

**MUNICIPAL CONSOLIDATION
IN CANADA
AND ITS ALTERNATIVES**

Allan O'Brien



ICURR Intergovernmental Committee on Urban
and Regional Research
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CONTENTS

Foreword	i
Bibliographical Notes	ii
Acknowledgements	iii
Executive Summary	iv
Part One: Introduction	1
Part Two: The Context for Consolidation Decisions	4
What Problems are Thought to be Addressed by Consolidation?	6
Regional ineffectiveness	6
Financial and economic pressures	7
Lack of equity	7
Ineffective accountability	8
The need to reduce provincial burdens	8
Why Consolidate?	8
Why Not Consolidate?	9
Alternatives to Consolidation	12
Part Three: Provincial Sketches and Cases	13
New Brunswick	13
Nova Scotia	15
Task Force on Local Government	17
Newfoundland	20
Grand Falls-Windsor	22
Irishtown, Hughes Brook, Summerside, Meadows and Gillams	22
Appleton and Glenwood	23
Spaniard's Bay and Tilton	23
Northeast Avalon	24
Paradise	25
Prince Edward Island	27
Manitoba	31
Quebec	34
Regional County Municipalities	34
Inter-municipal Agreements	38
Consolidations	39
Levis-Lauzon	41
Sorel	46
Outaouais Regional Community	47
Aylmer, Hull and Gatineau	48

British Columbia	52
Regional Districts	52
Consolidation Policy	53
Incentives and Disincentives to Consolidation	55
View Royal	56
Abbotsford and Matsqui	56
Saskatchewan	58
Annexations and Incorporations	58
Amalgamation	59
Recent Developments	59
Alberta	60
Metropolitan Growth Management	60
Lethbridge Success	62
Leduc Rejection	64
Fort Saskatchewan Annexation Approved With Conditions	64
Calgary Compromise	68
Alternatives to Consolidation	69
Edmonton Metropolitan Regional Planning Commission	70
Ontario	71
Police Villages	71
County Reform	72
Regional Government	75
Regional Municipality of Ottawa-Carleton	75
Sault North	76
Sarnia and London	77
Simcoe County	78
Disentanglement	81
The Territories	83
The Three Major Metros	84
Greater Toronto Area	84
Greater Montreal Working Group	87
The Pacific Fraser Region	88
Part Four: Assessment of the Options	94
Viability and Overgovernment	94
Models for Consolidation	96
Non-Consolidation Approaches	98
Financial Considerations	100
Public Sector Woes	100
Economies of Scale	100
Optimal Sizes	101
Process	102

The Provincial Role	103
Part Five: Conclusions	105
Comparisons	105
General Conclusions	108
Postscript	110
Bibliography	111
List of Figures	
Figure 1 A. Summary of the Principal Steps in the Consolidation Process	42
Figure 1 B. Résumé des principales étapes à suivre dans le cadre du processus de regroupement	44
Figure 2. Communauté régionale de l'Outaouais	50
Figure 3. Proposed Annexation and Ceding Territory	67
Figure 4. Greater Toronto Area	86
Figure 5. The Lower Mainland Regional Planning Board	91
List of Tables	
Table 1. Local government restructuring in the Outaouais	51

FOREWORD

April 1993

On behalf of the Intergovernmental Committee on Urban and Regional Research (ICURR), we are pleased to present this report on municipal consolidation in Canada and its alternatives in which Allan O'Brien documents the recent history of municipal consolidation and its alternatives in each of the provinces and territories.

Drawing from this research and his experience as a local government official, as well as from his many years as a teacher of the subject in both Nova Scotia and Ontario, Allan O'Brien skilfully highlights the factors that help explain the success or failure of a variety of consolidation efforts and alternatives that have been used in Canada. Local government reorganization remains a topical issue in Canada as most provincial and territorial governments, burdened by burgeoning deficits and continued revenue shortfalls, are looking at their municipal structures and considering options such as amalgamation, annexation and reorganization as possible alternatives to streamlining government, avoiding duplication and improving productivity. It is hoped that Allan O'Brien's thoughts and reflections will assist municipal, provincial and territorial policy makers involved in these difficult and challenging initiatives.

ICURR identified the issue of local governance as a key component of its strategic research plan and this report complements our first research report in this area **Local Government Reorganization in Canada since 1975** prepared by Dr. Andrew Sancton of the University of Western Ontario in 1991.



Michel Gauvin MCIP
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Allan O'Brien teaches municipal management in the School of Public Administration at Dalhousie, and municipal politics for councillors through the Centre for Public Management and Henson College, Dalhousie. He is professor emeritus (political science) at the University of Western Ontario where he was the founding director of the six-week residential diploma program in public administration designed for mid career municipal administrators. Recent volunteer work includes waste management (advisory), Institute of Public Administration of Canada.

Professor's O'Brien's career has taken him from meteorology in Sydney to a downtown YMCA in Montreal, the House of Commons staff in Ottawa, the wholesale produce business and the mayor's chair in Halifax and 20 years teaching local government at the University of Western Ontario and Dalhousie. He has been president of the Federation of Canadian Municipalities and of the Union of Nova Scotia municipalities, chair of the National Capital Commission's planning committee, the Canada Council on Urban and Regional Research and the Canadian Council on Social Development's program planning committee. He has also been a member of the Committee of Review, City of Winnipeg Act 1976 and the Halifax Commission on City Government in 1982. While mayor of Halifax, a major annexation was successfully completed.

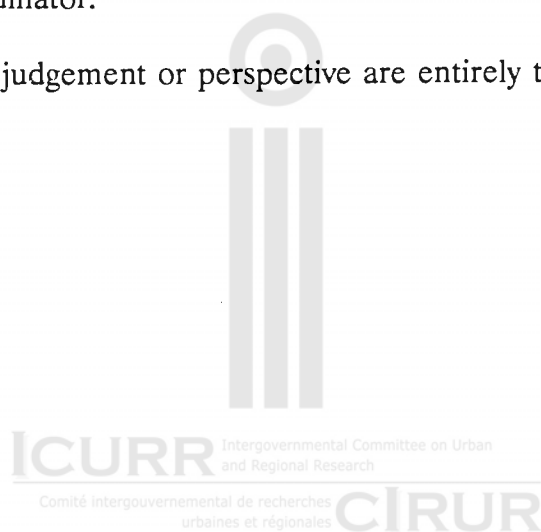
ACKNOWLEDGEMENTS

I was greatly assisted in this study by the wise and generous help of members of ICURR's research committee who represent each of the provinces, territories and the Canada Mortgage and Housing Company (CMHC).

The assistance came in long distance telephone discussions and organized visits to six provincial capitals and to Vancouver, Ottawa and Montreal. It came when committee members were asked to read parts of the draft for factual errors or misunderstandings and in the steady flow of documents.

Carrying out this project would not have been possible without such valuable and instructive co-operation, not only from committee members, but from numbers of their colleagues as well. Friendly counsel and encouragement was also given freely by Claude Marchand, ICURR's research co-ordinator.

Any errors of fact, logic, judgement or perspective are entirely those of the author.



EXECUTIVE SUMMARY

Recession and provincial deficits are forcing a number of provincial and municipal governments to rethink some important questions about the local government system in Canada.

In addition to the financial pressure for change, policy planners at both levels are aware of a number of trends and concerns affecting the role and functioning of Canadian municipalities. These include:

- the uncertain economic future of local communities in light of the globalization of the economy;
- the importance of the local role in environmental issues such as increasingly expensive waste management, and the connection between urban transportation policy and air pollution;
- urban social problems including racism, drugs, violence, joblessness, poverty, and their implications, and;
- the prospect of further intensive and extensive urbanization in our metropolitan areas, requiring co-ordinated planning and, in a timely way, the capacity to implement plans throughout larger and larger urban regions.

What range of practical options is available to provincial and municipal decision-makers for satisfactory structures? How should the process of achieving an acceptably structured product be defined and carried out?

There are many degrees of arbitrariness, flexibility, and compromise to policy making in Canada. While there has often been protest during a transition, most efforts at consolidation or restructuring have had lasting benefits, not necessarily in reduced costs, but in effectiveness, staying power and acceptability.

There is a wide range of practice among provincial governments with respect to the consolidation process. In Newfoundland, the province appears to be imposing change on the municipalities because of a sense of urgency and necessity. In Nova Scotia, the province has begun to move in the same direction. New Brunswick did this in the 1960s and early 1970s and appears now to be gearing up for a softer approach to further change.

Ontario imposed change when it created Metro Toronto in the 1950s and regional governments in the 1970s, but it has been generally reluctant to impose change with respect to the counties not already converted to regional governments. There are exceptions where proximity to expanding urban centres is a factor.

Quebec imposed the urban communities around Montreal and Quebec City and the regional community around Hull in the 1970s. But in the 1980s, Quebec created the regional county municipalities to replace the counties in the rest of southern Quebec. The municipalities participated in their design. Within these new units, there is encouragement to amalgamate, but there is no imposition.

Across the prairies, provincial imposition has occurred in the Winnipeg area in two stages leading through a two-tier Metro system in the 1960s to Unicity in the 1970s. The Edmonton and Calgary areas have witnessed successive annexations which took place after the respective cities made application to the Local Authorities Board, which made a recommendation to the cabinet, which, in turn, made the final decision. Elsewhere on the prairies, there have been a few annexations to urban communities of a less controversial sort such that there is not much sense of provincial imposition.

British Columbia has followed a policy of not imposing consolidation, though it offers help to local communities considering amalgamation. B.C. accepts the results of plebiscites when all affected municipalities approve. The bottom-up approach is facilitated by the flexible role played by the B.C. regional districts which can provide regional services on request without requiring boundary changes.

There are three kinds of reasons spurring current activity towards municipal consolidation. There is an increased need for effective regional planning for economic change and the environmental protection, and to meet social problems. Deficits (federal and provincial) and an extended recession followed by signs of a jobless recovery make essential reduced provincial commitments including those to municipalities. Economies of scale are potentially a way of easing the pain once amalgamation has been achieved. The tendency towards proliferation of single purpose regional agencies is seen by several provincial governments (N.B., Quebec and Ontario) as reducing accountability and hence the democratic character of our local government institutions.

The arguments put forward against consolidation, often by municipal councillors whose political careers may be foreclosed, relate to perceptions of community identity, accessibility, tax levels and the alleged arbitrary nature of provincial processes and decisions. Those opposed are seldom affected by knowledge that their apprehensions of lost identity, lost access, and higher tax levels may all come true in spades if nothing is done to meet changed circumstances.

There are alternatives to consolidation. They include the use of inter-municipal agreements to realize economies of scale through regional services, revenue sharing between municipalities as in Alberta, the use of two-tier systems (Ontario and metros in Quebec), the use of one-tier-plus systems (B.C., and most of Quebec), and the use of community sub-units (B.C., Quebec, N.S.).

The chief problem with these alternatives is the decline in accountability, which they entail to various degrees. The unicity practice of most of the urban communities on the prairies is easier to understand and therefore more accountable. However, it requires periodic annexations.

In the current climate of recession and debt alarm, it may be possible to achieve economies of scale if the will is accompanied by good judgement on the part of politicians at all levels. Such judgement could be used to curb foolish promises of better services at lower costs or promises of equal services without tax hikes throughout a large urban-rural mixed area. Good judgement could also be used to invoke the language and practice of honesty, reality and candour about the known and the unknown prospects of municipal reform.

The most likely savings are in the medium to longer term when good regional strategic planning and regional services will have become normal practice in larger units and the local government machine will have become both more effective and more efficient. The comparison should be between what costs would be like ten years down the road with and without consolidation.

Any potential savings are more likely to be achieved with the least pain if provincial and municipal officials can jointly accept the overall objectives and together seek to find the best ways of accomplishing them. In their desire to get decisions made, some provincial governments may leave too little room for local input in designing a better system. On the other hand, some municipal officials, particularly the elected ones, may give the province little reason to believe they can work out a co-operative, comprehensive and rational plan.

The process by which consolidations occur is often very important to the ultimate success or failure of the effort. The process, both of deciding what to do and of implementing the decision, contains within it the potential for a substantial success in the public policy realm, or for failure in mid-stream through miscalculation. It certainly has the potential for a great, unsettling, public controversy.

PART ONE

INTRODUCTION

Recession and provincial deficits are forcing a number of provincial and municipal governments to rethink some important questions about the local government system in Canada.

In addition to the financial pressure for change, policy planners at both levels are aware of a number of trends and concerns affecting the role and functioning of Canadian municipalities. These include:

- the uncertain economic future of local communities in light of the globalization of the economy;
- the importance of the local role in environmental issues such as increasingly expensive waste management, and the connection between urban transportation policy and air pollution;
- urban social problems including racism, drugs, violence, joblessness, poverty, and their implications, and;
- the prospect of further intensive and extensive urbanization in our metropolitan areas, requiring co-ordinated planning and, in a timely way, the capacity to implement plans throughout larger and larger urban regions.

As a nation, we believe in local democracy. We want our local government institutions to be accessible, accountable, effective and efficient. We want them to be capable of planning to prevent the urban nightmares of cities elsewhere, and capable of responding to needs at affordable tax levels.

Given the economic, financial, environmental, social and political challenges we are bound to meet, there are five basic questions to be faced about our municipal institutions. They are:

- How should local government be structured so there is effective decision-making capacity at the regional city level which can still be, and be seen to be, local rather than provincial?
- How should local government outside the metropolitan areas be structured to respond to environmental concerns and to maximize effectiveness and accountability?
- How will the required services and facilities be financed so that they will be available when needed?
- What range of practical options is available to provincial and municipal decision-makers for satisfactory structures?
- How should the process of achieving an acceptably structured product be defined and carried out?

This study is essentially a response to questions four and five, though awareness of the first three questions is a necessary backdrop. The study examines recent policy developments and practices in Canadian provinces in order to find out what options are being exercised,

particularly with respect to variations on, and alternatives to, consolidation.

The basic aims of provincial government officials seem to fall into two broad categories: making local government work better, and; reducing provincial financial burdens. There is support for the first of these from municipal politicians and administrators, municipal associations, academics and, to a degree, the public. The second is much more controversial, but there is public support for holding down taxes at all levels of government.

While making local government work better is seen as a noble goal, there are many ideas about how to do it. There is some evidence that in metropolitan areas of Quebec, Ontario and Manitoba, the provincial governments opted for an effective, orderly, mandated, reasonably accountable system involving two tiers in Quebec and most of Ontario, and one tier in Manitoba and parts of Ontario. Most of these choices were made in the 1970s after some consultation with municipal officials and the public.

A different approach involves more local decision making, less structural change, probably less effectiveness and less accountability, but with the potential for working things out in a more democratic spirit and with less political pain.

There are many degrees of arbitrariness, flexibility, compromise and various rational approaches to policy making in Canada. While there has often been protest during a transition, most efforts at consolidation or restructuring have had lasting benefits, not necessarily in reduced costs, but in effectiveness, staying power and acceptability.

The evidence is in the individual provincial sketches and case studies to be found in Part Three of this study.

An essential background to this study is the report written for the Intergovernmental Committee on Urban and Regional Research (ICURR) by Andrew Sancton under the title *Local Government Reorganization in Canada Since 1975*. The report was published in April, 1991.

Between the mid-sixties and the mid-seventies, major structural changes in local government were made by provincial governments in New Brunswick, Quebec, Ontario, Manitoba and British Columbia. After that, the pace slowed significantly. Now, in the nineties, there is renewed interest in many provinces and action in some. Provinces where the issue is on the front burner include Newfoundland, Nova Scotia, New Brunswick, Quebec, Ontario, Alberta, and British Columbia.

Approaches to this issue vary greatly across the country and the provinces may be able to learn from each other in this regard. This is not to suggest that innovations in one province are transferable without modification to another province. Not only do the laws differ from province to province, but the local political cultures, traditions and history vary in ways that

constrain the options.

The statement of "Background" supplied for this study by ICURR is as follows:

With changing demographic trends, rising local service costs, restricted revenue sources and various other factors, many provinces are examining their municipal structures to see where increased efficiencies could be realized with larger and fewer administrative units. The often most obvious alternative would appear to be amalgamation of two or more municipal units into one larger unit with a reduced overall administrative structure and improved opportunities for efficiency in the delivery of services.

Often, mere mention of the term amalgamation evokes an emotional response from residents of the areas concerned. Whether real or imagined, the potential loss of identity of the traditional community tends to colour consideration of other opportunities that could be realized by a realignment of boundaries.

The objectives of this study were:

- to record the experiences of other jurisdictions where municipal amalgamations were undertaken,
- to chronicle alternative actions that have been undertaken designed to achieve the efficiencies of larger service areas while maintaining the uniqueness and autonomy of individual communities, and;
- to examine the role of the province as facilitator as well as law maker.

The methodology included the following:

- Telephone consultations with members of the ICURR Research Committee or their designates from each of the provinces and territories and Canada Mortgage and Housing Corporation (CMHC).
- In-person interviews with informed provincial and municipal officials and academics in Victoria, Vancouver, Edmonton, Toronto, London, Ottawa, Hull, Montreal, Quebec City, Halifax, and St. John's, and with CMHC officials in Ottawa.
- Government reports and documents were collected from all provinces and used to identify or confirm the variety of policies in place.
- A questionnaire was sent to each province to collect additional information. All provinces responded.
- The drafts of profiles and case studies were sent to the provinces to correct errors of fact.
- Translation of some Quebec documents was undertaken.

PART TWO

THE CONTEXT FOR CONSOLIDATION DECISIONS

A municipality, for purposes of this study, is a city, town, district, village, township, county or other similar body, which is organized under provincial legislation such as a municipal act, towns act or city charters. It is an essential characteristic of a municipality that its governing body is a council which has been directly elected, or, in the case of an upper tier municipality, indirectly elected. This excludes provincial service areas where a provincial minister may have the powers of a municipality.

The word "consolidation" is used in this study as a generic term which includes amalgamation, annexation and the creation of regional governments. It includes any kind of municipal restructuring which involves both boundary changes and larger units for at least some local functions. Municipal restructuring may involve bringing people and territory from unincorporated (municipally unorganized) areas into adjacent municipal territory.

Alternatives to consolidation are efforts to achieve some of the goals of consolidation without boundary changes or the creation of new second tier governments. This usually involves some inter-municipal agreement under which two or more municipal units decide to provide planning or some service on a regional basis, either to become more effective or to achieve an economy of scale, or both. In some cases the joint activity may involve more than one service.

The scale of human settlement is of such a range that different approaches are required from the most urban to the most rural. The three major metropolitan areas, Toronto, Montreal and Vancouver, represent one class of problem. Other important metropolitan areas range from St. John's to London, Winnipeg and Edmonton and reflect another class. Third would be suburban communities such as Levis-Lauzon in Quebec, Paradise in Newfoundland, Simcoe County in Ontario, Fort Saskatchewan in Alberta and Matsqui and View Royal in British Columbia. Fourth would be rural communities and the towns that relate to them.

Minor consolidations occur frequently without much difficulty. They are usually annexations of a small area to an existing urban municipality to provide it with room for growth. Major annexations tend to stir emotions and create wide controversy. Municipal officials, particularly elected ones who are adept at rousing public opinion, are frequently heard opposing change. Citizens in large numbers, or with strong voices may become involved. The question of community identity often becomes a roadblock, though it is seldom defined.

The fact that municipal political career options would be foreclosed by consolidation makes

obvious a conflict of interest which should, but does not often, reduce the credibility of local politicians on this question.

One differentiating feature of consolidation disputes is whether the action has been originated by a large municipality applying to annex land from its neighbours (Edmonton 1980) or whether it is an action that is part of a provincially adopted policy to reform local government (Newfoundland 1990).

In the case of Edmonton, the focus tended to be on the substantive outcome. Would the restructuring serve the public interest? The process involved provincial decision making, but it was a well established process.

In the case of Newfoundland, the process was new. It was being used within tight timetables after it was first announced; and while the goals seemed perfectly justifiable, the process was insufficiently well thought through to prevent it from becoming subject to controversy affecting the program itself.

In a sense there are two fundamental parts to the resolution of municipal structure problems, regardless of scale. They are questions of product and process. What kind of structure would make the most sense? And how do you get there? The stumbling block is often in the process chosen and the exacerbation of normal transitional difficulties caused by process failure.

In any case, while process and product must be seen separately, the overall approach has to treat them together. The product should be one that can be achieved by the process chosen.

The choice of both product and process will depend on the circumstance within each province. Special provincial circumstances, for example, can relate to:

- settlement patterns;
- the particular evolution of local government in the province;
- the rate of economic growth or decline;
- questions of equity;
- financial problems;
- the urgency of the current situation, and;
- the political culture.

There is a wide range of practice among provincial governments with respect to the consolidation process. In Newfoundland, the province appears to be imposing change on the municipalities because of a sense of urgency and necessity. In Nova Scotia, the province has begun to move in the same direction. New Brunswick did this in the 1960s and early 1970s and appears now to be gearing up for a softer approach to further change.

Ontario imposed change when it created Metro Toronto in the 1950s and regional

governments in the 1970s, but it has been generally reluctant to impose change with respect to the counties not already converted to regional governments. There are exceptions where proximity to expanding urban centres is a factor.

Quebec imposed the urban communities around Montreal and Quebec City and the regional community around Hull in the 1970s. But in the 1980s, Quebec created the regional county municipalities to replace the counties in the rest of southern Quebec. The municipalities participated in their design. Within these new units, there is encouragement to amalgamate, but there is no imposition.

Across the prairies, provincial imposition has occurred in the Winnipeg area in two stages leading through a two-tier Metro system in the 1960s to Unicity in the 1970s. The Edmonton and Calgary areas have witnessed successive annexations which took place after the respective cities made application to the Local Authorities Board, which made a recommendation to the cabinet, which, in turn, made the final decision. Elsewhere on the prairies, there have been a few annexations to urban communities of a less controversial sort such that there is not much sense of provincial imposition.

British Columbia has followed a policy of not imposing consolidation, though it offers help to local communities considering amalgamation. B.C. accepts the results of plebiscites when all affected municipalities approve. The bottom-up approach is facilitated by the flexible role played by the B.C. regional districts which can provide regional services on request without requiring boundary changes.

What Problems are Thought to be Addressed by Consolidation?

Regional ineffectiveness

In some parts of Canada, it could be said that local government is not working well, or, at least, not as well as it could. This is the question of effectiveness. The specific ineffectiveness may be in any one or more of the following aspects:

- No one is planning for the future of the broader community, an area which could suffer in terms of its economy, its public sector, its environment or its social peace. If there is inadequate regional planning for the best possible future of the wider area, any or all of its parts could later regret it.
- Some services, such as policing, solid waste disposal, water and sewage, transit and building controls, may be handled ineffectively by small adjacent municipalities, while a larger unit would provide for stronger management without extra cost.
- Both the built and the natural environments are important to the living circumstances of all our communities. The natural environment, in particular, will require decisions and actions on the broad scale, if it is to be both protected and enhanced. Waste disposal systems are in trouble in many parts of the country.
- In many communities there is no regional decision-making capacity. Where there is such,

it may lack legitimacy because the principle of representation by population has not been built into the system. In some places, there may be ten different forums for regional decision-making, as in the Greater Moncton Area, but there is no co-ordination of those decisions to create an attractive future community.

- In some areas, municipalities seem to be locked in constant dispute over difficult issues that affect the whole area. The Metropolitan Authority in the Halifax area is one example. Consolidation is seen by some as an appropriate answer.

Financial and economic pressures

Given the recession and federal and provincial problems with spending controls and cumulative deficits, provincial governments tend, in part, to see local governments as a drain on their resources. Inefficient municipal governments thus become a target group for help in easing provincial financial difficulties.

- Adjacent municipalities which compete with each other for economic investment may well chase some investors to another province. This would harm the tax base of both the provincial and municipal governments.
- Both provincial and municipal taxes are approaching the politically sustainable maximum, and possibly the economically sustainable one.
- Municipal inefficiencies, where they exist, are costly to the municipalities, the province and the taxpayers.
- Potential economies of scale are not being captured.
- In some cases, local government is both ineffective and inefficient and, therefore, more costly than necessary.
- Some municipalities are too small to be viable (e.g., in Newfoundland and Prince Edward Island).
- Some provinces believe there is overgovernment and that it is at the municipal level (e.g., Nova Scotia).

Lack of equity

There is a lack of equity among municipal governments because of a disparity of resources, essentially tax base.

- One municipality may be residential and have most of the costs while an adjacent one may have the bulk of the commercial or industrial tax base (Newfoundland and Alberta cases).
- The province has been paying grants to the municipalities with a substantial equalization factor built in. The province would prefer to see the equalization carried out within local government as would more likely occur with consolidation.

Ineffective accountability

The democratic nature of municipal government would disappear if there ceased to be accountability to the citizens. The tendency to create inter-municipal and inter-governmental agencies for planning or service provision may be good for liaison, but it can destroy accountability. This happens when the senior staff of such an agency come to dominate decision-making because their board is made up of busy people with heavy responsibilities elsewhere or prior commitments to their separate municipalities. The citizens have no direct way of holding such staff or board accountable. Some provincial officials have expressed concerns about the loss of accountability (e.g., Quebec and Ontario).

The need to reduce provincial burdens

One reason for having municipalities is to reduce the burden of agenda items that would otherwise fall on provincial governments. These and other provincial burdens might be relieved by a more effective system of larger municipal units.

- If there is constant municipal trouble requiring provincial bailouts or arbitration, there are risks a province might prefer to avoid.
- If there are too many municipalities to make feasible rational relations between the two levels, a province might wish there were fewer, larger municipalities.
- The financial burden is a main reason for reduction.
- If cost cutting is required in municipal budgets, let the municipal councils make the decisions by eliminating the provincial role in cost sharing and joint administration. This pursuit of disentanglement was carried out in New Brunswick in the 1960s and is now an important element in ongoing provincial-municipal discussions in Ontario and Nova Scotia.

Why Consolidate?

There are many reasons why provincial or municipal governments take steps that lead to some form or degree of consolidation. In order to examine the alternatives to consolidation, one needs to first identify the goals it is meant to pursue. Then one can make comparisons with alternative means of reaching those goals.

The list which follows has seven items on it. In some cases, one reason is sufficient to bring about a decision for consolidation. In other cases, there may be a mix of several reasons.

1. *Financial considerations* arising from recession, restraint and tax revolt leading to a shortage of revenue. A frequent response is to seek greater effectiveness, efficiency and economy in the provision of services, facilities and programs. To achieve economies of scale is seen by some to require consolidation.

2. In some provinces, there is a rather large number of municipalities (both tiers) per 100,000 of population. There is talk of *overgovernment* in some provinces, notably the two with the smallest ratios of municipalities to population, B.C. and N.S.

3. *Economic development*, or merely holding on to an economic base, is a reason for consolidation for some. With a global economy and free trade agreements, municipalities have to be concerned about major economic decisions, which are little subject to their influence. They can pull the rug from under a municipality. Competition among several municipalities in one urban region, in the pursuit of industrial development, can be very costly and even destructive of the region's potential.

4. The question of *equity*, or fairness in the distribution of revenue resources, contributes to consolidation proposals.

5. The need for *regional planning* with respect to the management of change. That change could include rapid population growth, serious economic decline, environmental concerns, water, sewer and transportation infrastructure needs, the impact of technological change, and opportunities for the enhancement of living space.

6. *Accountability* is a consolidation issue where the proliferation of inter-municipal agreements has reduced the direct accountability of those supplying a service.

7. Some provincial public servants see reducing the number of municipalities as a way of improving the effectiveness of *inter-governmental relations*. Some provincial and municipal politicians see it as a way of strengthening local governments in whatever functions they may be engaged. Those who support this reasoning sometimes ask what is the value of small units of government which, because they are small, have too little capacity to be responsive to the public on much that matters.

Why Not Consolidate?

The arguments against consolidation have a tendency to take off in terms of rhetoric and emotional response. Sometimes this is primarily a matter of the assumption that bigness is distasteful; sometimes it is a matter of protecting self-interest in taxation matters; and sometimes it may be a matter of conflict of interest in municipal officials whose personal careers may be at stake.

Consolidation can also be opposed because the process has not allowed for sufficient local input or understanding of the complexities of the issues. In any case, consolidation is not always the most rational response to a local government institutional problem.

1. *Identity* frequently becomes a rallying cry of those opposed to consolidation. They are afraid they will lose their community identity. It is a notion that can unite a community

while not being well defined. It can sometimes be answered by preserving the name of the consolidated unit or by guaranteeing that the name will stay on the provincial highway map. In one sense, identity has been slipping away with post office closures. Many have noted, however, that our cities are full of small communities or neighbourhoods which are still known by their pre-consolidation names. There may be a case against consolidation on identity grounds when there is a genuinely historic community such as St. Albert in the Edmonton area or Annapolis Royal in Nova Scotia. It has also been noted that, in some communities, which are themselves quite new, the argument of identity is used as though there were a long history behind it. In Winnipeg, the community committees were, and are, at least a partial answer to retaining identity with consolidation. The identity argument is often used by advocates who have not grasped that an effective local democracy requires an effective system of public management.

2. *Accessibility* is a concern of those who oppose consolidation. The word includes access to elected representatives, access to the bureaucracy and access to facilities, services and programs. Access to services is normally as good or better after consolidation because the council and administration usually have more capacity to respond. However, as we will see in the Headingley case in Winnipeg, an urban-rural mix may mean that some pay taxes for services they don't get.

The Ontario regional government program was built around the notion of an urban-centred region, which often had vast rural territory and which is increasingly home to commuters with urban jobs. On the other hand, the urban-rural mix may have been overdone, resulting in corrective measures such as the secession of rural areas from Winnipeg or from Buckingham and Gatineau in the Outaouais Regional Community. Access to one's representative is bound to diminish with larger units. A number of our cities compensate with aldermanic staffs to assist the elected people. Access to elected people may not be access to people with any real power, nor much influence, if they are members of a government which, itself, has not much power or influence. On the other hand, there may be some value in the comfort and security that comes with knowing your councillor as a person who is well enough connected to at least get you some information, give you some advice, or arrange for you to be heard. This might be accomplished by a kind of advisory committee without requiring a full blown municipality. Access to the bureaucracy is usually a matter of picking up the telephone, rather than visiting the town hall. In metropolitan areas, the administration may be sufficiently decentralized that street level bureaucrats become more accessible.

3. *Tax levels* often enter into consolidation disputes. Some people move outside a city or town in order to achieve both lower housing costs and lower municipal taxes. They still get the benefits that go with many of the amenities which are part of the urban scene, though their transportation costs may well be higher. But when annexation is proposed, they fear the anticipated tax rises. The objection may be valid. How should this be factored into the ultimate decision? Should suburbanites have a veto over annexations? There is also a feeling held by residents of the core unit that their taxes will be used to pay for the extension of

services to new areas rather than to make improvements in the core. On the other hand, many suburbs which were annexed long ago are now thought of as parts of the inner city and several rings of more recent suburbs have since joined cities. Cities will expand in reality, if not in their governments.

4. Some will argue strongly that consolidation is not necessary because economies of scale can be as well achieved through *inter-municipal agreements*. If that were the only issue, the argument would be persuasive. If, however there are other issues such as planning control in the face of rapid growth, accountability, or administrative co-ordination, then the argument is seen to be more complex.

5. Some, particularly academics, will argue that "*local means local*." This means that regional governments are more remote and bureaucratic, and therefore no longer "local" governments. The question here is whether local governments are to be important instruments of local decision making. Are they to have the capacity to respond to public demands, or should they be small units that everyone feels comfortable about, but that can't do much that is effective about the environment, planning or about expensive, but necessary, services? Do we want effective local government or local government limited to advocacy and influence?

6. To a degree, the argument about *local autonomy* is similar to the one emphasizing "local". Autonomy is, of course, a matter of degree. Local government people naturally want as much of it as they can get. But what is autonomy, if you are seriously short of financial resources, or if your jurisdiction is limited because you can't afford to hire professional staff, or if there are so many neighbouring municipalities you can't make decisions without intergovernmental meetings? What kind of autonomy can a provincial government find it reasonable to permit when society has changed so much and some municipal organizations have changed so little?

7. There are many *process questions* which help thwart proposals for consolidation. For, instance, Paradise, Newfoundland, argues that the provincial amalgamation program was done so rapidly that all the cost and tax impacts were not known in time for public hearings and consultations. Provincial officials now agree that insufficient time was allowed for some parts of the process. The Nova Scotia Task Force Report, 1992, proposes to put a lot of power in the hands of an implementation commissioner for each of five critical urban areas. The Task Force itself produced its plan within the four months it was allowed.

8. Many who argue against consolidation do so from an *uninformed* position and therefore lack an understanding of the potential impacts including longer term benefits. There are many other arguments that are heard for and against consolidation proposals. The issue is so often controversial that most provincial governments prefer to move only with the consent of those affected. Yet, the ultimately important decisions affecting how local government structures have been reformed successfully have been made by provincial

governments or their boards, such as the Equal Opportunity Program in New Brunswick, Unicity in Winnipeg, Regional Governments in Ontario, Urban Communities in Quebec, Regional Districts in British Columbia, major annexation approvals in most provinces and amalgamation in Thunder Bay.

Alternatives to Consolidation

The alternatives to consolidation being used in Canada include the following:

- *Inter-municipal agreements* and agencies designed to provide regional planning or regional service(s), thus doing the job better and capturing some economies of scale.
- *Revenue sharing* between municipalities in pursuit of equity.
- *Equalization* and other provincial grants in the interest of viability and equity.
- *Disentanglement* leading to provincial assumption of functions which happen to be among those where regional service would be an improvement (New Brunswick, 1967).
- *Community sub-units*, which give identity and different service levels to part of a municipality that might otherwise seek either annexation to an adjacent municipality or separate incorporation. Examples are villages and community councils in N.S., local committees under the RCMs in Quebec, police villages in Ontario, hamlets in Alberta and community commissions under the regional districts in B.C. In Winnipeg the community committees are part of Unicity, but their presence was designed in part to take the hard edge off the centralization of the administration in one unit.
- *The regional districts of B.C.*, with the possible exceptions of the Greater Vancouver Regional District and the Capital Region District, are the ultimate in a non-consolidation approach to resolving problems that normally bring on some form of consolidation. The flexibility of the regional districts allows almost any problem of planning and providing services to be tackled according to special local needs. The reservations arise with questions of accountability (how citizens understand, evaluate and hold accountable political performance), and with effectiveness in managing rapid growth in major metropolitan areas. But the system scores well on most criteria.
- In B.C., Quebec and Ontario, an alternative could be to *strengthen the upper tier* at the expense of the lower tier or by delegation from the province.
- In the other provinces, an alternative might be to *create a second tier*. A second tier can be seen as a multi-purpose inter-municipal agency or federation of the municipalities, as it is to varying degrees in the three provinces that have a two-tier system.

PART THREE
PROVINCIAL SKETCHES AND CASES

New Brunswick

Following the Byrne Report of the mid-sixties, New Brunswick carried out a comprehensive province-wide reform of its local government system, effective January 1, 1967. The reforms had been made necessary by the evidence of vast discrimination in services and taxes against citizens in areas of the province that were mainly rural and relatively poor.

Prior to the reforms, the province's entire territory had been municipally organized in seven cities, 21 towns, one village, one township and 15 single-tier counties. There were also approximately 65 viable local improvement districts.

The reforms, known as the Equal Opportunity Program, moved a number of functions to the provincial level for both administration and financing. These included education, health, welfare, administration of justice, property assessment and property tax collection. The province took over part of the property tax base to help pay for these services.

The changes in the allocation of functions left virtually nothing for the counties to do, so they were abolished. The urban municipalities were left with land use planning, services to property and policing. After the reforms, there were six cities, 21 towns and 87 villages. There are now six cities, 27 towns, and 85 villages.

There are 292 local service districts in the unincorporated areas of the province that cover approximately 85% of the land and are occupied by 40% of the population. Local services are supplied by the province in these areas in various ways.

As a follow-up to the reforms, major amalgamations occurred in the Fredericton and Saint John areas. In the Moncton area, the Goldenberg Commission recommended a two-staged process of amalgamation. In the first phase, the Acadian suburbs were joined to create Dieppe while the English-speaking suburbs were combined to create Riverview. The second stage (overall amalgamation) has yet to take place, though the idea is a matter of current discussion with objections being expressed by representatives of both Riverview and Dieppe who fear their communities could be "lost" in any amalgamation with the much larger City of Moncton.

New Brunswick has one census metropolitan area and five census agglomerations, each containing one of the province's six cities. The changing distribution of population in these six urban-centred areas from 1986 to 1991 is shown below.

Population Change in Six N.B. Urban-Centred Areas from 1986 to 1991

	1986	1991	Change	% Change	% of Total Change
6 Cities	211,522	212,388	+866	0.4%	5.7%
6 Towns	40,748	44,806	+4058	10.0%	26.9%
22 Villages	35,889	37,313	+1424	4.0%	9.5%
35 Unincorporated Areas	75,932	84,649	+8717	11.5%	57.9%
Total	364,091	379,156	+15,065	4.1%	100%

Since the end of the seventies, there have been approximately 40 annexation proposals in the province, all coming from the municipalities. The areas subject to annexation had populations under 2000 and 90% of them were approved.

New Brunswick makes substantial use of inter-municipal boards for regional planning and regional services. These are single purpose boards. An example is the Moncton area. Moncton is involved in ten separate regional single purpose agencies as are its two major suburbs, Riverview and Dieppe. Several of these agencies serve the unincorporated areas and the incorporated villages and towns within the adjacent geographic counties of Albert and Westmorland.

These agencies deal with planning, economic development, sewage, transit, hospitals, ambulance service, emergency planning, pest control, libraries and solid waste management. There are wide variations of representation on the boards, areas served, funding sources, terms of office and legislative base.

The Department of Municipalities, Culture and Housing is reviewing disentanglement possibilities and framework tools for ways of modernizing local government, including legislation and financial arrangements. They are looking at alternatives to consolidation that could either lead eventually to consolidation or avoid the need for it.

A quarter of a century after the Byrne reforms, the question of further restructuring, or some alternative to it, has come to the fore. The reasons include:

- changing settlement patterns;
- questions of accountability in inter-municipal arrangements;
- the need for efficiencies and economies in the face of urgent financial problems at both the provincial, and municipal levels, and;
- the need for an urban-centred regional economic development strategy.

Nova Scotia

Nova Scotia is the only province where everyone lives in municipally incorporated territory with an elected council - either in a city, a town or a rural municipality. The rural municipalities are either called counties or districts. The districts were created when geographic counties were divided in two. The word "district" is also used in Nova Scotia to mean an area that chooses one councillor; it is equivalent to a ward in a city.

The municipal units are all single tier. There are three cities, 39 towns, 12 counties and 12 districts, for a total of 66, all of which belong to the Union of Nova Scotia Municipalities.

In addition, there are 26 villages, all within the rural municipalities. Villages do not enjoy the status of municipal units and are not eligible as members of the UNSM. While they have a significant range of powers, their actual role is indicated by the fact that their total annual expenditures are less than one-half of one percent of the annual expenditures of the 66 municipalities. Their main activity is in volunteer fire departments, recreation and street lighting. Their commissions are normally elected at an annual meeting of the electors and their revenues constitute an area rate collected for them by a rural municipality.

There are 16 rural fire districts and 19 local commissions providing services such as street lighting and fire protection under special legislation. There are regional single purpose agencies including five transit authorities, 11 regional library boards and eight district planning commissions. Some planning commissions have also become service agencies for solid waste while some are inactive.

Urban and rural municipal units within the geographic area of a county come together in a joint expenditure board or committee to share the costs of regional responsibilities.

In the Halifax area there is a regional agency called the Metropolitan Authority. It is a joint agency of the cities of Halifax and Dartmouth, the town of Bedford and the County of Halifax. Its legislated functions enable it to deliver regional transit, regional solid waste disposal and regional planning. The authority operates transit and solid waste, but has not undertaken regional planning.

The Authority has the power to take on additional functions if two or more member municipalities pass by-laws asking it to do so. Its board is composed of the mayor and two councillors from each of the cities and the county, the mayor and one councillor from the town, and an unelected chair chosen by the political members. There is no attempt at representation by population or voting by population (as in B.C. regional districts and Quebec urban communities): the 1991 population of the town was 11,618 and that of the County was 136,975.

In 1992, a draft act was prepared with a view to converting the Cape Breton Joint Expenditure Board into the Cape Breton Authority following local study and request. The capacity to resolve difficult regional questions does not seem to have been addressed seriously. The image conveyed by the word "Authority" suggests the wish rather than the will. The representation formula adopted is a close reflection of representation by population, unlike the one used in the Halifax area.

The City of Sydney, which faces serious financial problems, has begun proceedings to annex one of its wealthier suburbs that is part of the tax base of Cape Breton County.

Halifax County, which has long suffered from annexations by Halifax and Dartmouth and the incorporation of Bedford, now has its own charter that has been designed in part to forestall new annexations or new incorporations in the large suburbs it wants to keep. The charter provides for two specific community councils and for the setting up of community committees as needed.

The boundaries for the community councils are, in the case of Sackville (40,000), the external boundaries of adjacent districts (i.e., wards) of 5 councillors, and, in the case of Cole Harbour/Westphal (30,000), the external boundaries of 4 such districts. The boundaries can be changed on application to the Municipal Board, soon to be renamed the N.S. Utility and Review Board.

Community councils can determine all expenditures to be raised by area rate for the community, can let contracts within the budget, can oversee the provision of street lighting, fire protection, sidewalks, recreational programs, garbage collection, parks and playgrounds, can appoint a planning advisory committee, can change zoning consistent with the County's municipal planning strategy and can enter into development agreements consistent with that strategy.

Community committees appear to be a tentative approach to the same kind of organization, but with fewer powers. Another kind of law that could have the effect of deterring some requests for annexation is the *Shopping Centre Development Act*. The Act provides for an appeal to the Municipal Board where an applicant may perceive that the development of a new shopping centre in an adjacent municipality may harm unduly its downtown shopping area. The law instructs the Board to consider:

- the need for, or desirability of, additional retail space in the area in which the shopping centre is proposed to be constructed or enlarged;
- the effect of the additional retail space on existing or proposed retail outlets in the general area to be served by the shopping centre;
- such considerations as the Governor-in-Council may prescribe.

A case decided in May of 1992 rejected the appeal of three commercial interests from the Town of Antigonish from a decision of the County of Antigonish. The Board found that the

applicants did not prove their case. Much of the expert evidence was disputed.

In Nova Scotia, boundary changes are largely in the form of annexation. Both Halifax and Dartmouth secured large annexations in the sixties. Since 1979, there have been eight proposals to the Municipal Board for annexation. Of those, seven were initiated by municipalities and one by a citizens' petition. The Municipal Board, or its predecessor, approved six and rejected two.

The provincially appointed Board has the power to make the decision, which is final if there is no appeal within 28 days.

Task Force on Local Government

Normally, the province does not initiate restructuring. Rather it has tended to leave this kind of issue to the municipalities and the Board. However, late in 1991 the Minister of Municipal Affairs established a Task Force on Local Government:

to develop a strategy that will lead to the design and implementation of an appropriate form of local government for Nova Scotia in accord with existing settlement patterns, and that balances the concepts of economic and service-delivery efficiency with those of accountability and accessibility.

The Task Force was composed of the deputy minister as chair and five other Municipal Affairs senior departmental staff, four senior municipal administrators, the executive director of the Union of N.S. Municipalities and the financial advisor (private sector) to the Provincial-Municipal Fact-Finding Committee. It was assisted by two facilitators, one of whom is a financial expert and the other a lawyer specializing in municipal research, policy advice and writing. (The financial expert has since been named the implementation commissioner for the Halifax-Dartmouth area.)

While the provincial members of the task force considered the municipal administrators as integral members who helped prepare a consensus report, the Union of N.S. Municipalities, which had chosen them, claimed they were there for what input they could make but that they did not consider themselves part of the decision making. The Task Force was given four months; it reported on time, in April 1992.

After commenting that "[b]oth levels (provincial and municipal) will have to make solid, hard decisions to get more value from the taxpayer's dollar" and that "[t]here is only one taxpayer, and both levels of government have to ease the burden," the report went on to say:

Towns and cities are faced with declining populations and escalating costs. With residential development in rural municipalities outpacing that of towns, rural governments are under increased pressure to provide a range of services

for which they were not designed. Urban areas within rural municipalities are looking for alternatives to the present situation. Some villages, originally established to provide one or two services to a small part of a rural municipality, have grown to be larger than many towns. Some smaller towns are considering dissolution as the only solution to their financial problems. Many local services are in fact delivered by special independent and semi-independent municipal and regional authorities, fragmenting accountability. Large scale commercial and industrial complexes tend to locate in rural municipalities and pay no taxes to nearby towns and cities, which provide required services to most of their employees.

The joint approach to providing services lacks direct accountability and fails to match service requirements with the area to be serviced. As a result, it does not achieve the objectives of a sound municipal system.

The Task Force recommended a significant realignment of functions between the province and the municipalities. Essentially this had two components:

- the rural municipalities would have to start providing their own policing and their own roads as the urban municipalities had been doing, and;
- the province would take over the administration and financing of the non-federal share of the cost of welfare from both urban and rural municipalities.

Secondly, the Task Force recommended a major restructuring of municipal government in the five most urbanized counties in the province with a combined population of 67% of the provincial total. The proposal would make five one-tier regional governments from three cities, 17 towns and five rural municipalities, to reduce the number of municipalities in the province from 66 to 46. The rest of the province would be involved in a second phase.

The process in the five priority areas (three prosperous and two not) was described as follows:

The first requirement...is a commitment by the provincial government to the establishment of unitary local governments as recommended.

The next step is the appointment of an implementation commissioner to advise on the appropriate form of the new government. The commissioner should be independent of both the provincial government and of any existing municipal unit in the implementation area. The commissioner must be well qualified and respected in the community.

The commissioner's terms of reference would provide that only unitary (one-tier) local governments could be considered.

Virtually all of the details of implementation would be up to the commissioner. In the preparation of the implementation report, the commissioner will be required to consult with the existing elected and appointed municipal officials and also with the general public, through

information sessions and public hearings...

The commissioner would report to the Minister of Municipal Affairs within six months or within such other period as may be stated in the appointment.

The report would be made public, and an opportunity of two months or so allowed for further comments on the specifics.

The Minister would then order implementation based on the report, with such changes as a result of the comments received as might be considered appropriate.

As of the summer of 1992, the municipal response had been varied, but not enthusiastic. At the annual conference of the UNSM in September, there was a demand for more consultation and detailed financial impact information. By the end of the year, the premier announced that the government would proceed on the basis of the Task Force Report and that the Halifax Metro area and the Cape Breton industrial area would be reduced from twelve municipalities to two in time for civic elections in 1994.

The implementation commissioners have since been appointed with orders to report in September, 1993. A provincial election will be held by then.

Newfoundland

The number of municipalities in Newfoundland had been rising steadily over the last two decades until a major amalgamation program was announced by a new government in 1989. In 1972, there were 223 municipalities, in 1982 there were 301 and by 1989 there were 309. The amalgamation program reduced the number to 295 by 1992. Of the 295, three are cities, 158 are towns and 134 are communities (similar to villages in some provinces).

Only 2.2% of the land area is municipally organized, since the population outside the St. John's area tends to live in villages or towns around the coast. The population of towns ranges from 246 to 17,590, while that of communities ranges from 17 to 1161. Approximately 250 municipalities have populations under 2000.

Regional services may be provided for under the *Regional Service Boards Act*, which was partially proclaimed early in 1992 and has not been used as of mid-1992. According to Peter Boswell of Memorial University, the boards "will be the vehicle for providing regional services for those areas where amalgamation is not feasible." There is one regional water board in central Newfoundland, which existed before the new act. There are special provisions in the *City of St. John's Act* for regional services around that city. These will be outlined in the case study on the Northeast Avalon.

Regional planning in Newfoundland is a function of the provincial government. The Wells government was elected in the spring of 1989. A month later the Minister of Municipal and Provincial Affairs, Hon. Eric Gullage, announced "the beginning of the public process towards the merger of some 113 municipalities and nearby settlements into 43 consolidated municipal units."

Amalgamation had not been a subject in the election campaign except in the towns of Windsor and Grand Falls where Mr. Wells included in his program the joining of those adjacent towns. He carried the Windsor seat but not the Grand Falls one.

In July of 1989, the Department of Municipal and Provincial Affairs issued a statement which outlined the "Purpose of the Consolidations" as follows:

The main objective of the proposed municipal consolidations is to create more viable local government units, which will be effective and efficient in administering municipal programs and delivering municipal services. The consolidation of municipalities where appropriate, including nearby unincorporated areas, will result in municipalities with a larger population and tax base. A small population from which to draw on individuals to run for council has been a significant problem in many smaller municipalities. A larger municipal tax base and revenues will allow a municipal council to hire qualified staff, purchase needed machinery, and administer programs and

provide services more effectively and efficiently than at present.

Both provincial and local financial resources are in short supply, especially compared to the cost of local government services now in demand. Yet the province contributes major financial support to municipal government. In the current financial year, for example, over \$47 million will go to municipalities in the form of statutory grants, and in excess of \$50 million will go to subsidize and cost-share the installation of water and sewer systems and road reconstruction and paving. Given this level of support from the provincial budget, the province is naturally concerned that its annual financial commitments to local government are used as efficiently as possible.

... Department of Municipal and Provincial Affairs staff should be able to develop a closer working relationship with a smaller number of municipalities and improve services accordingly.

In selecting the municipalities to which the program would apply, two criteria were established. One was proximity; "consolidated municipalities must be close enough to one another to make a single municipal administration a feasible proposition." The second was that the total population should be a minimum of 1250. Some exceptions were made to the second criterion.

The steps in the Newfoundland process are:

- (1) the department publishes a proposal for consolidation;
- (2) the minister appoints a commissioner to conduct a feasibility study;
- (3) the commissioner reports his or her recommendations;
- (4) the minister makes a recommendation to cabinet for decision.

The minister appointed his deputy minister and two assistant deputy ministers to conduct all the feasibility studies, one person for each of the western, central and eastern parts of the province. While they may well have carried out the studies without bias, they were perceived by some to be inappropriate appointments because they were from the department that made the proposals to be studied.

In any case, the province responded to the criticism by appointing a second commissioner after consultation with the municipalities. The commissions were required to hold public hearings and to report on, among other matters, "alternative approaches and options to the proposal and the relative acceptability of each."

Of 134 municipalities that were in the feasibility process, 33 were part of proposals that were not recommended, 44 were in proposals that were dealt with by annexation, amalgamation or where no action was taken, and 57 were parts of proposals that remained unresolved when the process was put on a temporary hold. A review of the program had been requested by the Federation of Municipalities, though the minister reported that he had already

decided to carry one out.

The following are examples (not necessarily representative) of how the program has worked in practice.

An early proposal was to amalgamate Wabush (pop. 2,331) and Labrador City (9,061), two mining towns very close to each other and almost surrounded by Quebec at the western edge of Labrador. On the face of it, the proposal made sense. It was soon dropped when it was found that contracts guaranteeing low power rates to the towns would not be legally enforceable if amalgamation took place.

Grand Falls-Windsor

Grand Falls (9,121) and Windsor (5,545) were two adjacent towns on the Trans-Canada highway near the centre of the province. Both had lived off the same paper company. Windsor was the first town to be incorporated in the province (1942). It had fallen on hard times and required regular subsidies from the province. In Grand Falls, house values and incomes are higher and municipal finances have been in better shape.

Both councils approved amalgamation in principle, though Grand Falls wanted to be sure the provincial special grants to Windsor would be continued, and Windsor did not want to lose its identity. Negotiations were carried on informally, before and after the feasibility study, resulting in a series of recommendations which included the following:

- amalgamation effective December 31, 1990;
- infrastructure upgrading for Windsor;
- Windsor's special grants to be continued to 1993;
- mill rates equalized in the first year;
- tax incentive grant continued to 1993, and;
- debt assistance to be continued.

Except for Windsor's special grant, the other financial arrangements were similar to those negotiated elsewhere. The new town has a population of 14,693 and is called Grand Falls-Windsor, thus recognizing Windsor's wish to keep its name.

Irishtown, Hughes Brook, Summerside, Meadows and Gillams

One proposal was to amalgamate Irishtown (798), Hughes Brook (141), Summerside (798), Meadows (671), and Gillams (512). These were five communities on the shore of Humber Arm opposite Corner Brook (22,410). All five municipalities opposed amalgamation as did all citizens' groups that presented briefs at the hearings.

The commissioners recommended the amalgamation of Gillams, Meadows and a part of Summerside. A second amalgamation would include Irishtown, Hughes Brook and the rest of Summerside. In the end, the order-in-council amalgamated Irishtown and Summerside only.

Appleton and Glenwood

Appleton (526) and Glenwood (984), both on the Trans-Canada Highway west of Gander, are separated by a river bridge. The proposal to amalgamate them was subject to a feasibility study convened by the deputy minister of Municipal and Provincial Affairs, Frank Manuel.

At the public hearing, it was clear that Appleton was the wealthier and newer of the two towns; it had seceded from Glenwood in 1962. Appleton was strongly opposed to amalgamation and Glenwood was in favour. Dr. David Prior of Appleton told the hearing that "Appleton has sufficient revenues to provide services and have funds left over whereas Glenwood does not collect sufficient funds to pay for services. The combined result would have the people in Appleton paying for the services provided in Glenwood."

The M.H.A. for the area was the President of the Executive Council, President of the Treasury Board and Government House Leader. His letter to the mayor of Appleton appears in the Commissioners Report on feasibility. He wrote on February 12, 1990: "government's position is that the towns of Glenwood and Appleton will not be forced to amalgamate against the will of either community."

The study showed that tax levels were approximately the same in the two towns with Appleton having a rate of 6.95 to Glenwood's 7.00 and Appleton having a poll tax of \$130 to Glenwood's \$125. The commissioners recommended against amalgamation.

Spaniard's Bay and Tilton

The towns of Spaniard's Bay (2190) and Tilton (566) are close together across Conception Bay from the St. John's area. Both councils favoured amalgamation in principle, though it was a classic situation of one town (Spaniard's Bay) being much better off than the other. Spaniard's Bay negotiated to get what they could from the province. They succeeded only in getting the province to write off an unsecured loan to Tilton in the amount of \$112,000. According to the commissioner in a subsequent interview, the key to this amalgamation with consent was the positive attitude of the Spaniard's Bay Council.

Commissioner D.C. Peckham, an assistant deputy minister, indicated that the lessons learned thus far are two:

- Commissioners being appointed from staff were seen to be biased by their involvement in developing government policy.
- The government's timetable of six months for feasibility reports and one year for

implementation was too tight. There needs to be time to negotiate agreed solutions.

Northeast Avalon

Northeast Avalon is a part of the Avalon peninsula which contains the St. John's Census Metropolitan Area and 30% of the provincial population (1991). The CMA gained 10,000 people between 1986 and 1991, while the provincial population remained stable.

Since the Second World War, there have been numerous annexations to St. John's, but there have also been many incorporations of new municipalities within Northeast Avalon. Co-ordination of planning and development has been a struggle, with many studies and experimental approaches having been carried out.

In 1963, the St. John's Metropolitan Area Board was established "to control and administer the fringe areas," and "to provide a general control of development and growth in the Metropolitan Area." Its board was appointed by the minister.

The board's first six years were spent developing a municipal plan. Since it was itself a single-tier municipality, new incorporations and boundary extensions continually removed areas from its control. It began to supply urban services in a number of subdivisions outside the towns and city. In 1978, the board took over responsibility for administration of the regional water supply system on behalf of the province. Another water supply system was operated by the city of St. John's.

In the 1980s, the board had nine members appointed by the cabinet, two of whom represented the city and one the town of Mt. Pearl, a major suburb of the city. There was a full-time chair and a staff of 37. The board levied property taxes and user fees. Its 1986 budget showed government grants at 39% of revenue plus 11% to administer the water supply. Taxes provided 42% of revenue.

The province provided fire protection throughout the area and charged a rate on assessment where property taxes were paid (averaging \$200) and \$30 per household where they were not. Not all municipalities levied property taxes.

When the Wells government was elected in 1989, Mount Pearl had become a city and there were 17 towns and the Metropolitan Area Board operating in the northeast Avalon. When the amalgamation program was announced, the Department of Municipal and Provincial Affairs included proposals to convert these 20 municipalities into two cities and four towns.

A decision was made to have three feasibility studies - one for St. John's and areas to the west and south, one for the area to the north and one for the area to the southwest. The assistant deputy minister, Don Peckham, was originally to conduct each of them, but following the criticism of civil servants doing the studies, a co-commissioner was named for

each of the studies. After the public hearings had been held separately, Mr. Peckham and the other three commissioners joined forces to do the analysis and make recommendations. They presented an integrated report. The commissioners recommended an alternative to the original government proposals. They recommended two cities and nine towns and left some territory unorganized.

The minister and cabinet recommended to the legislature a quite different arrangement, though it added up to two cities, nine towns and abolition of the Metropolitan Area Board. They announced that St. John's would provide the regional services which other municipalities required, beginning with water taken over from the board and fire protection from the province.

The suburbs objected strenuously to St. John's having control over regional services. The cabinet responded by providing for regional service committees, one for each function. These committees would be composed of all 11 members of the St. John's council and the mayors of all the towns receiving the particular service. Since the maximum number of non-St. John's members is ten, the St. John's members are in complete control, provided they are united.

An example of the impact involves the Regional Fire Service Committee. Mayor Duff of St. John's chairs the committee. Those residents who were getting fire protection for \$30 per year are now having to pay the full cost and blaming the city. The province which had been charging below cost is able to save on that particular subsidy.

The legislation provides for the designation by the Lieutenant Governor-in-Council of water, sewage, storm drainage, solid waste, public transportation, a recreational facility, fire protection and other facilities and services as services for which service committees would be responsible. Only the fire and water committees had been designated as of mid-1992.

These changes, taken together, are one important step in the continuing evolution of local government in northeast Avalon. The *Municipalities Act* of 1979 provided for regional councils (governments) which had been recommended by the Whalen Commission in 1974. The legislation suggests the strong upper tier powers of Ontario's regional governments combined with a capacity to provide service in unincorporated areas such as is done by the regional districts of B.C. This provision has not been used.

Paradise

An example of a municipal response to the impact of the Northeast Avalon changes on a suburban municipality is the views expressed by the mayor and town manager of Paradise in an interview in June, 1992. Their town had added to it the town of St. Thomas and some areas which had been under the Metropolitan Area Board, raising its population from 4,000 to 8,000.

They had favoured amalgamation in principle but were not happy with the way it turned out. They inherited three tax rates - 10, 6.5, and 4, and a poll tax. The new costs made it appear the tax rate would have to be 13 mills. They decided 8 1/2 mills was the maximum they could levy. This brought a projected deficit of half a million dollars. The province helped reduce the problem somewhat with advice, but left them up in the air about their illegal deficit.

Paradise was one of the suburbs that had to pay the city a much higher charge for fire service. They argued they should not have to pay a cost as high as the city because the response was slower, their hydrants were insufficient, they had no highrises and their insurance rates were higher. They said another larger suburb could provide the service at half the cost, but they were not permitted to use that service.

They did not really argue against amalgamation. They argued that it had been done too fast and without timely and adequate consultation. They said no data had been supplied by the province for them to consider during the feasibility study. Their current objective is survival.

The city of St. John's does not seem satisfied either. Its preference was for an expanded (amalgamated) urban core for the urban and urbanizing area.

How long the new system, based on compromise and rushed analysis, will last is impossible to know. An effort will be made to make it work, but further change at some point is expected by many of those directly involved.

Prince Edward Island

Canada's smallest province has 89 municipalities - one city, eight towns and 80 communities. The city, Charlottetown, has a population of 15,396. Summerside, the only town with its own charter, has 7474 people. The remaining towns average 1269 while the communities average 695. The chief difference between towns and communities is that town councils adopt their budgets whereas communities must get theirs approved by an annual meeting of residents. Fifty per cent of the Island's land is municipally organized and it contains sixty per cent of the population.

The 1990 Royal Commission on the Land report included a chapter on "Communities" and one on "Charlottetown". The commission looks back to a time when communities were called either villages or community improvement committees. Among its comments were the following.

One of the chief problems has arisen from the development of new municipal structures on the boundaries of older communities, in place of enlarging the boundaries of the older incorporated entity. This practice has created difficulties for numerous municipalities, permitted adjacent tax havens and weakened the fiscal capacity of the older settlements...

Logically, the solution lies in expanding municipal boundaries, but the main (and perhaps, sole) argument the municipality can put forward for this step is its need for revenue which is, of course, the central reason why such a proposal is actively opposed by any residents who would become part of the enlarged municipality...

If community improvement committees are abolished, what are the alternatives open to areas that have been incorporated under this type of arrangement over the past two decades?

...*The Fire Prevention Act*... has provision for the creation of fire districts to provide rural fire services. The creation of an association of homeowners, a non-profit corporation or a more informal community group are all possible structures available as models to provide the delivery of any of the services...

...[W]e are of the view that an overriding principle must be maintained: unity is preferred to diversity. Where two or more municipalities have common borders, a merger is the optimum goal...

...[A]s a "rule of thumb" we would suggest that where the outlying ribbon development begins, so should the municipal borders.

...Prince Edward Island...has never adjusted its property tax structure to take into account the municipal type of services provided to unincorporated areas by the province.

In its chapter on Charlottetown, the commission identified nine suburbs, the populations of

which are all growing while that of Charlottetown is in decline. Charlottetown had 15,396 people in 1991 compared to the suburbs' 21,422. The total is 26% of the province's population. Most of the suburbs were incorporated since 1970. The following are selected comments from this chapter:

Numerous efforts have been made in the past to effect co-operation between Charlottetown and its adjoining municipalities. They have met with mixed results. While some co-operative ventures have come about, the challenge of reaching an agreement acceptable to a number of municipalities, each with its own agenda and self-interests, each with an existing list of assets and liabilities and with or without infrastructure, is Herculean. Even when there have been "success" stories, we suggest the achievements have not been as cost-effective, efficient or rational as could be obtained in a unified jurisdiction...

However, the psychological dimension of any amalgamation plan means that the longer municipalities continue to experience separate identities, the more painful the amalgamation exercise will be and the louder the opposition will be raised, regardless of what financial or other reasoned arguments may be made in support of a unification plan...

The decision to amalgamate municipalities is the type of decision that may come about in one of two ways. One method is to allow municipal units to cooperate, to come to agreements and, hopefully, eventually, to decide unification is the best course of action...While there may be examples of this approach elsewhere, we have not located any instances in North America where a voluntary amalgamation of municipal units has occurred solely on the basis of locally-based cooperation and goodwill. Municipal marriages that have come about by apparent voluntary means, on examination, have occurred either in response to a crisis or as a solution to problems that could not be solved by the individual entities acting alone. The second method is more draconian but appears to be the only one of practical applicability, in the absence of any crises that would force a merger. It involves a policy decision at the provincial level, giving the affected parties ample opportunity and resources to work out all of the details of the merger but leaving no doubt that the end result is an amalgamation and that is the goal that must be attained.

..Municipal amalgamation is an issue that calls for provincial leadership, for the province to say, in effect, this will be done by such-and-such a time and, if the details on the amalgamation are not completed by agreements among the municipalities by that deadline, then the details will be supplied by the province...

What amounts to a reasonable time in such matters? We are of the view that a brief time period is to be preferred to a long one: the more time that elapses between the time of the policy determination and the deadline for the merger, the less pressure there is to get the task done. On the other hand,

there should be a timetable that gives all parties sufficient opportunity to work out the myriad of details. Within these parameters, anything less than one year would not seem appropriate but more than two years would give the parties too much opportunity to deflect and procrastinate on the objective. A timeframe of approximately 18 months might be suitable...

Elsewhere in this report we have recommended means to avoid further magnification of such problems; limited access to major highways, growth management standards for both incorporated and unincorporated areas, land use controls for agricultural areas are all among the available tools. Provisions such as these must be strictly applied to the area that rings the capital and, in particular, stringent growth management controls must be imposed on a buffer zone outside the perimeter boundary of the new capital.

...[T]he essential elements of a land use plan in such a buffer zone would direct any new development to serviced lots in incorporated areas with a few limited exceptions.

...[W]e recommend that the area around the enlarged capital city be designated a buffer zone extending at least 5 miles and preferably 10 miles from the nearest boundary.

In May, 1991, the Department of Community and Cultural Affairs received a *Municipal Study Report* from Smith Green & Associates. The consultants were directed to develop options and recommend a plan of action for dealing with perceived inequities in the Island's provincial and municipal property tax system. The report noted that the new *Municipalities Act*, which was passed in 1983,

carries forward the prohibition against changes in municipal boundaries, except on the application of the residents affected. It did not address the proliferation of municipalities under the previous legislation nor did it provide encouragement or incentives for the amalgamation of adjoining municipalities, or for any form of consolidation of municipal services. The Act does not provide minimum population or services criteria for recognition as a municipality.

The report's first recommendation reads as follows:

The Province should immediately commit itself to an appropriate change in the municipal boundaries within the three major urban areas of the province (Summerside, Charlottetown, and Montague), to be established through a special examination which should be commissioned promptly.

To date, there is no sign that the provincial government plans any early action on this issue.

Outside of government the only noticeable support for amalgamation comes from the Charlottetown Chamber of Commerce.



Manitoba

Manitoba is a province with two municipal worlds - Winnipeg with over 56% of the provincial population (616,790 out of 1,091,942), and 200 other municipalities, including four cities, 35 towns, 39 villages, 105 rural municipalities and 17 local government districts. All the municipalities together cover 20% of the land with the rest being municipally unorganized.

Apart from the major restructuring of Winnipeg into a two-tier metropolitan form of government by legislation in 1960 and the creation of Unicity, which amalgamated area municipalities and Metro in 1971, Manitoba has followed a practice of not promoting consolidation. Rather, the province leaves decisions on municipal proposals to the Municipal Board. Since the end of 1979 there have been 37 municipal proposals for minor annexations, mainly to secure land for development or to justify an extension of municipal services. One other proposal was initiated by a citizens' petition.

Of the 38 proposals, 32 were approved, three were rejected and three were awaiting a hearing by the Municipal Board in 1992. Only four proposals had been opposed by the municipality whose land was being annexed.

The municipal numbers are rather stable in Manitoba, the totals being 203 in 1972, 202 in 1982 and 201 in 1992. During the 1960s, a number of studies were conducted resulting in recommendations for larger units of local government. When this idea met solid opposition from municipal councillors, the province moved to formalize a system of single purpose districts for joint municipal activities.

The system involves a combination of inter-municipal and provincial-municipal services for rural residents on a more affordable basis than a single municipality could deliver. *The Municipal Act* and other statutes provide permissive authority for these arrangements.

Examples include Planning Districts, Conservation Districts, Regional Development Corporations, Community Round Tables, Weed Control Districts, Veterinary Services Districts and a Recreation Opportunities program.

In 1991, the *City of Winnipeg Act* was amended to reduce the number of councillors from 29 to 15 and to reduce the number of community committees (geographically based rather than functional) from six to five. This followed a reduction from 112 council members before Unicity to 51 with 12 community committees in 1972, and to 30 council members and six community committees in 1977.

The reduction brings Winnipeg within the same ballpark as Edmonton and Calgary whose populations are slightly larger. The reduction was brought about in 1991 with a view to:

- reducing parochialism and encouraging Council to take a broader, more city-wide approach

- to planning and Winnipeg's future;
- streamlining and speeding up the decision-making process, and;
- fostering a more cohesive, smaller group to manage City Hall.

The City of Winnipeg Act Review Committee, which reported in 1986, and had recommended a reduction to 25 council members and retaining six community committees was aware of the advocacy for a significantly smaller council. It chose, however, to make its recommendation on the basis of appropriate boundaries for six natural communities which would have four-member committees, in other words, using criteria related to the importance of representation in a political system.

Sometimes advocates of consolidation in other provinces refer to potential cost savings resulting from reduction in the numbers of politicians. Opponents argue that access to one's elected representative is reduced when the number of councillors is reduced. As Winnipeg's council approaches the size of those in its sister cities, Calgary and Edmonton, the question must arise whether the councillors will become full-time as in Calgary with separate aldermanic staff and offices. Neither the costs nor the access may be less, but the access may well be less direct.

An amendment made in 1992 was the reverse of consolidation. It provided for the part of Winnipeg known as Headingley to secede from Unicity and to become the 106th rural municipality. This was an agricultural community, with some rural residential development, that rejected paying city tax levels without receiving city services. In the words of new secretary-treasurer, "it was a tax revolt."

After a five year campaign by residents, a study, and a referendum in which 87% of those who voted favoured secession, the Minister of Urban Affairs presented the amendment to the House. An obvious question is whether this will be a precedent to be followed by other parts of Winnipeg. Residents of a similar semi-rural area in Winnipeg are said to be gearing up for a study to determine the feasibility of secession.

In presenting the bill on February 24, 1992, Hon. Jim Ernst commented as follows:

Unlike most suburban residential communities in Winnipeg, Headingley is a semi-rural community with no municipal sewer or water service, a limited bus service and unpaved roads...In short, Headingley has more in common with its neighboring rural municipalities than it does with Winnipeg, in terms of land uses and levels of municipal services available in particular.

...There is a perception that by permitting Headingley to withdraw from the City of Winnipeg, the government is turning back time, and undoing the concept of one unified city. There is a concern that a precedent has been set whereby any part of the city which is discontent for one reason or another will in future be able to secede.

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Quebec

Quebec has a two-tier system of local government, though, at least until recently, the upper tier has been very weak. The exceptions have been the three largest urban areas – Montreal, Quebec City, and the area around Hull.

Montreal and Quebec City each have their own charter. Other urban municipalities are called cities and get their power from the *Cities and Towns Act*. The rural municipalities come under the Municipal Code and are called villages, townships, and parishes. The powers of all municipalities are essentially the same.

There are 1477 local municipalities (lower tier) in Quebec, of which three-quarters are rural and have less than 2000 residents. They include 256 cities, 1198 rural municipalities, and 23 native villages. Of the native villages, some come under special legislation based on the James Bay Agreement (Cree), and some come under the Kativik regional legislation (Inuit).

At the upper level, there are now three urban communities, 96 regional county municipalities (RCMs) and the northern regional administrations of Kativik and James Bay. Counting both tiers, there are 1578 in total.

Lower tier municipalities cover about one-third of the land area. Including Kativik, but not James Bay, the upper tier municipalities cover about two-thirds of the land.

The three urban communities (Montreal, Quebec and Outaouais) have certain powers in common and some that differ. The common powers are regional planning and development, property assessment, and sewage treatment. Their councils are representative of municipal units, but council votes take account of population.

Regional County Municipalities

The RCMs (95 originally) were created a decade ago to replace 71 counties and to become effective in the area of regional planning. They serve both municipal members and unorganized territory. In addition to the mandatory planning role and assessment for rural municipalities, other functions may be passed up by municipal agreement or delegated by the province.

Amendments which were adopted by the Quebec National Assembly in 1987 (An act to amend the act respecting land use planning and development, the *Cities and Towns Act* and the Municipal Code of Quebec) were a response to some unhappiness, particularly among cities, and to other perceived needs based on the early experience with RCMs. According to an informed view, cities within the RCMs:

were complaining that their share of the costs was not commensurate with their votes. While the RCMs were being set up, in the early eighties, cities had been exhorted to take a collaborative approach and not to insist on strictly proportional representation at regional councils. As the activities of the RCMs expanded, the cost sharing, which was based mainly on equalized assessment, began to look unfair to cities. The government called a quasi- constitutional conference in the summer of 1987, which led to legislation setting out new rules for assuming responsibilities at the RCM level and for cost charging among member municipalities.

In a 1988 unsigned summary of the new legislation, supplied by the Ministry of Municipal Affairs, the following appears:

Several aspects of the RCMs' status, powers and operating and decision-making procedures were (originally) compromises to allow a comprehensive network of supramunicipal structures to be set up and general regional planning to be implemented in Quebec within a relatively short time frame. They could not, however, ensure the long-term viability of the RCMs or, at the very least, the optimal use of their potential.

In brief, at a point where the main task of the RCMs, the preparation of development plans, was nearing completion, solutions had to be found which would ensure the future of these bodies.

However, since diversity is one of the dominant traits of the RCMs, it was necessary that the solutions be adaptable and flexible. In addition to the objective differences in the structure and size of the RCMs, we had to consider the rather significant differences in intentions and attitudes from one RCM to another and among the municipalities within the same RCM from the standpoint of broadening their activities, pooling certain of their services, and giving them new responsibilities.

The practical solutions we found, which led to legislative amendments last winter and a policy statement this spring, dealt with three main aspects of the problem, namely: the division of votes within the RCMs or, more precisely, the standard rules governing decision making; the conditions under which new responsibilities are acquired; and the status of "minority" municipalities in the face of a decision to extend an RCM's jurisdiction.

We provided for three possibilities with respect to the standard rules governing decision making. The first consisted in maintaining, with the unanimous approval of the member municipalities, the rules for decision making negotiated at the time of the creation of the RCMs. The deadline for taking advantage of this option was April 1, 1988 and it was chosen by 26 RCMs out of a possible 95.

Secondly, in cases where the RCMs wanted to amend their rules for

decision making, they had until July 1 to agree on a new formula which was to have the support of member municipalities representing at least 90% of the population of the RCM. A total of 31 RCMs chose this option, which means that they managed on their own to arrive at a large majority in favour of a formula.

Thirdly, when the RCMs foresaw being unable to reach an agreement or obtain the approval of a large majority of their members prior to July 1, we provided for recourse to arbitration by the Municipal Commission. The Commission is to report to the Minister of Municipal Affairs, who will make a decision.

It will have to render decisions in 38 cases out of 95, which is a smaller proportion than we might have feared considering the fairly short deadlines given the RCMs and especially the very large majority required in the other two options.

The legislation provided guidelines for the Municipal Commission's arbitration, which had to be finalized by January 1, 1989. The guidelines directed the Commission to consider whether:

- the decisions of the council of the regional county municipality coincide with the wishes of a majority of the representatives of the municipalities and favour the common interest of the municipalities;
- the decisions are weighted in favour of a better balance between the municipalities according to their population;
- none of the municipalities involved is given sufficient weight to place it in a position of control over the others.

The legislation provided for the accumulation of additional functions at the RCM level as follows...

678.0.1 Notwithstanding any provision of its letters patent, a regional county municipality may, by a resolution adopted by a majority vote of two-thirds of the members of its council, affirm its jurisdiction in respect of the corporations, cities and towns in its territory with respect to the providing, in whole or in part, of a municipal service....[T]he words "municipal service" mean services related to water, sewers, police, fire safety, recreation, cultural activities, roads, the removal or disposal of waste, lighting, the removal of snow, the emptying of septic tanks and the collection of taxes. They also mean, in respect of a city or town, the preparation and updating of the assessment roll and the sale of properties for failure to pay taxes.

For delegation from the province, the legislation provides that an RCM council may accept the delegation providing its resolution has been adopted by a majority vote of two-thirds and, in some cases, three-quarters of the members.

As of November, 1990, many RCMs had acquired a wide range of powers from their member municipalities. The following are examples of upward delegation:

<i>Function</i>	<i>No. of RCM's</i>	<i>No. of Municipalities</i>
Waste collection & disposal	6	99
Emptying septic tanks	2	20
Tax sales	11	57
Assessment update for cities	12	60

Also as of November, 1990, the following intermunicipal agreements between RCM's and local municipalities had been accepted:

Administration of the PARCQ program	67	946
Preparing land use plans and by-laws	41	535
Technical support for implementation of land use plans and bylaws	35	466
Management of lagoons (septic)	8	90
Managing landfills	15	190
Regional inspection service	17	114

There were also a number of support functions the RCMs were carrying out for the member municipalities.

It should be noted that the municipalities may not delegate upward either the authority to pass by-laws or to levy taxes. The only by-laws an RCM could pass prior to 1988 were planning by-laws for the unorganized territory within their boundaries. The lack of taxing powers should be seen in the context of perceiving the local municipalities as the political units, the directly elected ones. Methods of paying an RCM for its services are negotiated and may include user fees, sharing costs according to assessment, or whatever basis can be agreed upon.

In 1988 the National Assembly passed Bill 7, an act respecting municipal territorial organization. Among other matters, this act provides that RCMs be deemed local municipalities with respect to unorganized territories. In exercising this responsibility only the rural members of RCM councils may "take part in the council's deliberations and vote." An exception is made where there are no rural members. In that case, all the urban members may vote.

The same legislation allows RCMs to "adopt by-laws, resolutions or other acts which may vary in respect of such parts of the unorganized territory as it may determine."

Further, the Act says that the council of an RCM "may establish a local committee of elected members for the unorganized territory or any part thereof...The council ...may confer on the local committee the power to conduct studies and make recommendations."

Inter-municipal Agreements

With respect to inter-municipal agreements not involving the RCMs, the law was changed in 1979 to permit one municipality to transfer to another all the powers necessary to offer a particular service, except the right to levy taxes or adopt by-laws. The amendments also permitted the creation of an inter-municipal administration in which case a group of municipalities co-operate in setting up a common service with municipal councillors in charge of managing it. These arrangements have been used mainly for leisure programs and fire protection.

A discussion paper prepared in Quebec for the Conference of Municipal Affairs Ministers in Alberta in August, 1989, had this word of caution about inter-municipal agreements:

In Quebec, the case of the "village-parish" illustrates the difficulty of inter-municipal co-habitation outside urban agglomerations. In this case, the difficulties stem from the dependence between a rural municipality (the parish) and a nucleus of services (the village). There are 174 "village-parishes" in Quebec. Residents of the parish regularly use village services without always paying a fair share of the cost. In addition, with the arrival of urbanites, parish municipalities are facing mounting requests for services although they do not have the administrative capacity to provide them. They then turn to the

villages and conclude service agreements. Most inter-municipal agreements in Quebec involve such municipalities.

Inter-municipal agreements are not a problem in themselves. On the contrary, they provide an effective and flexible mechanism for delivering services economically while respecting each party's autonomy. However, when the phenomenon becomes generalized between two municipalities, the question arises whether the municipality receiving services from the other should continue to exist.

Consolidations

There is a common view among some provincial and municipal officials in Quebec that there are too many small municipalities in the province. What to do about it is not so easy to conclude. The record of the last three decades is interesting. From approximately twice as many municipalities as Ontario, there has been a continuous reduction averaging about seven per year, though the consolidations were not evenly spread out.

The peak period was in the second term of Mr. Bourassa's first government. In the period 1971-1975, there were 60 consolidations which had the effect of removing from the lists 97 municipalities. There were, however, 13 new municipalities established in the same period for a net reduction of 84. Most other five year periods have seen about 30 consolidations. The number of new municipalities declined from a high of 18 in 1976-1980 to four in 1986-1990. The new municipalities come mainly from previously unorganized territory.

Since 1965, the main legislative framework (but not financial policies) has favoured voluntary consolidations and setting up new municipalities. However, in the 1970s, there were several special laws which resulted in forced consolidations. In the 1980s, the Baie-Comeau Hauterive amalgamation was forced by a Parti Québécois government. In the case of the proposal to amalgamate Rouyn and Noranda, the province made special provision for a binding referendum; the final outcome has since been tied up in the courts by a citizens' group.

During the eighties, some provincial government policies tended to give larger subsidies to smaller municipalities than to larger ones, the effect being to provide an incentive to stay small and avoid annexation to a larger one, causing a grant reduction. Even in the 1991 radical change in the financial relations between the province and the municipalities, the province left anti-consolidation incentives in place.

More recently, Hon. Claude Ryan, the Minister of Municipal Affairs, shed new light on government policy while addressing the annual conference of the Union of Quebec Municipalities (April 2, 1992). He said, in part, the following (a rough translation):

[I]t is not possible to be indifferent to the necessity of endowing our municipal

institutions with structures and means of action conforming to the mandate which is entrusted to them. The tasks with which the municipalities must cope are continuously becoming more complex, exacting and costly. It is becoming more and more difficult for the municipalities to discharge their responsibilities successfully unless they are endowed with sufficient scale and the corresponding means. We would have to study in this respect the delicate but unavoidable subject of municipal consolidation.

I am aware of the inherent difficulties in this subject and of the constraints we have confronted until now in every attempt to examine it. We would be failing in our duty, nevertheless, if we were to refuse to examine the subject candidly. I have asked my ministry to collect a dossier on municipal consolidation. The components of this dossier will first be subject to a careful review at the level of the ministry. Then they will be placed on the agenda at the Table Quebec-Municipalities before any government initiative is taken.

Independent of policies I could eventually be called upon to announce, I intend to put in place in the interim a series of incentives favouring the free initiative of municipalities in this matter. I reckon on being in a position to unveil an action program on this subject during the coming weeks.

Even before this statement was made by Mr. Ryan, the province was providing significant technical assistance to municipalities interested in consolidation. The assistance includes:

- providing analysis of the financial, fiscal and administrative implications of a specific consolidation;
- organizing information meetings and discussions with municipal councils;
- helping municipal representatives negotiate consolidation conditions, and;
- participating in information meetings for the public.

Technical assistance is given without charge or conditions of any sort. The transitional subsidies are provided to:

- compensate for costs associated with consolidation including, for example, severance arrangements for employees, and;
- be an incentive to consolidate.

The formula for the transitional grant provides for a maximum of \$18 per capita of the consolidated population in year one, \$14 in year two, \$10 in year three, \$5 in year four, and \$3 in year five. The actual grant may be less than the maximum to the extent that the addition to the population of the largest municipality is less than double the original total, though there is a minimum of \$3 per capita in each year of the five year period.

The regional county municipality in which the consolidation occurs has three months to make known its judgement on the proposal. The commission on place names has 60 days in which to approve the proposed name. The steps in the procedure are shown in Figure 1 on pages

32-33. Levis-Lauzon and Sorel are two examples of recently completed consolidations.

Levis-Lauzon

Levis and Lauzon were two cities within the Quebec City census metropolitan area, but not part of the Quebec Urban Community. They are across the river from Quebec. Levis had a 1989 population of 18,310 and Lauzon had 13,620. They date back to 1861 and 1867 respectively. They each occupied about 17 square kilometres, part of which is rural.

The essential motivation for amalgamation was the prospect of better planning and better management. The financial prospect was for a tax rate for the new city of 1.14 compared to 1.19 for Levis and 1.49 for Lauzon without amalgamation. However, because there was no plan for debt consolidation, Lauzon would have to pay a surtax at a rate declining from .29 to zero over six years to cover the unequal old debt situation. Even with the surtax, both cities were expected to enjoy a 3% tax cut in year one. The study report recommended a policy of "human resource rationalization" through voluntary early retirement.

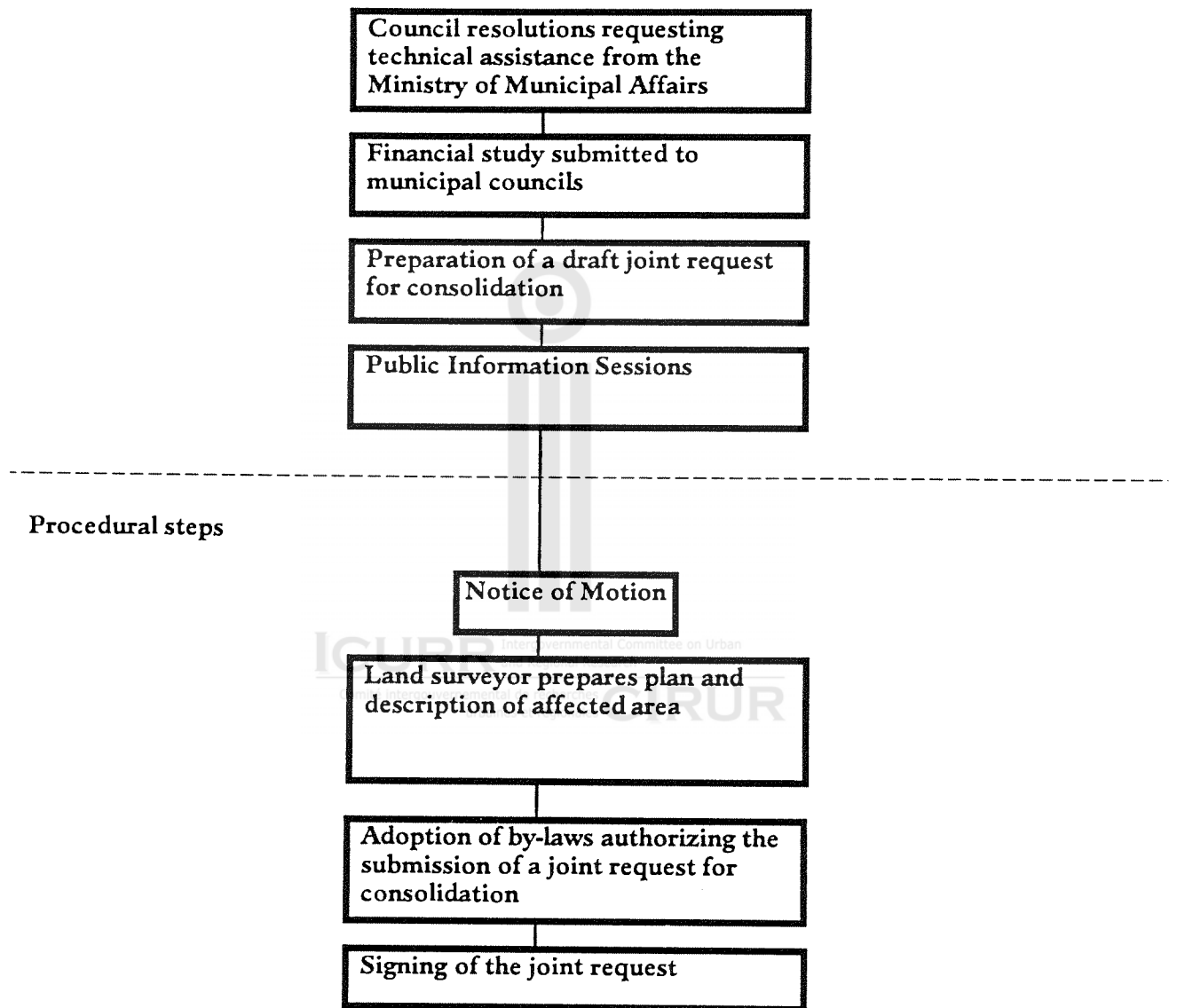
The municipalities followed the general guidelines with respect to process. Opposition from citizens was limited to 25 communications to the minister, the ministry or the Municipal Commission. There was strong political leadership from the longtime, respected mayor of Levis who had announced he would not be seeking re-election.

After the amalgamation, another municipality adjacent to Levis, St. David, applied to join and was accepted. The 1991 population of the new city is 39,452. Whereas Levis, before amalgamation, had about 39% of the population of the Desjardins regional county municipality, the new city has 80% of it.

Fig. 1(a)

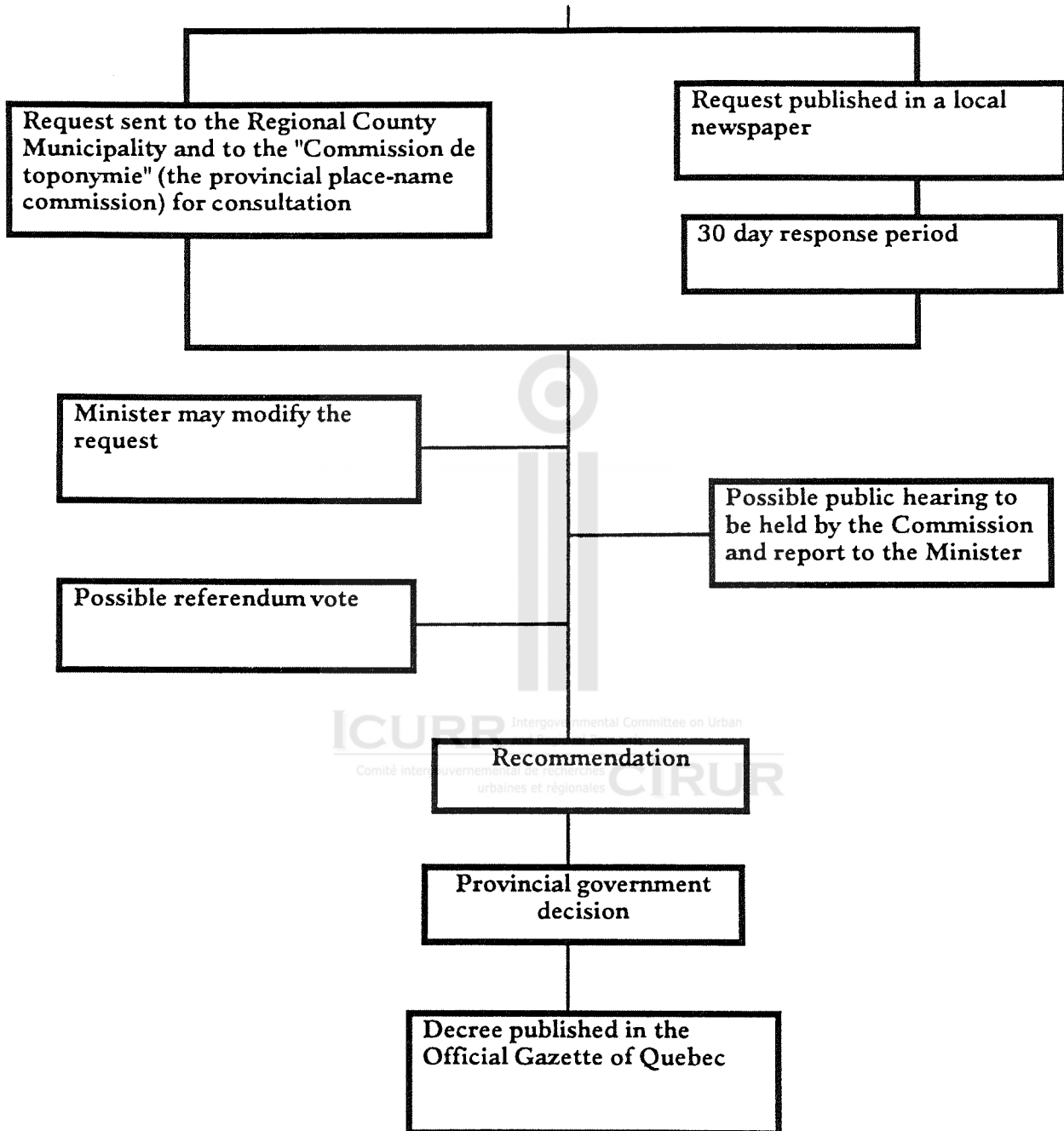
Summary of the Principal Steps in the Consolidation Process

Steps in local decision-making



Source: Quebec Ministry of Municipal Affairs

Fig. 1(a) - continued

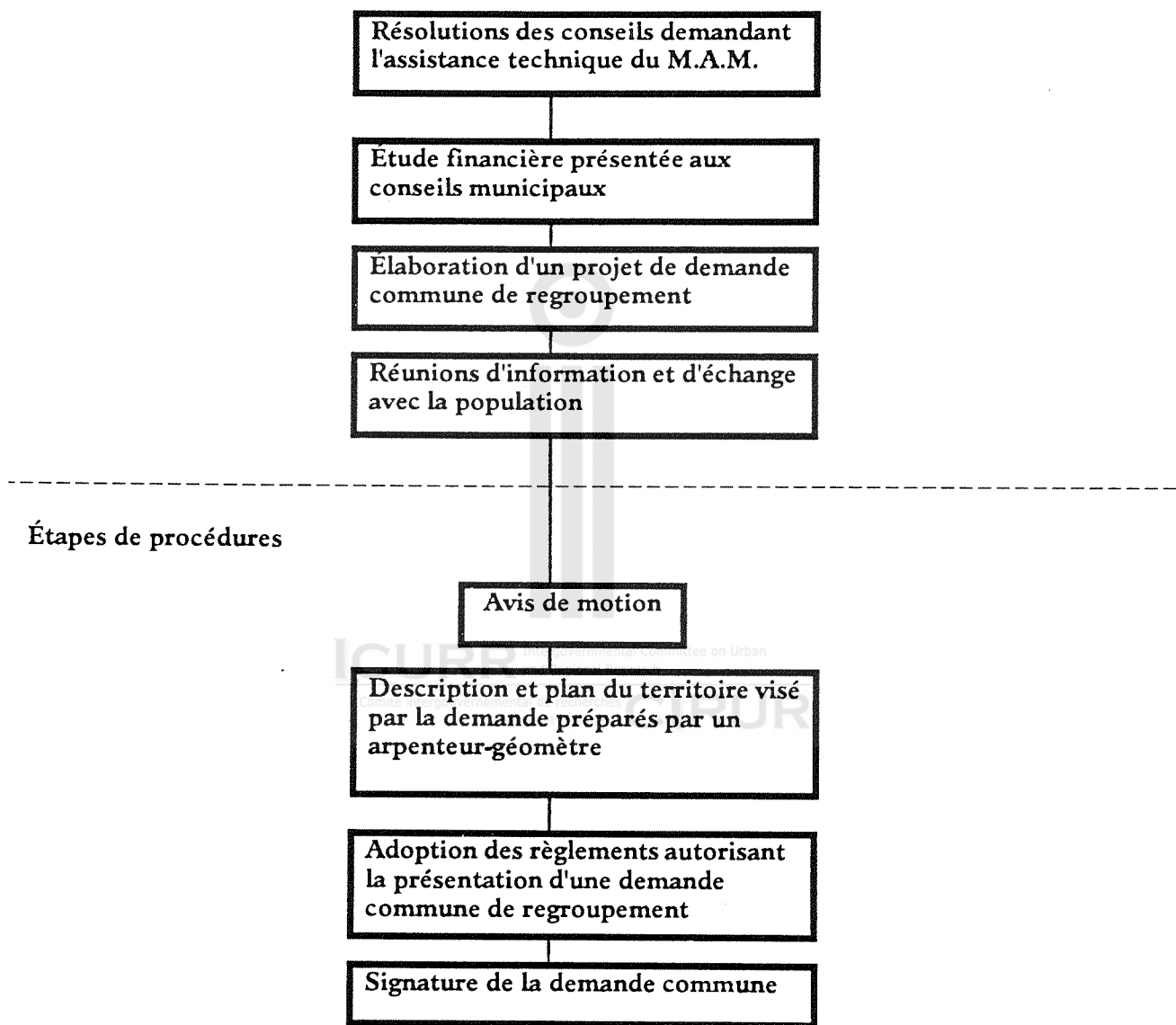


Source: Quebec Ministry of Municipal Affairs

Fig. 1(b)

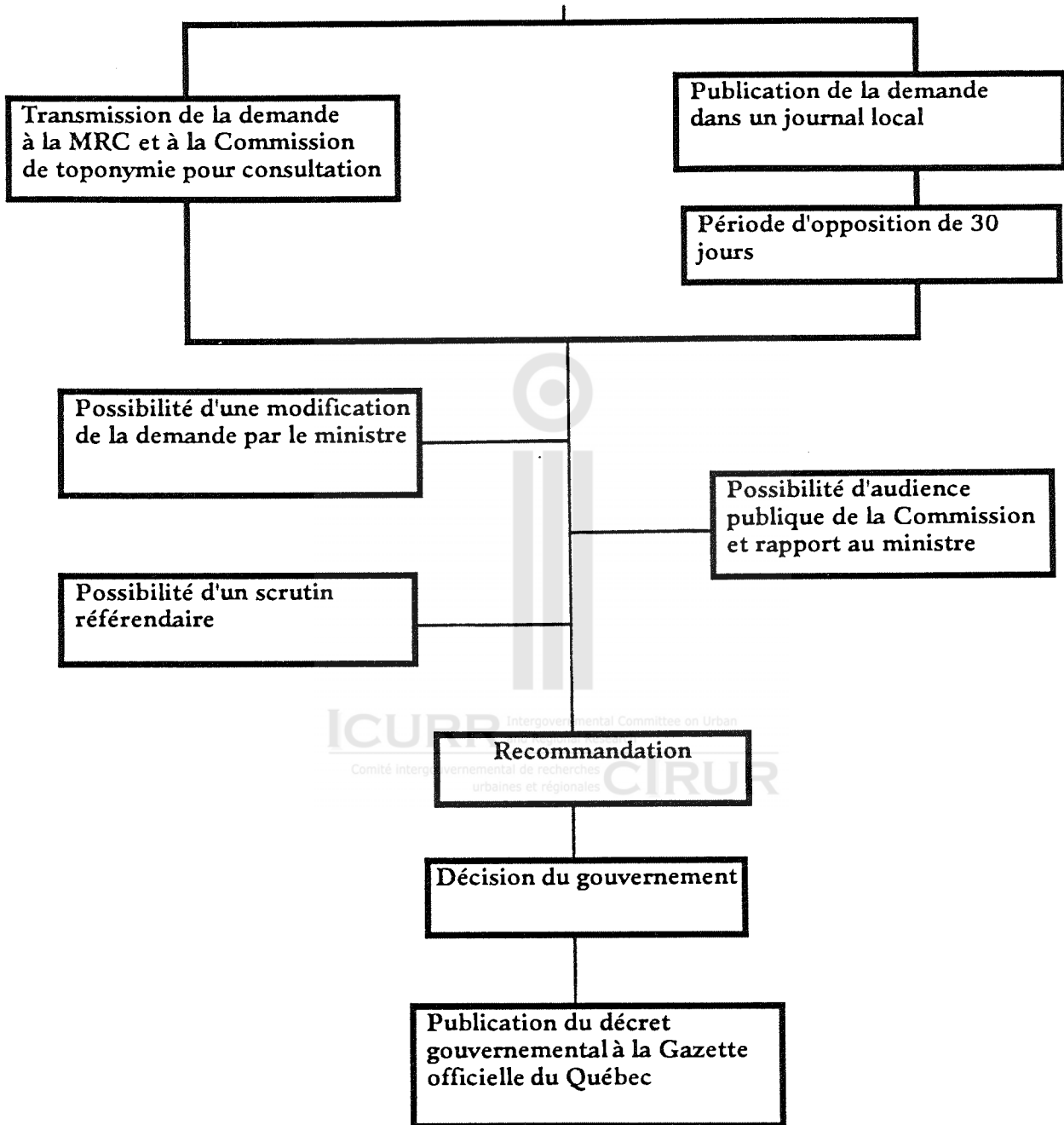
Résumé des principales étapes à suivre dans le cadre du processus de regroupement

Étapes de décision au niveau local



Source: Quebec Ministry of Municipal Affairs (Diagramme original)

Fig. 1(b) - continued



Source: Quebec Ministry of Municipal Affairs (Diagramme original)

Sorel

The city of Sorel (18,786) and the parish of St. Pierre de Sorel (5,467) became one city in 1992 as a result of their common request to the minister. They are situated where the Richelieu River flows into the St. Lawrence northeast of Montreal on the south shore. The origins of Sorel go back to 1632. It became a city in 1848 and got its name in 1889. The parish began in 1845.

The study was undertaken by three top officials of the city, two top officials of the parish and a research officer of the Ministry of Municipal Affairs.

When the study group looked at personnel questions, they noted the following. Each municipality had collective agreements with a range of employees from blue collar to clerical and professional staff. The differences in wages, salaries and fringe benefits were insufficient to cause any upset in the transition.

Provincial law provides that all employees of the former municipalities become employees of the new municipality. They retain their seniority and status and cannot be demoted or laid off just because of consolidation. The study group found, however, that the surplus staff after amalgamation could be utilized in certain services where additions to staff had already been sought.

On solid waste, the city had been charging \$67 per household for collection, recycling and disposal. Industries, commercial establishments and institutions had to look after their own. The parish had costs of \$113 per household and were charging \$74 per household with the rest coming from general revenue.

Under an inter-municipal agreement already in existence, the regional county municipality of Bas-Richelieu would be taking over this responsibility in 1992. The costs had already been set at \$125 per household.

With respect to the sewer system, the city paid for maintenance of the system through property taxes. The cost represented \$0.031 on the tax rate. The parish charged a household fee of \$60 if they had borrowed to make the installation and \$30 if they had not. The study group recommended that the new city fund this service through a special rate of \$0.031 on assessment, thus earmarking part of the property tax.

Water purification was under the water purification administration of Richelieu/Saint-Laurent. Its charges would be based on its costs and on assessment, compared to the city practice of charging 0.1323 on assessment and the parish charge of \$107 per household.

The bus system on the south shore between Longueuil and Sorel would continue under an intermunicipal body involving six municipalities. The new city would negotiate to keep its contribution at the existing level by not requiring any additional service.

The old city had a mayor and eight councillors; the parish had a mayor and six. The new council would have a mayor and eight, with a ward system. In the RCM, the new city has 46% of the population compared to 36% before amalgamation. Any change in representation there would be based on the original letters patent of the RCM, not on the amalgamation agreement.

The study group listed the expected advantages as follows:

- administrative economies;
- the transitional subsidy;
- standardization of assessment and by-laws;
- the opportunity for better overall planning;
- a single administration with full authority over the overall area;
- a better utilization of equipment;
- strengthening local power over administrative, financial and policy plans;
- a better position in the demographic plan - Quebec's 44th city, and;
- putting an end to all the difficulties of negotiations and of cost-sharing under the various inter-municipal agreements.

Disadvantages were called inconveniences and limited to:

- a period of adjustment for citizens looking for services,
- a little extra work for the civil servants and for the elected representatives,
- transitional costs.

Outaouais Regional Community

Intergovernmental Committee on Urban
and Regional Research

Comité intergouvernemental de recherches

The Outaouais case is instructive because the area across the river from Ottawa has undergone major restructurings, amalgamations and secessions, all in a little over 20 years. These were followed by a major urban amalgamation proposal which was defeated in a plebiscite.

The Outaouais Regional Community was established by legislation at the end of 1969, at the same time as the Urban Communities of Montreal and Quebec City were put in place. The Outaouais was the only regional community ever established and it has now been split into an urban community and a regional county municipality. Unlike Montreal and Quebec, the Outaouais mixed major proportions of urban and rural territory.

One of the responsibilities of both urban and regional communities was to prepare a plan for the restructuring (amalgamation) of local municipalities within their territory. Thus

in 1974, the number of local municipalities in the Outaouais was reduced from the original 32 to eight. (The Quebec area acted similarly but the Montreal area did not.)

In 1980, three former municipalities succeeded in breaking away from Buckingham and in 1989 Cantley left Gatineau. The uneasy partnership between urban and rural had placed strains on the regional community. In 1989, 23 % of the budget went for services used in common and 77% went for services which were largely urban.

In March, 1990, the minister published *The Municipal Structure of the Outaouais — Some Hypotheses for the Future*. This document raised for public discussion the options for a further major restructuring of the regional community.

This was followed by the Giles Report in June, 1990. Jeremie Giles was a member of the Quebec Municipal Commission who was asked by the minister to consult with the mayors and councillors in an effort to achieve some agreement on how to move forward. Giles secured the consent of all the rural councillors to create a regional county municipality for them. The urban councillors agreed to accept an urban community as the regional instrument of their municipalities. Along with these changes, Giles recommended to the minister that there be a referendum on the amalgamation of the major urban units, Aylmer (32,244), Hull (60,707), and Gatineau (92,284).

Giles was concerned about matters which would still require a degree of coordination between the Outaouais Urban Community and les Collines de l'Outaouais, the new RCM. He believed sewer and water questions were already settled by earlier agreements. However, there was no such arrangement covering solid waste, planning, transportation and river clean-up. He proposed "une table de concertation" where regular consultations could take place.

The new RCM and the new OUC were put in place January 1, 1991.

Aylmer, Hull and Gatineau

The Outaouais Urban Community comprises Gatineau (92,284), Hull (60,707), Aylmer (32,244), Buckingham (10,548) and Masson (5,753). The proposal to amalgamate the three largest had been favoured by the Robidas Commission which studied the Outaouais region in 1984. Robidas saw amalgamation as a means of reinforcing the happy influence of the National Capital Region on the whole of the Outaouais, as much Quebec as Ontario, and eliminating inter-municipal rivalries.

The new city would become the third largest city in Quebec, after Montreal and Laval. When Jeremie Giles reported to the minister he said he knew from the start that the councils of Aylmer and Gatineau were opposed to the idea and Hull was in favour. He had, however, got the consent of the three councils to meet at Mont-Ste.-Marie on

August 25, 1990 to participate in an exercise aimed at simulating the fiscal impact of three different possible amalgamation scenarios.

The councils also had agreed there should be a referendum, before May 15, 1991, held simultaneously in their cities on the proposal to amalgamate the three cities. After the Mont-Ste.-Marie exercise, press reports indicated that the councils had agreed that the referendum required a majority in each city, and that the municipal politicians would not enter the debate. As it turned out, the politicians of Gatineau and Hull were aggressive in their opposing stands.

Studies of the potential fiscal impact showed that taxes would increase in Hull, decline in Gatineau and change very little in Aylmer. Financial data was disputed by the mayor of Gatineau during the pre-referendum period. Though a referendum is not binding, a positive vote could lead to a provincial amalgamation order if the municipal politicians did not work out an agreement within a given time span.

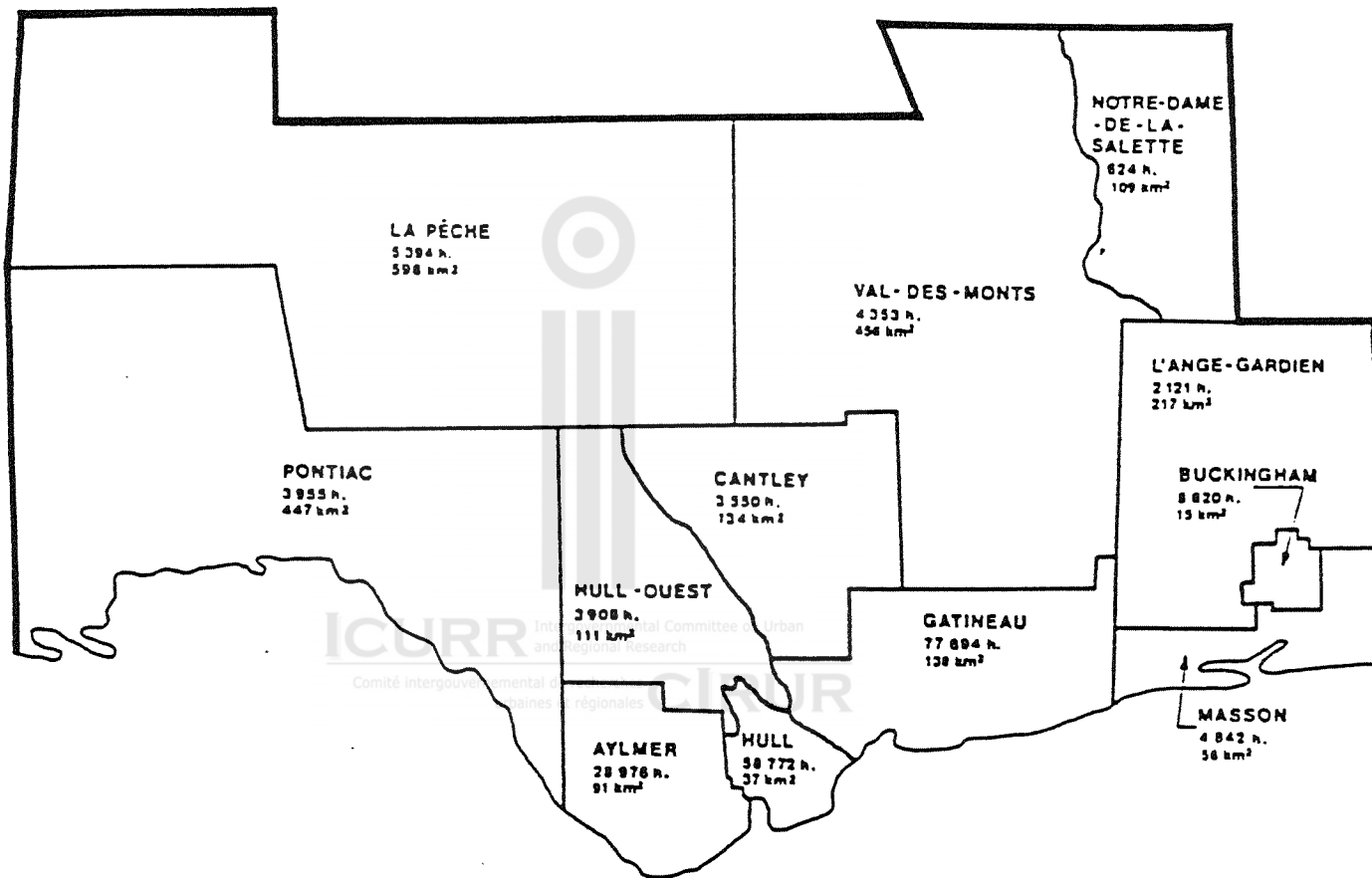
In any event the people of Hull voted for amalgamation, even though their taxes would rise, the people of Gatineau voted against, even though their taxes would fall and the people of Aylmer voted against. Aylmer had been an English suburb and though the English were now in a minority (31%), it was the only large anglophone block in the three cities.

During the referendum the mayor of Hull was seen by many as the leader of the yes forces. He was widely rumoured to want to be the mayor of the new city, even though he had publicly stated that he would not seek either re-election in Hull or election as mayor of the new city.

COMMUNAUTÉ RÉGIONALE DE L'OUTAOUAIS

Figure 2.

COMMUNAUTÉ RÉGIONALE DE L'OUTAOUAIS



Source: Quebec Ministry of Municipal Affairs

Table 1. LOCAL GOVERNMENT RESTRUCTURING IN THE OUTAOUAIS

Communauté régionale de l'Outaouais (CRO)				Communauté urbaine de l'Outaouais (1990) (5 municipalités)	Municipalité régionale de comté Les Collines-de-l'Outaouais (1990) (7 munic.)
Municipalités lors de la création en 1969 (32 municipalités)	Après les regroupements de 1974 (8 municipalités)	Après le dégroupement de 1980 (11 municipalités)	Après le dégroupement de 1989 (12 municipalités)		
Aylmer Deschênes Lucerne	Aylmer	Aylmer	Aylmer	Aylmer	
Angers Buckingham (v) Buckingham (p) Buckingham-Ouest Buckingham-Sud-Ouest L'Ange-Gardien Masson N.-D.-de-la-Salette	Buckingham	Buckingham L'Ange-Gardien Masson N.-D.-de-la-Salette	Buckingham L'Ange-Gardien Masson N.-D.-de-la-Salette	Buckingham Masson	L'Ange-Gardien N.-D.-de-la-Salette
Gatineau Pointe-Gatineau Templeton Templeton-Ouest Templeton-Est Templeton (partie) Touraine	Gatineau	Gatineau	Gatineau Cantley	Gatineau	Cantley
Hull	Hull	Hull	Hull	Hull	
Hull-Ouest	Hull-Ouest	Hull-Ouest	Hull-Ouest		Hull-Ouest
Masham-Nord Aldfield Ste-Cécile-de-Masham Wakefield (v) Wakefield (p)	La Pêche	La Pêche	La Pêche		La Pêche
Quyón Onslow Eardley Onslow (partie)	Pontiac	Pontiac	Pontiac		Pontiac
Perkins Wakefield (partie) Portland-Ouest	Val-des-Monts	Val-des-Monts	Val-des-Monts		Val-des-Monts

Source: Quebec Ministry of Municipal Affairs

British Columbia

British Columbia with its unique geography has 149 municipalities occupying "just over 1% of the land area and containing 85% of its population." Of its 3,282,061 population, 49% lives in the Vancouver census metropolitan area.

The 149 municipalities are composed of 39 cities, 15 towns, 44 villages, 50 districts and one Indian Government District. "Municipalities exist only in areas of concentrated settlement." (*Statistics Relating to Regional and Municipal Governments in B.C. 1990*) In addition there are 29 regional districts which cover all the land area except 13% in the Stikine area in the northwest.

Regional Districts

The regional districts (RDs) are governed by a board of directors composed of mayors and councillors appointed by the municipalities and persons elected from the unincorporated parts called electoral areas. Representation reflects municipalities, area and to some extent population. However important votes are weighted votes, taking full account of population. In votes that affect only part of the regional district, only representatives from the part affected may vote. Some votes require a two-thirds majority.

While regional planning, along with hospital planning, was the major function of regional districts when they were set up in the sixties, regional planning was withdrawn from their mandate by legislation in 1983. However, the Greater Vancouver Regional District has managed to keep a serious planning effort going under the label "Development Services". In 1989, the legislation was changed to include a general service, which any regional district could carry out: "regional district development services consisting of coordination, research and analytical services relating to the development of the regional district." (But not planning!)

Shortly before being elected premier, Mike Harcourt told the 1991 UBCM convention of his "complete support for restoring regional planning authority in B.C." However, his Minister of Municipal Affairs, Recreation and Housing has indicated there are choices to be made about the exact form of that authority and consultation will precede action.

Regional districts provide a range of services. For adjacent municipalities, they are a mechanism for supplying inter-municipal services. RDs also provide services in unincorporated areas, or parts of them, similar to those a municipality might supply. They may provide different services to different parts of the district and in certain circumstances can supply services outside their own boundaries. They may supply services for municipalities by contract and can accept jurisdiction for providing local services transferred by municipalities. The regional districts can now make service decisions by by-law, rather than by getting the province to revise letters patent as was formerly required.

To provide a degree of self-government in isolated rural areas, the 1989 amendments encourages regional districts to create community commissions to cover part of an electoral area. The community commission would consist of four specially elected commissioners and the director who would be elected to the board from the surrounding electoral area. The by-law setting up the commission sets out the administrative powers being delegated to it.

RDs do not levy taxes. They send a separate requisition for each service, which includes the appropriate share of administrative costs, to each municipality; the municipality must pay. In the case of electoral areas, the requisition goes eventually to the Minister of Finance and Corporate Relations. The province levies and collects property taxes in rural areas.

The RDs vary greatly. One is a major metropolitan area, the Greater Vancouver Regional District (1,542,744 people), with seven cities, eight districts (which are urban in character), three villages and three electoral areas. Another is a rural area, Central Coast Regional District (3,167 people), with no municipalities, but five electoral areas. A third is the Central Fraser Valley Regional District with two municipalities, Abbotsford and Matsqui, containing between them 87,000 people, and an electoral area with 210 persons. The regional districts vary not only in character but in what they undertake. They were designed as very flexible instruments of planning and service delivery.

An older instrument is the improvement district, first established in B.C. in the twenties. There are more than 300 in existence. They tend to be single purpose agencies, primarily for water, but a significant proportion are engaged in two or more of fire protection, irrigation, street lighting, drainage, garbage, parks and sewage. The government is encouraging the phasing out of improvement districts, since what they do can be done through the recently enhanced flexibility of the regional districts.

In some parts of B.C., there are some special purpose regional agencies including regional water services, regional library services or regional transit. However, the existence of regional districts in large measure obviates the need for separate regional agencies.

Consolidation Policy

Consolidation is not a critical issue in B.C. because of the unique characteristics of its local government system. This can best be explained in the words of Brian Walisser, Director of Policy and Research in the Ministry of Municipal Affairs, Recreation and Housing, contained in a letter addressed to the author on July 15, 1992 as follows:

British Columbia has a unique, two-tier federal system of local government comprised of regional districts and constituent municipalities. Regional government is not separate from municipal government and, in fact is derived from municipal government. The system is complex, diverse and eclectic.

Each region of the province has its own unique set of services that it provides. Moreover, these services are provided on a variety of scales: to the entire region; to several municipalities within the region; or parts of municipalities and/or electoral areas. This complexity has arisen strategically: the structure of regional districts reflects the need to respond to a diverse geography and a multitude of unique demands regarding the provision of services.

Our approach to local government "consolidation", or local government "restructure" in our terms, is directed at two streams:

One stream concerns organizing service production on the appropriate scale. We accept that any service can be provided at the regional or local level depending on its characteristics. In fact, for many services like water it may be best to provide it at both the local (distribution) and regional (supply) levels. Our two-tier local government system is well adapted to fulfilling these service decisions.

A second stream concerns the adjustment of municipal boundaries. The motivation for boundary adjustments can be service related, for example, to enable rural residents to have access to a municipal water or sewer service. However, more commonly, boundary adjustment is undertaken for essentially political reasons: to realize local self-determination or to achieve control over community planning/development. Sometimes the motivation of residents to form themselves into a municipality is defensive - to prevent encroachment of a neighboring jurisdiction that might have a different attitude or political culture.

It is our experience that this two stream approach takes the pressure off consolidation. Although boundary extensions and new municipality incorporations are common they are not as prevalent as they would be in the absence of a two-tier system. More telling evidence of the efficacy of the approach is the almost complete lack of amalgamation of municipalities over the past twenty years. Basically, the benefits of the economies of scale are achieved without consolidation.

Further evidence of the efficacy of this approach is the current approach to the issue of regional policing in Greater Victoria. Policing in the region is currently provided to the ten municipalities by five municipal independent forces and the R.C.M.P. The need for regionalization is recognized but it is also accepted that, in order to achieve the benefits of regionalization, it will not be necessary to create one municipality.

The possibility of creating a regional police force under the umbrella of the regional district or, indeed, under some other umbrella yet to be defined, is recognized as feasible. In fact it is possible that the outcome of the current discussions could be a combination of local and regional production. Some policing functions - dispatch, laboratories, systems, purchasing, criminal investigations - could be provided at the regional level while basic policing would remain a local responsibility.

In summary, 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.

Incentives and Disincentives to Consolidation

Since 1979, there have been numerous minor adjustments to the boundaries of relatively small municipalities. During the seventies there had been significant forced consolidations, notably in Kelowna and Kamloops. The transitional grants provided then were still in existence in 1992 and the ministry was endeavouring to come to grips with the issue of the ongoing provincial subsidy.

One constraint on consolidation has been the traditionally low tax rate charged by the province in unincorporated areas. The provincial property tax is meant to cover the cost of police and road services supplied directly by the province. In recent years, however, this rate has been rising to approach the level of costs, thus largely removing that disincentive.

Incentives to consolidation are provided through provincial sharing of the costs of restructure studies and through transitional grants based on population. Maximum grants are set out by provincial regulations as follows:

- \$200 per capita based on population newly added to a municipality (major municipal boundary extensions), and/or;
- \$100 per capita based on the overall population within a proposed restructured municipality (amalgamation or major municipal boundary extension).

Note that when new incorporations occur, these grants are combined to provide a maximum \$300 per capita to the newly incorporated municipality.

A 1990 ministry guideline document lists the general principles to be used in determining the actual grant level as follows:

- grants should be used flexibly according to specific situations;
- grants should be used as an incentive to achieve restructure;
- grants should account for the tax implications (an economic circumstance) of restructure;
- grants should be aimed at resolving specific community issues, including situations where there is overlap with other ministry programs; and
- grants should be used to achieve a result which meets the provincial interest in the greatest way.

The same ministry document indicates that, for major boundary extensions, the per capita grant is paid on the population of the rural area being annexed. For overall municipal

restructures:

Enhanced restructuring assistance of up to \$100 per capita on the overall population would be provided where three or more of the following factors are present:

- a corporate status change is involved;
- the population increase is greater than 30%;
- the existing municipal population is less than 10,000;
- the assistance is required to overcome a fiscal difference between rural and municipal status;
- the assistance is required to resolve specific servicing problems in the rural area; and
- a serious urban fringe problem is definitely resolved.

The approach of an overall boundary restructure should be preferred and encouraged in comparison with a series of smaller incremental boundary extensions over a period of time.

View Royal

It should be noted that encouragement to new incorporations may run counter to encouragement to restructure. A recent example within the Capital Regional District (Victoria) is the new town of View Royal with a population of 5925 in a census metropolitan area of 300,000. It could have chosen to join Esquimalt (16,192) to which it is adjacent but chose to go it alone, moving the number of municipalities in the region from nine to ten.

According to Mayor Camden of View Royal, the citizens sought more control over planning and the details of development and services. They felt they had been getting sub-standard development under the regional district. They now have a council of five and have one of 19 directors on the regional district board and one of 57 votes when there is a weighted vote. They plan to contract out services as much as possible. The province paid View Royal a transitional grant of \$1,000,000 which they put into a reserve account. The province looks after roads for a transitional period as it does normally in unincorporated (electoral) areas.

Since the View Royal incorporation, Langford has chosen, through plebiscite in June, 1992, to incorporate, bringing the total number of municipalities within the Capital Region District to 11.

Abbotsford and Matsqui

A recent major amalgamation battle was fought out in the Central Fraser Valley Regional District where nearly all the population is divided between the District of Abbotsford (18,864) and the District of Matsqui (68,064).

Matsqui and Abbotsford get from the regional district trunk sewers, sewage disposal, an ice arena, a swimming pool, economic development and mosquito control. They do fire protection, recreation and transit together under inter-municipal agreements through which control is exercised by joint service committees with equal representation from both districts.

Because Matsqui pays 75% of the costs but has only 50% of the representation, disputes arose about the joint operations. In order to resolve tensions, they decided to consider amalgamation and arranged for a consultant to undertake a study. The committee guiding the study also had equal representation on it.

Abbotsford has the more expensive homes. There are many townhouses in Matsqui. Both are growing rapidly (28% and 32% from 1986 to 1991) in the shadow of the Greater Vancouver population explosion. The commercial centre is increasingly in Matsqui.

Abbotsford entered this process somewhat reluctantly and with a split council. Matsqui was enthusiastic about amalgamation. It even agreed that the name of the new city would be Abbotsford. But Abbotsford insisted that a plebiscite would have to be won in both districts or the proposed amalgamation would be lost.

When the consultants produced a report showing annual savings with amalgamation of over \$2 million and farm and residential tax rates at the lower of the two existing rates, Abbotsford attacked the report vigorously and endeavoured to discredit the consultants they had helped choose. Three of their aldermen out of seven were vehemently opposed and the mayor kept his counsel. The referendum was on the same day as municipal elections.

The Abbotsford staff produced a written attack on the proposal and the report, which was circulated to all their residents. The debate became nasty. The joint chambers of commerce was in favour of amalgamation.

When the vote was taken, 86% of the Matsqui voters favoured amalgamation, as did 45% of the Abbotsford voters for a total of 75% in favour. The plebiscite was lost, because there was not a majority in each district. The province had paid half the study cost, but kept "hands off" thereafter, in keeping with its bottom-up approach to consolidation.

Saskatchewan

Saskatchewan has 834 municipalities of which 12 are cities, 147 are towns, 377 are villages and 298 are rural municipalities. Over the last two decades, there has been a gradual rise in the numbers of towns and villages with the other categories being stable. Only two-thirds of the land area is covered with municipalities; in the north, the Minister of Community Services substitutes for elected local governments, except where there are incorporated villages.

Inter-municipal agreements are common, particularly for fire protection or for road maintenance. Single purpose inter-municipal agencies are used for economic development, water, and planning.

One of the features of cities on the prairies is that their major urban centres often have one city council whose jurisdiction covers most of the census metropolitan area or census agglomeration. Of the five Canadian CMAs, with more than 80% of their territory within one municipality, four are on the prairies. Regina's figure is 93% and Saskatoon's is 89%.

If we look at the seven census agglomerations in Saskatchewan, ranging in population from Weyburn's 9673 to Prince Albert's 34,181, we find that, on average, the city jurisdiction takes in 90% of the census agglomeration. Swift Current and Weyburn are at 100%. The reasons may be the topography, the agricultural economy, and the special relation of city to rural community in such an economy. These factors, however, did not prevent the development of a fragmented system of local government in the Winnipeg area long before its metro or unicity systems.

As urban places have grown in Saskatchewan, they have normally been able to annex land when required for urban development. It appears that the rural municipalities have not usually approved of suburban fringe development within their boundaries.

There are approximately 17 municipalities for every 100,000 population in Canada. Saskatchewan has 84 per 100,000 for the largest ratio while B.C. at five has the smallest. Since P.E.I. has the second highest ratio at 68, this feature may be connected to rural or agricultural areas.

Annexations and Incorporations

Since 1979, there have been 315 annexation and incorporation initiatives taken in Saskatchewan. Two were begun by the province, 268 by individual municipalities and 45 by citizen petitions. Of the total 280 were approved, 33 were rejected or withdrawn and two remain unresolved. All of the approved annexations were for areas which contained a population under 2000. Twelve were annexations to Regina and Saskatoon.

In the incorporation process, plebiscites were used which were binding and required an overall majority. The provincial consultation process was rated as extensive with municipal councils, moderate with the public and interest groups, and limited with individual councillors, municipal staff, municipal associations, other official bodies and with developers.

Amalgamation

There has only been one amalgamation, as distinct from annexations, in recent years and it involved two rural municipalities, one of which had little assessment except for a cottage area.

Recent Developments

In April of 1991 there was a major symposium on Financing Local Governments and Economic Development in the Year 2000. It was sponsored by the two municipal associations and the school trustees association. Representatives of those organizations joined with business and provincial government people to pursue Vision 2000. One striking statement contained in the symposium report is the following:

If regionalization and inter-municipal cooperation do not occur, services and facilities will continue to be underfunded. This will lead to a lowering of service levels, further deterioration of the infrastructure and the collapse of the municipal service delivery system.

In a summary of working group reports at the symposium the following ideas appeared among others:

- consider the benefits of regionalization of facilities and services, and;
- consider structural change.

Since the symposium, there has been a change of provincial government. The government appears to have some concerns about the local government system but is unlikely to rush into any radical restructuring program unless there is some kind of community consensus. The Minister of Community Services has announced that a task force on Inter-municipal Co-operation will be established. It will review ways to enhance inter-municipal practices and benefits.

Alberta

Alberta has 352 municipalities composed of 16 cities, 110 towns, 119 villages, and 54 summer villages on the urban side and 30 counties and 23 municipal districts on the rural side. These are all single tier municipalities. The counties are a combination of rural municipalities and school boards.

The municipalities cover approximately half the land area of the province. For the rest of the province, whether designated improvement districts (16 of them) or special areas, the minister of municipal affairs has the legislated power of an elected council in a municipality.

Alberta legislation provides for hamlets, which are not municipalities, but urban places within rural municipalities. Hamlets have certain privileges and duties with respect to services, taxes and grants which the rest of the municipality may not have, but they do not have separate legal standing. They constitute a restraint on attempts at annexation. The best known hamlet is Sherwood Park, also known as an urban service area, which Edmonton has tried, and failed, to annex.

Regional Planning Commissions are long established and play an important part in contributing to the orderly development of the province. There are ten of them, covering about 70% of the area of the province. The commissions are mandated to prepare regional plans with which municipal plans must conform. They comment on annexation proposals and have the influence that comes from data collection, research and a broad perspective. The members of the regional planning commissions are elected representatives of the councils of the member municipalities.

There are 14 Regional Services Commissions, coming under the *Regional Municipal Services Act* of 1981. Like the regional planning commissions, these are inter-municipal agencies. Of the 14 in existence, six are established for water, three for sewer, one for sewer and water, three are for solid waste management, and one for sewage collection and waste management. Members of the commissions are representatives of member municipalities.

Apart from these incorporated service commissions, there are more than 500 inter-municipal agreements through which municipalities purchase and sell municipal services to each other. The services most commonly subject to these agreements are fire protection, ambulance service, recreation facilities, recreation board, garbage disposal, libraries, family and community support services, airport, roads and disaster services.

Metropolitan Growth Management

In the major cities of Edmonton and Calgary, there have been significant annexations over the years which have kept 94% of Calgary's census metropolitan area within its boundaries and 73% in the case of Edmonton. On average, the nine census agglomerations in Alberta

have 86% of their populations under a single municipal council. For six of them, the figure is 100%.

In an article in the Winter 1989 issue of the *Alberta and Northwest Territories Journal of Planning Practice* on "Calgary's Comprehensive Annexation," Brown, Miller and Simpkins wrote:

In response to the pressures which both cities were experiencing, the Government of Alberta established, in 1954, *The Royal Commission on the Metropolitan Development of Calgary and Edmonton* — or the McNally Commission...

A key concept promoted by the McNally Report was the "unicity" form of government, whereby the entire urbanized area falls within the jurisdiction of one municipal council. This principle has not been implemented for Edmonton, with the city of St. Albert and the community (hamlet) of Sherwood Park being left under separate municipal jurisdictions notwithstanding the City of Edmonton's attempt to include those communities within its jurisdiction. In Calgary, however, it was the basis for the annexation of the Town of Forest Lawn in 1961, and the Towns of Montgomery and Bowness in 1963 and 1964, respectively.

Referring back to the McNally Commission in 1982, Plunkett and Lightbody wrote in the Spring, 1982 edition of *Canadian Public Policy*:

Specifically rejecting the alternatives of two-tier federation (Toronto) and government by special purpose districts (Vancouver), the Commissioners recommended, in 1956, the amalgamation of the core cities with their industrial and residential fringe communities. To attain this has been Edmonton's objective since.

In a February, 1992 background paper entitled *The Role and Scope of the Regional Plan*, the Edmonton Metropolitan Regional Planning Commission (EMRPC) noted that, as part of the 1981 cabinet decision on the major annexation proposal from the city of Edmonton:

The Cabinet also put forward a number of growth management principles (including maintaining 75% of the Region's population in Edmonton) for the EMRPC to incorporate into its regional plan... No explanation was forthcoming as to how the Commission was to ensure the implementation of the 75:25 principle (EMRPC).

The Alberta Regulation (449/81) under the *Planning Act* had stated government policy in these terms:

- Maintenance of the role of the City of Edmonton as the dominant community in the metropolitan region and maintenance of the City of Edmonton as the centre of the regional growth pattern in future, with approximately similar importance in terms of population distribution;
- Provision for continued expansion to the City of St. Albert and the hamlet of Sherwood Park to a foreseeable population of up to 70,000 persons in the long-term planning horizon;
- Recognition of the need for the preservation of high quality agricultural land and avoidance of unduly dispersed patterns of residential, industrial and other types of human settlement through appropriate provisions in the regional plan;
- Provision for the accommodation of growth outside the Cities of Edmonton and St. Albert and the hamlet of Sherwood Park to occur in the existing urban centres of Fort Saskatchewan, Leduc, Morinville, Redwater, Spruce Grove, Stony Plain and Devon.

In July, 1992, the Alberta Planning Board recommended to the government that Regulation 449/81 be rescinded. The rationale was given by the Director of Administration of the Board in these words: "the Regulation may have been valid in 1981 when it was formulated, but evidence, 11 years later, shows that the growth patterns, as prescribed, have been occurring naturally and therefore there is no need to perpetuate them in the (Edmonton Metropolitan Regional Planning) Commission's new regional plan."

Apart from minor boundary adjustments and major city (Calgary and Edmonton) annexations, there were about 75 annexation applications per year from 1978 to 1983. Since 1983, when the legislation was tightened up, this rate has dropped to 15 applications a year. There have been three amalgamations over the whole time period. Some of the more interesting annexation decisions have been Edmonton in 1981, Lethbridge in 1983, Leduc in 1988, Calgary in 1989 and Fort Saskatchewan in 1991.

The Edmonton annexation is briefly described in Sancton's *Local Government Reorganization in Canada Since 1975* (ICURR) and in journals such as *Canadian Public Policy*. It is sufficient to say here that the Local Authorities Board proposed to give Edmonton most of what it sought based on the McNally principle, but that the cabinet decided major suburbs should not be joined to the city. Edmonton's proportion of the CMA is now slightly below 75%.

Lethbridge Success

The Lethbridge annexation (population now 61,000) is an example of a successfully negotiated annexation. It is explained in the following excerpts from an article in *Municipal*

Counsellor (March/April 1990), a periodical published by Alberta Municipal Affairs:

For the City and County of Lethbridge, the dialogue which yielded a mutually satisfactory agreement for the city's annexation of 55.7 square kilometres of county land began in 1981, at a time when local officials expected urban growth to continue at an aggressive pace for some years to come. The process extended through two years of meetings between the two councils and senior members of their administrations...

The final agreement of 1983 set out the details for: a new city boundary; a negotiated 'phase-out' under which the city would pay the county \$75,000 a year for a five-year period as compensation for lost tax revenues; the maintaining of tax levies at rural rates on farmlands within the annexed area, for as long as they remained undeveloped; the city's agreement to assist with water service to an area of country residential holdings; and a portion of the annexed land where municipal services would not be extended until 10 years or more after the annexation date...

"There was a political will to see this thing negotiated, rather than to spend a lot of money going through the annexation process," recalls Mr. Bartlett (Lethbridge city manager). "Without the political will of the chief players, I don't think the negotiated agreement would have been made"...

The city and county also enjoyed a certain advantage from the beginning: a historically strong relationship based, in part, upon a common agricultural economy. "We recognize that we're pretty dependent on each other," says Mr. Bartlett...

County Manager Sheldon Steinke believes the yearly meetings of a standing joint committee of city and county elected officials have helped the municipalities deal with intermunicipal concerns before they have grown into full-blown problems. It was the committee that first launched the annexation talks...

Mr. Michna (city planning director) says that efforts made to keep residents apprised of the situation led to a measurable payoff at the October 1983 annexation hearing before the Local Authorities Board: only one person made an adverse submission. Municipal officials tried to keep ratepayers informed on taxation, school and other matters, and in 1982 a well-advertised public hearing was held on the annexation proposals.

It helped, too, believes Mr. Bartlett, that in broadening its boundaries the City was not motivated by the proverbial tax grab. The two municipalities agreed, for example, that annexed lands would not encompass the federal research station, the airport or the jail inside county borders. "Once we agreed on those matters, I think there was a fair amount of trust in the process," he says.

Leduc Rejection

Leduc city (13,970 population) is within the Edmonton census metropolitan area as is Leduc county (11,503). The City sought a substantial annexation (18,081 acres) from the county in 1987. The need for the extra land was predicated on the need to plan for a 40 year timeframe.

The Local Authorities Board (LAB) rejected the 40 year timeframe and said 20 to 25 years would be more suitable. The Board found that "of lands annexed since the mid 1970's, nearly 87% were still vacant. Over 55% of the City's land in 1987 was still undeveloped, with an available inventory of over 3000 acres. As the Order noted, the City concurred that it already had a 67 year supply of industrial land, and sufficient lands for 47 years of residential growth" (Steil, John K. in "Annexation Criteria in Alberta" in the Winter, 1988, issue of *Alberta and Northwest Territories Journal of Planning Practice*).

It is likely that the City was aware that the Edmonton International Airport, with substantial federal grants-in-lieu, was situated in the areas it sought to annex and that the airport was already well serviced. Naturally the County opposed the boundary change. So did the City of Edmonton and the Edmonton Metropolitan Regional Planning Commission.

The question of joint planning arose, but the City argued that "joint planning ignores the issue of revenue sharing... (which is) provided for under the *Municipal Government Act*" (Steil). According to Steil:

The LAB expressed a belief that the alternatives merit greater consideration in resolving complex annexation issues. These could include joint service agreements, joint planning control agreements, or tax sharing agreements. The LAB concluded that a tax sharing agreement, based on the City's role in housing 30% of airport staff, would be equitable, even though the LAB has no jurisdiction to order such an agreement. The Cabinet, in announcing its decision, advised the municipalities to negotiate on this matter.

Negotiations did take place. They were difficult, but they succeeded. The annexation had been rejected both by the board and by the cabinet.

Fort Saskatchewan Annexation Approved With Conditions

Fort Saskatchewan (12,078) is a city within the Edmonton CMA which contains some of the heavy industry (refinery row) of the metropolis. Adjacent to Fort Saskatchewan is Strathcona County, the rural municipality, in which there is also much heavy industry. The City has been growing from its small town days for decades, often by annexing lands from the county.

The Local Authorities Board Report, *City of Fort Saskatchewan and County of Strathcona Annexation Applications* of 1990 contains the following extracts, describing and evaluating the hotly disputed case:

[L]andowner applications in 1979 and the major Edmonton annexation prompted the County to propose joint planning to forestall potential annexation of the Northcorp proposed development or the Scotford developments, all in the Northeast Industrial Area. The County wanted to protect the existing heavy industry from further annexation and at the same time the City was concerned regarding the potential restriction of its heavy industrial growth brought about by the provincial government's limitations on the Northcorp proposed development. The City wanted to protect growth options and ensure financial compensation from County developments (p.49).

A joint planning committee was established and a Joint General Municipal Plan was produced over several years. The 1986 plan provided for a process of consultation on annexation proposals and created an urban expansion area which could be subject to acceptable annexation proposals over the next 25 years. The plan said that the committee:

shall consider the potential gains and losses of municipal capital investments and taxation revenue resulting from a proposed annexation and endeavour to negotiate a settlement of such issues prior to consideration by the Local Authorities Board(p.42)...

In 1988... Dow Chemical Canada Inc. announced an \$800 million expansion to its Fort Saskatchewan operation.... [It] would require approximately 370 acres of undeveloped land owned by Dow. A polyethylene plant would be constructed on the existing plant site in the City. A fractionater unit and an ethylene plant would be constructed on their adjoining property lying within the County.(p.26)...

All of the City's heavy industrial land is owned by the existing heavy industry. Of that area, 2019 acres or 88% is now developed with 286 acres remaining to be developed.... Of all the heavy industrial land in the County, only 16% was developed leaving 84% for future development (p.24).

The City's petition, filed with the Board on April 11, 1989, acknowledged that the City had met with the County on five separate occasions to discuss the proposed annexation and endeavoured to obtain their approval... The City's primary objective is to annex adequate land on which existing heavy industry could expand and to provide land for new heavy industries...

Shortly after the City filed the application, the County, on April 18, 1989, adopted a resolution to annex certain heavy industrial lands from the City and to cede other County lands to the City... The County cited public

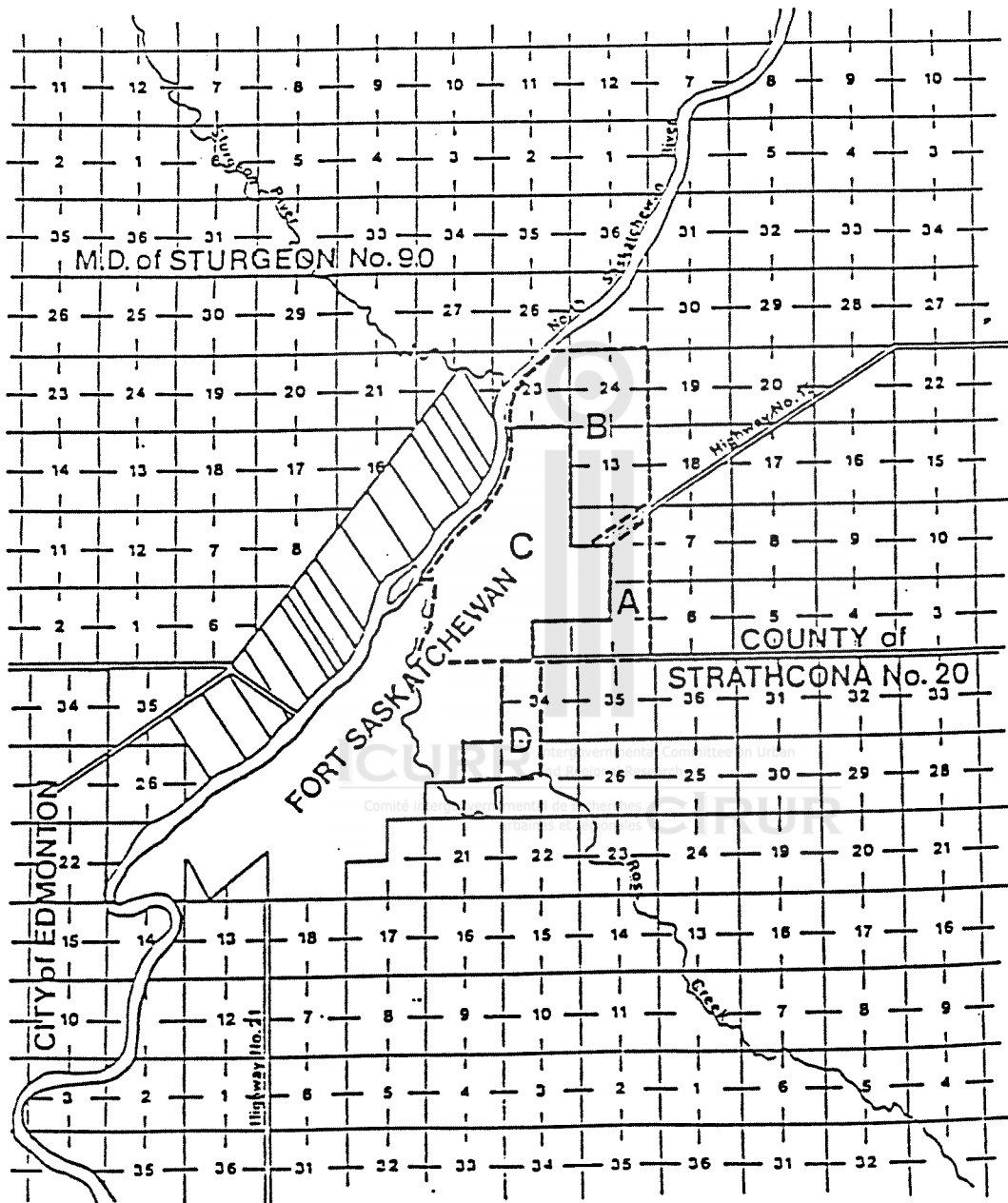
interest, boundary and fiscal stability and the need for a revenue sharing agreement as reasons for the application. The revenue sharing agreement would allow for the sharing of heavy industrial revenues from a prescribed area between the two jurisdictions thereby negating the need for future annexations of heavy industrial lands (pp.1-2).

The Edmonton Metropolitan Regional Planning Commission told the Board that the city needed the heavy industrial land in Block B, but not that in Block A. The Commission opposed the County's application to annex Block C from within the City. In the end the LAB approved the complete City proposal and rejected the County one.

The Board notes that following six months of frustrated negotiations by the Joint Planning Committee established under the provisions of the Joint General Municipal Plan, the County invited the participation of the Deputy Minister of Municipal Affairs in further negotiations. Another six months ensued during which time six more meetings were held with the Deputy Minister of Municipal Affairs. The last meeting included the Councils of both municipalities as well as the Minister of Municipal Affairs. To the Board's

Figure 3.

PROPOSED ANNEXATION AND CEDING TERRITORY



Source: Alberta Department of Municipal Affairs

knowledge, no reported progress toward agreement took place during the year of negotiations.

... Negotiations can be effective only where there is clarity in purpose and both parties have a common objective and the will to see their discussions succeed. Although there had been co-operation when the Joint General Municipal Plan was negotiated and executed, it diminished when successive participants placed different interpretations on the Plan (pp.100-102).

The Local Authorities Board noted that it did not have the jurisdiction to include revenue sharing in its order. It filed its report on October 9, 1990. On February 14, 1991, the cabinet approved the decision but added to it a clause that read as follows:

That, prior to June 30, 1991 the City of Fort Saskatchewan and the County of Strathcona shall negotiate and reach agreement on:

- (i) the apportionment of municipal taxation, and
- (ii) the compensation required to be paid to the County of Strathcona for infrastructure paid for by the County of Strathcona and in place to serve the annexed lands at the effective date of the Order.

The cabinet's order-in-council was altered in December, postponing the annexation for three months and providing for final offer arbitration to be completed eleven days before the annexation. The arbitrator would be the Associate Chief Justice of the Court of Queen's Bench. His decision would be binding and the new order in council said "the arbitrator need not give reasons for his choice."

On March 11, 1992, the judge wrote to the two municipalities indicating that the County came closer to the criteria given him in an Order-in-Council, namely that there be "a fair, equitable and mutually beneficial apportionment," than did the city. The subsequent order-in-council indicated the main result is that the city will have to pay the county "for the years 1993 to 2010 inclusive ('the apportionment period'), one-third of the municipal tax revenues received by Fort Saskatchewan from the annexed lands and all improvements on those lands."

Calgary Compromise

The City of Calgary applied in 1988 to the Local Authorities Board to annex 95 square miles from the adjacent Municipal Districts of Foothills and Rocky View. The City had negotiated with the councils and administrators of the two rural municipalities over two years and come

to an agreement whereby neither would oppose the annexation. The Calgary Regional Planning Commission had unanimously approved the application.

There were objections from a small number of residents' groups, none of whom could speak for a majority of people in their respective areas. In the end, the Board accepted the negative arguments advanced and cut the area to be annexed down to 55 square miles. The Board argued that "inter-municipal agreements do not provide a substitute for justifying a need for land" and later wrote:

The Board is of the opinion that uncontested applications and untested theories of the magnitude and complexity as in this application can lead to the establishment of improper precedents (Brown, Miller and Simpkins).

Alternatives to Consolidation

In reviewing the Leduc decision of the Board, John K. Steil wrote as follows:

After making its Order, the LAB made the following comment:

"It is clear that annexation is not a feasible answer to some intermunicipal problems, which can and should be solved by mutually satisfactory agreements. Legislation contemplates a number of mechanisms for use in solving certain problems."

The LAB continued by pointing out the three major mechanisms - sharing of tax revenue, joint planning, and joint jurisdiction.

Alberta would appear to be a province which engages in important annexations but is also promoting alternatives to boundary changes. In its Fort Saskatchewan Report, the Board observed as follows about the Edmonton area:

This conurbation of activity will continue to develop annexation tensions...The Board believes these tensions will accelerate regardless of the annexation procedures employed...

Since then (1981) the Board has heard several comprehensive annexation applications within the Edmonton Metropolitan Region. The option of regional government has sometimes been portrayed as an alternative to annexation or revenue sharing. The Board's observation is that as the population and tax base growth continues, so will the intermunicipal tensions. They may be eliminated by structural boundary adjustments, ameliorated by revenue sharing or managed by metropolitan government.

Presumably the references to regional government and metropolitan government are references to two-tier structures as exist in Ontario.

Edmonton Metropolitan Regional Planning Commission (EMRPC)

When consolidation is considered because of a perceived need for regional planning, an alternative is to establish a regional planning commission. The Edmonton Commission is presented here as an example of one which appears to have significant influence and, in that sense, may be more effective than such bodies in other provinces. It may also be that the Alberta regional planning commissions have about as much influence as can be had without turning them into governments.

In referring back to the 1981 Edmonton annexation decision, when the province turned down the Local Authorities Board's unicity approach, the Board noted that the government chose rather to "provide for the reorganization of the Edmonton Metropolitan Regional Planning Commission to provide a greater metropolitan planning function."

While the EMRPC does not enjoy much power to implement its regional plan, it does have the power of influence with respect to municipal plans which must be consistent with the regional plan. Its research and data collection help make it a persuasive intervenor in planning and annexation matters which come before provincial boards.

In the EMRPC'S background paper on "Role and Scope of the Regional Plan" (February, 1992), implementation is a concern. Its fifth and last conclusion is as follows:

The Plan should develop additional means for the Commission to implement the Regional Plan besides subdivision approval and conformity review of municipal plans and land use by-laws. Other means of implementation include any or all of the approaches mentioned in Part V (policy researcher, information officer, facilitator, intervenor, advocate, regulator) as well as the formation of new partnerships and associations with implementing agencies. In other words the Plan must foster, and put into action, a new spirit of co-operation. This will require attention, at all times, to those issues and areas where urban/rural inequities are perceived, and an assessment of whether they can be resolved or are reasonable in achieving overall regional goals and objectives.

Ontario

Ontario has had a two-tier system covering the south portion of the province since the passage of the Baldwin Act of 1849. In the north there have been a few cities, towns, townships and villages, with no upper tier governments until the Regional Municipality of Sudbury came in the 1970s. Hence, most of the northern part of the province, which has sparse population, is unorganized municipally.

As of 1992, there were 789 single or lower tier municipalities. This represents a drop of 77 since 1972, most of which occurred in the seventies. The twenty year drop has been essentially villages and townships, which were part of the lower tier consolidations that occurred as part of the regional government program. The current figures are 51 cities, 145 towns, 116 villages, four separated towns, one borough, and 472 townships.

There are also three improvement districts and ten districts in the north which do not have elected councils so are not included in the figures above.

At the upper tier, the totals have stood at 39 over the last two decades, but the composition changed from five regional municipalities and 34 counties in 1972 to 13 and 26 respectively in 1982, with no change in the last decade. The regional municipality figures include a restructured county (Oxford), a district municipality (Muskoka), a metropolitan municipality (Toronto) and ten regular regional governments. While only 20% of Ontario's land area is municipally organized, 99% of the population lives under elected municipal councils.

Police Villages

Within some townships there are also police villages. These offshoots from municipal government were provided for in the original municipal act. In early 1987, the Minister of Municipal Affairs appointed the Advisory Committee on County Government "to review the capacity of county government to deal with important services issues." County government in Ontario involves the lower tier townships which are rural units with relatively small surface areas. Since police villages are an instrument for some service delivery within townships, the Advisory Committee reviewed their role.

Police villages are referred to here because they are similar in some respects to local elected committees under the RCMs of Quebec, local elected commissions under the regional districts of B.C., and the community councils of Halifax County in N.S. Whereas three provinces are moving in the direction of establishing such instruments, Ontario has been moving to get rid of them. The Advisory Committee found as follows:

The *Municipal Act* provisions allowing county councils to establish police villages were repealed in 1965, as were the provisions providing for extension

of police village boundaries. At the same time, an amendment provided a ward mechanism for preserving the identity of a police village community while dissolving the special purpose board of trustees. By 1985, 99 police villages had been dissolved as a result of restructuring or by application for dissolution...

Another 1964 amendment to the *Municipal Act* gave the OMB (Ontario Municipal Board) the authority to hear applications to define urban service areas, which provide parallel responsibilities and structure to the police village concept. Both police villages and urban service areas tax a localized area for specific local services. The urban service area, however, is administered by the municipal council, whereas the police village is administered by a special purpose board of trustees.

... In practice, 10 of Ontario's 70 police villages provide no services (they are dormant or inactive), 13 provide only one service, and five provide only two services...

Concerns focus on: whether police villages have continued relevance, public confusion about who provides what service, fragmentation of service delivery and accountability. A 1984 survey indicated that more than 78% of police village boards of trustees were acclaimed in the previous election. It has been difficult to find anyone willing to serve as a trustee in some police villages.

County Reform

There are numerous inter-municipal agreements in Ontario, resulting in both single purpose and multi-purpose agencies, and dealing with both planning and services. There are more of these where the local government has not been restructured which includes the 26 regular counties and the north outside of Sudbury, Timmins and Thunder Bay.

The Advisory Committee on County Government had this to say about inter-municipal agreements:

Agreements between two or more municipalities provide a great deal of flexibility in the terms, conditions and area of service delivery, and are often an effective mechanism for providing certain services. However, they can also be time-consuming to negotiate, can foster dispute, and can create confusion about accountability.

Three months after the Advisory Committee (a parliamentary assistant, two reeves and a mayor) reported, the Minister announced the appointment of the Consultation Committee on County Government in Ontario, composed of nine M.P.P.s. Its job was, in part, to consider the recommendations of the Advisory Committee.

The new committee found that county government had changed little in 140 years, although "the society within counties has changed over the years." The committee's report made many recommendations which led to a statement from the minister entitled *Towards an Ideal County - Principles and Programs for a Strong County Government System In Ontario*. This publication is dated January, 1990. The minister, Hon. John Sweeney, described the need for change this way:

Two recent studies have documented a number of problems. Some of the more serious ones include:

- unfair representation of municipalities on county council;
- a proliferation of boundary disputes and inter-municipal agreements within counties and between counties and neighboring separated municipalities;
- the inability of many small municipalities to deal effectively with growth pressures and increasingly complex and expensive service demands.

Among the principles enunciated were these:

10. Local municipalities within counties should be organized to be viable, self-reliant administrative units capable of providing strong, effective representative government for their citizens.

Such strong local municipalities, as administrative units, should:

- encompass complete service areas, including space for expansion. Where boundary disputes exist, *or an array of inter-municipal arrangements has developed*, these should be addressed as symptoms that the existing local administrative units no longer reflect their logical or most effective communities of interest;
- recognize and enhance the local communities that make up local municipalities, for example through the adoption of ward systems, support for local community development initiatives and other initiatives to promote community identity, and;
- have a sufficient population and assessment base to support efficient, cost-effective services. Other factors to be considered include service areas, population density, geographic isolation, nature of the local economy and its rate of change, and natural location of a service area...

12. Representation on county councils should be based on the principle of representation by population...

13. Notwithstanding principle 12, no one municipality should have a majority of the representation on county council.

14 [A] council that is significantly larger than 20 members may not be able to fully involve its members in an effective and efficient manner.

15. The integration of separated municipalities (essentially cities) into the county system should be considered on an individual case basis.

Integration has the following advantages:

- it removes the competition for assessment through the pooling of costs and benefits;
- it may eliminate duplication of administration of certain services, provide more effective, efficient services and foster economies of scale;
- it may reduce the number of special purpose bodies established for joint service delivery and reduce the number of joint service agreements, thus improving accountability and accessibility;
- it redirects the resources, energy and creativity of the involved municipal units to promote the shared interests of the area; and
- it creates a strong focus of local government in the area.

16. Where disadvantages, such as overwhelming domination of a county by the inclusion of a separated municipality, outweigh the advantages, consideration should be given to a strengthened, more stable working relationship between the county and the separated municipality. This could be facilitated through the establishment of a county-separated municipality liaison committee to oversee all shared services and joint planning in fringe areas. Policy decisions of the liaison committee must be ratified by the councils of the county and the separated municipality.

Later in this statement of government intentions, the linkage between consolidation and the grant structure is discussed with suggestions of changing policy:

The grant structure can and does influence municipal councils when it comes to deciding whether or not to amalgamate or annex. For example, a number of conditional grant programs, particularly those for infrastructure, have a grant rate which decreases as the size of the recipient municipality increases. This is a disincentive to amalgamation or annexation where the restructuring would increase the municipality's population to a point where the grant rate decreases.

This issue is being addressed through a Conditional Grants Review which is being chaired by the Ministry of Municipal Affairs. The Grant Review developed a set of principles, which were endorsed by Cabinet, against which all current and proposed grant programs are to be judged. A key principle supports the thrust of strengthening counties. This is: "Grant programs should encourage improved municipal capability."

Through the review, granting Ministries will be made aware of the unintended disincentives created by their grant design and, where possible, disincentives will be eliminated.

While the unconditional grant system does not have clear disincentives against municipal strengthening and restructuring, these grants can provide the means through which small, unhealthy municipal structures can continue to survive. In the Unconditional Grant Review presently under way, careful

consideration will be given to the influence that the grant system has on decisions regarding municipal structure.

About seven months after *Toward an Ideal County* was published, the government was defeated. The new government has neither endorsed nor rejected this statement of provincial policy. Its municipal attention appears to have been directed to some long-standing critical disputes and concerns about a few location- specific issues.

Regional Government

In some respects, there is a continuity in local government matters in Ontario from party to party to party. For instance, it was the Tories who established both Metro Toronto and the regional governments. It was while the Tories were in that the model for a restructured county (Oxford County) was developed. While the Liberal opposition complained loudly about regional government and talked about abolishing it, they tried to improve it in minor ways when they came to office. No fundamental changes were proposed. Since the NDP came to power, there is no sign of any fundamental rejection of regional government, only evidence of continued minor improvements. In fact, it is a system that has matured, is stable and fully accepted. It is not perfect, but it appears to work as well as any other part of our various local government systems.

Regional Municipality of Ottawa-Carleton (RMOC)

Regional governments have undergone periodic reviews to see how they have been working and what further changes may be required. Virtually all of these reports have been positive and recommended improvements only. A recent example was the Bartlett Report on regional government in Ottawa-Carleton. In its 1989 *Response to Phase II of the Bartlett Report on Functions and Finances*, the Regional Municipality of Ottawa-Carleton (RMOC) quoted from the report as follows.

From the present Review, one can only conclude that on balance the RMOC has been a success (p.139).

Government of the RMOC is complex and difficult, simply because the underlying reality is complex and difficult. We are dealing, after all, with the capital of a decentralized, pluralist federal state which is located on a provincial boundary and which constitutes, in world terms, a small and isolated metropolitan region. Out of this has come a reasonably prosperous and agreeable community, fostered by capable local governments on both the regional scale and the local scale (p.141).

If the pace of development and of improvements in the quality of life are to be maintained, the residents of the Region will have to take some hand in shaping their own destiny. An effective, accountable regional government

is the only instrument available to accomplish this (p.140).

While the National Capital Commission has had something to do with the quality of life in the Ottawa area, there can be no doubt that these quotes reflect well on a system which includes five cities (three of which have populations over 100,000), five townships and one village. This is the Ontario side of our fourth largest census metropolitan area.

In spite of all this, a further study under Mr. Graeme Kirby is under way in Ottawa-Carleton. Whether it will recommend changes beyond anticipated direct election to the regional council remains to be seen.

Having achieved a restructuring of local government involving almost 60% of the population, the remaining reform issues have to do with reform of the rest of the county system in the south and, if possible, finding a better way to deal with the unincorporated parts of the north where the limited population expects some local services.

Sault North

One example from the north is the area North of Sault Ste. Marie on which a Minister's Advisory Committee reported in late 1991. The area studied was composed of 31 geographic townships and no incorporated municipalities. The area has had the Sault North Planning Board since 1976. It also has 26 local boards or committees for various local services including roads, fire protection and recreation.

The Advisory Committee recommended one of two options it described. Its option one, which appeared to be its preference, was for at least three municipal incorporations with co-operative arrangements on planning and development. There were strong objections from the residents of the area who feared higher taxes. The committee did not recommend incorporation "at the present time because of the unfavourable economic conditions that prevail in the area and because of the opposition to incorporation expressed by the residents." The Committee commented as follows on the issue of imposition:

By far the most rewarding and effective way to become municipally incorporated is for the residents themselves to request it. This permits them to determine their own boundaries and structures within established guidelines. The possible imposition of municipal structure by outside authority is a major cause of anxiety and mistrust that the Committee observed in Sault North... Self determination of the issue is the most desirable solution.

The option chosen by the Committee was a combination of a Sault North Area Board and four Local Community Boards. Each of the Local Community Boards would be composed

of five elected ratepayers and could offer any combination of fire protection, recreation, sewage, water, garbage, street and area lighting and road services.

The Area Board would replace the Sault North Planning Board and would be responsible for planning, development and tax collection. Its composition would include from one to three representatives of each of the Local Community Boards and one provincial representative for a total of eight members. In August, 1992, the government was considering the Advisory Committee report.

Sarnia and London

Sarnia's long struggle for annexation is well documented by Byron Montgomery in the fourth of the University of Western Ontario's *Local Government Case Studies*. In summary, the resolution of the dispute in the Sarnia area occurred under strong provincial pressure. It included amalgamating Sarnia and Clearwater and placing the new city within the County of Lambton which continued to have nineteen other small unstructured towns, villages and townships. Sarnia-Clearwater has 74,376 of Lambton's 128,943 population with 5 members of the county council out of 24 and 15 votes out of 37.

The City of London (303,165) has also been trying to negotiate a significant annexation from surrounding municipalities for some time. It was using the provisions of the *Municipal Boundary Negotiations Act*, 1981, which was based on experience in a pilot project under which Brantford was able to work out an agreement with Brant County and its components for a long-sought annexation. In the cases of both Sarnia and London, the negotiation process failed.

Some evidence of the Ontario NDP approach to these issues may be seen in the way the London case is being handled. The Minister appointed a Greater London Area Arbitrator, John Brant, who produced a report calling for a larger annexation than the City had sought, based on planning and economic development considerations.

The arbitrator's terms of reference had included this note:

"Regional Government" for the current County of Middlesex and City of London is not a preferred option due to the availability of other growth management options, and the City's dominance when the principle of representation by population is applied.

The report contained no suggestion of integrating the city into the county (69,000) as with Sarnia. Instead, there were recommendations for a buffer zone and a City-County Liaison Committee, in the following terms.

To preclude urban development in the City's immediate fringe area, a buffer zone of approximately three kilometres outside the City's new boundaries will be observed in which no development will be allowed without full urban services except for farm related development... As provided for in the *Municipal Boundaries Negotiation Act*, any development in the designated buffer zone must have the approval not only of the host municipality but also of the adjacent urban municipality...

A City-County liaison committee shall be established to consider and manage those issues of a common concern to both municipalities. The charter of this committee must be based upon a desire to find ways to make both the County and the City stronger through co-operative action.... It shall assume responsibility for any existing joint committee activities such as the London-Middlesex Health Unit.

This committee must aggressively look for opportunities of mutual support such as industrial development, parkland and environmental programs. It should look for recognition through such activities as a major co-operative environmental project each year.

It shall also assume responsibility for any planning conflicts that may develop among municipalities adjacent to the City to prevent these conflicts from interfering with future development.

In a press release, the Minister, Hon. David Cooke, said he intends to implement the recommendations "as quickly as possible so the City and the County can capitalize on the economic renewal opportunities the new local government structure will present" (April 3, 1992). In his report, arbitrator Brant had said:

My recommendations can only be considered in their entirety: they are completely interrelated and balanced to provide an optimal opportunity for the entire area. They must be implemented as though they were one.

Transition committees - political and technical - were at work in May, 1992.

Simcoe County

Simcoe County is situated between Lake Simcoe and Georgian Bay. It is separated from Metropolitan Toronto only by the regional municipalities of York and Peel. Both industrial and population growth have put pressure on municipal infrastructure and the environment beyond the level which the original county structure can appropriately handle. The pressure for restructuring has been such that the Ontario government felt the southern part of the county would have to be dealt with before the whole county could be reviewed.

In a report prepared for the Minister of Municipal Affairs by the Municipal Boundaries Branch of the Ministry in 1988 and 1989, the background was described, in part, as follows.

Since 1981, there have been five annexation agreements implemented by Order-in-Council in the south Simcoe area... Currently, five annexation applications within the area remain unresolved...

All of the annexation applications arose from similar issues and problems, including rapid economic growth, environmental, servicing and planning. The arrival of Honda to the area resulted in further pressure for development, creating additional servicing and planning concerns.

Involved with the Ministry in the South Simcoe Study were two towns, three villages, three townships and the county. All were represented on a Steering Committee. Among the goals and objectives of the study were these:

- To ensure that all municipalities, including the County, are structured to ensure: representation of areas of common interest; efficient and effective provision of all required services; political accountability and accessibility.
- To create municipalities that are strong and financially viable to meet the current and future needs of their constituents.
- To maintain equitable County representation, based on population.
- To ensure that inter-municipal agreements for the provision of services are minimized.

In its Study Area Profile, compiled with the help of several ministries of the provincial government, the report describes certain problems as follows:

Fringe development is a multi-faceted issue. It places urban municipalities in a difficult position, when developed lands need to be included in boundary adjustments. If the amount of the assessment of the developed lands is significant, financial compensation to make the financial and administrative adjustments becomes necessary. For this reason, annexations involving fringe development are often hotly contested...

In addition, fringe development often relies on urban centres for servicing capacity. This often hinders the urban centre's plan for growth, as servicing capacity becomes exhausted...

In the absence of structural change, growth in south Simcoe has resulted in a proliferation of joint service arrangements. The Profile documents that the study area municipalities are involved in 36 joint service arrangements. Shared services include: fire protection, police dispatch, water, sewer, landfill, recreation, libraries, municipal law enforcement, and building

code inspection.

Local service agreements are an attempt to achieve economies of scale and efficiency. They also reflect inability or unwillingness to provide services directly when they can be purchased. Many such services are provided by urban municipalities to townships. The Township of Innisfill also extends many services to several urban centres, as well as to township municipalities.

Service agreements tend to remove accountability of elected officials for the public that uses the service. They also require a considerable amount of time and energy to negotiate.

Another difficulty with joint service agreements is that the provider has no control over the size of the user community to be serviced, and no assurances that the user community will, in fact, be utilizing a facility over a period of years. This makes planning for long-term capital expenditures difficult.

The Ministry of the Environment contributed information which summarizes the area's water supply, water storage and sewage treatment plant capacities. The Ministry of the Environment confirms that there is virtually no surplus water or sewage capacity in south Simcoe.

The report concluded that a consensus could not be reached but that provincial action was urgently required. Recommended was a reduction from eight local municipalities to three. The reasoning included the following points:

South Simcoe is a growth area as evidenced by the fact that development proposals, currently before the study area municipal councils, exceed the 20-year projection for the area.

The municipalities in the south part of Simcoe County require both restructuring and a major area-wide servicing scheme:

- to improve the local political environment for existing and future industries;
- to provide services to existing and future residents and industries;
- to effectively determine land uses for the preservation of valuable agricultural land plus a full range of housing stock; ...
- to eliminate divisive annexation applications and reduce the potential for them in the future;
- to reduce joint service agreements;
- to provide for local job opportunities as opposed to the dormitory/commuter appeal that is currently being promoted by area developers;
- to demonstrate that restructuring is indicative of long term vision and may be used as a potential Provincial model, and;
- to lighten transportation pressures on the Greater Toronto Area.

While the legislation was going through the House, the study for the rest of the County was under way. That study reported in May of 1991. The County, prior to the legislation, had seven towns, eight villages and 18 townships, for a total of 34 including the county. Geographically within its boundaries were two cities, Barrie and Orillia, which agreed to join the study committee.

Part way through, when the county majority was making decisions the cities found unacceptable, they withdrew. The report proposed reducing the number of municipalities which would be members of the county from 29 to 16 and invited Barrie and Orillia to join the county, offering uncontested specific annexations to both, if they came in.

On receipt of the 1991 report of this County-initiated study, the Ministry issued a release on the Minister's position. The Minister supported in principle the "County Council's decision" but indicated he wanted to engage in further consultation with municipal representatives. There were four outstanding issues including the positions of Barrie and Orillia. He appointed two committees to study these issues.

According to the Ministry of Municipal Affairs (*Legislation Compendium, County of Simcoe Act*, issued in August 1992 with a draft bill for consultation):

The results of these committees were that the County voted in favour of establishing a County Planning Department which was also to lead the initiative of a Strategic Plan for the County as well as a County Official Plan. The County also recommended that Joint Planning Committees be established to improve planning and liaison between the County and the Separated Cities of Barrie and Orillia.

The draft bill provides for several amalgamations and annexations, and denies amalgamation of the cities and the County, substituting "Joint Planning Committees" as an alternative to consolidation. Urban service areas are provided for the non-city municipalities.

Disentanglement

One potentially important study which is now under way is a joint study of disentanglement. The partners are the Ontario government and the Association of Municipalities of Ontario (AMO). The steering committee is made up of six cabinet ministers and six municipal representatives appointed by AMO.

Disentanglement means going as far as possible to separate out provincial and municipal responsibilities for policy making, administration and financing particular programs and services.

In addition to the steering committee, there is a co-ordinating committee at the staff level, including representation from the Ontario Federation of Labour, and a workforce impact committee. There are expert panels on welfare, roads, police, transit, assessment, and other matters. The objectives, involving improved service, accountability, fiscal management and long-term planning, are often seen as objectives of consolidation.

A significant report which brought focus to the disentanglement issue was the *Report of the Advisory Committee to the Minister of Municipal Affairs on the Provincial-Municipal Relationship*, known after its chairperson as the Hopcroft Report and published in 1991. Hopcroft, then a London alderman, was president of AMO at the time. The committee was composed of eight municipal people, one academic and an official of the Ministry of Municipal Affairs.



The Territories

There is very little in the way of consolidation occurring, either in the Yukon or the Northwest Territories. One example is the recent annexation to Hay River of a strip along the MacKenzie River highway known as the Hay River-Enterprise Corridor.

There was ribbon development in the corridor which was not part of any municipality. The area is several hundred kilometres south of Yellowknife and the territorial government (GNWT) wanted to be relieved of its local responsibilities in the area. The Town of Hay River wanted to expand, so an agreement was worked out between the town and the territorial government.

The residents of the corridor objected on several grounds, including both the change in town boundaries and the alleged lack of adequate consultation. Aboriginal concerns were part of the public discussion. In any case, the Minister of Municipal and Community Affairs and the Town of Hay River worked to provide effective responses to the substantive questions raised by the corridor residents.

The result was an agreement in 1991 between Hay River and the GNWT which covered the following points:

- Until 1996, taxes would remain at the 1991 level subject to stated factors such as inflation;
- The current contract for water distribution and sewage disposal would continue until it expired and then the town would tender for the service;
- The town's municipal plan and by-laws would be amended to safeguard the rural amenities in the Corridor;
- The government of the territory would sustain the current level of road maintenance until 1996 and thereafter the town would take it over, excepting the main highway, for which the GNWT would continue its responsibility;
- The town would get a \$20,000 annual additional grant until 1996 and the GNWT would spend an extra amount, up to \$10,000, on a drainage problem; and
- The residents of the Corridor have the right of appeal to the Minister regarding town by-laws they believe may unfairly affect them. This right is already in the law for a period of one year following by-law passage.

The Three Major Metros

The three major metros - Toronto, Montreal and Vancouver - have a number of things in common. They are still the only census metropolitan areas (CMAs) with 1991 populations over one million. Each has some kind of a regional government - Toronto with a Metropolitan Municipality, Montreal with an Urban Community and Vancouver with a Regional District. The provinces in which they are situated have a lot at stake in the economic viability and the effective government of these urban regions. The Toronto CMA has 39% of the population of Ontario; the Montreal CMA has 45% of the Quebec population; the Vancouver CMA has 49% of the population of British Columbia. Together they have 32% of the people of Canada.

If we compare the upper tier "metros" to the CMAs, we find that Metropolitan Toronto has 58% of the population of its CMA, the Montreal Urban Community has 57% of its CMA, and the Greater Vancouver Regional District has 96% of its CMA. This would indicate the importance of the non-metro parts of the CMAs in Montreal and Toronto. The relative growth rates and environmental concerns make the non-metro part of the Vancouver CMA important in a different way.

Differences aside, discussions are under way in each region about areas which are even larger than their CMAs, because the rate of current and anticipated population growth including immigration and refugees, the vulnerability of the economic base, the need for additional infrastructure, the fragile nature of the environment, the levels of resources and the capacity to manage growth, all call out for wider regional and strategic planning.

In Ontario, there is the Greater Toronto Area with its own minister and deputy minister working with the municipal leaders of Metro Toronto and four neighboring regional governments. In Quebec, there has been for some time a Continuing Cabinet Committee on the Development of Greater Montreal. To it has been added, in 1992, a blue ribbon Working Group on the Montreal Region. In British Columbia, there is a Regional Advisory Board of the Lower Mainland Regional Districts. In January of 1992, the Provincial Government and the Real Estate Foundation of B.C. sponsored a major public workshop on Regional Governance in the Pacific Fraser Region, which includes the GVRD and five other regional districts.

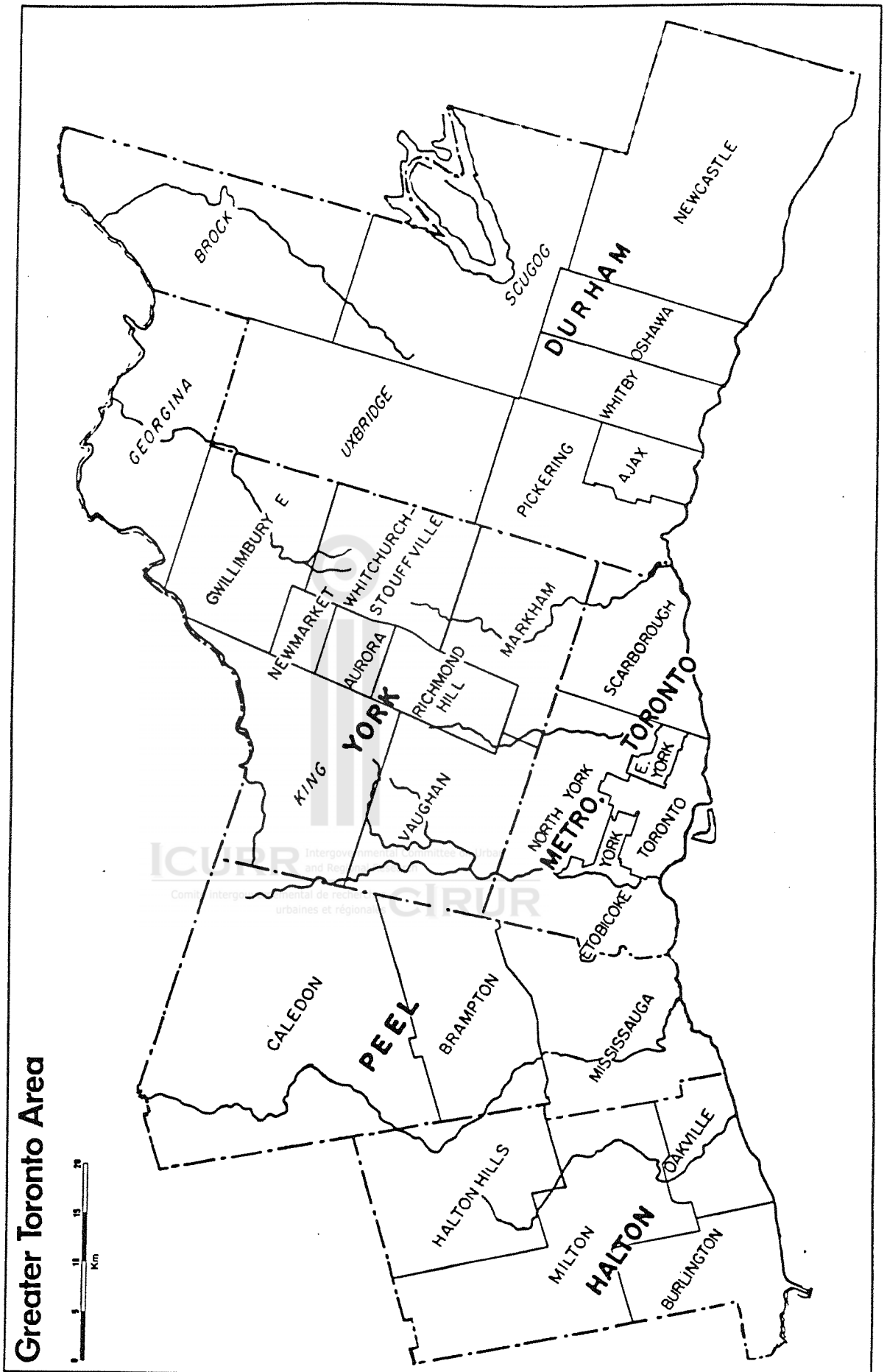
Greater Toronto Area

The Greater Toronto Area (GTA) includes Metropolitan Toronto and the Regional Municipalities of Halton, Peel, York and Durham, which have within them rapidly growing cities such as Burlington, Oakville, Mississauga, Brampton and Scarborough. There are four cities in the GTA with populations over 450,000 and nine more with populations over 100,000. Its area is larger than that of the CMA by 300,000 people.

The provincial government created the Greater Toronto Co-ordinating Committee in 1987. It was composed of the CAOs of all the regional municipalities within the GTA and from the City of Toronto and local municipalities just outside Metro. An office was established and a deputy minister appointed in 1988. By the end of 1989, the Heads of



Figure 4.



Source: Ontario, Office of the Greater Toronto Area

Councils Committee was established to include all the lower and upper tier mayors and chairmen.

While the initial mandate was to examine hard services for the area, in 1990 with a new provincial government, the mandate was expanded to include quality of life, human services and environmental integrity. In March of 1992, a working document called "GTA 2021 - The Challenge of our Future" was published. It is a vision statement based on a clear set of values. It is the beginning of a process to establish a strategic action plan to be completed in 1993.

Given Ontario's history, one might expect that a strategic plan would include some further restructuring of its local governments in the area. However, in view of the firmness with which the external boundaries of metro and the regions have been maintained, it may be that the province will have to consider some kind of federation of the federations, if local government is to have any significant control over wider planning and development issues.

Alternatively, the province could keep control of planning for the GTA which would not be inconsistent with their attempt at regional planning on the grand scale out of Queen's Park in the early seventies. Of course, the current activity is proceeding on a more consultative basis. But the frustrated Urban Development Institute asks what kind of accountability there is when one provincial minister for the GTA is the only person responsible to the electorate for the whole region and its four million people.

If an accountable system of local government for the GTA is to be established, it may have to be in the form of some special provincial-municipal relationship. It is not possible for a province to allow complete local autonomy for municipal government in its wealthiest, most populous region, even if it has devised a suitable co-ordinating mechanism. How, otherwise, would financial resources be available for dealing with problems in the rest of the province?

In the meantime, important planning work is being done in the GTA: the process does provide for consultation throughout the system and with the public; and the most appropriate structure does not have to be in place before worthwhile work begins.

Greater Montreal Working Group

The Montreal CMA includes not only the Montreal Urban Community (1,775,871), but Laval (314,398), which is also an island in the St. Lawrence, the north shore with another 356,629, and the south shore with 680,344 people. The south shore includes Longueuil, a city of 129,874. The area being looked at by the blue ribbon Working Group contains an extra 107,000 people, mainly on the south shore. The larger area is the same one as is being used by the Continuing Cabinet Committee on the Development of Greater Montreal.

According to a government release, the Working Group's aim is to find a way to create a lasting improvement in the economy of Greater Montreal. It is also a response to a request from the City of Montreal for a commission on the role and function of the area's principal city, and a request from the Ministry of Transportation to harmonize transportation planning with other aspects of regional planning and development.

The release noted that past attempts to stimulate the economy have been constrained both by development tendencies and by the absence of a common regional vision. Principal reasons for establishing the group were:

- the importance of Montreal as the metropolis of Quebec;
- the need of the provincial government for a vision of its own role with respect to the metropolis;
- the absence of effective consultation with the stakeholders;
- the absence of a common regional vision of land use and development; and
- development tendencies, including economic restructuring, urban sprawl, the decline of the centre, disparity in services, social cleavages, territorial fragmentation, cost sharing and world news.

The mandate of the group includes:

- to propose a diagnosis of the problems of territorial organization in the light of the evolution of the city and its region in the last decade;
- to deal with the conditions under which municipal functions must be exercised in the ensuing years;
- to propose a vision of the future for Montreal and its region, and to take account of experiences of other urban regions in Canada or abroad;
- to recommend actions on diverse questions including land use planning and development, political structures, finances, the role of Montreal, and relations between the province and the metropolis and its region.

The Working Group was directed to recommend appropriate measures to promote the integrated and lasting development of Montreal and its region, using criteria of effectiveness, equity, and economic, environmental and social costs and benefits. The Group is expected to report in 1993.

The Pacific Fraser Region

The Pacific Fraser Region is an area which includes the Greater Vancouver Regional District and the nearby Regional Districts of Central Fraser Valley (87,360), Fraser-Cheam (68,681), Dewdney-Alouette (89,968), Squamish-Lilloet (23,421) and Sunshine Coast (20,785). The cities with populations over 100,000 are Vancouver, Surrey, Burnaby, and Richmond, all within the GVRD. The total population of the region is 1,832,959 compared to the CMA which has 1,602,502.

A 1991 publication of the GVRD, entitled *The Regional Role in Transportation and Land Use Planning in the Lower Mainland* (GVRD plus three other regional districts) discussed how regional planning is approached in B.C. as follows:

The regional strategic plan and transportation plan will be negotiated instruments produced by a creative tension between regional and local or agency interests. If they are to be effective, they must identify clear choices and help us make difficult decisions. Made in a framework of common values, these decisions should not be divisive.

Once these plans are in place, there is no formal mechanism to ensure these plans are respected in the countless policy, planning, zoning and investment decisions which together will shape the future of this region. In the vernacular, these plans will have no teeth.

Experience has shown that the consensus-based model, while lacking teeth, has considerable influence. Examples of its success include the regional town centre concept and the routing for the first phase of rapid transit, neither of which was contained in any formal regulatory plan. More recently, *Creating Our Future (Steps to a More Livable Region)* has produced broad commitment to a very extensive agenda for regional action.

This approach to regional planning is based on a philosophy of voluntary cooperation which stresses strong communications and cooperation with municipalities and with key service delivery ministries and agencies at the federal and provincial levels.

This philosophy rests on three basic principles:

1. Knowledge is a powerful tool. The regional information base is critical. If the regional district has the best available information on present and future trends affecting regional development, it will bring to its table those who have the power to act upon this information.
2. Good ideas, consistently and coherently presented, will triumph over bad ideas. Dedicated commitment to concepts with broadly-based validity (e.g. regional town centres) will generate momentum for their implementation.
3. Maximizing cooperation will produce the regional interest. The region's interests are defined as the totality of the interests of the people who live here as reflected by their community representatives. Therefore, a process which insists on cooperation and consensus as the basis for action will seldom act against the interests of the region as a whole.

Under the heading "Is the Present Approach Adequate?", the GVRD Discussion Paper raises important questions, as follows:

The central issue is whether the consensus-based approach to regional policy-making is sufficient to address the goals set out in *Creating Our Future*

and the *Livable Region* and *Transport 2021* plans which will be based upon it.

Five issues of adequacy have been raised about this approach:

1. Jurisdictional adequacy. Can this system accurately track and identify the regional implications of local decisions, particularly local land-use decisions? Will the system ensure that the regional interest prevails where appropriate?
2. Environmental adequacy. If we rely completely upon consensus among the present human population of the region, will we give enough weight to the interests of various ecosystems and the needs of future generations?
3. Social adequacy. Can the present arrangements give adequate voice to the interests of the disadvantaged, the aged and the diverse ethnic groups present in the region?



Figure 5.

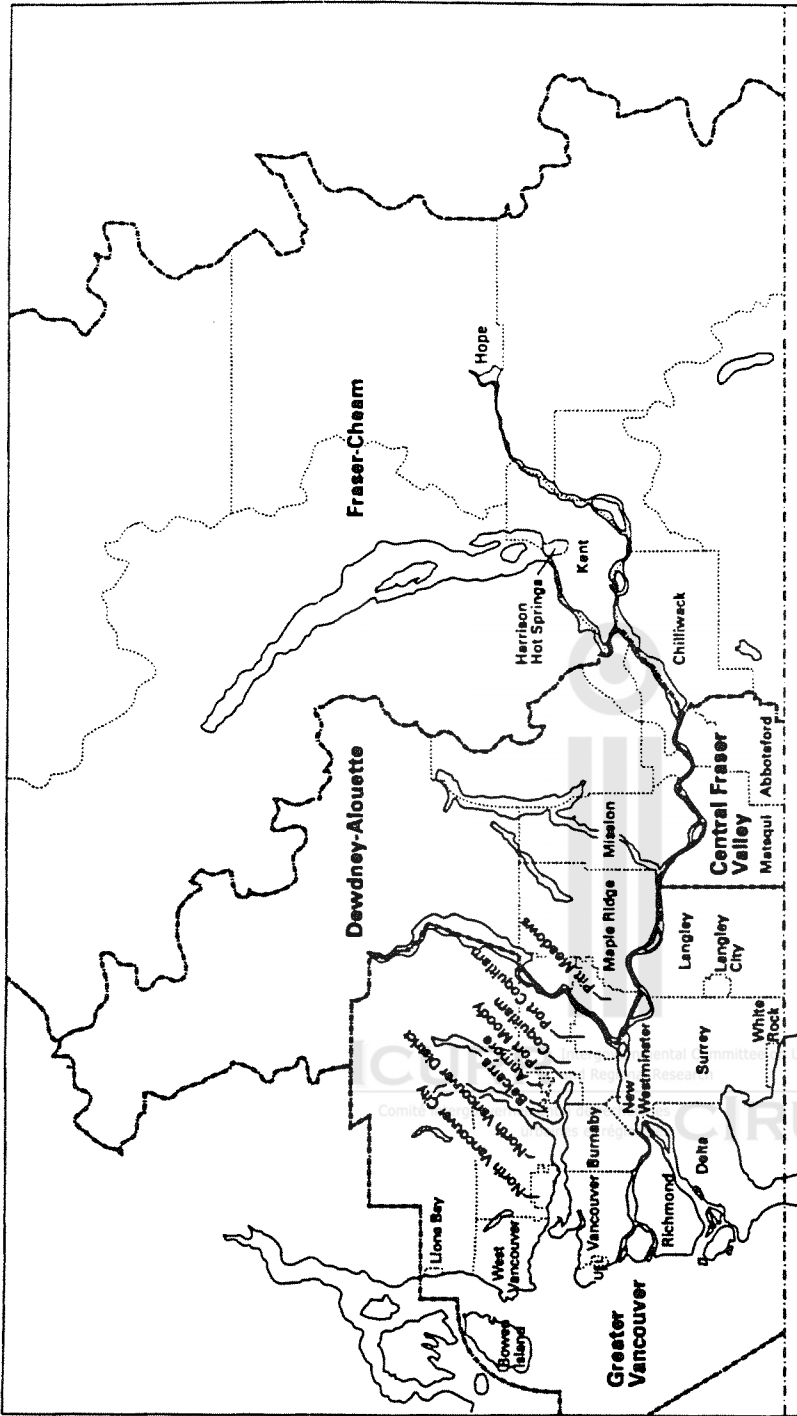


Figure 1
The Lower Mainland
Regional Planning Board
was replaced by four
regional districts in 1967.

	1991 Population	Municipalities	Electoral Areas
Central Fraser Valley	85,000	2	1
Dewdney-Alouette	91,000	3	5
Greater Vancouver	1,522,000	18	3
Fraser-Cheam	66,500	4	6

Source: Greater Vancouver Regional District (1991), *The Regional Role in Transportation and Land Use Planning in the Lower Mainland*. Burnaby: Greater Vancouver Regional District. Page 2.

4. Economic adequacy. Will we be able to manage growth in a way which can be serviced most cost-effectively?

5. [A]n increasing number of the Lower Mainland's population lives outside the GVRD's geographic boundaries. Does the pursuit of the present approach by the GVRD within its boundaries adequately address the long-term needs of the larger Lower Mainland region?

At the 1992 Policy Workshop on Regional Governance in the Pacific Fraser Region, 204 people debated whether the system of governance in the region needed changing. They were a fairly even mixture of municipal, regional and provincial politicians, public servants, and private sector people, with a small number from universities and the media.

In her concluding remarks, Jessie Hill of the University of British Columbia summarized opinion as follows:

There was a strong preference for incremental change... The basic critique of the present system of intermunicipal confederation was that it had worked for "choosing our future" (i.e., the consultative process of goal, value and vision definition) but it is not working for "conveying our future" (i.e., the implementation of identified goals, values, and vision of a livable region).

...Generally, the groups concluded that the present Regional District system was not doing a bad job and that the system needed minor re-alignments (e.g., increased public awareness and participation) rather than a major overhaul (e.g., the introduction of new structures of governance). As one recorder noted, "most participants seemed to prefer familiar problems to unfamiliar solutions."

...The merits of the system of dispersed authority rested on the importance of local autonomy, diversity, and the preservation of municipalities' distinct identities. The demerits relate to the system's ineffectiveness in ensuring regional concerns are taken into account in local decisions. The second concern related to accountability and the relationship between regional and municipal powers. There was a split in opinion as to ... whether a directly elected Regional Board would better serve the Region.

What Canada's three largest metros have in common is the prospect of further rapid growth, concern about how to plan for and manage that growth, and a concern about the environment and the impact of its further deterioration on living conditions in the metropolis. The economic base is obviously a major concern in the Montreal area. It may be an increasing concern in the Toronto area, and in Vancouver there is a lively prospect of economic growth related to trade with Pacific Rim countries.

In any case, all three regions must face growth and the management of it. It must involve land use and transportation planning, but who will decide how to implement plans that find approval? In Toronto and Montreal, it would appear that provincial governments will keep a strong hand on the tiller. In Vancouver, there may be an attempt to find solutions based on good relationships, good information and democratic wisdom. Is the B.C. approach one that works in a prosperous economy in which negotiating partners can all find the resources to support their roles and where there is an absence of the desperation born of tough economic circumstances which tends to stimulate parochial self-interest?

One feature these three metros share is that they already have a two-tier system of government. If one-tier Edmonton found itself with growing suburbs outside its boundaries, the Province would have the choice, indicated by the Local Authorities Board, of moving to a two-tier structure for the whole region or of accepting major annexations of already built-up territory, in order to secure regional decision-making capacity.

B.C.'s flexibility was already shown when the GVRD's external boundaries were changed to permit the City of Langley and the Township of Langley to leave the Central Fraser Valley Regional District and join the GVRD in 1988. Quebec too has shown flexibility when it changed county boundaries to establish the RCMs in the early eighties, though this did not change the Montreal Urban Community.

To the extent that we are locked into external boundaries in two-tier systems, we face the difficult choice between a third tier and the negotiating and influencing approach of B.C.

It is the implementation of regional plans which may require boundary changes. Once there is the decision-making capacity to implement plans, there is government at work. It is arguable whether this can be achieved through voluntary co-operation, as many in B.C. suggest, but time will be the test.

PART FOUR
ASSESSMENT OF THE OPTIONS

Viability and Overgovernment

To a significant extent, municipal viability is a matter of population size. It is also a matter of the degree of poverty or wealth. It takes population and property values to provide enough revenue to hire the staff to produce, or to contract for, the services and facilities which are fundamental to local government. Otherwise, it takes too many dollars by way of transfers from provincial coffers for the results achieved.

In response to the study's survey questionnaire, we established the ratio of municipalities to population in the ten provinces in 1992. We have, across Canada, an average of 17 municipalities per 100,000 people (1991 census). Both tiers are counted.

<i>Province</i>	<i>Population in 1000's</i>	<i>No. of Municipalities</i>	<i>Municipalities per 100,000 pop.</i>
Saskatchewan	989	834	84
P.E.I.	130	89	68
Newfoundland	568	295	52
Quebec	6,896	1,578	23
Manitoba	1,092	201	18
New Brunswick	724	118	16
Alberta	2,546	352	14
Ontario	10,085	828	8
Nova Scotia	900	66	7
British Columbia	3,282	178	5
Totals	27,212	4,539	17 (average)

From an outsider's perspective, it can be argued that there are too many municipalities in Prince Edward Island for them all to be viable in difficult times. This outsider reserves judgement on the Saskatchewan number, while noting that small municipalities may be more appropriate in more agricultural provinces than in urban ones. Newfoundland has made clear its need to reduce the number of municipalities in the interest of viability. A similar concern in Quebec has been expressed both by provincial and municipal officials. Whether the evolution of the regional county municipalities in that province will respond to that concern is not yet clear.

Ontario's ratio is low in spite of there being many small villages and townships in the two-tier county system. The urbanized nature of southern Ontario accounts for the ratio. Nova Scotia is low because of the single tier county system covering the whole province. In spite of its ratio, Nova Scotia has a number of towns and one city struggling for viability, either because of size or tax base.

British Columbia's ratio appears to be low because there are no lower-tier rural governments, the settlement pattern is concentrated, and the flexible regional district system has the capacity to provide services in large or small areas without separate municipal incorporations.

There has developed in some parts of Canada a political rhetoric about overgovernment. The idea is part of the shift away from governments intervening and taxing so much. On December 10, 1992, Nova Scotia's Minister of Municipal Affairs, Hon. Brian Young, was quoted in a release as follows:

Nova Scotians clearly consider we are overgoverned. Significant waste of public resources has resulted. People will no longer support a structure riddled with inefficiencies, confusion and conflict. Nor should they. Efforts to stimulate municipal co-operation have been only partially successful.

On September 16, 1992, Premier Donald Cameron had told the Union of Nova Scotia Municipalities:

There are at least 962 federal, provincial, municipal and school board representatives in Nova Scotia today. That means one politician for every 925 Nova Scotians. It's enough to make the taxpayers sick... It's not just the number of elected officials that are draining the taxpayer, but also the bureaucracy that comes with 66 municipalities, the province and the federal government...
Taxpayers have very basic needs, and they do not include paying for governments that are too large.

Consolidation will mean larger local governments, but less duplication and more sharing of decision-making in various parts of the province. Municipal politicians argue that municipalities have been squeezed financially for so long, that one might look elsewhere for wasteful public expenditures.

While overgovernment may be a fuzzy concept applied to local government, the question of viability is not. Changed economic and financial circumstances, combined with modern means of transportation and communication, have robbed many small towns of the viability they once had. The loss of financial viability brings with it a loss of local autonomy.

Models for Consolidation

What models are to be found in Canada, not as ideals, but as examples of a kind of consolidation that works in certain circumstances?

First, let us consider the two-tier provinces, Ontario, Quebec and British Columbia. B.C. came to a two-tier structure in the sixties, whereas the upper tier has much deeper roots in the other two provinces. Ontario began with a weak upper tier and Quebec with what might be considered a nominal one. Ontario has been strengthening the upper tier. Quebec, in the eighties, has converted its upper tier to one with more potential and one which bears some resemblance to the B.C. system.

Ontario has a full blown two-tier system, whereas it would be possible to think of B.C. as having a one and one-half tier system. Quebec's urban communities are closer to Toronto's metropolitan government, while its regional county municipalities are more like the B.C. regional districts.

The strength and success of Metro Toronto and the Ontario regional governments are that:

- they were set up with a firm hand which made sure they had enough functions and powers at the upper tier to get the job done;
- they have been reviewed periodically since they were established and, as a result, have evolved in ways which have added to their strength and their political legitimacy, and;
- their administrations have matured into effective providers of service and strong policy advisers.

It should be noted that the decisions were not exclusively top-down. The shape of the Regional Municipality of Durham, for instance, was radically changed after municipal and public intervention.

The strength and success of the British Columbia regional districts is that:

- they have maximized local decision making with respect to functions;
- they have prevented a multiplicity of new small municipalities as unnecessary;
- they have provided a regional focus and instrument for achieving regional goals, and;
- they have brought enormous flexibility to a system whose theorists and practitioners alike count the opportunity for diversity as an essential characteristic of it.

These two models are very different, yet both are valid for circumstances like their own. As bodies which serve both local municipalities and large unorganized territories, the B.C. regional districts might be useful as a model for the northern parts of the prairies and Ontario, and for New Brunswick, Newfoundland and Prince Edward Island. In all of these, there is much municipally unorganized territory.

Of course, there would have to be adaptations to local circumstances and traditions everywhere. For instance, Newfoundland and P.E.I. might not find the regional districts so interesting as long as they have so many very small municipalities. The same could be true for New Brunswick, though it might be the cheapest and most effective way to provide local services in the unincorporated areas which once had a county system.

The B.C. regional districts provide legitimacy for organizations in which the very large and very small municipalities can both be represented while having weighted votes to reflect the population represented.

Metropolitan Toronto could be seen as a model for any metropolitan city in the country in which suburban towns and cities have been allowed to grow up around it as independent municipalities. Winnipeg had a somewhat similar system, which was not as well designed or led; it gave way to Unicity. Most prairie cities have prevented serious fragmentation in city government through annexation. Edmonton's evolution might still lead to a Metro Toronto solution.

Whether that solution will ever be needed in the Vancouver and Victoria areas will depend on how well they succeed with the co-operative model they have in their regional districts. In Atlantic Canada, there is a reluctance to consider two-tier structures because there is no history of the system, the scale is small and the fear of higher taxes is strong.

In a sense the regional governments of Ontario are best suited as models for county restructuring in that province, since, already, the citizens are familiar with two-tier structures. Quebec, which is evolving in its own distinctive way, has in its two systems - urban and mixed urban-rural - some of the advantageous features of both the B.C. and Ontario systems.

In the one-tier models of the Prairies and Atlantic Canada, the models could include Regina, Winnipeg, Calgary, Lethbridge, and, in the sixties, New Brunswick's larger cities.

Regina is an example of western cities which have annexed land on a regular basis, keeping ahead of development so that, in 1991, 93% of its CMA was still within the city boundaries. The city was incorporated in 1903 and had a major expansion in 1911. There was an annexation in 1934 and further ones approximately every three years from 1950 to 1973 (see map in Higgins p.175).

Winnipeg is one of only two census metropolitan areas (CMA) which has had two massive restructurings: once when the province legislated a two-tier metro system and again when the province legislated Unicity. Even the secession of Headingley this year cannot detract from the accomplishment of a unified operation that has matured, is stable and accepted.

The other CMA which has faced two major restructurings is Ottawa-Hull. There the Quebec government created the Outaouais Regional Community; then the lower tier was reduced

from 32 to eight units and later the regional community was split into a regional county municipality and an urban community. The failure of the subsequent urban amalgamation plebiscite kept the urban community from achieving Winnipeg's unicity status for the present.

Calgary has followed a path more like that of Regina. Its scale and explosive growth periods, however, have forced on it an aggressive approach to staying ahead of development needs. Even though it got less extra land than it sought the last time, it still has 94% of its CMA population within its boundaries. This would appear to make it more manageable than the Edmonton situation where inter-municipal activity must take more time.

Lethbridge is on this list because it accomplished a significant annexation by agreement with the neighboring county. The New Brunswick achievements were in the sixties when there was province-wide change of a radical nature. Though it stirred up opposition, the government was re-elected after implementing the program. The city amalgamations which followed did not prevent urbanization outside the new boundaries and were therefore not a permanent resolution of the issue.

Non-Consolidation Approaches

The non-consolidation approach is one which usually involves inter-municipal agreements to do joint regional planning or provide joint services. It may include inter-municipal revenue sharing (Alberta style) and possibly some kind of sub-unit community organization of an advisory sort. These are ways of securing certain objectives of consolidation without the pain of boundary changes. Reference is made to the earlier listing under the heading "Alternatives to Consolidation" in Part Two of this study.

Inter-municipal agreements may be implemented by one or more municipalities buying a service supplied by one other municipality. Some municipalities may buy one or more services and sell others. However, such agreements may also result in setting up a regional joint agency (committee, board, commission) to supply one or more services to member municipalities. In some situations, the province may be a partner in such an agency.

Inter-municipal agreements are most effective in the provision of regional services in either of two situations:

- They are effective in predominantly rural areas where services are limited and there is economic and demographic stability.
- They are effective where a second tier municipal government organizes and takes responsibility for them. Examples would be the B.C. regional districts, the Quebec regional county municipalities and the counties of Ontario.

If the issue is the lack of equity between adjacent municipalities as a result of different tax bases, that problem can sometimes be adequately addressed, at least in the short run, by inter-municipal revenue sharing as practised in Alberta.

One way to achieve regional services (or regional planning) is for the province to take responsibility for one or more such services. This may involve the municipalities picking up responsibility for some other service or services. Both Nova Scotia and Ontario are proposing and discussing such trade-offs as part of disentanglement. In Nova Scotia, there is a larger trade-off relating to boundary changes. In some cases, the trade-off may include the province taking part of the property tax base to pay for services it has assumed. This happened in New Brunswick in the 1960s.

Non-consolidation approaches allow non-mobile local citizens to have a sense of security based on familiarity and identity. The sense may be false or misleading, but it is there. When other social changes are rapid or large, the need for such a sense of security is greater. This would argue against significantly enlarging municipalities at the same time as either school districts or hospital districts are being enlarged.

On the other hand, properly presented as part of a larger reform package providing for more effective co-ordination or integration of public services with equitable burdens, such consolidations might be made acceptable.

Non-consolidation approaches may have the advantage of maintaining the illusion of stability for a period when stability in public attitudes may be particularly desired.

The basic flaws of inter-municipal agencies relate to accountability and co-ordination:

- Inter-municipal agencies do not provide long term answers for urban-centred areas where there is either growth or decline.
- They do not provide a practical form of accountability. Committee or board members are usually busy people who have a prior commitment for their time, energy and focus, whether it be a municipality, work, home or politics. They have a tendency to respect staff expertise and over time to become dependent on it. They are not normally held to public account by their municipal councils or in elections. They are not usually adept at performance appraisal of expert staff.
- If inter-municipal agencies are single-purpose, then there needs to be a special effort at co-ordination, both in policy matters and in administration. If, as in the Moncton case, the boundaries, representation and legislative base varies, co-ordination can be difficult indeed. If, on the other hand, the agency is multi-purpose, it will begin to look like a municipality. To avoid confusion, it should perhaps become a second municipal tier.

Accountability and co-ordination are essential to local self-government. Democratic principles are of utmost importance to citizens, and effectiveness in implementing the democratic will is not possible without the efficiency of co-ordination.

Financial Considerations

Public Sector Woes

After years of deficit and debt building, the federal and provincial governments have decided the time has come to bring them under control. The ways of doing this are (a) economic expansion to widen the tax base and reduce unemployment expenditures, (b) tax increases, and (c) expenditure cutbacks. High debt levels and neo-conservative government and investor attitudes appear to prevent the first alternative. The federal GST pre-empted most available tax room. Hence governments have been seeking to find places to make cuts in expenditures.

Federal cutbacks have squeezed provincial capacity to spend. Many provinces have squeezed municipal capacity to spend. The municipalities, which have never had much fiscal elbow room, are hence more financially restricted than ever and are looking for any potential helping hand.

Some provincial governments believe municipal governments could be organized to provide local public services more economically, thus ameliorating municipal financial situations. The reorganization would be into larger units which could capture economies of scale.

The thought that financial considerations might lead to municipal reform is not a new one. It was the Ontario Committee on Taxation in the 1960s which made the first serious proposals for regional government in that province. It was the Royal Commission on Finance and Municipal Taxation that led to the massive municipal reforms in New Brunswick in the same decade.

Economies of Scale

Whether economies of scale will be achieved by the creation of larger units of local government is not a simple question. The enlargement of school sections and of municipalities in the sixties and seventies resulted in higher costs. Those costs rose essentially because there was a levelling up of service standards to that of the best. In the two-tier regional governments, a contributing factor may also have been a turf war for jurisdiction over expenditure categories formerly within the jurisdiction of single tier cities. It was also a time of economic growth and expanding provincial transfers which made rising total expenditures less painful to local taxpayers.

In the current climate of recession and debt alarm, it may be possible to achieve economies of scale if the will is accompanied by good judgement on the part of politicians at all levels. Such judgement could be used to curb foolish promises of better services at lower costs or promises of equal services without tax hikes throughout a large urban-rural mixed area. Good judgement could also be used to invoke the language and practice of honesty, reality and

candour about the known and the unknown prospects of municipal reform.

Municipalities say they want to know quite precisely where the savings will come from, what the amounts will be and how they will be guaranteed. The problem for a provincial government responding to such demands is that municipal councils have a right to set their own budgets and the councils that would do that for a larger unit are not yet in place. Hence accurate estimates of savings are not feasible.

Potential short term economies of scale can be identified. They usually involve layoffs with severance which are not easy for politicians to proclaim, particularly at the local level. Quebec cases involving amalgamations at Sorel and Levis-Lauzon suggest two ways of handling this issue.

The most likely savings are in the medium to longer term when good regional strategic planning and regional services will have become normal practice in larger units and the local government machine will have become both more effective and more efficient. The comparison should be between what costs would be like ten years down the road with and without consolidation.

Any potential savings are more likely to be achieved with least pain if provincial and municipal officials can jointly accept the overall objectives and together seek to find the best ways of accomplishing them. In their desire to get decisions made, some provincial governments may leave too little room for local input in designing a better system. On the other hand, some municipal officials, particularly the elected ones, may give the province little reason to believe they can work out a co-operative, comprehensive and rational plan.

Optimal Sizes

An optimal size of municipality from a financial perspective would be one where the costs would rise if the size became either larger or smaller. Since the optimal size from this perspective is different for every local service, since the mix of services is constantly changing, and since no one has discovered a way to effectively control the growth of communities, examination of this issue does not hold much prospect for being helpful in realistic policy making.

On the other hand, it can be recognized that very small municipalities are not cost effective, while communities with very large populations will have high per capita costs whether they have one multi-purpose municipal government or several. An essential element in keeping costs down is effective planning for the wider community. And regional planning cannot be effective unless there is some capacity for regional decision making on implementation measures.

In larger municipalities the perception of an inaccessible government can be overcome by delegating a minor degree of decision making to sub-municipal community committees or councils which are found in B.C., Quebec and Nova Scotia.

Process

The process by which consolidations occur is often very important to the ultimate success or failure of the effort. The process, both of deciding what to do and of implementing the decision, contains within it the potential for a substantial success in the public policy realm, or for failure in mid-stream through miscalculation. It certainly has the potential for a great, unsettling, public controversy.

If a provincial or territorial government is considering restructuring local government in all or part of its jurisdiction, it might be useful to plan the process with the following in mind, while recognizing the need to tailor any plan to local circumstances:

- The problem or problems to be addressed should be clearly identified and discussed publicly.
- Consideration should be given both to consolidation and to an alternative plan or plans which can address the problems.
- Informed, confidential and independent advice should be at hand.
- The alternatives should be weighed with great care.
- If the basic decision is for some form of consolidation, then the province should make the basic decision and leave as much of the detail as possible for local negotiation and implementation.
- A realistic timetable is part of the basic decision. Both the P.E.I. Commission on the Land, in its recommendations, and the Quebec deadlines to the RCMs to decide on representation and voting strengths, are instructive here.
- The first public announcement should give a very clear rationale for the decision. The battle may be between province and municipalities for the public mind.
- A carefully worked out consultation strategy will be required. The timing, sequence, stages of decision-making, and stakeholders and publics to be consulted, will all be important. The consultation plan will have to be worked out with municipal interests and in the light of local attitudes, circumstances and political culture.
- Some fundamental restructuring decisions should be made by the province, subject to modification after consultation and negotiations with affected municipalities or their associations). These include external boundaries, tiers, and if tiers, then the allocation of functions between them, an urban-rural mix or not, financial assistance if any, and timetable.
- Municipal officials should be free to decide as much as possible, including studies required, inter-municipal negotiating procedures, size of council, ward system.
- If the basic decision is for some alternative (for example, a regional planning commission, several regional service boards and some form of inter-municipal revenue sharing), this will not be as controversial as outright consolidation. It will still require a timetable for the

municipalities to negotiate all the arrangements after a basic policy decision has been announced. Identity will not be as much a factor, though tax base and rates to be charged for services may be. The Northeast Avalon case in Newfoundland shows how fire service rates caused concern. The Fort Saskatchewan-Strathcona County case in Alberta was largely a struggle over tax base, which required arbitration to settle.

- Whether a province should consider province-wide restructuring of municipal government at one time depends on how horrendous the problems really are and on how well that has been demonstrated. It worked well in New Brunswick in the mid-sixties after a royal commission exposed the scandalous nature of the systemic discrimination and incompetence prevalent in the local government system. Ontario used a sequential approach with regional government that also produced lasting reforms. It also left the door open to ending the policy after the priority areas had been dealt with.
- The B.C. approach, in establishing its regional districts, is a marvellous example of putting in place structures with the potential to develop according to local need, but covering the whole province so that external boundaries are all in place.
- Plebiscites are rarely used in Canada for municipal consolidations, except for British Columbia where they are both mandatory and binding. In no other province are they binding and Saskatchewan is the only other province where there is provision for mandatory plebiscites. The usual arguments about the relative importance of direct democracy and representative democracy apply here.

The Provincial Role

The roles played by each province vary from time to time and according to circumstance. Some provinces, particularly in the west, pride themselves on a bottom-up approach, where little happens without the consent of those affected. Other provinces may be seen from the distance as heavy-handed or top-down in their approach. This may refer to Newfoundland or the Nova Scotia Task Force Report or, at an earlier period, to regional government in Ontario.

There is no province which would not prefer to move with consent. There are few provinces, if any, which can say they have always had consent for restructuring or consolidation decisions they have made. This is not to say that differences do not exist in the basic approaches of the provinces.

The roles played, from time to time, include facilitator, planner, advisor, mediator, arbitrator and legislator.

Facilitator. Some provinces see this as a good word to describe what they do. Others would like to be able to limit themselves to this role. The object of the role is to gently induce consent for decisions, which are seen as good from a provincial perspective. The tools are advice, mediation, community development activity and incentive subsidies. The wealthier provinces obviously find it easier to subsidize than other provinces do, affecting the choices

made. Community development activity is this author's phrase for what is actually done in British Columbia at an early stage of community consideration of structural change.

Planner. A municipal affairs department, in a province experiencing significant urbanization, needs a planning operation, even if only to spot developing issues so they can be monitored and dealt with at an early enough stage to avoid controversy. In a province where growth is rapid, planning has a more prominent role.

Advisor, Mediator, Arbitrator. These roles are played by most provincial governments. The advice is mainly to smaller municipalities, in view of the newly developed competence of municipal administrators in larger units. When arbitration is carried out, it is usually by a disinterested party or board on behalf of the province or the municipalities.

Legislator. At the very least the province has to provide framework legislation so that important decisions can be taken, whether by the minister, the deputy minister, a provincial board or municipalities themselves. That legislation requires being kept up to date. Where there are critical issues remaining unresolved, legislation may be the best way out.



PART FIVE CONCLUSIONS

Comparisons

One way to assess consolidation and its alternatives is to compare them in the light of objectives. The following expands on the goals listed under the heading "Why Consolidate?" in Part Two.

Objective 1. *Regional planning* can certainly be done through a regional planning commission as it is in Alberta. The doubts arise not about the quality of planning but about the validity of planning without implementation. Yet planning with implementation covers almost everything of substance in local government and is therefore government itself. If, on the other hand, the objective is simply regional planning, the commission is the alternative. In Edmonton, Calgary and Vancouver (through the GVRD), regional planning has matured to the point that it has significant influence on those who have the powers of implementation.

Objective 2. *Regional economic promotion and development*, insofar as it is in the municipal realm, can be handled by a separate board or commission as in the Moncton area. Because of private sector negotiations and the need for confidentiality, this is much better than separate municipalities competing over one economic base. Whether this activity is subject to adequate public control, accountability, and overall policy integration is another matter.

Objective 3. *Equity and fairness* are potent rallying cries in the nineties. Where one municipality has a strong commercial or industrial tax base and neighboring ones do not, there is often an attempt at consolidation. As the Alberta Local Authorities Board has been suggesting, this could be overcome by revenue-sharing agreements between municipalities which can normally only be achieved by an order forcing negotiations, or arbitration as in Fort Saskatchewan and refinery row.

Another possibility is larger grants, particularly equalization grants from the province. This was common in the seventies, but provincial deficits may make it a non-starter now. A third approach is consolidation of poor and well-off communities so that equalization goes on locally. Newfoundland has both succeeded and failed in pursuing this approach.

Objective 4. *Community interest.* A sub-municipal local community can have its special needs met in the ways identified under "Community sub-units" in the section, "Alternatives to Consolidation" of Part Two.

Objective 5. *Economies of scale* can be achieved either through consolidation, through regional service agreements or agencies, or through a strong upper tier. While inter-municipal agreements will in some cases provide such scale economies, some view consolidation as a cleaner, neater, more effective way to achieve them. Consolidation, or a strong upper tier, can limit long drawn-out battles over the terms and rates involved in inter-municipal agreements.

Objective 6. *Environmental protection*, in particular sewage treatment and disposal and solid waste management, might be handled better in a regional body whose members were keen to solve environmental problems. On the other hand, these are long-standing municipal functions which need integration with other policy matters and administration. (In Halifax, an agency of the Social Planning Department is operating a recycling facility for the metropolitan area, taking people off the welfare roles and marketing recyclables.)

Objective 7. There is reason for concern about the *viability* of many smaller municipalities and where economic decline is severe. They need help to survive. On their own, help can only come from the provincial government. If they are part of a consolidation program, the province may be relieved of that responsibility as the local government becomes more viable.

Objective 8. *Disentanglement* is aimed at simplifying and clarifying responsibilities, in part to reduce intergovernmental friction and, in part to improve accountability. If the province were to take over those functions which are not strictly local, sometimes called people services, the role of local government would be reduced as it was in the disentanglement success of New Brunswick in the sixties. Municipalities may expect a better financial deal from the province through disentanglement, but, given the financial position of the provinces, disentanglement will probably be revenue neutral at best.

Objective 9. Resolving *inter-municipal conflict* can usually be handled, as it is in Canada, by direct negotiations, by application to a provincial board, sometimes by mediation and occasionally by arbitration. However, continued or recurring disputes among neighboring municipalities could also be resolved by consolidation through which the battleground is transferred to municipal politics, council chambers and the ultimate appeal to the electorate on E-Day. At least then, the rules would be clear.

Objective 10. If the objective is *reducing the number of municipalities*, then it seems clear that the only way is through some form of consolidation.

Objective 11. *Strengthening local government* is often part of provincial and municipal rhetoric. In the study questionnaire, five provinces said this is a goal worth pursuing (but there was no consensus on how to achieve it), four said by consolidation, and four said otherwise.

It would be reasonable if B.C. were to say that its local governments are strong because of the flexibility of the system. Ontario might say its regional governments are strong because the upper tier has the assigned functions and powers to do regional planning and servicing effectively. Manitoba might say that Winnipeg has all the land, functions and authority it needs to do the whole job without splitting functions with another level of local government.

Most local governments would say they would be stronger if they had a better revenue base. Capacity and effectiveness seem to be the appropriate tests. To strengthen local government by sustained fragmentation of its land, functions or jurisdiction boggles the mind.

Objective 12. The objective may be a combination of *efficiency, economy, reducing costs*, and dealing with financial constraints (both provincial and local). While there can be no iron-clad guarantee about efficient performance, given human frailty, it seems more likely that this goal could be achieved best in a highly co-ordinated, well managed, single

municipality in an urban region.

Rural municipalities can probably do better through inter-municipal agreements, or the regional county municipalities of Quebec, or the regional districts of B.C.

Objective 13. *Strategic planning* can be done either in a unicity or in fragmented inter-governmental territory. It is simply a lot easier, less time-consuming and less expensive to do it in a regional unicity.

Objective 14. *Reducing the provincial agenda*, including simplifying provincial-municipal relations, can only be achieved by consolidation.

Objective 15. *Accountability* is crucial to local self-government. To assess it, we must ask two questions. Accountable for what? And accountable to whom? Six provinces out of nine said, in their questionnaire responses, that accountability is worth pursuing. Two said by consolidation and six said otherwise.

Perhaps provinces think of the accountability of municipalities to provincial municipal affairs departments, while municipal people prefer to think of accountability to their own electorate. There is a dual accountability which has to be respected.

Accountability for performance in a government that has the capacity to respond to community demands for planning and services, within affordable tax rates, is accountability that means something. Accountability for the operation of a small municipality which is one of many in the same metropolitan area is almost an illusion.

In rural areas, the situation is quite different. Since the functions of local government are less onerous, a more relaxed, trusting, informal way of operating may well be the most effective way, though it may not always be the most efficient. Where everyone knows everyone else, informal accountability may be very effective indeed.

In the provincial survey, the respondents were asked how they would rate the accountability of regional planning and regional service provision outside of second tier governments. Two said it is effective and eight said it was partly effective. None called it ineffective.

The major problem with accountability in special purpose or intergovernmental bodies (and many inter-municipal agencies are both) is that accountability of permanent full-time staff to temporary part-time politicians does not work well. The staff becomes too strong and thus upsets the kind of balance that serious accountability requires.

Further, local councils are not very good at holding their special purpose regional agency representatives to account for the body's performance. Even budgets of such bodies sometimes get passed with little attempt to change them because it is not easy to get all member municipalities to agree.

General Conclusions

1. Durable solutions to questions of municipal structure in areas of recent or anticipated urban growth do not leave boundaries untouched.

2. Structures designed 100 year ago are not appropriate for today's world.

3. Local government is an important element of our political democracy on which our liberties depend. To be democratic, a municipality must have a wide enough jurisdiction and the resources to be capable of responding to collective needs in ways the public can understand. In other words, a municipality should have something to be accountable for.

4. A strength of local government is that it provides for local communities to make decisions tailored to their own needs rather than to some standard set in the provincial capital. This sustains the diversity among communities which is, itself, an important democratic value.

5. Provincial governments are responsible for determining the broad framework under which municipalities can best function. In the end they must determine boundaries. But they need not do so without adequate open-minded consultation.

6. A provincial government should be flexible in seeking to meet the needs of different parts of the province.

7. Each province follows practices from which others can learn. The most flexible and innovative approaches observed in this study were in British Columbia with its evolving regional districts, and in Quebec where the regional county municipalities have been developing with shared provincial and municipal decisions made under clear timetables with clear choices.

8. The four western provinces appear to have fewer problems with consolidation programs than do the provinces to the east. B.C. avoids them by having a system in place which makes consolidations unnecessary throughout most of the province. Its policy of not forcing amalgamations against the will of citizens in affected areas reduces the level of conflict with municipalities.

9. Alberta is impressive because of the range of instruments used to deal with urban growth situations. The province has an elaborate system for approving annexations and for using regional service agencies, regional planning commissions, and revenue sharing to reduce the need for such annexations.

10. Saskatchewan is extensively agricultural and has suffered from a weak economy. It has been able to meet urban growth needs without much controversy. Manitoba's need for change has centred on Winnipeg which has benefitted from a provincial willingness to innovate.

11. With few exceptions, the prairie provinces have managed to keep each of their urban areas under the jurisdiction of one single-tier municipality. The unicity approach makes municipal government more understandable, and therefore more accountable, to the citizens.

12. Newfoundland has been acting; Nova Scotia has begun to act; New Brunswick is testing the waters with options for discussion; and Prince Edward Island, before choosing, appears to be watching the ferment elsewhere. In Atlantic Canada there is impetus for reform based on the economic and financial difficulties of the region.

13. In central Canada, where there are more metropolitan areas, Quebec and Ontario appear to be keeping up with the structural problems that accompany urban growth. A caveat on this relates to the three major Canadian metros, where the struggle has just begun.



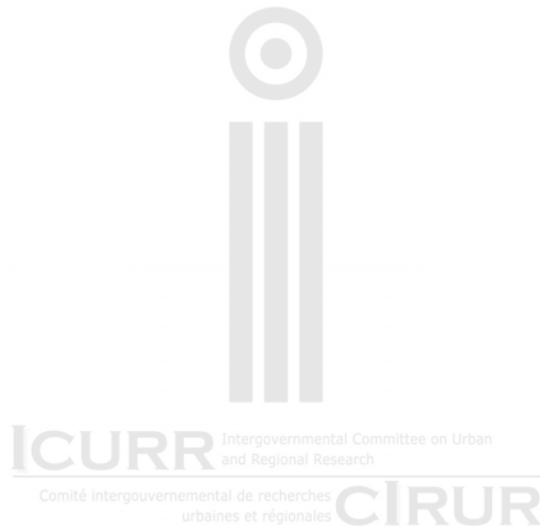
POSTSCRIPT

Lest anyone seeking a prescription for early action from this essay be disappointed, I hope to have explained why there is no such formula. Some conclusions, however, can be agreed on.

Provincial governments, hesitant about assuming a command position, may be impressed, as I was, with the Quebec model: it is an ingenious compromise between imposition and accepting the "by consent only" British Columbia policy.

Anyone looking for immediate cost savings, will not find them here. I argue that structural change can save money in the future compared to what the future might otherwise bring.

Some municipalities now are simply too weak to survive on their own. I see no argument for delay in consolidating these with stronger ones.



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