernmental Committee on Urban  
and Regional Research  
Comité intergouvernemental de recherches  
urbaines et régionales **CIRUR**

---

<sup>3</sup> While sewer and water provision vary considerably between urban and rural districts, they are largely financed on a user-pay basis, and as a result, do not influence the property tax rate.

<sup>4</sup> The commercial/residential weighting factors by municipality are Halifax (2.60), Dartmouth (2.30), Bedford (2.00), and Halifax County (an average of 2.16).

**Table 47: Proposed Residential Tax Rates under the Harmonized and Dual Tax Rate Structures**  
(per \$1,000 assessed value)

| Municipality                   | Current | Single Rate | Dual Rate<br>(2.47 weighting) | Dual Rate<br>(2.25 weighting) | Dual Rate<br>(2.0 weighting) |
|--------------------------------|---------|-------------|-------------------------------|-------------------------------|------------------------------|
| Halifax                        | 14.80   | 14.30       | 14.40                         | 15.00                         | 15.80                        |
| Dartmouth                      | 15.55   | 14.30       | 14.40                         | 15.00                         | 15.80                        |
| Bedford                        | 13.60   | 14.30       | 14.40                         | 15.00                         | 15.80                        |
| Sackville, Cole Harbour (Avg.) | 15.55   | 14.30       | 14.40                         | 15.00                         | 15.80                        |
| Rest of Halifax County (Avg.)  | 11.60   | 14.30       | 13.40                         | 14.00                         | 14.70                        |

Halifax Regional Municipality. 1996. *Proposed Tax Structure Reform.*

**Table 48: Proposed Commercial Tax Rates under the Harmonized and Dual Tax Rate Structures**  
(per \$1000 assessed value)

| Municipality                   | Current | Single Rate | Dual Rate<br>(2.47 weighting) | Dual Rate<br>(2.25 weighting) | Dual Rate<br>(2.0 weighting) |
|--------------------------------|---------|-------------|-------------------------------|-------------------------------|------------------------------|
| Halifax                        | 38.60   | 35.30       | 35.50                         | 33.80                         | 31.60                        |
| Dartmouth                      | 35.70   | 35.30       | 35.50                         | 33.80                         | 31.60                        |
| Bedford                        | 28.40   | 35.30       | 35.50                         | 33.80                         | 31.60                        |
| Sackville, Cole Harbour (Avg.) | 29.00   | 35.30       | 35.50                         | 33.80                         | 31.60                        |
| Rest of Halifax County (Avg.)  | 25.10   | 35.30       | 33.00                         | 31.40                         | 29.40                        |

Halifax Regional Municipality. 1996. *Proposed Tax Structure Reform.*

The proposed tax structure was presented to Council in December 1996. Two other meetings on alternative tax structure options were held in January 1997. Discussions on how to best allocate the tax burden across the Halifax Regional Municipality raised numerous possibilities — including the option of a single regional rate, plus area rates that could differentiate more appropriately among the various services provided in different regions. Concerns over differences in the cost of providing municipal services — such as public transit, fire hydrants, streets, street lighting, sidewalks, sidewalk plowing, education and recreation facilities — raised the complexities involved in amalgamating urban and rural districts, while designing a tax structure that can adequately maintain fiscal accountability.

In 1997, the Council was also discussing the possibility of a transitional funding formula that would subsidize rural areas with taxes from the urban district for a period of three years. Singer had indicated that the transitional funding is being viewed as an equalization payment to lessen the transitional burden to the rural areas. In the January 20, 1997 Council meeting, Deputy Mayor Greenough had also stated that “this transitional funding can be justified on the basis of sharing some of the commercial tax dollars raised in the more urban areas of the municipality” (Halifax Regional Municipality 1997b: 8).

According to Singer, a variable that makes this transitional funding formula politically acceptable is the significant distinction in taxable assessment between the urban and rural districts in the Halifax Regional Municipality. The relationship between the urban and rural area is a 9:1 ratio in terms of assessment. Because of these urban-rural differences in property assessment, a one cent shift from the urban area would create a nine cent increase in the rural districts. It has been proposed that one-half cent be added to the urban tax rate — or five cents per \$1,000 of assessment — to match the revenue shortfall from the rural areas of the new municipality.

### 7.2.3.3 *Municipal Debt*

Even though considerable differences existed in the capital debt of the individual municipalities, the proposal has been made to amalgamate all of the former municipal liabilities. As indicated in the 1996/97 Capital Budget:

*We recommend the existing debt not be area rated. The Halifax Regional Municipality Act provided for HRM to acquire all of the assets and liabilities of the predecessor units. Focusing on the debt side of the ledger tells part of the story. If HRM allocates the previous debt brought to the combined unit then we should also allocate the benefit of the assets, reserves and surpluses. To be totally “fair,” we would also have to assess the state of repair of the municipal infrastructure and charge back amounts for assets that have not been properly maintained (Halifax Regional Municipality 1996: 5).*

This distinction in required municipal infrastructure repairs was also made in an amalgamation study undertaken by Doane Raymond and the UMA Group. The authors of the Report revealed that the highest costs associated with expected *Capital Improvement Projects* are anticipated in the former City of Halifax, where the reserves and assets exceed the capital debt, whereas the lowest costs of capital infrastructure improvement was in Bedford, where the net capital debt per capita was highest. Anticipated near-term capital improvement projects are shown in Table 49. Thus, the expected future capital infrastructure improvements are expected to balance out any differences in net debt status.

**Table 49: Major Near-Term Capital Improvement Projects**

| <b>Project</b>                             | <b>Total Cost Estimate</b> | <b>Assumed Senior Government Cost Sharing</b> | <b>City of Halifax (Net Capital Cost)</b> | <b>Dartmouth (Net Capital Cost)</b> | <b>Bedford (Net Capital Cost)</b> | <b>Halifax County (Net Capital Cost)</b> |
|--|----------------------------|---|---|-------------------------------------|-----------------------------------|--|
| Mill Cove Sewage Treatment Plant Upgrading | \$22 million               | 35%   | —   | —                                   | \$5 mil.                          | \$9 mil.                                 |
| Halifax Harbour Clean-Up                   | \$200 million              | 50%   | \$67 mil.                                 | \$33 mil.                           | —                                 | —  |
| Leiblin Park/Purcells Cove Road Sewers     | \$4 million                | —   | \$4 mil.                                  | —                                   | —                                 | —  |
| Red Cross Plant                            | \$2.5 million              | —   | —   | —                                   | \$2.5 mil.                        | —  |
| Transportation/Street Improvements         | \$23.2 million             | 50%   | \$11.6 mil.                               | —                                   | —                                 | —  |
| Cultural/Recreational                      | \$16 million               | —   | \$16 mil.                                 | —                                   | —                                 | —  |
| <b>Total</b>                               | <b>\$267.7 mil.</b>        | <b>—</b>                                      | <b>\$98.6 mil.</b>                        | <b>\$33 mil.</b>                    | <b>\$7.5 mil.</b>                 | <b>\$9 mil.</b>                          |

UMA. 1995. *Analysis of Municipal Amalgamation*. Halifax: UMA Group.

# Consolidation — Concluding Commentary

Assessing the transition period, and the short-term effects of consolidation, the five case studies in this report have illustrated the numerous variables that need to be considered in any municipal restructuring initiative. The reorganization of intricate administrative and political structures that sustain municipal functions is a complex task, and will be unique to each region's organizational structure. Many of the problems encountered, and the successes achieved, by the five municipal jurisdictions were particular to the circumstances of the municipal members that consolidated. Ultimately, municipal consolidation will not always be the most effective restructuring option for municipalities considering municipal reform. The success of consolidation in achieving greater efficiency and effectiveness in governance and service delivery will depend on the distinct history and geography, as well as the economic and political circumstances of the urban region that is considering restructuring. For some municipalities, consolidation will be more appropriate than for others — given their history of intermunicipal cooperation, financial arrangements, collective agreements, political structure, spatial organization, and political will to amalgamate. For others, more effective local government reform will include intermunicipal agreements, contracting out, developing special purpose agencies, or introducing two-tier systems of governance.

Each urban region that is considering municipal restructuring must assess its reform options based on its individual circumstances. A generic answer to whether municipal consolidation is the most effective reform option cannot be expected, given the complex political and administrative systems affected in a restructuring initiative. However, in assessing the reform alternatives, and evaluating the particular circumstances of an urban region, municipalities should consider a number of variables when reviewing their restructuring options.

### 8.1 AMALGAMATION AND BUREAUCRATIC SPECIALIZATION

Four out of the five municipalities involved in this study experienced an increase in specialization of municipal employees after the consolidation of their respective municipalities. Since the amalgamation process considerably increased municipal size, the newly amalgamated departments had to cope with more repetitive work. To deal with this, many employees of the new municipality were allocated responsibility for particular and more specialized functions, instead of being asked to perform a variety of tasks as they had formerly. Increased specialization also tended to require increased skills: employees often needed retraining to be able to cope with the coordination of their former units within the new municipality. There was also a notable trend to require specialization in planning and accounting as municipal functions were merged and harmonized.

In the case of the Halifax Regional Municipality, however, the merging and harmonizing of municipal functions involved greater multi-tasking and interdepartmental coordination and cooperation by its employees. Within the new administrative structure, municipal staff members had to take on multiple roles. The current trend toward increased multi-tasking is expected to continue as the amalgamation process stabilizes. Thus, in the case of the Halifax Regional Municipality the consolidation process has actually decreased the level of specialization required of municipal staff members.

Four out of the five municipalities also experienced a need for more specialized equipment. An important component of the cost increase after consolidation was attributed to the greater need for information and accounting systems to handle the increased new management of municipal services and functions. New



computers and the design of new systems was a common requirement to facilitate the required upgrades in the financial and payroll systems, as well as communication over an increased geographic area. Establishing a well-developed communication network was considered especially significant in the Halifax Regional Municipality, not only because of the increased geographic size, but also because of the increased level of coordination and cooperation necessary to facilitate the larger scale of restructuring.

As municipal functions were merged and harmonized, the workload for the staff grew in all five urban regions. During the transition period, employees in all five jurisdictions had to work extra hours, coordinate and cooperate more effectively, adopt new tasks and learn new systems. Restructuring initiatives and the associated increases in workload also raised the level of stress of municipal staff. Furthermore, in the three municipalities that realized reductions in staff, the amalgamation process increased anxiety over job security.

### 8.1.1 Salary Increases

With respect to municipal salaries, the municipalities studied reacted very differently to both the increased specialization and greater workload. While municipal staff salary increases averaged only 1.5 percent in Abbotsford, full-time employees in Miramichi, Victoriaville, and Aldborough received considerably greater increases. The Abbotsford case study, however, demonstrates that increased specialization does not need to be translated into higher salaries. In cases where it does, the salary increases, and the extent of the increase, result from an *explicit* decision in the new municipality to increase wages. For instance, Miramichi, Victoriaville, and Aldborough, might just as well have decided that no wage increases should be granted beyond the expected cost of living adjustments after the consolidation, despite the required new levels of staff specialization or increased workload.

Abbotsford's success in containing employee salaries was facilitated by a number of additional factors, including a highly intricate consolidation process which established expectations of the actual transition, and a political forum (the former Abbotsford and Matsqui residents) that approved all the initiatives. Salary increases beyond the anticipated 1.5 percent were not expected, and thus the new Council, and the municipal employees, knew that staff salaries were not to be raised after consolidation. *The success of such an initiative, however, will depend on explicit agreements made before the amalgamation process regarding the impacts of consolidation on the salaries of municipal employees.*

The Halifax Regional Municipality also did not experience increases in municipal staff salaries. This was not due to an amalgamation agreement, however, but rather to *The Public Sector Compensation Act (1994)*. The *Compensation Act* — introduced by the Province of Nova Scotia two years prior to the consolidation — restricted changes to municipal staff salaries, benefits, and work hours as the municipalities in the region consolidated. Not surprisingly, the *Compensation Act* produced considerable resentment among municipal employees who held the same job posting in the newly amalgamated municipality, but maintained different wages, benefits, and work hours.

*The intention of this discussion is not to advocate salary freezes after an amalgamation, but rather to illustrate that changes in salaries are controlled decisions.* The municipalities involved in a restructuring initiative must ultimately determine the trade-offs between duplication reductions, new work requirements, and staff salary increases. Determining whether net salaries should increase after a consolidation can be based on a simple accounting exercise that considers reductions in staff, reallocation of workload, and appropriate salary changes. Aldborough, for instance, managed to avoid controversy because it was able to decrease total municipal salaries by 1 percent in the year after amalgamation in spite of a 13.5 percent salary increase to full-time employees. It managed this by laying off a large number of part-time staff.

## 8.2 THE STRUCTURE OF CONSOLIDATION AGREEMENTS

As in the case of municipal staff salaries, explicit agreements can also be developed to determine the level of service standards within the new jurisdiction. The relevant political forum could be given a clear indication of the expected increases, or decreases, in service standards, and the resulting impacts on municipal tax rates and public charges. If a referendum is carried out, as in the case of Abbotsford, the public can then evaluate the proposed restructuring initiatives based on very clear expectations of the anticipated impacts. As indicated in Chapter 2, although there has been a tendency for all consolidating member municipalities to be forced to the highest existing service standards, these service upgrades should not be considered necessary in all instances.<sup>1</sup> *As in the case of municipal salaries, any changes to service provision or municipal governance, will be based on explicit decisions to adopt those particular standards.*

The amalgamation agreement should also explicitly indicate the jurisdictions where tax rate changes are anticipated, and also the expected level and direction of each change. Such an exercise would not only be beneficial to the constituents, which would be given a clearer indication of anticipated rate changes, but it would also encourage the municipalities to start considering the new tax structure at a very early stage of the amalgamation process.

If municipal services will not be standardized across the new jurisdiction, a tax structure will need to be adopted that will be able to effectively address distinctions in the service mix, and differences in municipal service costs, in the new municipality. Determining the different tax rates, and how the rates will be phased-in once the municipalities have amalgamated, is a complex process. Sufficient time should be allotted to design a tax structure that accurately reflects the services provided within the new municipality. Developing an efficient and equitable tax system will be an integral variable in maintaining fiscal accountability, and thus greater efficiency in service provision within the restructured municipality.

The importance of developing explicit agreements is clearly evident in the case of Miramichi. If the municipal members of the Miramichi Urban Community had been given more time to determine the expected impacts of the consolidation, and to convey these to the public, more organized political opposition could have encouraged changes while the restructuring process was still a plan under consideration. As the tax rates are phased-in, and levy increases in the rural jurisdictions persist, they will probably continue to generate discontent among the residents of the rural areas of Miramichi. This might eventually require a restructuring of the local finances, unless, of course, service standards and service levels are equalized across the new City.

The separation of Headingley from Winnipeg should be an indication that municipal consolidation initiatives should not be viewed as necessarily permanent. Ultimately, it would be in no one's interest to initiate an amalgamation that would require a second round of transition expenditures because of changes to the initial restructuring process. *Public discussions on explicit consolidation agreements before the amalgamation begins can provide important information on what are politically acceptable staff salaries, service standards and changes in tax rates. The amalgamation proposal should be scrutinized by the relevant political forum at a very early stage of the reform process.*

---

<sup>1</sup> It should be recognized that since larger municipalities have a significantly richer bundle of municipal services, the effects of a service upgrade will be potentially most pronounced when smaller municipalities amalgamate with larger jurisdictions.

### 8.3 SHORT-TERM CHANGES IN THE COST OF ADMINISTRATION AND SERVICE DELIVERY

Both Abbotsford and Aldborough experienced reductions in the cost of administration after the restructuring. The extent to which these reductions have been associated with changes in the quality of service provision will need to be examined in more detail, once the transition is fully completed, and the restructuring process in the new municipalities has been stabilized. In Victoriaville and Miramichi, the costs of administration increased after the consolidation. For Victoriaville, standardizing employee salaries at the highest existing wage standard, which resulted in a \$78,000 increase in management salaries alone, was an important factor in generating higher administration costs. The fact that no reductions in municipal staff were realized from the consolidation further contributed to the increased costs.

In the case of Miramichi, the costs of administration and service delivery have increased, in part, because of the requirement for more governance and service delivery in the local service districts previously managed by New Brunswick. However, administration costs in Miramichi have also been affected by a significant increase in municipal salaries. Once the restructuring process has been stabilized, it will be necessary to evaluate municipal service levels and standards, to determine the extent to which increases in the public levy after consolidation actually correspond to improved municipal functions and services.

Since the Halifax Regional Municipality is currently in the midst of the transition process, it is still too early to make any comments on changes in the costs of administration. For instance, some municipal employees are still in temporary offices. It is clear that the number of municipal employees has been reduced significantly. However, salaries will probably be standardized to the highest existing levels when the *Compensation Act* is no longer in effect. This will result in substantial salary increases. The net impact of consolidation on total costs of municipal staff salaries is thus still uncertain.

While reductions in municipal staff members have occurred in Abbotsford, Aldborough, and the Halifax Regional Municipality, an important question that still remains is whether the decreases were a result of reductions in duplication or of stream-lining? *In other words, could these municipalities have realized the same reductions in municipal employees without the consolidations?* Since there was also a recognized increase in workload for municipal staff, the extent to which staff reductions were due to decreased levels of duplication becomes an even more intriguing question, and one that is very difficult to answer.

### 8.4 THE LACK OF SUCCESS IN CONSOLIDATING LARGER GOVERNMENT UNITS

There has been little evidence to demonstrate substantial cost savings from the amalgamation of larger government units. Smaller jurisdictions have generally been better able to realize greater efficiency in service delivery and local governance through amalgamation (Diamant 1996; O'Brien 1993; Nelson 1992; Bunch and Strauss 1992). For the large political jurisdictions, the lack of success from consolidation has largely been attributed to diseconomies of scale, higher wages resulting from a more specialized and professionalized bureaucracy, and the tendency for local governments within the new jurisdiction to move to the highest existing service standards among the consolidating member municipalities. Regarding diseconomies of scale, Chapter 2 has shown that because the cost-function is U-shaped, a municipality that becomes too large can encounter higher average costs in service provision and local governance. This has been generally attributed to two factors, bureaucratic congestion and the delivery of municipal services to peripheral regions of a municipality, where average costs per unit of output of some services are higher because of lower densities.

While the relationship among municipal consolidation, bureaucratic specialization, and higher wages have been discussed in previous sections of this chapter, the diseconomies of scale argument needs to be assessed more thoroughly as the amalgamation process stabilizes. Actual changes in service delivery and service standards within the five new municipalities in this study will need to be examined and compared in greater detail in order to determine whether the larger municipalities confronted higher costs of service delivery because of diseconomies of scale rather than increases in levels of service or standards of service.

#### **8.4.1 Relationship between the Transition Costs of Amalgamation and Municipal Size**

With the assessment of the consolidation transition period, this study has added another possible variable contributing to the lack of success in the consolidation of large municipalities — higher transition costs. The costs of consolidation are an important factor in any restructuring initiative, simply because many alternatives to amalgamation might achieve the desired objectives of greater efficiency and effectiveness in municipal governance and service delivery without incurring the high costs of full-scale administrative restructuring. The higher transition costs per capita associated with merging larger government units are partly due to the greater effort needed to restructure the richer bundle of services that large municipalities tend to provide. Even though the largest urban region in this study maintained a population of only about 330,000, the analysis of consolidation in five municipal units of different size has identified some important trends.

The component costs of amalgamation will, in part, depend on the scale of the required transition as administration and political units merge. In some cases the costs of harmonizing municipal functions will be low because the amalgamation will be relatively small in scope. In other cases, the component costs of the consolidation process will be high because of the increased level of restructuring necessary to merge and harmonize all the relevant municipal functions. An imaginary case can be used to show how the scale of transition might be very different for municipalities that appear to have similar characteristics.

Amalgamations involving the same geographic area and a population of equal size may have very different associated costs because of differences in their initial political organization and in the required scale of restructuring. Assume a consolidation process that involves two municipal units, one with a population of 90,000 people and the other with a population of 10,000. Potentially, the municipal infrastructure of the larger municipality — the information systems, accounting systems, and administrative offices — might be sufficient to accommodate the smaller municipality with relatively minor changes. Even though none of the case studies exactly demonstrate this model, the amalgamation of Abbotsford and Matsqui presents the closest example.

On the other hand, a consolidation process that involves five municipal units of roughly 20,000 inhabitants each, will probably involve much higher costs per capita (all else being the same) because of the necessary administrative and political reorganization required in each of the municipalities in order to harmonize the functions of all five. The scale of restructuring within this system will also depend on the service standards adopted, and the municipalities' existing administrative capacity to support the functions of the larger jurisdiction. However, new computer systems and added equipment might need to be purchased in some of the departments to support the substantially increased level of management and service delivery in the new municipality. In other words, during the transition period, whereas the municipalities in the first scenario will have to plan for a population that is about 11 percent above what it is accustomed to, each municipality in the second scenario will be required to cope with a population that has increased by approximately 400 percent. This population increase would make it highly unlikely that the various municipal departments would be able to supply the newly required management, or even

manage the coordination and cooperation required during the transition, without large-scale administrative restructuring. Specific municipal circumstances are thus vital in determining the necessary scale of restructuring, and play an important role in determining the success of any amalgamation process.

The costs of the amalgamation transition should be of special concern to larger government units because of the richness of municipal services they provide to their residents. Chapter 2 has shown that larger municipalities have higher per capita costs in the provision of municipal services. As indicated in Desbiens's study of Quebec municipalities, the cost of providing municipal services to municipalities with 400 to 2,000 inhabitants is less than half the cost of providing municipal services to municipalities with a population of 50,000 to 100,000 inhabitants. Recent research by Kushner, Masse, Soroka and Peters has shown similar relationships between municipal size and municipal expenditures in Ontario.

The difference in the per capita costs of service delivery between different-sized municipalities is largely due to the higher levels of service provision and standards in the larger jurisdictions. Inevitably, these translate into more municipal vehicles per capita, more uniforms per capita, greater complexity in information and accounting systems, and so on. In amalgamations that require large municipalities to merge, this richer bundle of services will mean greater transition costs, and also (other things being equal) higher consolidation costs, both per capita and in absolute terms, as their services and functions are harmonized. Thus, the net benefit of any amalgamation process will be considerably reduced as the richness of municipal services, and the necessary scale of transition, is increased.

The absolute and per capita costs of transition in the five municipalities involved in this study are illustrated in Table 50. As evident in the cost figures, larger municipalities appear to have higher associated costs of transition than smaller jurisdictions.

**Table 50: Comparing costs of transition**

| Municipality      | Population | Costs of Transition (\$) | Per Capita Costs (\$) |
|-------------------|------------|--------------------------|-----------------------|
| Aldborough        | 3,890      | 144,000                  | 37.02                 |
| Miramichi         | 21,000     | 180,000                  | 8.57                  |
| Victoriaville     | 38,000     | 137,000                  | 3.60                  |
| Abbotsford        | 87,000     | 1,150,000                | 13.21                 |
| Halifax Reg. Mun. | 330,000    | 25,000,000               | 75.75                 |

The exception in this survey is Aldborough, which is the smallest municipality in the study, but incurred the second highest per capita cost — at approximately \$37.00. As indicated previously, however, the sum granted to Aldborough was an estimated transition cost calculated by the Province before the transition process actually started. The amalgamation grant could thus be seen as a financial incentive given by Ontario to promote the consolidation, as currently practiced in Quebec.

The example of the City of Victoriaville is also important in assessing the transition costs of consolidation. First, the City has shown that some basic municipal initiatives can be very effective in minimizing the costs of restructuring — such as painting municipal vehicles as new ones are purchased, instead of doing so immediately upon consolidation. Second, the Victoriaville case study shows that long standing relationships can reduce the costs of the transition. Partly because numerous municipal functions had already been merged, the costs of transition were lower than in the other municipalities involved in this analysis.

Abbotsford, too, illustrates the importance of long-standing relationships in reducing transition costs. The existing intermunicipal programs of the former Districts of Abbotsford and Matsqui helped to ensure a comparatively simple transition. Both the Abbotsford and Victoriaville case studies illustrate the importance of allowing municipalities to *evolve* into a single-tier government, as opposed to selecting a group of adjacent municipalities on largely arbitrary criteria, and forcing them to consolidate.

The other factor contributing to the comparatively lower start-up costs in Abbotsford was the nature of the merger and harmonization of municipal functions. Many of the municipal functions of the new municipality — such as policing, economic development, environmental policies, and even the location of new administrative offices — were supported by the municipal infrastructure that had developed in former Matsqui. Therefore, the majority of municipal functions could be merged and harmonized without large scale restructuring.

The analysis of transition costs provided in the report has shown that the lack of success in the consolidation of large governments will thus be attributed not only to possible diseconomies of scale, and substantially increased wage and service standards, but also to higher per capita costs of merging and harmonizing municipal functions of larger municipalities. *Larger municipalities will have a much smaller margin for error than smaller municipalities in an amalgamation transition, simply because the initial costs of the transition process will be considerably higher due to the greater levels and standards in service provision.* The difference of \$68 per capita cost in the one-time amalgamation expense between Miramichi and the Halifax Region will allow Miramichi to make considerably more mistakes during the transition before the potential fiscal benefits of the consolidation, or simply stream-lining, are eroded to the same extent as those of Halifax.

To further complement the data in this analysis, recent estimates of the transition costs of Metro Toronto's proposed consolidation are provided. The one time transition cost has been estimated between \$150 million to \$220 million (KPMG 1996: 16). On a per capita basis, the expected cost of transition works out to be roughly \$70 to \$100, assuming that there are no problems in the amalgamation.

#### **8.4.2 Regional Governance, Intermunicipal Agreements and the Evolving Nature of Municipal Cooperation**

For large Canadian municipalities, and for rapidly growing urban regions, two-tier regional structures can be effective restructuring options for achieving increased efficiency in both service delivery and municipal governance. The upper-tier authority can perform functions of a regional concern, such as regional planning, economic development, and the provision of services that exhibit scale effects. The lower-tier municipalities, on the other hand, can continue to deliver services of local concern, and to retain their unique characters and identities. The political and administrative reorganization required by such reform options will also not be as extensive, or cost as much, as consolidation. This will especially benefit larger local jurisdictions.

Two-tier regional structures, however, should not only be considered as a potential option for large municipalities. The success of B.C.'s regional districts — which largely stems from their flexibility in providing a wide range of regional and local services, as well as regional coordination — illustrates the possibility of meeting regional requirements without the need for full-scale administrative and political restructuring as smaller municipalities grow and their needs change. Quebec's MRCs, and the Province's recent initiatives in increasing their powers to facilitate the requirements of the *base communities*, is another example of such regional initiatives. In both cases, the Provinces have established an effective framework for meeting a wide range of regional and local needs, while allowing the municipalities to determine the specific functions that they require from the upper-tier authorities.

Intermunicipal agreements are also cost effective alternatives to consolidation that will allow municipalities to facilitate regional needs without full scale administrative and political restructuring. In addition, as member municipalities develop long-standing relationships, and merge and harmonize various municipal functions, they will not only capitalize on the benefits of regional coordination, but they will also considerably increase their ability to take up further restructuring options. If intermunicipal arrangements or the two-tier structure ever prove inadequate, and the municipalities consider consolidation as an appropriate next step, many of the necessary requirements for such a reform initiative will already exist. The restructuring process will not only be facilitated by the long-standing relationships, but the costs of such a restructuring initiative will be considerably reduced if many urban services are already merged and harmonized.

## **8.5 REPRESENTATION AND POLITICAL ACCOUNTABILITY**

Chapter 2 demonstrated that the advantage of maintaining fewer constituents per elected representative is realized through the design of a political structure that maximizes the importance of each citizen's opinion. A political structure that maximizes the importance of each constituent's interest and opinion makes the elected officials more accountable. Ultimately, political accountability must be maintained so that the public can voice its approval or discontent with policy initiatives and political decisions.

The added advantage of maintaining a low ratio between elected officials and their constituents can be realized in effectively preserving local community character. Having locally elected officials represent the interests of sufficiently small voting districts so that constituents will largely have common concerns, will give representatives a clear mandate with respect to local needs and interests. The establishment of larger voting districts can dilute local concerns. The multiplicity of interests and political opinions in such a district erodes the distinctive nature of particular community identities. To illustrate the point with an extreme case, imagine a voting district that encompasses both an urban and rural district, with a single councillor forced to represent often conflicting urban and rural interests.

In almost all the municipalities involved in this analysis, citizen access to political representatives was reduced after the amalgamation. For instance, in former Halifax County, the opinions of a community interest group of 550 people would carry considerable weight because it would have represented about ten percent of a district. However, in the Halifax Regional Municipality, with one elected representative for every 13,875 constituents, the concerns of that same group would be significantly reduced since it would represent on average less than four percent of a polling district. As a result of the recent reforms, while the Halifax Regional Municipality saved 0.07 percent in its annual operating budget by politically restructuring and reducing the number of councillors, amalgamation cost the constituents in Halifax County more than half of their voting power.<sup>2</sup>

## **8.6 FISCAL ACCOUNTABILITY**

In rapidly growing municipalities that are encountering population spillovers, municipal consolidation has often been cited as a reform that can effectively address problems associated with fiscal accountability. For instance, in this study, Quebec, New Brunswick, and Nova Scotia were all worried about residential and non-residential property owners who located outside municipal boundaries in order to avoid higher property taxes. While they have access to the services of the urbanized jurisdiction, they do not pay their fair share of the service costs. It has been assumed that more comprehensive municipal

---

<sup>2</sup> The cost savings of the new political structure amounted to \$298,878, while the annual operating budget for the Halifax Regional Municipality was approximately \$414,000,000.

boundaries — boundaries that encompass a larger proportion of the region's population — will ensure fiscal accountability. As revealed in the case of Miramichi, however, redrawing municipal boundaries does not in itself guarantee fiscal accountability. While the tax rates are being harmonized throughout the new City, it can be expected that the urban areas of Miramichi will receive a greater intensity of municipal services than the rural areas.

Fiscal accountability has more to do with the financial structure of a municipality than with the political organization or the comprehensiveness of municipal boundaries. *Regardless of the municipal structure adopted, the ability of a municipality to establish a charge to a particular user group that accurately reflects the nature of municipal services provided will be the critical variable in ensuring fiscal accountability, and thus efficiency and equity in service provision (Vojnovic 1997.)*<sup>3</sup> Without a tax structure that can accurately reflect services provided to particular user groups, certain groups within a municipality will be undercharged, and others overcharged.

An appropriate charge can be designed to reflect consumption patterns of particular user groups regardless of the existing political boundaries of municipalities (Vojnovic, 1997.) *Thus for municipalities whose main concerns are spillovers, the consolidation of adjacent jurisdictions will not be a cost-effective response to ensuring fiscal accountability.* For example, user fees can be introduced within an urbanized jurisdiction so that residents from outside the municipality would be charged for service use if they were to access its rich bundle of municipal facilities.

Multiple-tier charges can also be levied to reflect the increased and more costly use of a particular service by a user group. For instance, if there are considerable density variations within a municipality, a multi-zone levy for public transit use could ensure a higher charge in lower density zone(s) where the costs of public transit provision are higher, and where average transit trips might be longer. Such charges could also be designed to allow municipalities to capture a higher levy from property owners who locate just outside the municipal boundaries, but make use of the extensive municipal services and facilities provided within the urbanized jurisdiction. The above financing tools, are mechanisms that can ensure greater levels of fiscal accountability, while not requiring the municipalities to assume the high restructuring costs of large-scale administrative and political reform.

In cases where municipalities do consolidate, fiscal accountability can be ensured with the introduction of area property tax rates or appropriate differences in assessment that can distinguish service differentials within the new municipality. This would allow former municipalities to retain their existing standard and level of municipal services, while ensuring that their tax rates are not equalized with other former municipalities that might prefer more expensive customized services. This has been recognized by the authors of the *Proposed Tax Structure Reform* in the Halifax Regional Municipality:

*Another issue relates to the expectation that people with similar properties, with similar services, though located in different neighbourhoods, will pay similar amounts of property taxes. Likewise, if they are receiving different levels of service they should pay different amounts (Halifax Regional Municipality 1996: 7).*

### **8.6.1 Consolidating Urban and Rural Districts**

Fiscal accountability problems are particularly acute when urban and rural districts consolidate, and their financial structures are harmonized despite differences in service levels. The underlying problem with

---

<sup>3</sup> A correct public levy, or a public charge that accurately reflects public services provided, is a public tax or non-tax levy that incorporates all external costs of providing customized services to particular user groups (Vojnovic, 1997.)



consolidating urban and rural districts is in large part associated with the absence of a taxing mechanism that can distinguish between different service levels and public service costs within a municipality. Urban jurisdictions have very different service requirements, as well as expectations about the availability of municipal services, than rural regions. The greater intensity of service provision in urban, as opposed to rural areas, generates higher per capita costs in service delivery in larger municipal jurisdictions. By merging the revenue bases, and harmonizing tax rates of municipalities that provide different intensities and mix of services, consolidation can place increased pressure on public tax and non-tax levies in rural jurisdictions because of the municipal service requirements and service expectations in the urbanized region. Unless a financing mechanism is developed to ensure that appropriate charges will be levied based on the services that are provided to relevant user groups, financing distortions will result, and fiscal accountability will be lost. This lack of fiscal accountability inevitably results in inefficiencies and inequities in municipal service provision. If a financing mechanism within a newly consolidated jurisdiction does not have the capacity to distinguish differences in the intensity of service delivery, and to translate these distinctions into an appropriate public levy, it is best to avoid merging and harmonizing the local finances of urban and rural areas.

## 8.7 EQUITY

Equity considerations are vital in any restructuring initiative. There are a number of dimensions to the analysis of equity. With respect to the tax system, as indicated above, a tax structure must be able to accurately reflect consumption practices of particular user groups. Beside generating an equitable tax-service package, a municipality must also be able to provide adequate service standards to all residents. It has been shown in Chapter 2 that municipal consolidation and the pooling of resources are often cited methods of ensuring equity between municipalities with different fiscal strength. However, municipal consolidation in itself will not guarantee that greater levels of equity will be generated. The tax structure, and adequate levels and standards of municipal service provision within a municipality, will determine the extent to which equity has been improved. Consolidation in itself cannot guarantee that either of these two variables will be improved by restructuring.

There are also alternatives to consolidation that enhance equity without incurring high restructuring costs. For example, Nova Scotia's recent reform initiatives sought to promote equity by taking over the responsibility for social assistance and social services from the municipalities. *Placing the responsibility for social welfare and social assistance on the upper levels of government considerably reduces the importance of municipal fragmentation and competition in producing municipal fiscal distress and intermunicipal inequities.* The U.S. experience shows the nature of inequities that are generated by placing the responsibility for social assistance on local governments.

In the U.S., municipal fragmentation and competition generates intermunicipal inequities, partly because of rational decision-making processes of homebuyers selecting an appropriate tax-service package. When purchasing a residence and choosing a municipality, taxpayers who are economically more self-sufficient will seek out jurisdictions that minimize expenditures on social welfare. This will be a rational choice, given that the "better-off" do not need social assistance and/or social service programs, and so they will want to minimize their contribution to this particular municipal function. This decision-making process results in upper-income groups continuing to concentrate in particular jurisdictions, which eventually evolve into municipalities characterized by high property values and a strong tax base. Because of the municipal fragmentation and competition, municipalities that maintain a high concentration of the poor, and which require and provide extensive social services within their jurisdiction, never receive an adequate share of assistance from the fiscally stronger jurisdictions. (Skaburskis 1992; Rusk 1995; Poindexter 1995.)

The dynamics of this process in the U.S. have led to the development of exclusive suburbs, and the absence of direct assistance to required social services in many of the deteriorating inner cities. The dilemma of class segregation, and associated fragmentation in municipal boundaries, are especially troubling since this rationalization process is self-perpetuating. As more of the wealthier income earners leave the inner city to avoid the higher taxes associated with social assistance, and the net assessment continues to decline, higher rates are required in the municipality to maintain the existing level of municipal revenue for the social services. The higher rates, in turn, drive more of the upper income earners out of the municipality, and the process repeats.

While this level of segregation, and associated municipal fragmentation and competition, is not apparent in Canada, the review of the U.S. experience illustrates the problems associated with placing the responsibility for social services on local governments. Provinces that provide social welfare and social assistance themselves will minimize the possibility of generating fiscal distress as a result of the concentration of lower income groups in particular jurisdictions. Provincial financing reduces the importance of pooling area funds as a means of promoting adequate levels and standards of service provision, and so reduces the need for consolidation and its associated costs.

## **8.8 THE PROVINCES' ROLE IN THE AMALGAMATION PROCESS**

All provinces involved in this survey, except for British Columbia, have taken active initiatives to promote municipal consolidations. In fact, in the case of Halifax and Miramichi, the municipal consolidations were not only promoted by the respective provinces, but forced on the municipalities by them. This study has shown that the new surge in the municipal consolidation advocacy in the 1990s is linked with political and fiscal trends common to the provinces that have actively pursued municipal reform. As the Federal government shifts a greater portion of the financial burden on the provinces, the provinces tend to readjust their own financial structures by placing greater financial responsibility for local service delivery on the municipalities. In this process of fiscal reorganization, the provincial governments want to promote the "rationalization" of municipal functions by attempting to increase efficiency in both local governance and service delivery — hence the provincial push for consolidation.

However, this study has shown that the two municipalities that have had the most difficulties with the amalgamation process — the City of Miramichi and the Halifax Regional Municipality — were those forced to consolidate by the province. The problems associated with such forced initiatives can be seen at a number of different levels. First, considerable resentment develops between the two levels of government, when in fact what is required during the municipal reform process is greater cooperation, as the complex political and administrative systems within the municipality are restructured.

Second, problems can also arise with the designated time frame for restructuring. Consolidating municipal members may not be given adequate time to reach agreement, or to determine an effective reorganization of the multiplicity of political and administrative systems that need to be restructured. For example, in the Halifax Regional Municipality, the City was given only four months to develop the new financial system. Another example was the City of Miramichi, where a more adequate period of time to debate appropriate tax-service packages in the new municipality would probably have generated the necessary dissension to the harmonization of the tax rate prior to the consolidation.

Finally, provinces that force municipalities to consolidate prevent them from selecting the most appropriate municipal reform option among the numerous restructuring possibilities that exist. The municipalities would be unable to seriously explore alternatives to consolidation that could improve the effectiveness of local governments and produce greater efficiency and equity in service delivery.

An alternative process to forcing municipal consolidations, and one that would still allow the provinces to achieve their own fiscal reorganization, would be simply to permit municipalities to make their own decisions regarding the most appropriate reform initiative after the fiscal “download” from the province. As a province reorganizes its own financial system, and proceeds to increase the financial burden of service provision to the municipalities, it could allow the municipalities to select the restructuring initiatives at the local level that would best facilitate the reductions in provincial grants. The municipalities could then appropriately assess the benefits of various reform options and determine which ones are most appropriate to their specific circumstances. Quebec’s current municipal restructuring initiatives closely resemble this reform approach.

Given the wide selection of restructuring options, some municipalities will prefer amalgamation, while others will prefer to develop intermunicipal agreements, contract out service delivery, or introduce special purpose agencies to address particular municipal needs. Alternatively, in this process of fiscal reorganization, the residents of some municipalities might simply be prepared to pay \$100 or \$150 more per year in order to retain the existing municipal status. *As long as the only provincial concern is the increased financial burden on local governments, there is no reason that municipalities should not be given the opportunity to undertake detailed studies of reform options and determine the most appropriate restructuring initiative, given their particular historical, spatial, and economic circumstances.*



## References

- Armstrong, Cy. 1993. *Thoughts on Canadian Municipal Management: St. Catharines, Hamilton-Wentworth, and Edmonton*. London: The University of Western Ontario, Local Government Case Studies #5.
- Audet, R. Albert, Fernand Daigle, Marcel Laliberté, Roger Pépin, and Lucie Marcotte. 1993. *Projet de regroupement Villes et Paroisse de Victoriaville, Arthabaska, Sainte-Victoire-d'Arthabaska*.
- Bailey, Stephan. 1994. "User Charges for Urban Services." *Urban Studies*, 31, nos. 4/5: 745-765.
- Batley, Richard. 1996. "Public-Private Relationships and Performance in Service Provision." *Urban Studies*, 33, nos. 4/5: 723-751.
- Bird, Richard and Enid Slack. 1993. *Urban Public Finance in Canada*, 2nd ed., Toronto: John Wiley and Sons Ltd..
- Boyne, George. 1995. "Population Size and Economies of Scale in Local Government." *Policy and Politics*, 23, no. 3: 213-222.
- Boyne, George. 1992. "Is There a Relationship Between Fragmentation and Local Government Costs? A Comment on Drew Dolan." *Urban Affairs Quarterly*, 21, no. 2: 317-322.
- Boyne, George. 1992. "Local Government Structure and Performance: Lessons from America?" *Public Administration*, 70: 333-357.
- British Columbia, Ministry of Municipal Affairs and Housing. 1996. *Implementation Items for Core Municipal Restructure Options*.
- British Columbia, Ministry of Municipal Affairs. 1993. *Guidelines for Restructure Study Grants*.
- Bullock, L.A. 1996. "Restructuring your options." *Municipal World*, 106, no. 7: 13.
- Bunch, Beverly and Robert Strauss. 1992. "Municipal Consolidation: An Analysis of the Financial Benefits for Fiscally Distressed Small Municipalities." *Urban Affairs Quarterly*, 27, no. 4: 615-629.
- Burns, Leo, Tim McCarthy, and John Robison. 1994. *Miramichi City: Our Future — Strength Through Unity*. New Brunswick: Local Government Review Panel.
- Cadogan, Joanne. Dec. 29, 1994. "Tax Talk: Higher Taxes Pay for Services Everyone in City Will Enjoy." *Miramichi Leader*, A1 & A12.
- City of Abbotsford. 1996. *Economic Profile*. Abbotsford, B.C.: Abbotsford Economic Development Office.
- City of Dartmouth. 1994. *City of Dartmouth: Information Profile*. Dartmouth, NS.: Economic Development Group, Development Services.

- City of Halifax. 1995. *City of Halifax: Community Profile*.
- City of Kingston. 1995. *Position Paper: Municipal Reform in the Kingston Area*. Kingston, Ontario.
- City of Miramichi. 1995. *Proposed 1996 City of Miramichi General Operating Fund*. City of Miramichi: Press Release.
- City of Winnipeg Act Review Committee. 1986. *Final Report 1986*.
- Corporation de Développement Économique des Bois-Francs. 1996. *Relevé Industriel 96*.
- Corporation de Développement Économique des Bois-Francs. 1995. *Victoriaville: Dossier Socio-Économique*.
- Corporation de Développement Économique des Bois-Francs. 1991. *Victoriaville: Dossier Socio-Économique*.
- Corporation de Développement Économique des Bois-Francs. 1991. *Arthabaska: Dossier Socio-Économique*.
- Corporation de Développement Économique des Bois-Francs. 1991. *Sainte-Victoire: Dossier Socio-Économique*.
- Davis, J.S. et al.. 1994. "The New Burbs: The Exurbs and Their Implication for Planning Policy." *Journal of the American Planning Association*, 60, no. 1: 45-59.
- Derksen, W. 1988. "Municipal Amalgamation and the Doubtful Relation Between Size and Performance." *Local Government Studies*, 14, no. 6: 31-47.
- Desbiens, Jacques. 1996. *La Taille Idéale Pour Offrir Les Services Municipaux au Québec*. Québec: Le Groupe Jacques Desbiens.
- Diamant, Peter. 1996. *Consolidation and the Small Municipality*. Manitoba: Brandon University, Rural Development Institute.
- Diamant, Peter. 1994. *The Structure of Local Government and the Small Municipality*. Manitoba: Brandon University, Rural Development Institute.
- District of Matsqui. 1994. *Economic Profile*. Matsqui, B.C.: Matsqui Economic Development Office.
- Gerston, Larry and Peter Haas. 1993. "Political Support for Regional Government in the 1990s — Growing in the Suburbs?" *Urban Affairs Quarterly*, 29, no. 1: 154-163.
- Gottman, Jean. 1995. "Why Metropolitan Organisation?" in L.J. Sharpe (eds.) *The Government of World Cities: The Future of the Metro Model*. New York: John Wiley and Sons. 1-10.
- Government of Newfoundland and Labrador. 1996. *Reforming Municipal Government in Newfoundland and Labrador: The Time for Regionalization*. Newfoundland: Department of Municipal and Provincial Affairs.

- Halifax Regional Council. 1997a. *Committee of the Whole Minutes, January 20, 1997.*
- Halifax Regional Council. 1997b. *Committee of the Whole Minutes, January 14, 1997.*
- Halifax Regional Council. 1996. *Committee of the Whole Minutes, December 10, 1997.*
- Halifax Regional Municipality. 1996a. *1996/97 Approved Capital Budget.*
- Halifax Regional Municipality. 1996b. *Proposed Tax Structure Reform.*
- Halifax Regional Municipality. 1996c. *Proposed Tax Structure Reform: Presentation Package.*
- Hayward, William. 1993. *Interim Report of the Municipal Reform Commissioner: Halifax County (Halifax Metropolitan Area).* Halifax: Halifax Metro Region.
- Hedrick, Roger. 1993. *Metropolitan Reorganization: A Response to Urban Fragmentation.* Chicago: Council of Planning Librarians.
- Keating, Michael. 1993. "Upper-tier Reform: the international experience." *Municipal World*, 103, no. 6: 14-15.
- Kitchen, Harry. 1995. "Does Amalgamation really Produce Cost Savings?" Paper presented at the *Conference of Municipal Amalgamation*, Dalhousie University. Halifax, Nova Scotia.
- Kitchen, Harry. 1992. *Efficient Delivery of Local Government Services.* Ottawa: Economic Council of Canada. Government and Competitiveness Project.
- KPMG. 1996. *An Estimate of Potential Savings and Costs from the Creation of Single Tier Local Government for Toronto.*
- KPMG. 1995. *Compensation Review of City of Miramichi.*
- Kushner, Joseph. 1996. "Municipal Reform: is consolidation the answer?" *Municipal World*, 107, no. 3: 10-11.
- Kushner, Joseph. et al.. 1996. "The Determinants of Municipal Expenditures in Ontario." *Canadian Tax Journal*, 44, no. 2: 451-464.
- Kushner, Joseph. 1992. "The Effect of Urban Growth on Municipal Taxes." *Canadian Public Administration*. 35, no. 1: 94-102.
- Liner, Gaines. 1992. "Annexation Impact on Municipal Efficiency." *Review of Regional Studies*. 22, no. 1: 75-87.
- Lyman, Peter. 1975. "Efficiency in Urban Government: Economies and Diseconomies of Scale" in *Metro Toronto Under Review* edited by the Bureau of Municipal Research, Toronto: Bureau of Municipal Research.

- Longo, Leo and C. Williams. 1996. "Bill 26: The omnibus bill and municipalities — the revolution revealed!" *Municipal World*, 106, no. 2: 7-11.
- Lowry, David and William Lyons. 1989. "The Impact of Jurisdictional Boundaries: An Individual Level Test of the Tiebout Model." *Journal of Politics*, 51, no. 1: 73-95.
- Malenfant, Louis and John Robison. 1994. *Greater Moncton Urban Community: Strength Through Cooperation*.
- Marshall, John. 1995. *Local Government Restructuring: Theory, Practice, and Some Alternatives — An Annotated Bibliography*. Guelph, Ontario: School of Rural Planning and Development, University of Guelph.
- McDavid, James and Eric Clemens. 1995. "Contracting out local government services: the B.C. experience." *Canadian Public Administration*, 38, no. 2: 177-193.
- Nelson, Michael. 1992. "Municipal Amalgamation and the Growth of the Local Public Sector in Sweden." *Journal of Regional Science*, 32, no. 1: 39-53.
- New Brunswick. 1995. *Municipalities Act*.
- New Brunswick, Department of Municipalities, Culture and Housing. 1994. *Community Profiles: Miramichi Urban Community*.
- New Brunswick, Department of Municipalities, Culture and Housing. 1992. *Strengthening Municipal Government in New Brunswick's Urban Centres*.
- Niagara Region Review Commission. 1989. *Report and Recommendations*. Toronto: Queen's Printers.
- Nova Scotia, General Assembly. 1996. *An Act Respecting Regional Municipalities*. (Bill No. 28).
- Nova Scotia. 1996. *Nova Scotia: Information Profile*. Halifax: Nova Scotia Economic Renewal Agency.
- Nova Scotia, General Assembly. 1995. *An Act to Incorporate the Halifax Regional Municipality* (Bill No. 3).
- Nova Scotia. 1994. *An Act Respecting Compensation in the Public Sector*.
- Nova Scotia, Ministry of Municipal Affairs. Task Force on Local Government. 1992. *Report and Briefing Book to the Government of Nova Scotia*. Nova Scotia: Ministry of Municipal Affairs.
- O'Brien, Allan. 1995. "The Times They Are A Changin': Municipal Restructuring in ... ." *Plan Canada*, 35, no. 4: 27-34.
- O'Brien, Allan. 1993. *Municipal Consolidation in Canada and It's Alternatives*. Toronto: ICURR Publications.
- Ontario. 1996. *Provincial Policy Statement*.

- Ontario, Legislative Assembly. 1996. *An Act to Achieve Fiscal Savings and to Promote Economic Prosperity through Public Sector Restructuring, Streamlining and Efficiency and to implement other aspects of the Government's Economic Agenda* (Bill 26).
- Ontario Ministry of Municipal Affairs and Housing. 1996a. *A Guide to Municipal Restructuring*.
- Ontario Ministry of Municipal Affairs and Housing. 1996b. *Fact Sheet Update #2: Restructuring in the Municipal Sector*.
- Ontario Ministry of Municipal Affairs and Housing. 1996c. *Notes for Remarks by the Hon. Al Leach, Minister of Municipal Affairs and Housing to the Northwestern Ontario Municipal Association*.
- Price Waterhouse. 1990. *Abbotsford and Matsqui: Report on Amalgamation Review*.
- Poindexter, Georgette. 1995. "Towards a Legal Framework for Regional Redistribution of Poverty Related Expenses." *Journal of Urban and Contemporary Law*, 47, no. 3: 3-50.
- Québec. 1996a. *La consolidation des communautés locales: La mise en oeuvre de la politique*. Québec: Ministère des Affaires municipales.
- Québec. 1996b. *La consolidation des communautés locales: Problématique et objectifs*. Québec: Ministère des Affaires municipales.
- Quebec. 1996c. *Consolidation of Local Communities*. Quebec: Government of Quebec.
- Quebec. 1996d. *Local Governments in Quebec: Organization and Taxation*.
- Quebec. 1996e. *An Act Respecting Municipal Territorial Organization*.
- Richmond, Dale and David Siegel (eds.). 1994. *Agencies, Boards and Commissions in Canadian Local Government*. Toronto: The Institute of Public Administration of Canada.
- Rothblatt, Donald. 1994. "North American Metropolitan Planning — Canadian and U.S. Perspectives." *Journal of the American Planning Association*, 60, no. 4: 501-520.
- Rusk, David. 1995. *Cities Without Suburbs*. 2nd edition. Washington: The Woodrow Wilson Center Press.
- Sancton, Andrew. 1995. "Metropolitan Government in Montreal" in L.J. Sharpe (eds.) *The Government of World Cities: The Future of the Metro Model*. New York: John Wiley and Sons. 131-146.
- Sancton, Andrew. 1994. *Governing Canada's City Regions: Adapting Form to Function*. Montreal: The Institute for Research on Public Policy.
- Sancton, Andrew. 1993. *Local Government Reorganization in Canada Since 1975*. Toronto: ICURR Press.
- Sancton, Andrew. 1991. "The Municipal Role in the Governance of Canadian Cities" in T. Bunting and P. Filion (eds.) *Canadian Cities in Transition*. Toronto: Oxford University Press.



- Schneider, Mark. 1986. "Fragmentation and the Growth of Local Government." *Public Choice*, 48: 255-263.
- Skaburskis, A.. 1992. "Goals for Restructuring Local Government Boundaries: Canadian Lessons." *Environment and Planning C: Government and Policy*, 10: 159-172.
- Skelly, Michael J.. 1996. *Alternative Service Delivery in Canadian Municipalities*. Toronto: ICURR Press.
- Stevenson, Mark. 1992a. "Canada's Best-Run Cities: Where Taxpayers Get The Most For Their Money." *Financial Times of Canada*, 10-11.
- Stevenson, Mark. 1992b. "Canada's Best-Run Cities: London." *Financial Times of Canada*, 10-11.
- Stevenson, Mark. 1992c. "Canada's Best-Run Cities: Service Stars." *Financial Times of Canada*, 12-13.
- Tiebout, Charles. 1956. "A Pure Theory of Local Expenditures" *Journal of Political Economy*, 64: 416-424.
- Richard Tindal. July 1996. "Municipal restructuring: the myth and the reality." *Municipal World*. 3-7.
- Tindal, Richard and Susan Tindal. 1995. *Local Government in Canada (4th Edition)*. Toronto: McGraw-Hill Ryerson Limited.
- UMA. 1995. *Analysis of Municipal Amalgamation*. Halifax: UMA Group.
- Vojnovic, Igor. 1997. "The Pricing of Linear Infrastructure and its Impact on Urban Development Patterns: The Metro Toronto Experience." Ph.D. Diss. University of Toronto.
- Walisser, Brian. 1987. *Understanding Regional District Planning: A Primer*. Victoria: Ministry of Municipal Affairs.
- West, T.L. January/March 1994. "Implications of Local Government Reorganization." *Public Money and Management*. 17-21.

# Appendix I

## Request for Information Survey



**ICURR** Intergovernmental Committee on Urban  
and Regional Research  
Comité intergouvernemental de recherches  
urbaines et régionales **CIRUR**

# Request for Information for ICURR Municipal Amalgamation Study

## I. Community Profile Information

Please send any available community profile information (economic development brochures, for example) for component municipalities prior to amalgamation and for the newly formed municipal unit. If this is not possible, please suggest the name of a person we could contact to obtain this type of information.

Contact Name \_\_\_\_\_

Position \_\_\_\_\_

Telephone Number \_\_\_\_\_

## II. Maps

Please send a map showing the original and new municipal boundaries as well as a map showing the new local electoral ward boundaries for the new municipality, if any.

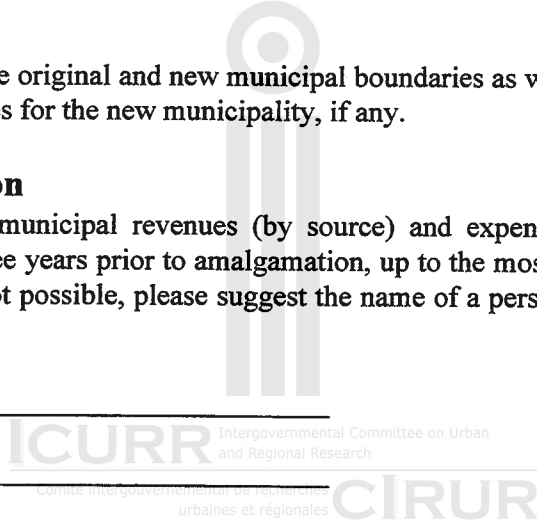
## III. Budget Information

Please send information on municipal revenues (by source) and expenditures (by service area) for component municipalities three years prior to amalgamation, up to the most recent available data for the new municipality. If this is not possible, please suggest the name of a person we could contact to obtain this type of information.

Contact Name \_\_\_\_\_

Position \_\_\_\_\_

Telephone Number \_\_\_\_\_



- Were any special actions taken to resolve the transfer of liabilities and assets from the former municipalities to the new municipal unit? If yes, please describe.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

- Were there committed infrastructure projects/improvements before amalgamation?  
If yes, how many and what did they involve?

---



---



---

#### IV. Taxation System Information

- Please send information on total assessment value by property type from three years before amalgamation for the component municipalities, up to the present.
- Also, please provide tax rates by property type (commercial, residential etc.) from three years before amalgamation for the component municipalities, up to the present. Are there different rates for different parts of the municipality according to the level of service provided?

If this is not possible, please suggest the name of a person we could contact to obtain this type of information.

Contact Name \_\_\_\_\_

Position \_\_\_\_\_

Telephone Number \_\_\_\_\_

#### V. Representation System

- Please list the number of councillors before amalgamation for each member municipality

Municipality

Number of councillors

|       |       |
|-------|-------|
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |



- Number of councilors in new amalgamated municipality

---

- Please describe the election structure (e.g. mayor elected at large) before and after amalgamation.

---

---

---

- Were there any changes in ward boundaries as a result of the amalgamation? If yes, please describe.

---

---

---

## **VI. Administration**

- In which former municipality are the new administrative offices located?

---

- Are these offices newly built or are they in an already existing building?

---

- If they are new, what was the approximate cost of construction and how was this shared among the member municipalities?

---

---

- Number of municipal staff before amalgamation for each component municipality

Municipality

Number of municipal staff

|       |       |
|-------|-------|
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |

Total staff for the new municipality

\_\_\_\_\_

- Please describe the changes in the administrative structure between the former component municipalities and the new amalgamated municipality?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**ICURR** Intergovernmental Committee on Urban and Regional Research

Comité intergouvernemental de recherches urbaines et régionales

**CIRUR**

- Please provide information on administration cost changes before and after amalgamation.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

- If possible, please estimate the cost of updating and consolidating municipal by-laws.

---



---

If it is not possible to answer some of the above questions in this section, please suggest the name of a person we could contact to obtain this type of information.

Contact Name \_\_\_\_\_

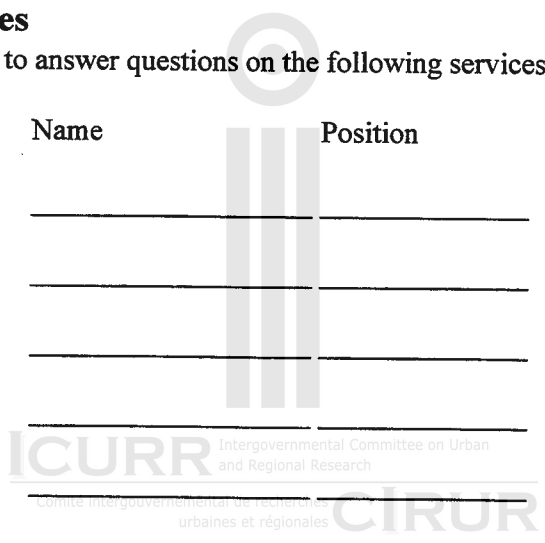
Position \_\_\_\_\_

Telephone Number \_\_\_\_\_

### VII. Municipal Services

Please provide contact names to answer questions on the following services.

|                                | Name  | Position | Telephone |
|--------------------------------|-------|----------|-----------|
| Fire protection                | _____ | _____    | _____     |
| Police                         | _____ | _____    | _____     |
| Solid waste collection         | _____ | _____    | _____     |
| Solid waste disposal           | _____ | _____    | _____     |
| Public transit (if applicable) | _____ | _____    | _____     |
| Recreational facilities        | _____ | _____    | _____     |
| Social Services                | _____ | _____    | _____     |



### VIII. Amalgamation Process

- Please describe the process by which amalgamation took place.

A. Who initiated the amalgamation process and how was it initiated?

---

**B. What commissions/committees were formed to facilitate the amalgamation process?**

---

---

---

**C. Were there a number of feasibility studies undertaken? If yes, please describe.**

---

---

---

**D. What the approximate time spent on negotiation: i) between municipalities  
ii) between the province and the local governments?**

---

---

**E. How were disputes between municipalities and between the province and the municipalities resolved? Was there a tribunal?**

---

---

**F. How was the final decision made? Were there referendums involved?**

---

---

---



**ICURR** Intergovernmental Committee on Urban  
and Regional Research  
Comité intergouvernemental de recherches  
urbaines et régionales **CIRUR**



G. How were up-front amalgamation costs (amalgamation studies, cost of holding referendum etc.) shared among municipalities and with the province?

---

---

---

## IX. Public Participation

How has the public participation process changed as a result of the amalgamation? Have any new community committees been formed or are about to be formed? If yes, please describe

---

---

---

## Appendix II

# Anticipated and Short-Term Effects Questionnaire



**ICURR** Intergovernmental Committee on Urban  
and Regional Research  
Comité intergouvernemental de recherches  
urbaines et régionales **CIRUR**

# ICURR Survey on Anticipated and Short-term Effects of Amalgamation

## Anticipated Effects of the Amalgamation

Under the following subheadings and from your particular perspective, please check off those responses which are most appropriate and where applicable, outline other effects, not specified in the survey, that were anticipated before the amalgamation took place. These are effects that will occur once the effects of amalgamation have stabilized. Please attach additional sheets if required.

### 1. FISCAL

Municipal debt

- Decrease
  - Remain at the same level
  - Increase
  - Increase at first, then decrease over time
  - Other (Please Specify)
- 

Operating costs

- Decrease
  - Remain at the same level
  - Increase
  - Increase at first, then decrease over time
  - Other (Please Specify)
- 

Transfer payments  
from the province

- Decrease
  - Remain at the same level
  - Increase
  - Other (Please Specify)
- 

Please describe other anticipated fiscal effects resulting from the amalgamation.

---



---



---

2. GOVERNANCE AND ELECTED OFFICIAL REPRESENTATION

Accessibility to locally elected officials

- Increase
  - Remain at the same level
  - Decrease
  - Other (Please Specify)
- 

Accessibility of politicians to staff

- Increase
  - Remain at the same level
  - Decrease
  - Other (Please Specify)
- 

Involvement of councilors in day-to-day operations of the municipality

- Increase
  - Remain at the same level
  - Decrease
  - Other (Please Specify)
- 

Please describe other anticipated governance and elected official representation effects resulting from the amalgamation.

---

---

---

---

---

---

---

---

---

---

**ICURR** Intergovernmental Committee on Urban and Regional Research

Comité intergouvernemental de recherches urbaines et régionales **CIRUR**

3. TAXATION

Please list those municipalities where it was anticipated that tax rates would change as a result of amalgamation and please indicate how they were predicted to change.

| <b>Municipality</b> | <b>Property Type</b><br>(Residential, Commercial, All, etc.) | <b>Type of Change</b><br>(Increase/Decrease) |
|---------------------|--|--|
| _____               | _____  | _____  |
| _____               | _____  | _____  |
| _____               | _____  | _____  |
| _____               | _____  | _____  |
| _____               | _____  | _____  |
| _____               | _____  | _____  |

Was it expected that the residential or commercial/industrial property taxes would increase in greater proportion than the other? (e.g. were the residential properties expected to pay a greater share of the overall tax bill) If yes, please describe.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



Please describe other anticipated taxation effects resulting from the amalgamation.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

4. SERVICE DELIVERY

Please list those services for which it was anticipated that there would be a change in average cost and indicate whether this would be an increase or decrease.

| Service | Type of change (Increase/Decrease) |
|---------|------------------------------------|
| _____   | _____                              |
| _____   | _____                              |
| _____   | _____                              |
| _____   | _____                              |
| _____   | _____                              |

Please list services where it was anticipated that the minimum service quality standard would increase as a result of the amalgamation.

|       |       |
|-------|-------|
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |

Please describe any anticipated changes in the method of service delivery as a result of amalgamation. (e.g. more or less contracting out, greater or less use of volunteers, enhanced or reduced role of intermunicipal agreements)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Please describe anticipated effects of the amalgamation on the importance and role of local agencies, boards and commissions. Which commissions were predicted to be affected?

\_\_\_\_\_

\_\_\_\_\_

5. ADMINISTRATION

With amalgamation, administration costs were expected to:

- increase
- remain at the same level
- decrease

If applicable, please specify the approximate amount of the increase or decrease.

---

If applicable, what was anticipated to be the main source of the change in costs?

---

---

Was the magnitude of change anticipated to change over the next five years? If yes, please describe how.

---

---

Was the amalgamation anticipated to result in increased staff specialization? If yes, please describe briefly.

---

ICURR Intergovernmental Committee on Urban  
and Regional Research  
Comité intergouvernemental de recherches  
urbaines et régionales

CIRUR

---

---

Apart from cost of living adjustments, were wages and salaries of municipal employees expected to increase with the amalgamation?

---

---

Was there a loss of jobs anticipated? If yes, in which areas of the municipal staff?

---

---

---

**6. PLANNING AND ECONOMIC DEVELOPMENT**

Please describe anticipated effects of the amalgamation on the planning process and economic development initiatives in the new amalgamated municipality. Was there a comprehensive official plan and economic development strategy for the new municipality anticipated?

---

---

---

**7. ENVIRONMENTAL POLICIES**

Please describe anticipated effects of the amalgamation on the ability to effectively protect and manage environmental resources in the area (e.g. such as watersheds). Were there comprehensive environmental plans and strategies anticipated for the new municipality?

---

---

---

**8. PUBLIC REACTION**

What was the anticipated public reaction to the amalgamation?

---

---

---

---



9. OTHER EFFECTS

Please identify and describe other anticipated effects not listed above.

---

---

---

**Short-Term Effects of the Amalgamation**

**1. Planning**

- Was there a need for more effective regional planning before amalgamation among the member municipalities? (e.g. planning hard infrastructure such as sewer and water, roads and soft services as well) If yes, please describe.

---

---

---

---

---

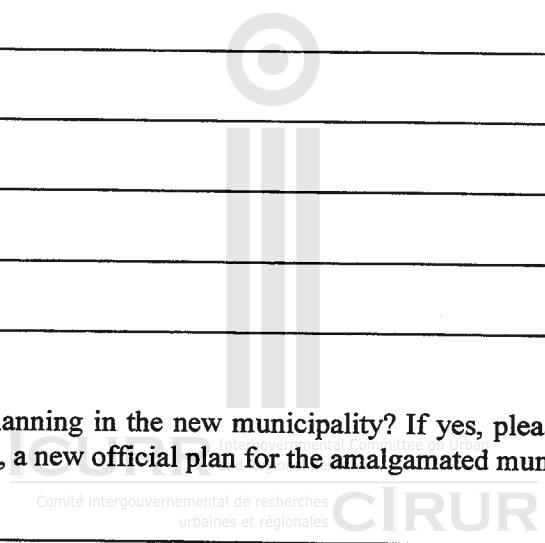
- Is there more effective planning in the new municipality? If yes, please describe. Has there or will there be in the near future, a new official plan for the amalgamated municipality?

---

---

---

---



**2. Environmental Policies**

- Was there a need for more effective environmental management and protection before amalgamation among the member municipalities? If yes, please describe.

---

---

---

---

---

- Is there more effective environmental management in the new municipality? If yes, please describe. Has there or will there be in the near future, comprehensive environmental policies for the new municipality? If yes, please describe.

---

---

---

---

---

**3. Economic Development**

- Was there a need for greater coordination and cooperation with respect to economic development initiatives among the member municipalities before amalgamation? If yes, please describe.

---

---

---

---

- Is there greater coordination and cooperation with respect to economic development initiatives in the new municipality? If yes, please discuss. Has there or will there be in the near future, a comprehensive economic development strategy for the new municipality?

---

---

---

---

**4. Service Delivery**

- Have there been any general changes in service delivery methods as a result of amalgamation? (e.g. more contracting out, less use of volunteers etc.) If yes, please describe.

---

---

---

---

---

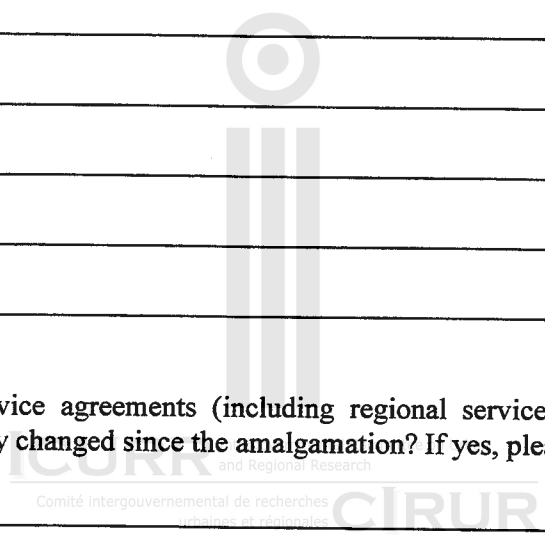
- Have intermunicipal service agreements (including regional service delivery mechanisms) been eliminated or significantly changed since the amalgamation? If yes, please describe.

---

---

---

---



- Have there been any changes to the mandates or compositions of local utility commissions or any other local agencies, boards and commissions? If yes, please describe briefly.

---

---

---

---

---

---

**5. Public Reaction**

- What is the current public reaction to the amalgamation?

---

---

---

- How was this reaction expressed - at council meetings, in letters to local newspaper, letters to councilors, protests ?

---

---

- Do you believe that this position accurately reflects the opinions of the majority of the public in the affected municipalities?

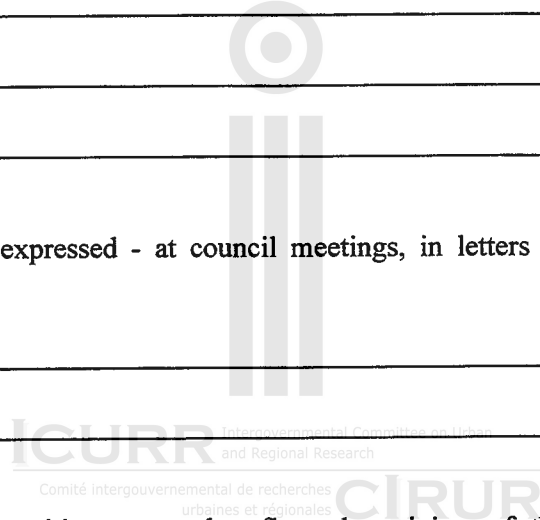
---

- How was the name of the new municipality determined? Was there any controversy in naming the new municipality?

---

---

---



**6. Transition Period**

- What was the process of transition from the old municipal structure to the new? What issues were encountered and were they resolved? If so, how were they resolved?

---

---

---

---

---

- Please describe general problems encountered during and just after amalgamation.

---

---

---

---



**XII. Other Comments**

- Please provide any additional comments you feel are necessary regarding the amalgamation.

---

---

---

---

ICURR Intergovernmental Committee on Urban and Regional Research  
Comité intergouvernemental de recherches urbaines et régionales CIRUR

THANK YOU FOR TAKING THE TIME TO COMPLETE THIS SURVEY.

The Intergovernmental Committee on Urban and Regional Research (ICURR) was set up in 1967 following a Federal-Provincial Conference on Housing and Urban Development. The Committee comprises senior officials from the Federal, provincial and territorial governments of Canada who meet regularly to oversee ICURR's activities – the operation of an information exchange service and research program. ICURR's major objective is to foster communication between policy-makers across Canada working in the fields of urban, rural and regional planning, economic development, public administration and finance, housing, recreation and tourism, transportation and the environment. It also seeks to increase the level of understanding of urban and regional issues through research and consultation.

ICURR's core funding is provided by the Canada Mortgage and Housing Corporation and by the ministries of municipal affairs of the provinces and territories. Canada's municipal governments also participate in ICURR through annual membership as do consultants and universities.

Intergovernmental Committee on  
Urban and Regional Research  
150 Eglinton Avenue East, Suite 301  
Toronto, Ontario  
M4P 1E8

Tel: (416) 973-5629  
Fax: (416) 973-1375

Créé en 1967 à la suite d'une conférence fédérale-provinciale sur l'habitation et l'aménagement urbain, le Comité intergouvernemental de recherches urbaines et régionales (CIRUR) regroupe des représentants des administrations fédérale, provinciales et territoriales du Canada qui se réunissent régulièrement pour orienter le champ d'activités du CIRUR : la gestion d'un service d'échange de renseignements et d'un programme de recherche. Le CIRUR a pour objectif principal de favoriser les communications entre les décideurs d'un bout à l'autre du Canada travaillant dans les domaines de l'urbanisme, de l'aménagement rural et régional, du développement économique, des finances et de l'administration publiques, du logement, des loisirs et du tourisme, des transports et de l'environnement. Il a également pour but d'élargir le champ de connaissance des questions urbaines et régionales par le biais d'activités de recherche et de consultation.

Le financement de base du CIRUR provient de la Société canadienne d'hypothèques et de logement ainsi que des ministères des affaires municipales des dix provinces et des deux territoires. Les municipalités canadiennes, de même que les experts-conseils et les universités, peuvent participer aux activités du CIRUR moyennant une cotisation annuelle.

Comité intergouvernemental de  
recherches urbaines et régionales  
150, av. Eglinton est, bureau 301  
Toronto (Ontario)  
M4P 1E8

Tél. : (416) 973-5629  
Télécopieur : (416) 973-1375