

REPORT

COUNCIL MEETING

MEETING DATE: FEBRUARY 25, 2019

FROM: Mayor Rob Burton

DATE: February 20, 2019

SUBJECT: **Response to the Provincial Government's Regional Government Review**

LOCATION: Town wide

WARD: Town wide

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RECOMMENDATION:

That in response to the Provincial Government's Regional Government Review that the attached resolution presented to the Council of the Town of Oakville be approved.

KEY FACTS:

The following are key points for consideration with respect to this report:

- On January 15, 2019 the Government of Ontario announced that they will be reviewing the governance, decision-making, and service delivery functions of 8 regional municipalities and Simcoe County. The Ministry of Municipal Affairs and Housing appointed an advisory body to deliver expert advice to the Minister based on the subject-matter expertise of the two special advisors and the assessment of feedback received through the consultation process.
- The special advisors will develop recommendations for the Minister for the purpose of improving governance, decision-making and service delivery in the regions/Simcoe County and their lower-tier municipalities, and actionable options for implementation. Recommendations will be submitted to the Minister in early Summer 2019.
- On February 4, 2019 the Mayor and Chief Administrative Officer Ray Green met with the provincial advisors to answer questions on the themes of governance, decision-making, and service delivery. A written submission was also submitted to the advisory board.
- Halton's Regional Chair and the Heads of Council for Burlington, Halton Hills, Milton and Oakville have also met with the advisory board and made submissions. Halton Regional Chair Gary Carr sent a letter on behalf of

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Halton Region to the Minister of Municipal Affairs and Housing, Steve Clark
on February 13, 2019.

BACKGROUND:

On its provincial website, the province committed to solicit input from members of the public from the nine regions that will be reviewed:

"The advisory body will solicit input from elected and appointed council members, municipal and business stakeholders and members of the public from the nine upper-tier municipalities and 73 lower-tier member municipalities." (Source: Government of Ontario Website, January 15, 2019)

The recommendations from the appointed provincial advisory body will be focused on the following questions:

1. Questions on municipal governance and decision-making;
 - a. Is the decision-making (mechanisms and priorities) of upper- and lower-tier municipalities efficiently aligned?
 - b. Does the existing model support the capacity of the municipalities to make decisions efficiently?
 - c. Are two-tier structures appropriate for all of these municipalities?
 - d. Does the distribution of councillors represent the residents well?
 - e. Do the ways that regional councillors/heads of council get elected/appointed to serve on regional council help to align lower- and upper-tier priorities?
2. Questions on municipal service delivery;
 - a. Is there opportunity for more efficient allocation of various service responsibilities?
 - b. Is there duplication of activities?
 - c. Are there opportunities for cost savings?
 - d. Are there barriers to making effective and responsive infrastructure and service delivery decisions?

There have been no public information events on the review organized for residents by the province or the local Members of Provincial Parliament in the Town of Oakville.

Many Oakville residents remain unaware of the government review, its parameters, and the potential implications for the Town of Oakville and Halton Region.

COMMENT/OPTIONS:

The Town of Oakville does not favour any structural change in governance because there is already established and effective cooperation with its neighbor municipalities and the Regional government. The number of representatives at both the Town and Regional Council provide a level of access and diversity of voices and choices. In fact, Oakville residents have consistently voted for candidates and platforms that seek to make sure services, efficiency and financial health are the best in the province.

The letter sent to the Minister from Halton Region informed the Minister that "...prior to the 2018 municipal election, we undertook an in-depth review of Regional representation. This process required several public reports at both the Regional and Local Councils and a public meeting." All Local Municipal Councils supported the by-law to change Regional Council to the recommended composition and there were no concerns raised by the people of Halton during this process.

On the issue of service delivery, Halton Region's letter stated: "We have worked together for many years to ensure that there is no overlap of services in Halton. Where the Region and the Local Municipalities are involved in the delivery of a service, the roles and responsibilities are clearly defined in legislation or where appropriate in agreements or MOUs. The Region and the Local Municipalities are committed to continuous improvement and have established regular reviews of various service arrangements to identify further opportunities to reduce costs and provide service to the people of Halton more effectively."

CONSIDERATIONS:**(A) PUBLIC**

The proposed resolution was posted on the town's website on February 13, 2019, circulated through email to residents' associations, and promoted to the public through newsletters and social media to make residents aware of the motion coming forward to the February 25, 2019 Council meeting and inviting public input.

(B) FINANCIAL

The Town of Oakville has contributed to Halton Region's AAA credit rating for 29 years and overall property tax rates have been kept at or below the rate of inflation since 2012.

A 2015 study on amalgamation in Ontario by the Fraser Institute, *Municipal Amalgamation in Ontario, May 2015* found that "the promised benefits of amalgamation—namely cost savings and a reduction in the size of government—never materialized."

The Fraser Institute report also cautioned: "it is not evident that amalgamation has led to cost or tax savings, and costs may even be higher than they would have otherwise been in the absence of amalgamation."

(C) IMPACT ON OTHER DEPARTMENTS & USERS

Recommendations by the Advisory Board have not been submitted to the Minister of Municipal Affairs and Housing so it is too early to speculate. The letter to the Minister from Halton Region restated that:

"Halton Region and the Local Municipalities work together to ensure services are delivered in the most cost effective manner. A change to the structure in Halton by the Province would be disruptive and wasteful given the Province would be trying to fix something that is not broken."

(D) CORPORATE AND/OR DEPARTMENT STRATEGIC GOALS

This report addresses the corporate strategic goal to:

- have environmentally sustainable programs/services
- continuously improve our programs and services
- be accountable in everything we do
- be honest in everything we do
- be fiscally sustainable
- be the most livable town in Canada

(E) COMMUNITY SUSTAINABILITY

The Mayor and Council are committed to initiatives that maintain and protect our community's sustainability:

- Controlling growth to only what fits our environment and our economics;
- Protecting our cultural and natural heritage resources and greenspaces
- Providing high-quality facilities and services our residents need and want;
- Keeping our finances strong and healthy; and

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Merging the Town of Oakville with any municipality will significantly impact Oakville's sustainability.

APPENDICES:

Appendix A — Resolution on Regional Government Review – February 25, 2019

Appendix B — Governance Review Submission – Town of Oakville, February 2019

Appendix C — Letter to Minister Steve Clark from Halton Region, February 2019

Appendix D – *Fraser Institute Report, Municipal Amalgamation in Ontario, May 2015*

Prepared and Submitted by:
Mayor Rob Burton
Head of Council and CEO

Resolution:**APPENDIX A**

WHEREAS, the Government of Ontario has announced a review of Ontario's eight regional municipalities, the County of Simcoe, and their lower-tier municipalities by appointed Special Advisors; and

WHEREAS, the provincially appointed advisory body will develop recommendations for the Minister for the purpose of improving governance, decision-making and service delivery in the regions and Simcoe County and their lower-tier municipalities; and

WHEREAS, the Association of Municipalities of Ontario informed its members that last August, the Minister of Municipal Affairs and Housing began informal discussions, wishing to hear from people about how this system of governance is working recognizing it was established in the 1970s; and

WHEREAS, the provincially appointed advisory body has included in the review consideration of moving to single-tier municipalities or amalgamating existing municipalities; and

WHEREAS, neither the provincial review nor amalgamation was ever discussed during the recent provincial election by the Premier or our local Members of Provincial Parliament; and

WHEREAS 81 per cent of residents are satisfied with the government of the Town of Oakville, 89 per cent were satisfied with Town of Oakville services and 85 per cent were satisfied with the town's attributes; and

WHEREAS 97 per cent of residents are satisfied with the quality of Regional services; and

WHEREAS the Town of Oakville has a history of finding efficiencies and savings while enhancing programs, services and facilities; and

WHEREAS the Town of Oakville has contributed to Halton Region's AAA credit rating for 29 years; and

WHEREAS Halton is a model of municipal efficiency through service agreements between municipalities and the Region and 98 per cent of Halton residents rate their quality of life very high; and

WHEREAS Oakville is recognized as Canada's Best Place to Live; and

WHEREAS in the sixteen municipal elections since the 1974 creation of our two-tier system of municipal governance, no one has run or been elected to change the structure of municipal government in Oakville; now

THEREFORE, BE IT RESOLVED,

THAT the Council of the Town of Oakville endorses the current effectiveness of our two-tier municipal government as it has evolved on mutual agreement with our partner lower municipalities since its foundation in 1974;

THAT the residents of Oakville value their choices, voices and diversity of representation and residents should have their say before any change in municipal representation, or possible merger with other municipalities.

And that this resolution be forwarded to all Halton municipalities, the Association of Municipalities of Ontario, the Minister of Municipal Affairs and Housing and made publicly available.



Appendix B

**GOVERNANCE REVIEW SUBMISSION –
TOWN OF OAKVILLE
FEBRUARY 4, 2019**

Thank you for the opportunity to answer your questions. For your convenience and efficiency, my written responses to the several parts of your three questions are presented here.

Question 1.

What reforms would you recommend to promote better representation and decision-making? For example, do you favour any structural changes (e.g., moving to single-tier municipality or amalgamating existing municipalities)?

Answer 1.

No, I do not favour any structural changes (e.g., moving to single-tier municipality or amalgamating existing municipalities) because Oakville residents value their identity and diversity of local voices, local choices, local land use planning decisions and service levels, and local tax, debt, asset management, and financial achievements. We cooperate well with our neighbour local municipalities and we have consensually evolved our structure and our operation of services to achieve improvements for our residents continuously since creation of the Regional Municipality of Halton in 1974. An increase in the quality of life of our residents ought to be the test for any proposed structure change. See the 2015 Fraser Institute study, "Municipal Amalgamation in Ontario", for evidence supporting my skepticism about amalgamations.

If the two-tiered structure continues, do you think that the number of representatives on the upper-tier municipality should be reduced in number, or should they be elected or appointed differently?

No, I think the number of representatives on the upper-tier municipality should not be reduced in number nor elected differently. Our number of representatives provides a level of access and diversity of voices and choices of representatives that is an essential element of the community engagement that is the basic requirement for a strong, vibrant, healthy, and safe community.

Reducing the number of representatives on the upper-tier municipality could have knock-on effects on the number of representatives on our local municipal councils without necessarily saving money. Oakville operates with 7 wards and a 15-member council for less cost than Burlington operates with 6 wards and a 7-member council (because they employ more staff and office space). If there were fewer upper-tier representatives, yes, there could be fewer on our lower-tier municipal councils all around, with what the smaller number would be depending upon the number imposed for the upper-tier representatives. For the sake of the example, reducing the number of upper tier representatives to 7 including the head of council could reduce the number of representatives in Halton from 42 to 29 if the lower tier councils also were cut to 7. Based upon the costs of representation shown above in Burlington and Oakville, the 29 might very well cost more than the 42.

Halton has 42 upper and lower tier representatives for its 2016 Census population of 548,000 and our system of representation should serve us all the way out to our 2041 forecast population of 1,000,000. The city of Brockville has a Council of 9 for a population of 22,000. Halton has five times as many residents per municipal representative as Brockville has. If number of representatives is to be calculated on a principled basis, the principle should be able to be stated in plain language and applied consistently. If it cannot be stated, it is not a principle, but some other consideration that so far has not been revealed. Halton has chosen to change twice its numbers of municipal representatives and Halton prefers to continue to choose its representation for itself.

Question 2.

What reforms would you recommend to improve the quality and/or to reduce the cost and overlap of lower-tier and upper-tier municipal services? For example, should there be greater rationalization and more specific assignments of responsibility in such functional areas as: land-use planning; water, wastewater and stormwater; public transit; health, housing and social services (public health, long-term care, hospital capital fundraising, social housing); etc.? Are there municipal special purpose bodies that should be considered as part of our review (e.g., conservation authorities, police service boards, library boards, health units (where separated), etc.)?

Answer 2.

Oakville voters have continuously voted for candidates and platforms that seek to make sure our municipal services and efficiency and financial health are the best in the province. Performance-based Program Budgeting (PB2) provides Oakville with significant budget harvests of efficiency and allows us to steadily improve our fiscal health and performance while improving service levels while doubling our community facilities. Our tax rate was higher than our east/west neighbours before PB2; it is lower now. (See p. 5.)

- Land use planning is where Oakville most values local vision and choice; the role of the Region is to supervise local land use planning. There is overlap between the Region and the Province because the Province still oversees and reviews in detail the work it ostensibly has delegated to the Region, leading to delays and inefficiencies in planning approvals for employment and residential projects.
- Water, wastewater and stormwater in Halton are best in class in Ontario and our current system is best for handling the stresses of technology change, usage, and climate change because we are large enough for efficiency and resilience. Water is a fundamental aspect of local land use planning and schemes to change water into a utility and/or privatize it like Highway 407 will harm the interests of residents if such schemes proceed.
- Public transit in Halton local municipalities operates at 4 very different levels of service, reflecting the continuing local municipality population disparity (and thus, demand); regionalization will cost dramatically more and so public transit is still best left to local preference.
- Health does not belong on the property tax! All Halton local municipalities have had to absorb the cost of unexpected and significant 'donations' to our 3 new/renewed hospitals and Halton Hills is next in line (if the Province does not cancel its already given approval to expand the Georgetown Hospital).
- Housing should stay a provincial responsibility and in my view should be managed by Ontario.
- Public health in Halton boasts longevity, mortality, and morbidity rates that are best in the province, so if change is contemplated Halton residents would expect that any change only improves these indicators of public health with clear rationales for how that would be done.
- Long term care here is an area of such long term neglect by the Province that Halton owns and operates two more LTC facilities than required - and we need several hundred more LTC beds.
- Municipal special purpose bodies such as the conservation authority, police service board, and libraries should not be added to your review. Given your shortened time frame and limited consultation with the public and elected municipal officials, you should not let your review succumb to mission creep. Halton's conservation authority, police service board, and libraries are all working in exemplary fashion – and are best of class on all measures.

Question 3.

This is the first comprehensive review of regional government in many years. The pace of evolution of municipal institutions is different from region to region and is influenced by a variety of factors and innovations. In that context we ask the question, where do you see your upper-tier and lower-tier municipality ten years from now?

Answer 3.

In 2029, Halton will still have highly desirable places to live (all 4 local municipalities have risen in the last 12 years to rank high in the MoneySense 'best place to live' rankings). We will continue to need and value local choice/preference/difference for local municipal services (Halton local municipalities have significant differences in performance and efficiency and capacity for asset management, fire, transit, parks, recreation, culture, etc.) because of the continuing distinctive differences in local preferences that have resulted in distinctive choices for facilities and service levels. It has proven impractical to level up or down these service levels without public dissatisfaction from the increases in taxes that would result, and/or, in the alternative, the resulting decreases in valued services. I would note that on all aspects of roads, upper and lower, we have exemplary collaboration for the highest efficiency and quality.

In 2029, Halton will be well on its way to a population of 780,000 residents and 390,000 jobs. If provincial government austerity continues to create subdivisions without the expected provincial support for schools, intraprovincial transit and transportation, health, and other basics of complete communities, thereby reducing our appeal to home buyers, who knows if our appeal will continue to attract such numbers as forecasted. However, there might be no net effect on numbers if provincial duties are similarly neglected across the GTHA, because a falling tide lowers all boats, unless it makes the GTHA less competitive in the global economy. The four Halton local municipalities will be about the same size relative to each other, in my opinion, as now: our populations will be well on the way to their forecasts of Burlington, 193,000; Halton Hills, 94,000; Milton, 238,000; and Oakville, 255,000. The land use planning at the local and regional levels is already in place to support these forecasts. Our distinct geographic features from riverine and escarpment topological barriers/separators will still frame us as distinctive local municipalities.

In 2029, the single biggest upward pressure on our property taxes will continue to be the costs of growth that have been increasingly assigned to the property taxpayer since 1997. As long as the government behaves as if its policy on costs of growth is to prevent a community from using growth to improve itself and as long as the government fails to understand that the market sets prices for housing as high as buyers (including offshore investors and speculators) will pay, I see no prospect of relief for the property taxpayer, no matter what kind of municipal governance exists. And if development charges for water are eliminated and development costs for water are shifted to rates, the ratepayers will endure the same increase in costs that taxpayers have endured for the last 20-plus years.

In 2029, our civic health, safety, engagement, and participation rates will still be strong if we keep our local identity as municipalities and if we protect our rich opportunity our municipal structure affords us for diversity of local voices, choices, and affordability.

In 2029, our four local municipalities will still make distinctively different service choices for fire and transit. Our different geography, population, and capacity will be clearly visible in these choices. I am aware of opinions in other local municipalities for uploading fire and transit services. I think the differences are too great in geography and population in the four local municipalities to achieve any efficiencies in uploading either of these services. These services are fundamentally time-sensitive front-end services and I think uploaded fire and/or transit would either cost us more in taxes if these services were "levelled up", or it would cost the residents of the Town of Oakville in loss of service levels if these services were "levelled down" - and Town of Oakville residents and employers would be disappointed with either outcome. Policing, by contrast, depends upon extensive regionally-focussed back-end services in the form of specialist bureaus.

Based on previous municipal mergers, I would expect both a loss of service and an increase in costs and taxes from uploading. As a retired national businessperson (YTV), it amazes me the way people persist in the mistaken notion that the public sector is improved by being more like business. It can't be: business has lower standards and regulations than municipalities, municipalities are forbidden from cross-subsidizing services and from turning a profit on any of them, and businesses are not governed even remotely similarly to the consensus model in which municipalities must operate - and in which, in my opinion, we thrive.

In 2029, we will still have strong sense of place. There is extensive academic literature on the importance of distinctiveness of place in the health and success of communities. Researchers have proven a strong relationship between local sense of place, place attachment, and quality of place with place success. The more distinctive a place is, the more authentic it is in the minds and hearts of people and the stronger their attachment to their place and each other. The stronger people's sense of place attachment is, the stronger their engagement is in place protection and improvement. Our local sense of place in each Halton local municipality is a fundamental factor in our community safety and well being, as foretold 190 years ago in Prime Minister Sir Robert Peel's principles of community policing. Our strong commitment to these principles of engagement enables us to achieve our top-level performance on all policing measures, and our low crime severity.

The greater the quality of life a place affords, the greater its success in attracting and retaining businesses and enjoying economic development. Economic geographers, including U of T President Meric Gertler, Richard Florida, and many others have created an extensive body of research to support this finding. Oakville's own 12-year success with its Livable Oakville theme for its vision, strategic/business plan, and land use plan demonstrates the power of the virtuous circle that connects quality of place with economic success and great job growth.

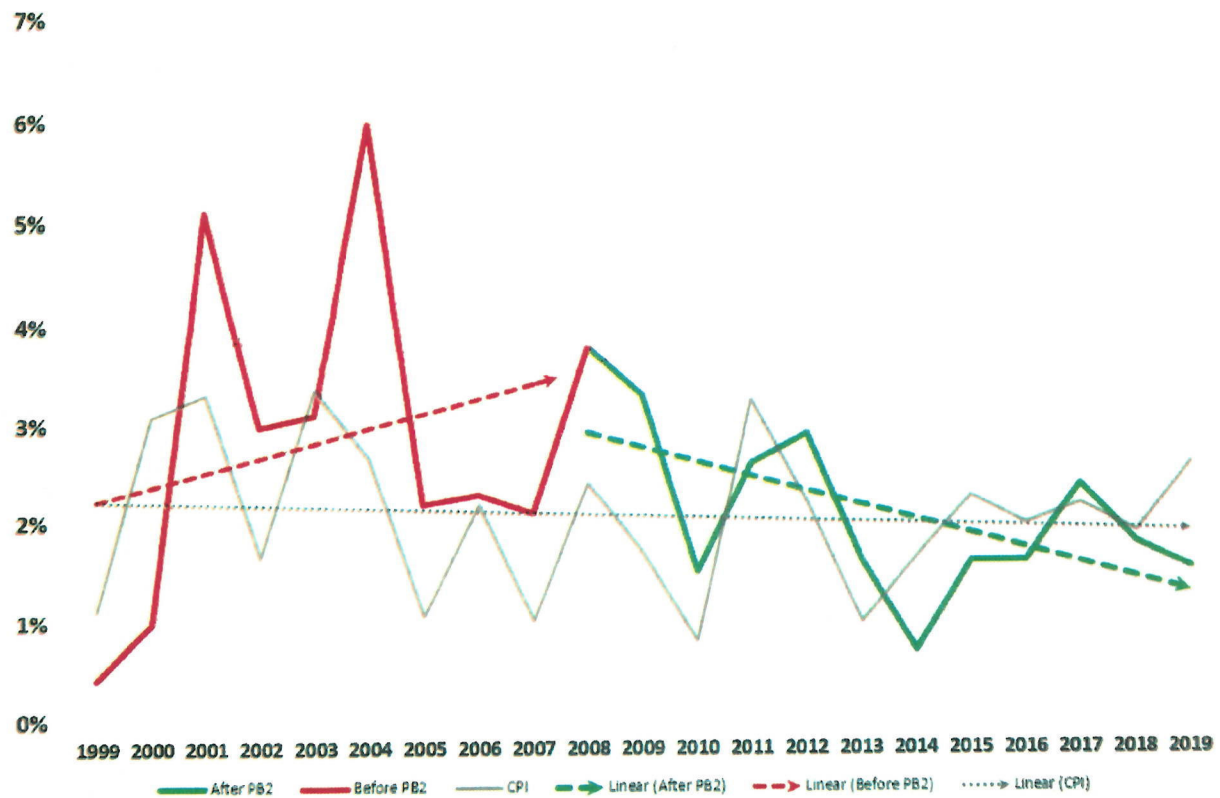
In 2029, the inability of the province to deliver its own various responsibilities in its own Growth Plan will still be the greatest problem facing our municipalities (and others). I could wish the province had chosen to review its own governance to become at least as nimble and responsive as we already are but I know it never will. The flexibility inherent in the Municipal Act's provisions for local municipalities to choose their governance to suit local preferences and circumstances should be viewed as having enabled great success for Ontario through municipalities strongly reflecting their bases. The review of regional governance can declare that Ontario's versions of regional governance have proven to be engines for Ontario's success and their creation almost 50 years ago was an inspired and worthwhile innovation worth celebrating and keeping.

February 4, 2019

Mayor Rob Burton, MSc

Head of Council and CEO, Town of Oakville

Oakville Total Tax Increases and CPI 1999-2019





February 13, 2019

Appendix C

The Honourable Steve Clark
Minister of Municipal Affairs and Housing
College Park, 17th Floor
777 Bay St, Toronto, ON
M5G 2E5

Dear Minister Clark:

RE: Regional Review

Thank you for providing the opportunity for us to meet with Special Advisors Michael Fenn and Ken Seiling to provide input from Halton regarding the Regional Review. We are writing to communicate to you directly the shared position of the Chair of Region of Halton, and the Mayors of the City of Burlington, the Town of Oakville, the Town of Milton and the Town of Halton Hills.

Halton Region with its four Local Municipalities is an effective two-tier government recognized for its strong financial position, safe communities, natural environment, progressive approach to urban development and reliable and citizen focused services. There is significant evidence that Halton Region together with our Local Municipalities are effective and meet the needs of the people in Halton operating within the current structure. Just a few examples include:

- Regional property tax rates at or below the rate of inflation
- Consistent growth in jobs
- Safest Region in Canada
- AAA credit rating
- 98% Resident approval rating on customer service.

In addition, each of the four municipalities in Halton has been highly ranked by MoneySense Magazine as one of the "Best Place to Live" in Canada.

As further evidence of the effectiveness of Halton region and our Local Municipalities, prior to the 2018 municipal election, we undertook an in-depth review of Regional representation. This process required several public reports at both the Regional and Local Councils and a public meeting. All Local Municipal Councils supported the by-law to change the composition of Regional Council and there were no concerns raised by the people of Halton through this process. The Town of Milton and the Town of Oakville also made representation changes prior to the 2018 municipal election.

We appreciate the Provincial Government's financial situation and commitment to reducing red tape in a cost effective manner for the taxpayers. Halton Region and our Local Municipalities share this commitment, by keeping costs as low as possible for our residents and ensuring financial sustainability of our municipalities.

We have worked together for many years to ensure that there is no overlap of services in Halton. Where the Region and the Local Municipalities are involved in the delivery of a service, the roles and responsibilities are clearly defined in legislation or where appropriate in agreements or MOUs. The Region and the Local Municipalities are committed to continuous improvement and have established regular reviews of various service arrangements to identify further opportunities to reduce costs and provide service to the people of Halton more effectively.

Halton Region and the Local Municipalities work together to ensure services are delivered in the most cost effective manner. A change to the structure in Halton by the Province would be disruptive and wasteful given the Province would be trying to fix something that is not broken.

We appreciate this opportunity to provide feedback to the Regional Review and would welcome the opportunity to contribute further as the review process continues.

Sincerely,



Gary Carr
Regional Chair



Marianne Meed Ward
Mayor, City of Burlington



Rick Bonnette
Mayor, Town of Halton Hills



Gord Krantz
Mayor, Town of Milton



Rob Burton
Mayor, Town of Oakville

CC: Michael Fenn, Special Advisor
Ken Seiling, Special Advisor
Jane MacCaskill, CAO, Halton Region
Tim Commisso, Interim City Manager, City of Burlington
Brent Marshall, CAO, Town of Halton Hills
Bill Mann, CAO, Town of Milton
Ray Green, CAO, Town of Oakville

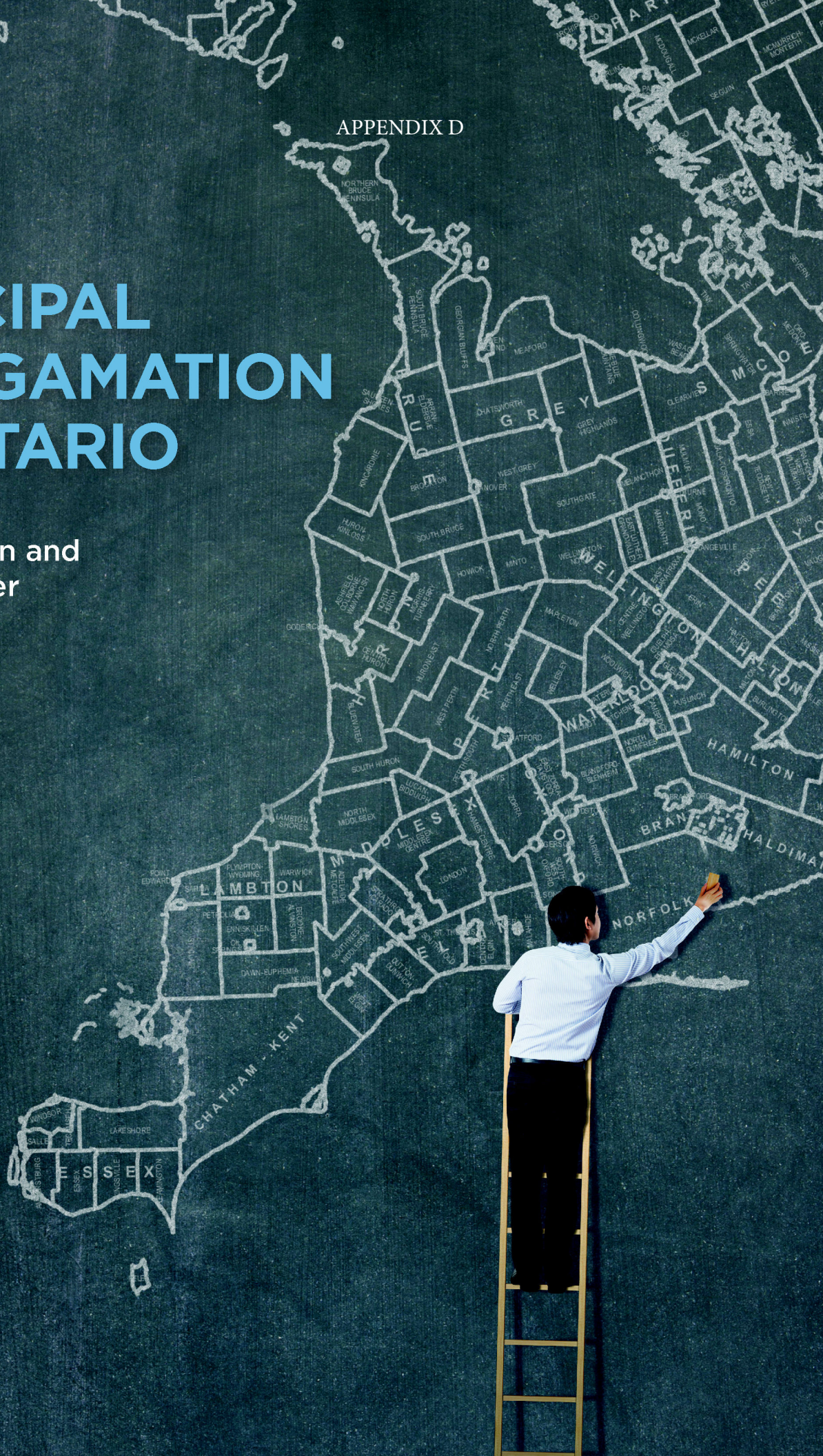
APPENDIX D

MUNICIPAL AMALGAMATION IN ONTARIO

by Lydia Miljan and
Zachary Spicer

MAY 2015

FRASER
INSTITUTE



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Executive Summary

The 1990s and 2000s were tumultuous decades for Ontario municipalities. Hundreds of municipalities across the provinces were amalgamated amid claims that restructuring would produce local governments that would be more efficient and less costly. Taxpayers, it was argued, would benefit from lower costs and lower taxes. Others have examined these claims, largely finding that these claimed benefits did not materialize. Much of this work, however, has focused on Toronto and the province's other largest cities. Instead, we focus our attention on three smaller municipalities—Haldimand-Norfolk, Essex, and Kawartha Lakes—and examine whether the scale of municipal operations and politics in these areas affected the outcome of restructuring.

Using data for years 2000 to 2012 from the Financial Information Return published by the Ontario Ministry of Municipal Affairs and Housing, we compare various financial indicator trends for our three subject municipalities and a number of comparable municipalities that were not amalgamated. While for various reasons the data are not amenable to a rigorous econometric before-and-after analysis, our simple analysis suggests amalgamation did not result in cost savings or lower property taxes in the cases we examine. We find significant increases in property taxes, compensation for municipal employees, and long-term debt in both amalgamated and unamalgamated communities, suggesting there was no tangible, financial benefit from amalgamation. In fact, many of the claims put forward by those favouring consolidation failed to materialize. In most of our cases, the per-household municipal tax burden increased. We also find that spending on certain services and remuneration also increased significantly. The data largely indicate that post-2000 intra-municipal trends in cost indicators, such as protection costs per household, have remained stable within the group analyzed, or even increased after amalgamation, a finding inconsistent with the cost savings promised as a benefit of amalgamation.

We also analyze primary interviews with those involved in the amalgamation process to provide more context for the data on costs and tax increases. We find that in part this may be explained by the speed with which the province implemented restructuring. The process was quick and received little provincial assistance. As a result, wages were harmonized upwards in this period, which had a significant impact upon the cost of service delivery. Local actors confronted with mandated consolidation found themselves in an unenviable position and made quick decisions about governance and servicing issues without the benefit of time or access to comparable information and best practices. Very little central oversight was provided to those on the ground. Further, there was not enough time to negotiate new labour contracts with public-sector workers, further reducing any chance at cost savings. Specific to our cases, we found that,

when rural areas were amalgamated with urban areas, residents began to demand more urban services, which further stretched municipal budgets in the years following the initial consolidation. Subsequent policy “downloading”—that is, the transferring of responsibility for services from the provincial government to municipalities—and a change in provincial government in 2003 entrenched these institutional structures.

Introduction

The 1990s and 2000s were two of the most tumultuous decades in Ontario's municipal history. Not only did Ontario municipalities experience various rounds of policy "downloading" (that is, the transferring of responsibility for services from the provincial government to municipalities), they also endured a province-wide push toward restructuring. While some research has examined the process of amalgamation in Ontario (Sancton, 2000; Slack and Bird, 2013; Frisken, 2007), much of our focus has been on the consolidation of Metropolitan Toronto and regional governments restructured under 1999's Fewer Municipal Politicians Act. These were the largest restructurings of this era, so it is natural they warrant most of our scholarly attention. In contrast, we are interested in examining the restructuring process outside these larger, well-known cases. There are good reasons to explore amalgamation in rural Ontario. After all, the bulk of restructuring occurred in rural Ontario (Downey and Williams, 1998). While vastly more populated, places like Toronto and Ottawa were the outliers in the amalgamation process. Additionally, the scale and scope of restructuring is much different in a rural community than it would be in the province's largest cities. How did smaller, more rural communities fare in the consolidation process? Did the scale of the amalgamations change the outcomes? Have rural communities adjusted better to consolidation than their larger, urban counterparts?

Below those questions are answered by examining three case studies. This paper proceeds in several sections. First, the history of Ontario's amalgamation push is reviewed. Next, based on data in the Financial Information Return we review the fiscal health and financial impact of consolidation. In the following section, we examine the restructuring process in three communities: Kawartha Lakes, Town of Essex, and Haldimand-Norfolk. The final section concludes the study. Our goal is to examine the amalgamation process and the fiscal health of certain municipalities outside the Toronto area.

We have selected individual cases rather than all amalgamated municipalities in order to delve deeper into the local amalgamation process and help identify specific causes that may have affected the restructuring process. As such, we favour depth over breadth for a better understanding of the nature of restructuring in small-town Ontario. With that said, however, we acknowledge that, because of the unique cases selected and the research method chosen, it is difficult to draw general conclusions from our work. The scale of the administration and politics of these rural areas makes each case very different. Since this is the case, we do our best to highlight the restructuring process and the impact of consolidation in each area, but it would be difficult to infer similar results in other areas across the provinces. Nevertheless, each case provides some very interesting results.

Overall, we find that the promised benefits of amalgamation—namely cost savings and a reduction in the size of government—never materialized. In this sense, the rural municipalities that we examine had outcomes very similar to those

of the larger Ontario cities such as Toronto that have been mainly studied in the political science and economics literature. The scale of rural municipalities did little to mitigate the effects of forced consolidation, mainly because the provincial government directed the process centrally and so much emphasis was placed upon quick implementation, leaving little time for rural officials to explore alternative institutional arrangements or methods of cost mitigation.

Amalgamation in Ontario—a Brief History

When the Progressive Conservative government was elected in 1995, there were 850 municipalities in the province; by 2000, that number was reduced to 444 (Siegel, 2005: 129). Through a series of voluntary and non-voluntary amalgamations, the Progressive Conservative government contributed to municipal restructuring in both highly urbanized and rural communities across the province. Fifteen years after amalgamation the conventional wisdom is that it was done in a haphazard way and was forced on municipalities. For example, in the most recent Ontario election campaign *Postmedia* columnist Michael Den Tandt reminded voters of the Progressive Conservative record: “there is also no doubt that many Ontarians, and not just those living in the Greater Toronto Area, do not remember the Mike Harris years in the 1990s as a happy time. The protests, the battles with unions, the Ipperwash mess, the breakage that occurred through the forced and often shoddy amalgamations of many municipalities ...” (2014: A7).

The Progressive Conservatives came to power with an agenda of reducing government waste and cutting taxes—a program stated clearly in the election document, *The Common Sense Revolution*. While *The Common Sense Revolution* made some specific pledges, such as reforming legal aid, cutting government grants and subsidies, and reducing taxes, the document was vague regarding municipal restructuring. The Progressive Conservative platform argued that the province had too much government: “Canadians are probably the most over-governed people in the world ... we do not need every layer—federal, provincial, quasi-governmental bodies, regional, municipal and school board—that we have now”. Further, the Progressive Conservatives argued that “we must rationalize the regional and municipal levels to avoid the overlap and duplication that now exists” (Ontario Progressive Conservative Party, 1994: 17). Despite these two claims, the platform did not describe any specific action it would take to achieve the “rationalization” of regional and municipal government in the province. Rather, the *Common Sense Revolution* only stated: “we will sit down with municipalities to discuss ways of reducing government entanglement and bureaucracy with an eye to eliminating waste and duplication as well as unfair downloading by the province” (Ontario Progressive Conservative Party, 1994: 17).

Despite these vague arguments, the Progressive Conservative government did, in fact, engage in a major restructuring of municipal government in Ontario. One of the major legislative tools to achieve this end was Bill 26, the Savings and Restructuring Act. Bill 26 described its purpose as “to achieve fiscal savings and promote economic prosperity through public sector restructuring, streamlining and efficiency and to implement other aspects of the government’s economic agenda” (Ontario, 1995). While the Bill’s main objective was to find efficiencies and amend multiple existing Acts and provincial departments, the amendments to the Municipal Act and various other statutes related to municipal operations contained some of the most dramatic changes.

According to David Siegel, the Savings and Restructuring Act contained both permissive and mandatory elements: permissive, Siegel argues, in that it allowed any group of municipalities to devise its own voluntary restructuring proposal. It was mandatory in that it also permitted municipalities to ask the Minister of Municipal Affairs and Housing to appoint a commissioner who could impose a binding agreement. Municipalities were encouraged strongly by the Minister of Municipal Affairs and Housing to amalgamate voluntarily. Any voluntary amalgamation, however, required the approval of what was described as a “triple majority”—the majority of the affected municipalities containing the majority of the affected population and the approval of the county council (Siegel, 2005: 131).

More than a year after the royal assent to Bill 26, very few municipalities had engaged in the intended government restructuring. By 1997, the Minister of Municipal Affairs and Housing had approved only 21 restructuring plans, reducing the number of municipalities by 50 (Sancton, 2000: 106). Although the process seemed to be proceeding slowly, Andrew Sancton argues that two key developments eventually sped up the restructuring process: first, the provincial government announced that it would amalgamate the municipalities within Metropolitan Toronto in December 1996; and, second, Chatham and all the constituent municipalities of Kent County were amalgamated at the order of provincially appointed commissioner Peter Meyboom (Sancton, 2000: 106).

Although these 21 municipalities had been considering restructuring proposals for close to a year after the passage of Bill 26, they had been unable to reach agreement (Siegel, 2005: 132). When provincial commissioner Peter Meyboom was appointed on February 6, 1997, he held five days of meetings in Chatham and Kent and gave each municipality one hour to provide recommendations. At the end of this series of meetings, Meyboom presented a draft report to local councils providing them with two options: a streamlined two-tier county system or a “unicity” model, which called for the complete amalgamation of all lower-tier municipalities and the dissolution of the county government. Of the 22 municipalities who received the report, 21 rejected total amalgamation (Downey and Williams, 1998: 225). Despite the affected municipalities’ clear choice, Meyboom selected complete amalgamation for Chatham-Kent.

The amalgamation of Chatham with Kent County was significant in that it signalled to the rest of the municipalities in the province that there were consequences for not pursuing voluntary restructuring quickly. Robert J. Williams and Terrence J. Downey argue that numerous municipalities wanted to avoid “the Chatham-Kent experience” (1999: 187). Further, for many municipalities, “the strategy was to find a local solution among the county participants as a way to stave off being forcibly merged with a dominant urban municipality” (Williams and Downey, 1999: 187).

Arriving at a similar conclusion, Andrew Sancton argued that the fear of forced restructuring provoked municipalities find suitable partners for amalgamation. He suggests:

From April 1997 onward, Chatham-Kent became the horrible example that no one else wanted to follow. Counties scurried to get on with restructuring so that they would avoid a commissioner. For many, the main object was to devise a plan that would not involve becoming linked with a populous urban centre whose residents could dominate the local political process. (2000: 108)

Certainly, the “Chatham-Kent” experience provided many municipalities with the incentive to pursue restructuring, especially in Ontario’s rural communities. While rural areas were the primary sites of restructuring, the most highly publicized amalgamations occurred in some of Ontario’s largest urban centres. In December 1996, the provincial government introduced Bill 103—the City of Toronto Act—that amalgamated all of the municipalities within Metropolitan Toronto (Friskin, 2007: 251). The provincial government then turned its focus to regional governments with 1999 *Fewer Municipal Politicians Act*, which amalgamated the regional municipalities of Hamilton-Wentworth, Ottawa-Carleton, and Sudbury and separated the regional municipality of Haldimand-Norfolk into two municipalities, Haldimand and Norfolk (Sancton, 2000: 142).

The guiding rationale of the Progressive Conservative government in pursuing restructuring was to reduce the number of politicians and municipal staff, lower taxes, remove levels of government, and create more efficient municipal structures. The provincially published *Guide to Municipal Restructuring* set out principles that municipalities should follow when pursuing restructuring, including less government, effective representation, and the “best value for taxpayer’s dollar” (Downey and Williams, 1998: 215).

While the Progressive Conservative government did proceed with a number of high-profile amalgamations in some of the province’s largest urban areas such as Toronto, Hamilton, and Ottawa, Williams and Downey (1999) argue that, in fact, much of the restructuring that occurred took place in rural Ontario. In an examination of restructuring in four rural counties—Victoria, Dufferin, Wellington, and Perth—Williams and Downey found that “the strategy was to find a local solution among the county participants as a way to stave off being forcibly merged with a

dominant urban municipality” (1999: 187). As a result of this desire, much structural reorganization across rural Ontario was “hastily concluded” in an effort to avoid the experience of Chatham-Kent (Williams and Downey, 1999: 187).

Financial Indicators

There is no question that the Province of Ontario put forward economies of scale (that is, cost savings) and tax savings as the central justifications for pursuing municipal amalgamation. Provincial politicians, restructuring commissioners, and restructuring special advisors routinely touted larger municipalities as more cost-effective and promised that substantial cost and tax savings would result from amalgamation. However, these promises were not based on hard econometric or other quantitative analyses or evidence (Found, 2012). In fact, recent research suggests that it is unlikely that the Ontario amalgamations of any substantial size during the period from 1996 to 2001 achieved material cost savings, and may have instead raised costs (Found, 2012).

Whereas Found (2012) analyzed a cross section of all Ontario municipalities and used post-amalgamation variation in municipal size to measure economies of scale, in this paper we are looking at a small number of key case studies in an attempt to understand why and how amalgamation in Ontario occurred and the impact it has had since at the civic, political, and financial levels. We hope to build upon such work and add additional depth to determine why such promises went unmet.

Additionally, there are a number of other factors, aside from space limitations, that prevent us from undertaking a rigorous econometric analysis. These factors relate to several initiatives undertaken by the Province of Ontario during the 1996–2001 amalgamation period. One of these was the downloading of servicing functions such as social housing and provincial highways to municipalities and at a substantial cost to them. Another was the complete reformation of the property assessment and taxation system, including the creation of a market-based property valuation system and the Municipal Property Assessment Corporation. Moreover, a number of municipal amalgamations took effect mid-year rather than January 1. Since these developments coincided with the municipal amalgamations, how they may be disentangled to permit reliable before-and-after time-series analysis by municipality is not readily apparent.

Worse still, a major but quieter reform during the amalgamation period was that of the Financial Information Reporting (FIR) system for municipalities, administered by the Ministry of Municipal Affairs and Housing (2015). In 2000, reporting requirements changed dramatically resulting in data inconsistencies across time. These limitations foreclose rigorous analysis using pre-2000 municipal data. While these issues prevent us from performing a rigorous econometric

analysis to support statistical inferences, we can still use the ministry's FIR data to observe post-amalgamation trends in certain financial indicators from 2000 onward. This exercise is worthwhile because it may lend insight as to whether amalgamation resulted in cost savings as promised. Amalgamated Essex was created in 1998 while Norfolk, Haldimand, and Kawartha Lakes were created in 2001, and as of the time of writing workable data is available for the period from 2000 to 2012.

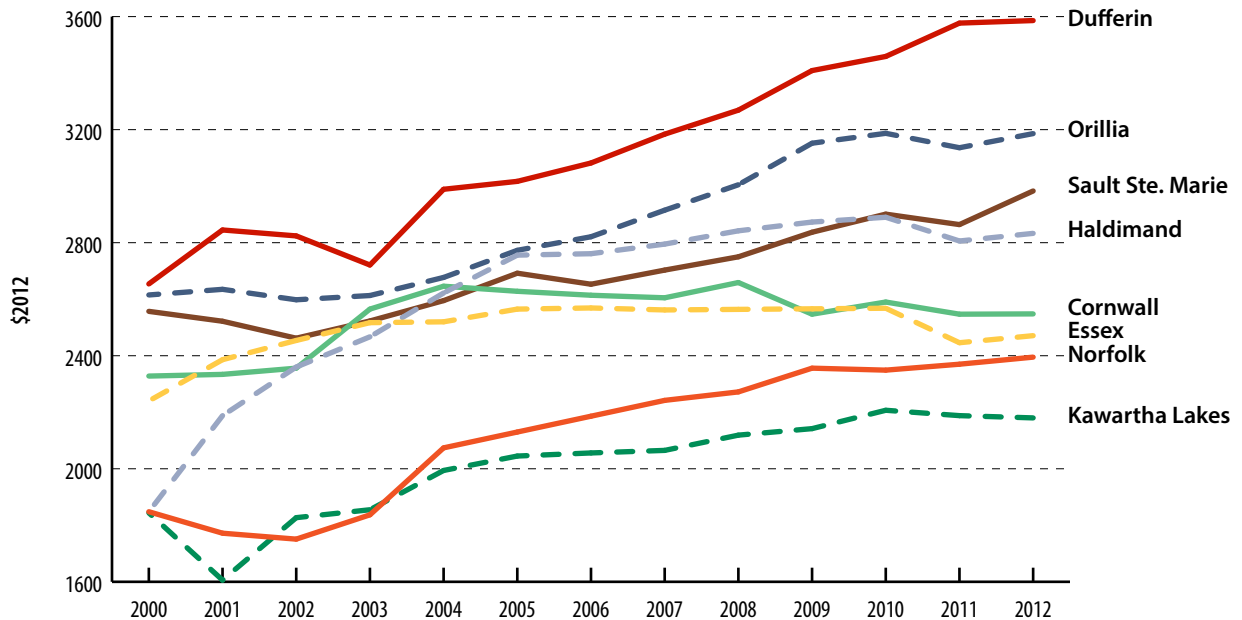
We consider the following high-level financial indicators for the analysis: property taxes, remuneration (to municipal employees), long-term debt, protection (fire and police) services, parks and recreation services, and all operating services combined. All figures are normalized by household count to control for municipal size and are inflated to 2012 dollars using the Canadian Consumer Price Index (CPI) to control for the effects of inflation.

In addition to space considerations, for the analysis of services we focus on those primarily provided at the lower-tier level in counties, the rationale being that our case studies substantially involve consolidation of lower-tier services. In the spirit of benchmarking, we have included the County of Dufferin, City of Orillia, City of Cornwall, and City of Sault Ste. Marie in the analysis, representing rural and urban municipal landscapes across Ontario's geography. These four municipalities were untouched by the 1996–2001 amalgamations and are not dissimilar to our case studies in terms of municipal size.

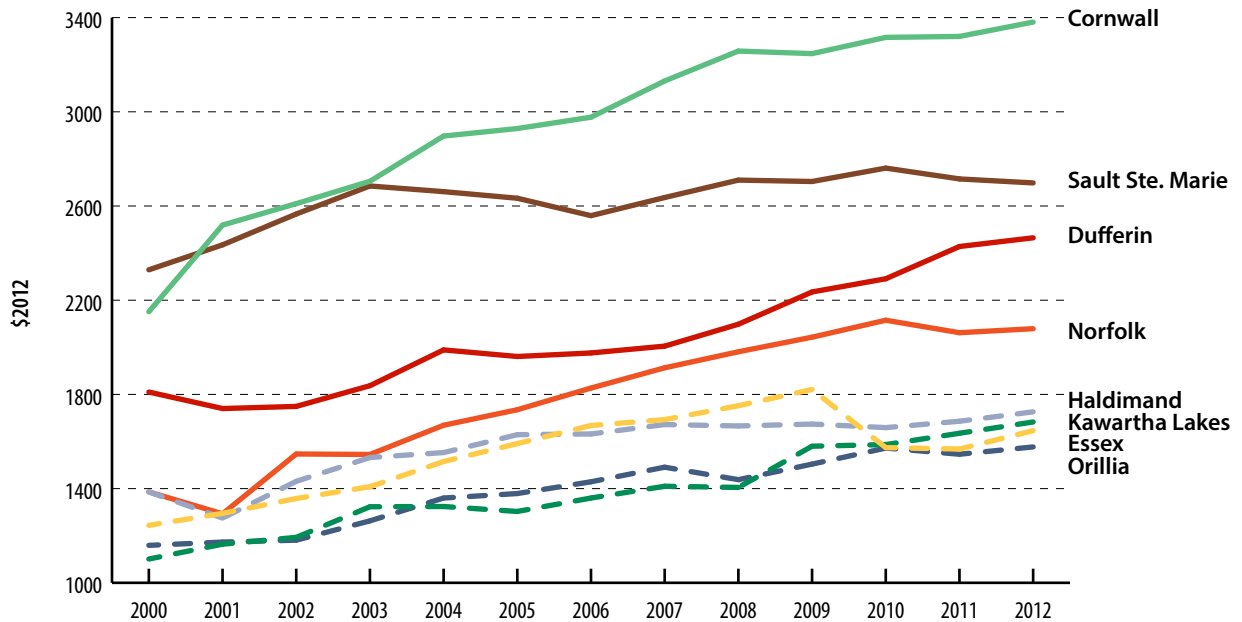
To render Dufferin County's two-tier system comparable to single-tier municipalities, we have vertically consolidated its lower- and upper-tier data to create a notional single-tier municipality. Similarly, we have added to the Town of Essex's lower-tier figures its weighted share of those corresponding to the County of Essex using households as weights to transform the town into a notional single-tier municipality. Since the City of Orillia, City of Cornwall, and City of Sault Ste. Marie are single tiers, this modification is not required for them.

Figures 1–6 show the 2000–2012 data plotted for each of the municipalities considered. For municipalities amalgamated in 2001, the 2000 data is consolidated across predecessor municipalities. Haldimand and Norfolk were created by splitting between them their common upper tier, the Regional Municipality of Haldimand-Norfolk, as well the City of Nanticoke, a lower tier thereof. Hence, there is little choice but to assign Haldimand and Norfolk the same starting point in 2000 on each graph.

For our purposes, the patterns most relevant for comparison are 2000 ranking, 2012 ranking and the 2000–2012 trend as opposed to absolute differences across municipalities. Since the figures do not control for co-varying factors (that is, municipality-specific idiosyncrasies), comparisons between municipalities in terms of absolute values is subject to bias because municipal service levels and costs are driven by local preferences and other factors that vary across municipal boundaries. However, to the extent municipality-specific idiosyncrasies are relatively stable across time, intermunicipal comparisons of trends over time may be insightful.

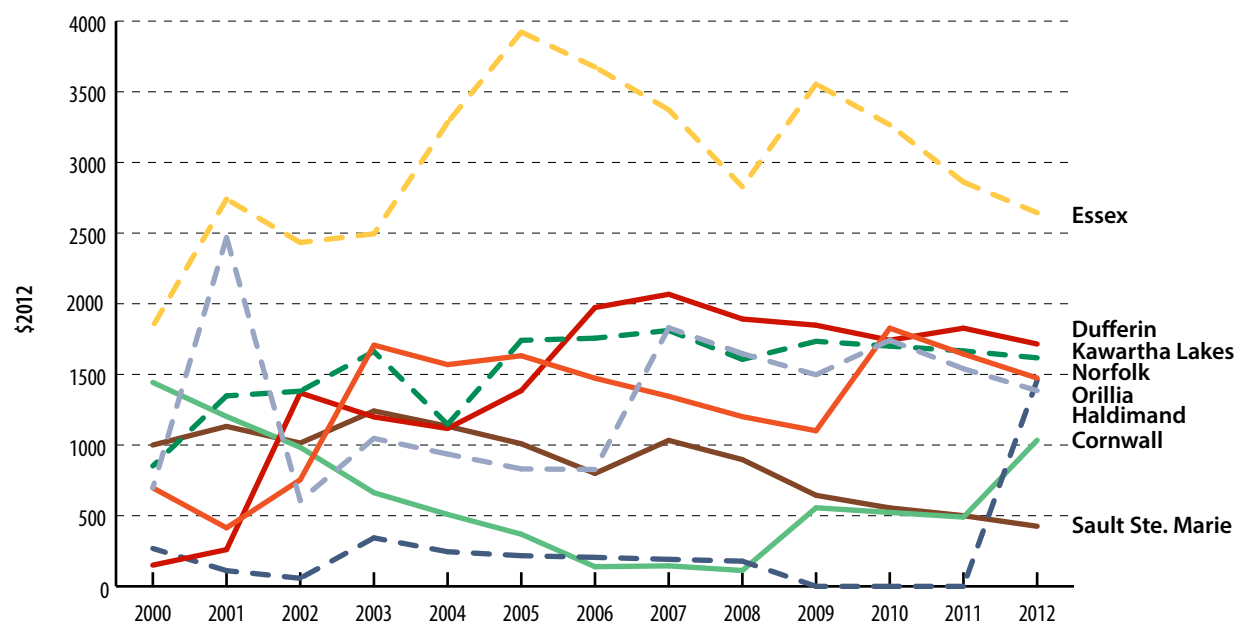
Figure 1: Property taxes per household (\$2012) for selected municipalities in Ontario, 2000–2012

Sources: Ontario, Ministry of Municipal Affairs and Housing, 2015; calculations by authors.

Figure 2: Remuneration per household (\$2012) for selected municipalities in Ontario, 2000–2012

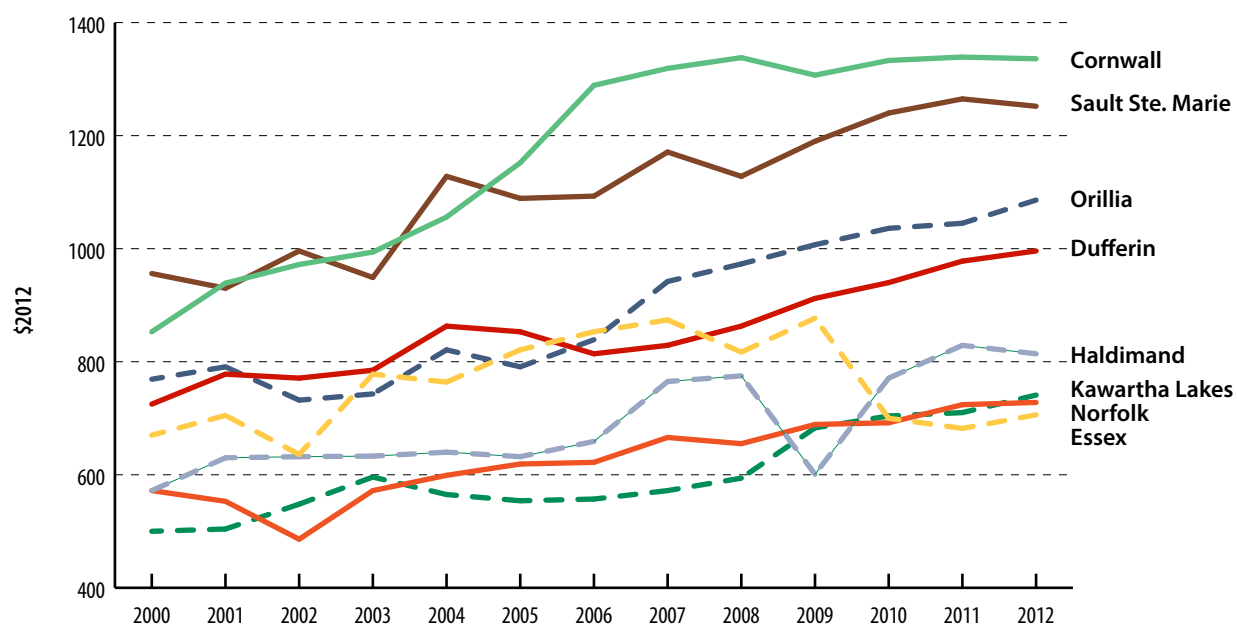
Sources Ontario, Ministry of Municipal Affairs and Housing, 2015; calculations by authors..

Figure 3: Long-term debt per household (\$2012) for selected municipalities in Ontario, 2000–2012



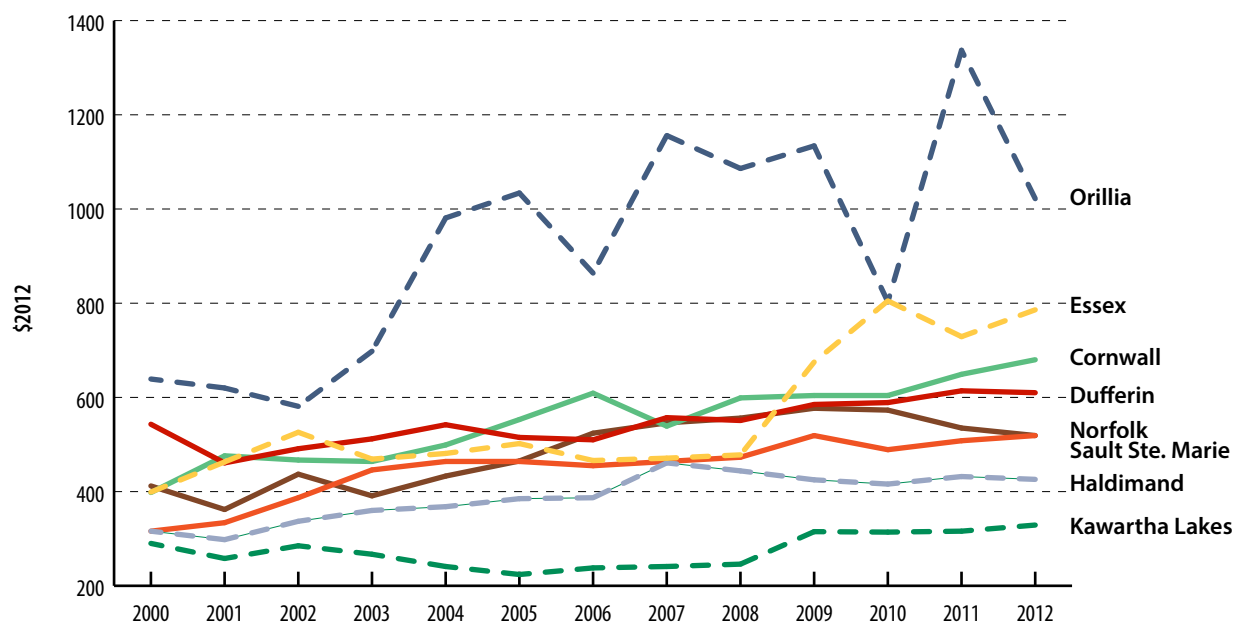
Sources: Ontario, Ministry of Municipal Affairs and Housing, 2015; calculations by authors.

Figure 4: Protection costs per household (\$2012) for selected municipalities in Ontario, 2000–2012



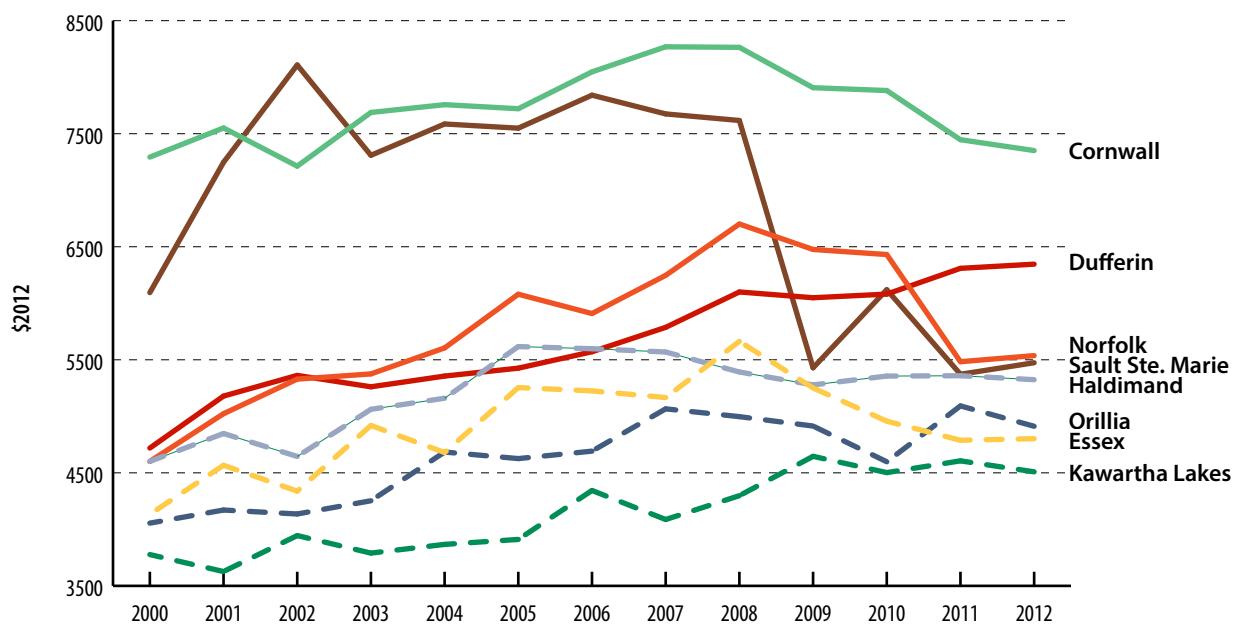
Sources: Ontario, Ministry of Municipal Affairs and Housing, 2015; calculations by authors.

Figure 5: Parks, recreation costs per household (\$2012) for selected municipalities in Ontario, 2000–2012



Sources: Ontario, Ministry of Municipal Affairs and Housing, 2015; calculations by authors.

Figure 6: Total operating costs per household (\$2012) for selected municipalities in Ontario, 2000–2012



Sources: Ontario, Ministry of Municipal Affairs and Housing, 2015; calculations by authors.

If amalgamation has in fact led to cost savings and lower property taxes, then one would expect an amalgamated municipality's financial indicators to exhibit a downward trend over time, at least in the initial years of the amalgamated municipality and especially if it was amalgamated in 2001 given the data's time frame. Similarly, one would also expect the overall growth rate of costs from 2000 to 2012 to be slower for amalgamated municipalities than other municipalities.

Instead, however, unamalgamated and amalgamated municipalities appear to exhibit similar trends, where 2000 rankings are largely reflected in 2012 rankings, suggesting intermunicipal differences unrelated to amalgamation are what largely account for the differences in financial indicator levels observed in the figures. That is not to say there is no variation, as exemplified by Sault Ste. Marie's precipitous drop in total operating costs in 2009. In some cases, amalgamated municipalities increase or decrease significantly in rank and many of the municipalities exhibit erratic temporal variation in respect of long-term debt per household.

Looking specifically at our case studies, we see consistent increases in core financial indicators. In each case, we see significant increases in property taxes, remuneration, and long-term debt. In terms of property taxes, Haldimand saw the greatest increase since 2000: residents saw a 53.3% increase. Norfolk (29.5%) and Kawartha Lakes (18.2%) also saw significant increases. The non-amalgamated communities in Dufferin County saw an increase of 35.1%. When it comes to remuneration, we also saw significant increases in most of our case studies. In this case, Kawartha Lakes led the way with a 52.9% increase since 2000, followed closely by Norfolk at 50.0% and Haldimand where remuneration per household increased by close to 25.0%. In our control, remuneration increased by 36.0%. In both of these categories, we witnessed significant increases. Only Essex managed to hold off large increases in both taxes and compensation: only a 1.4% increase in property taxes and a nearly 7.0% reduction in remuneration. Long-term debt, however, is where we see dramatic increases. The long-term debt in Norfolk increased by 111.0%, by 99.0% in Haldimand, and by 90.0% in Kawartha Lakes. Even tiny Essex, which managed to hold the line on taxes and decrease remuneration, saw its long-term debt increase by 41.5%, which was directly related to its increased spending on recreation facilities.

Each of our case studies experienced similar trends with expenditures. In protection, Kawartha Lakes experienced the highest increases (48.9%), followed by Haldimand (42.3%) and Norfolk (27.3%). Essex again experienced a small increase of 5.0%. In recreation, the situation is reversed, as Essex experienced a per-household increase of 116.0% in recreation costs between 2000 and 2012. The recreation spending was a direct consequence of the pressure on the town to fund recreation spaces in areas that had previously gone without. Norfolk has the second highest growth in recreation expenditures at 64.2%, followed by Haldimand (34.8%) and Kawartha Lakes (13.4%). When it comes to planning, Norfolk experienced a massive 237.0% increase between 2000 and 2012. Kawartha Lakes (47.9%) and Haldimand (45.4%) also experienced significant increases. Unlike

recreation spending, Essex managed to reduce spending on planning: between 2000 and 2012, expenditures related to planning decreased by almost 10.0%. In contrast to our case studies, the unamalgamated communities in Dufferin County also experienced increases in spending, as planning expenditures went up 40.0%, while recreation and protection spending increased 12.2% and 28.0%, respectively.

Among the amalgamated municipalities, this casual analysis does not tell us much other than that inherently high-cost and high-tax municipalities tend to remain high-cost and high-tax, and similarly so for low-cost and low-tax municipalities, irrespective of amalgamation. This is consistent with differences in local preferences for municipal services. According to the figures, it is not evident that amalgamation has led to cost or tax savings, and costs may even be higher than they would have otherwise been in the absence of amalgamation.

Amalgamation in Ontario—Case Studies

Information in this study was also gained through interviews with local politicians and administrators who were involved in the amalgamation process in each community.¹ The interviews were conducted using a semi-structured questionnaire that asked respondents about the provincial and local contexts of their restructuring experience, including structure, motivations, guidelines, instructions, and challenges of the restructuring process. We also asked respondents on their views of cost savings and the data we had collected.

The interviews were recorded and all sources were given the option of having their names used for attribution in the final document or remaining anonymous. In some cases, those interviewed were identified by name; in other cases, they choose not to have any quotations attributed to them but agreed to be included in the list of interviewees. See [table 1](#) for a list of those interviewed between January and June 2014.

Kawartha Lakes

The City of Kawartha Lakes is situated east of Toronto, between the province's largest city and Peterborough and is currently home to just over 73,000 people. The City of Kawartha Lakes came into existence on January 1, 2001. For more than

1. For this study, we cast a wide net when searching for people to interview. We sent out dozens of requests for interviews, both to those who supported and those who opposed amalgamation in each community. We also sent interview requests to provincial officials involved in the amalgamation process and the commissioners assigned to individual cases. In these instances, we were unable to secure interviews. We have included as much secondary information as we could to ensure our conclusions are as balanced as possible.

Table 1: List of respondents interviewed

Name	Position	Jurisdiction	Date of interview
Lorne Boyko	Ward 6 Councilor	Haldimand County	March 22, 2014
Ken Found	Former Deputy Reeve	Township of Ops	February 18, 2014
John Harrison	Former Regional Chair	Region of Haldimand-Norfolk	March 3, 2014
Donna Hunter	Director of Corporate Services	Town of Essex	May 16, 2014
Robert Johnstone	Former Chief Administrative Officer	Region of Haldimand-Norfolk	January 24, 2014
Richard Joy	Former Advisor to Minister of Municipal Affairs and Housing, John Gerretsen	Government of Ontario	February 28, 2014
Ron McDermid	Mayor	Town of Essex	April 30, 2014
Ric McGee	Mayor	City of Kawartha Lakes	March 11, 2014
Wayne Miller	Former Chief Administrative Officer	Town of Essex	June 1, 2014
Christine Norris	Manager of Revenue and Taxation	City of Kawartha Lakes	March 1, 2014
Sal Polito	Former Reeve Former Ward 9 Councilor	Town of Lindsay City of Kawartha Lakes	May 22, 2014
Dennis Travale	Mayor	Norfolk County	March 10, 2014

a year, local politicians debated the prospects of amalgamation. Over the objections of many community members, restructuring finally came after provincially appointed special advisor Harry Kitchen recommended that Victoria County and its lower-tier municipalities be consolidated to form one, single-tier government. The saga of restructuring within Kawartha Lakes stands out from the hundreds of others because the community organized a successful de-amalgamation referendum. Despite the residents demonstrating a clear preference to have restructuring reversed, the provincial government ultimately dismissed the result, setting Kawartha Lakes apart from other amalgamated municipalities across the province.

Amalgamation had been discussed for some time in Victoria County. The option had been a source for debate since the province introduced the Savings and Restructuring Act. Certain communities within the county strongly supported it, believing it would smooth out the inequities within the county and correct the representation on council, which many in the Town of Lindsay believed to be

skewed, favouring the rural municipalities (Polito, 2014).² Needless to say, to some the option of restructuring was attractive, but most of the lower-tier municipalities in the county found the option to be unpalatable.

The province's consolidation agenda made it clear to several county councillors that some type of restructuring would likely occur within the region. This being the case, many discussions centered on what shape this restructuring would take. The most common suggestion was the creation of four single-tier municipalities and the elimination of the upper-tier county (Norris, 2014). It was believed that this organization would ensure the fiscal health of each area, preserve a degree of local autonomy, and satisfy the province's desire to see a reduction in the number of municipalities within the area.

Some councillors believed a limited restructuring would appease provincial officials, but few thought a large-scale consolidation of the county was likely. The opposition to these types of restructuring came from the rural lower-tiers surrounding Lindsay. According to some former lower-tier politicians, there was a network of local agreements within this area, providing these lower-tiers access to services within Lindsay and allowing them to take advantage of "urban services with rural tax rates" (Found, 2014).³ Against this background, consolidation was easily equated with tax increases (Found, 2014).

At no point during this process did the county have any official discussions with the province or their local MPP about restructuring and the discussions were unguided and, at some points, confined to speculation about provincial intent and motivation regarding local organizational structure (Found, 2014).

The discussion surrounding restructuring ended when one of the 16 municipalities in the county requested that a commissioner be appointed (Found, 2014).⁴ At this point, the process was out of the hands of local officials, as Harry Kitchen stepped in as a restructuring commissioner on behalf of the province. The municipalities in the county were not given the opportunity to make suggestions to the commissioner, although many did make submissions as individuals. The general impression amongst county officials was that these public meetings were just simply "going through the motions" and that a pre-determined municipal form was already in place (Found, 2014). As such, the process frustrated many, as they believed a single-tier municipality was the province's preferred institutional design.

Despite the ability of the community to make submissions to the commissioner, the prospect of consolidation was deeply unpopular. Much of the

2. Another solution was briefly debated: converting the Town of Lindsay into a separated city, freeing it from the politics of the county (Polito, 2014). While this option was discussed at county council and county staff did study the matter, it was not seriously considered as an alternative to consolidation, largely because it was not believed that it would satisfy the provincial government.

3. Many of these agreements were based on incremental costs, not fixed costs, allowing these rural municipalities to deliver certain services at lower-than-expected tax rates.

4. It is not clear which municipality requested the commissioner, but it is likely that one of the two largest proponents for restructuring within the county, the Township of Emily and the Town of Lindsay, made the request.

community opposition to restructuring came from a group called Voices of Central Ontario (VOCO). After consolidation, the group remained active and managed to get 11,000 signatures on a petition demanding the merger be reversed. The group also conducted an independent referendum, where 96.5% of the 6,209 voters voted to undo amalgamation (Sancton, 2006). After the resignation of Mike Harris, Ernie Eves became Premier and appointed Victoria-Haliburton-Brock MPP Chris Hodgson as his Minister of Municipal Affairs. Hodgson, already under intense pressure from his constituents to reverse Kitchen's recommendations, announced in November 2002 that he would put a minister's question about de-amalgamation on the ballot for Kawartha Lakes in the November 2003 municipal elections (Sancton, 2006).⁵

By the time the referendum was held, Hodgson had retired from politics and the Progressive Conservative party had been voted out of office. Dalton McGuinty and the Ontario Liberal Party were now in office and the new Premier was certainly less enthusiastic than the previous government about the prospects of Kawartha Lakes' referendum. The referendum ultimately passed.

The incoming provincial government felt that Kawartha Lakes could be a trigger for other municipalities across the province to pursue de-amalgamation. If Kawartha Lakes were to de-amalgamate, other communities could certainly follow the same path, leading the government to worry about spending a considerable amount of provincial and municipal resources reversing an administrative consolidation that took place only months earlier. In Kawartha Lakes, specifically, the province feared that the downloading of the previous government would damage the fiscal health of many of the smaller municipalities in Victoria County if they were reconstituted (Joy, 2014). In a letter sent to Kawartha Lakes council, Minister of Municipal Affairs John Gerretson argued that none of the reconstituted municipalities would have any reserve funds, largely because of \$7 million dispersed in 2001 from the City of Kawartha Lakes as a one-time tax break to ratepayers (Sancton, 2006).⁶ This fear was prevalent locally, as some Victoria County officials initially supported restructuring, fearing that many smaller lower-tier municipalities would not be able to absorb the cost of policy downloading implemented by the province (Polito, 2014).⁷

Provincial officials conveyed these concerns to the Kawartha Lakes council and set out two conditions in which de-amalgamation would be permitted. First, there would be no provincial money available for the transition of Kawartha Lakes back into Victoria County and the 16 lower-tiers (Joy, 2014). The province was adamant

5. The threshold for the referendum would be a simple democratic majority (50% plus 1). The wording of the referendum question is as follows: "Are you in favour of a return to the previous municipal model of government with an upper-tier municipality and 16 lower-tier municipalities?" For more information, see Sancton, 2006.

6. We discuss this payment in greater detail below.

7. Opponents of the de-amalgamation referendum also brought up this aspect of local fiscal health, arguing that many of these smaller municipalities could also not bear the costs of increased water regulation introduced in the wake of the Walkerton crisis. For more information, see Sancton, 2006.

about this point, believing that other municipalities might attempt to de-amalgamate, assuming that the provincial government would cover any costs associated with restructuring. Kawartha Lakes, therefore, needed to prove it had the resources to fund the de-amalgamation. The second major condition was that Kawartha Lakes had to produce an economic study to prove that each of the 16 lower-tiers within a reconstituted Victoria County could be fiscally sustainable (Joy, 2014).

After these hurdles were erected, officials with the provincial government felt that the Mayor and Council were not as “tenacious” as they once were, giving provincial officials the impression that they could “ride out” the opposition, not just in Kawartha Lakes, but elsewhere across the province (Joy, 2014). The first elected Mayor and council eventually became hesitant about de-amalgamation and the issue slid to the back of the policy agenda (McGee, 2014).

With the de-amalgamation referendum ignored politically at the provincial and municipal level, attention turned to making the new municipality work for residents. In the wake of restructuring, the commissioner appointed an interim group of administrators and a transitional board that were responsible for sorting out staffing and governance arrangements. Many involved with the new municipality report that they received very little support from the province (McGee, 2014). Once restructuring occurred, Kawartha Lakes was effectively left on its own to sort out the pragmatics of consolidation. One of the largest sticking points of the post-consolidation era was staffing. The upward harmonization of wages increased the cost of the municipal workforce (Found, 2014). However, many of those involved in managerial positions were retained. Respondents note that most of those employed with the lower-tiers were hired to fulfill other roles within the new organization. Efforts were made to find positions and “take care” of former employees and, in some cases, positions were created for some people. The new organization also provided compensation packages for those who opted not to return to work with Kawartha Lakes, which again reduced any initial costs savings in the transition period (McGee, 2014).

One of the largest concerns of the lower-tier municipalities was tax increases. In an effort to reduce some of these concerns, the finance task force appointed in the wake of consolidation area-rated the surpluses of the former municipalities (Found, 2014). In sum, the task force established the working capital reserves for the new municipality, and any surplus over the contribution required by a former municipality was area-rated for that community, providing the taxpayers there with a tax break (Norris, 2014).⁸ This political focus on taxes is also likely a major contributing factor to Kawartha Lakes avoiding long-term increases: between 2000 and 2012, property taxes have increased 18.2%. This focus on holding the line on property taxes, however, has resulted in financial stress elsewhere, as long-term debt has increased almost 90% since 2000.

8. The determined rate of \$6.91 per \$100,000 of assessment was provided as a credit on the following year’s tax bill.

While efforts were made to mitigate the fiscal impact of consolidation in Kawartha Lakes, the restructuring remains unpopular in areas outside of the former Town of Lindsay. Much of this centers on the name chosen by commissioner Harry Kitchen. Many felt that “Kawartha Lakes” misrepresented the nature of the community and did not feel like the name of a city. Some speculate the restructuring would have been more politically palatable if the name had remained “Victoria County” (Found, 2014).⁹ In any case, the Kawartha Lakes story centres on the de-amalgamation referendum that was never put into force. Kawartha Lakes might be triggered a wave of de-amalgamations across the province and the Ontario government wanted to avoid a scenario where this occurred. With the bar set high for de-amalgamation, it was challenging to find political support at the local or provincial level to implement the referendum’s result.

Haldimand and Norfolk

Haldimand and Norfolk rest in the heart of southern Ontario, just south of Brantford and west of Hamilton. The area is currently home to just over 100,000 people. The Regional Municipality of Haldimand-Norfolk was created in 1974 through the amalgamation of the historic counties of Haldimand and Norfolk. The recommendation of Milt Farrow, the provincial special advisor, effectively separated the two once again (Sancton, 2000). Restructuring also involved the consolidation of all lower-tiers within the former region before it was split to create two new municipalities. Despite the original creation of a broad, regional government linking both areas, residents never truly felt like a single community. Haldimand-Norfolk was essentially two communities, a symptom that led to the regional government’s eventual abolishment.

For the most part, the history of Haldimand and Norfolk centred on differences in agricultural practices. Norfolk traditionally had a more robust agricultural sector. For this reason, there are deep economic differences between the areas that largely manifested themselves in cultural differences as well (Travele, 2014). Simply put, the two areas never felt like they really belonged in the same community. In fact, the tensions from the implementation of regional government never truly subsided (Johnstone, 2014).

When the province-wide push towards restructuring began, an opportunity finally arose to divide the two. Cultural differences were likely enough to accomplish this separation but a significant tax increase at the upper-tier reinforced the position that the regional government was not fiscally sustainable. Those interviewed place this tax increase in the range of 14.0% to 17.0%, a substantial increase by municipal standards (Boyko, 2014).¹⁰ This was a “death knell” for regional

9. Commissioner Harry Kitchen insisted that Kawartha Lakes could obtain additional grants and provincial funding if they had city status instead of being listed as a county (Polito, 2014).

10. Respondents indicate that 10% of this tax increase was to be dedicated to an increase in the salaries of the police.

government (Travers, 2014).¹¹ Haldimand-Norfolk MPP Toby Barrett jumped on the issue, distributing a petition calling for the dissolution of the regional government. Barrett's petition eventually had 10,000 signatures, a significant figure considering the population at the time was a little under 100,000 (Boyko, 2014). Not only was Barrett a "Norfolk guy" who was never comfortable with a regional government that encompassed both communities, but he also styled himself a fiscal conservative and placed the blame for the tax increases squarely upon the presence of the upper-tier regional government (Johnstone, 2014). At this point, the stage was set for restructuring.

Aside from the tax increase, there were really no other glaring deficiencies with the regional government. The only other major complaint was that some believed the region was not keeping up with road repairs (Boyko, 2014). When restructuring was proposed, many were not completely sure which problem the province was intending to correct (Johnstone, 2014). The major problem was that the regional government was simply not popular. Administratively, it worked well but, when the opportunity came to reverse the amalgamation of Haldimand and Norfolk, many saw it as too good to pass up.

Despite the animosity towards the regional government, restructuring within Haldimand-Norfolk was unilateral. The province did not seek input from the regional or the lower-tier governments (Johnstone, 2014). Prior to the appointment of Farrow, the province did not approach the regional government regarding restructuring (Harrison, 2014). There was no public consultation aside from the meetings Farrow conducted.

The province argued that restructuring would result in cost savings, mainly from having fewer staff and councillors and reducing duplication, which was consistent with the government's rhetoric across the province (Harrison, 2014). Those involved with the regional government at the time were sceptical, as 80% of the spending occurred at the regional level, confining any potential savings to the 20% handled by the lower-tiers. Because of the regional government's large policy and fiscal role, many believed that any restructuring would involve the elimination of the lower-tiers and a move to a single-tier government with the boundaries of the regional government (Johnstone, 2014). The regional council officially took this position, arguing that if restructuring were to take place this would be the most prudent configuration (Harrison, 2014).¹² Therefore, many were quite surprised when Farrow delivered his recommendation to split the region in two.

The transition process took close to a year. There were two transition teams put in place, one for Norfolk and another for Haldimand. An asset allocation committee was also put in place. For the most part, dividing the assets of the community was not challenging. With a clear division of borders, the assets

11. Regional council lowered taxes by 11% the following year to compensate for the increase of the previous year.

12. The population would be approximately 100,000 people, which council believed would be an adequate size to capture economies of scale and scope.

within those borders (for example, property and roads) became the property of the new municipality.¹³ Other assets, such as mobile equipment like snowplows and other regional vehicles, were much more challenging to divide (Johnstone, 2014). The two new municipalities were unable to arrive at an equitable division of mobile assets and the region's financial reserves and a provincial arbitrator had to be appointed to reach a solution (Harrison, 2014). The province largely put in place the new municipalities governance structures, so there was not much work to be done locally on that file.¹⁴

The transition board handled the staffing process. There was a competitive process in place, as jobs with the new municipalities were not guaranteed. There were going to be fewer positions than before. Those interviewed for this project state that few people who were previously employed by one of the governments within the region and applied for a position were not hired (Johnstone, 2014). There was a push to find employment for most people and reductions in staff mostly came from those who chose to leave the government and not seek another position.

Although the transition process lasted a year, it was described as "rapid": not enough time was given to address the various issues restructuring created. The transition team was put in place to meet specific provincial deadlines, which caused them to rush through certain issues and ignore others. The group did not have enough time to meet with local officials or the public and did not conduct enough background research before making decisions on certain issues. For example, not enough research was conducted on accommodation and workspaces. As such, many people did not know which offices they would be working from for some time after the restructuring (Boyko, 2014).

Another by-product of this rapid transition was an increase in staff wages. Because there was not enough time to negotiate new labour contracts, the new municipalities agreed to harmonize wages (Boyko, 2014). In short, everyone within one position was moved up to the highest wage, negating many of the promised cost savings. Current Norfolk councillor Lorne Boyko argued that this was also done to ensure labour peace within the new municipality, as the new council was hoping to avoid a strike that could have derailed the transition period (Boyko, 2014). Since 2000, remuneration in Haldimand has increased close to 25%, and 50% in Norfolk, likely because of this rapid implementation and wage harmonization.

What is also intriguing about the Haldimand-Norfolk restructuring is the unique way in which provincial special advisor Milt Farrow approached servicing. Because Farrow was splitting a regional government in two, he needed a method of distributing regional services. Most regional services were to be delivered by

13. This arrangement put Norfolk at a disadvantage as the regional buildings were on the Haldimand side, leaving Norfolk to find space and rent additional property in the interim.

14. Norfolk and Haldimand have subsequently gone to arbitration to resolve a dispute over the Consolidated Municipal Service Manager system that was the result of the downloading of social service policy.

Norfolk under contract to Haldimand. Farrow also recommended that there be a joint police services board for the two municipalities, where costs were shared based on assessment (Sancton, 2000: 146). In doing so, Farrow demonstrated a significant degree of confidence in inter-local cooperation and decentralized solutions to servicing dilemmas, something the other special commissioners did not.¹⁵ Funding for some of these services in Haldimand and Norfolk are still under dispute to this day (Harrison, 2014).

Despite an emphasis on service sharing, we do not see many savings in relation to our select three expenditures. Costs for protection, recreation, and planning all increased significantly. In some cases, such as planning Norfolk, costs rose dramatically (237.0%). The speed with which the transition took place and the numerous services still under dispute between both areas are likely the reason for some of these increases. Overall, restructuring in Haldimand-Norfolk was well received by the public. Most people in the region did not support the initial creation of regional government in 1974 and the regional government was constantly blamed for the fiscal challenges of the region's local governments. Some respondents argued that regional politicians failed to gain proper support for regional government when it was first introduced (Harrison, 2014). However, the provincial government's province-wide push for municipal restructuring provided a window of opportunity for the regional government's opponents. Unfortunately, the process of restructuring Haldimand-Norfolk was rushed, leading the transition team to make hasty and incomplete decisions about the division of assets and wage harmonization, which those close to the restructuring process argue eroded any potential cost savings at the time.

Essex

Perhaps the best example of shoddy amalgamation is that of the Town of Essex. Current mayor Ron McDermid candidly admitted that Essex was created with "leftovers" of the county's amalgamation efforts. The Town of Essex is located in southwestern Ontario in the county of Essex, the southernmost county and census division in Canada. Prior to amalgamation, the county consisted of 21 individual municipalities. The Town of Essex has a population of 19,600 and comprises the former towns of Essex, Harrow, Colchester, and McGregor. It also consists of a large rural agricultural area that consists of crop production, horse farms, and vineyards (Town of Essex, 2014a).

The restructuring done in 1999 was not the first time amalgamation was considered for the region. In 1973, the Bill Davies government initiated restructuring by commissioning studies, which served as the backdrop for the *Guidelines for the County Restructuring Program* released by the Ministry of Treasury, Economics,

15. In some cases, Farrow had no choice but to establish certain shared-services agreements. For example, Norfolk cannot have a landfill because of its soil type and high water table, leaving contracting for waste disposal with Haldimand its only option.

and Intergovernmental Affairs in February, 1974 (Silcox, 1976: 1). In his report on restructuring, Provincial Commissioner Peter Silcox recommended the 21 municipalities be amalgamated into eight. Despite the public consultation and two-year study, nothing came of the report, and the study was shelved for over two decades. Part of the reason for inaction was that the province had made amalgamation a permissive policy and did not enforce the recommendations of the commissioner. Two decades later, the “Silcox Report” became the main policy recommendation for restructuring in Essex County.

As there was a population of 177,891, three options were considered in 1998 for amalgamation of the all Essex county municipalities: create one municipality, including Windsor (population 388,782); follow the recommendations of the 1976 Silcox report; and, finally, create a horizontal solution whereby towns would join along three lines, southern, central, and north. None of the options were approved; instead, at the meeting of County Council when the options were tabled, councillors moved and adopted a fourth solution. The northern municipalities would be created as recommended by the Silcox report but, rather than dividing the southern and central municipalities, Kingsville was created from the former municipalities of Gosfield North, Gosfield South, and Kingsville; and Essex was created from Colchester North and South, MacGregor, Essex Centre, and Harrow.

It is generally agreed that Essex’s amalgamation was more a result of political forces than of studies or public consultation. At the time of negotiations, Essex Centre had undergone a massive capital expense of creating a new pool. None of the surrounding municipalities wanted to incur the debt of the pool. Moreover, there were financial difficulties with Colchester South, as it did not have a tax base and had not been involved in infrastructure investments. As municipalities entered into negotiations, adjacent municipalities merged, while the former towns of Essex, Harrow, Colchester, and McGregor were essentially left out of merger discussions. This in part was due to mistrust of Essex’s mayor at the time. Essex was formed with these leftovers with little consideration into the needs and aspirations of the inhabitants (McDermid, 2014). One reason for the hastiness of the final decision was a real concern that the Provincial Commissioner might come in and force an amalgamation as had happened in Chatham, Kent.

Nonetheless, despite the manner in which the restructuring was eventually decided, the province approved the amalgamation:

The county’s proposal, involving a reduction of the number of local municipalities from 21 to seven, goes a long way towards creating the structure needed to deal with the future challenges of local government. The many letters I have recently received from the county municipalities reflect widespread municipal support for county council’s efforts. (Prince, Silani & Associates, 1998: 1)

The minister did leave room for additional restructuring with Windsor, stating:

However, I am convinced that there is room for further restructuring in Essex and Windsor. This is why I am pleased to see your commitment to addressing the concerns of the City of Windsor regarding municipal boundary issues. The government believes in streamlining and reducing government, and remains committed to local government structures that lower costs, reduce overlap and duplication, and improve services to taxpayers. (Prince, Silani & Associates, 1998: 2)

The City of Windsor used this as an opening to engage in additional restructuring talks with the county. The county had argued that the restructuring that the City was requesting was more in keeping with boundary changes than amalgamation. In the end, it was not taken seriously and Windsor was only able to change its borders to include some industrial land and the airport.

Despite the fact that amalgamation was considered forced by the provincial government, municipalities had significant flexibility in how they were to pursue negotiations and restructuring. The province sent a message that municipalities had to modernize and also become mature in making their own decisions that reflected local concerns and culture. For rural communities such as the county of Essex, it meant that town centers would merge with rural areas. Not only did this have an effect on municipal governance in terms of representation, but it also affected what people believed government should provide and who should pay for it.

Prior to amalgamation, rural municipalities had small tax bases and did not invest in large infrastructure projects. For example, Colchester South, had no town hall, instead it rented space from Harrow. It did not pay for police; instead, the Ontario Provincial Police (OPP) provided police services at no cost to the municipality. As with other municipalities, a large concern for newly amalgamated regions was what effect would it have on taxes. While many point to amalgamation as the reason for the increase in municipal taxes, other factors probably contributed to higher taxes in rural municipalities. One related reform to taxes was the agricultural property tax. Prior to 1998, farmers could apply to the Minister of Agriculture for a 75% rebate on their farm properties. In 1998, the provincial government removed the subsidy and instead transferred the cost to municipalities, setting the municipal rate on agriculture properties to 25%. One respondent in our study indicated that this cost Essex alone \$1 million in revenues. In addition, when Colchester councillors realized that amalgamation was coming in the following year, they did nothing to offset the loss in revenue except delay large expenditures.

While it is generally agreed that taxes rose after amalgamation, they did so not necessarily because of amalgamation directly but also because of other costs associated with becoming a larger municipality. One of our interviewees argued that prior to amalgamation only a small number of the region's municipalities had a full-time planner. Planning was done on a contract basis, depending on need. Once municipalities became larger, planning became more important. This was for two reasons: first, the larger municipality would have more planning issues to

deal with; and, second, somewhat related to amalgamation, municipalities were now required to do more and act more professionally. While the province argued that amalgamation would offer a more streamlined government, it also allowed the province to increase the regulatory burden on the newly organized municipalities. The towns now had to have stronger official plans and reporting to the province took up much more of municipal government life.

In terms of municipal staff, while no one was laid off in Essex as a result of amalgamation, three people left of their own accord. None were replaced, likely the reason we see decreases in remuneration after amalgamation. As was the case of other municipalities in this study, the cost of labour did increase as the administrative staff unionized just prior to amalgamation. The unionization ensured that the new municipality would have one salary rate, regardless of where the individual had worked prior to amalgamation. This resulted in a windfall for some employees as some of the smaller municipalities such as Harrow paid little better than minimum wage.

The reorganization took place a year prior to amalgamation. Representatives from Essex administration noted that not a lot of planning or discussion took place. The largest problem was what was going to be done with the outstanding debt of the region. To solve the problem, especially in light of the new pool in Essex Centre, each ward¹⁶ would pay off the debt of its capital budget. This eased tensions in the region and ensured that new residents of Essex would not have to pay for the services of the township, services that they often did not use because of distance. Rather than make difficult decisions, the new municipality resolved most of its issues by ignoring them.

The interviewees for Essex were shown the data in figures 1–6 and all agreed that it represented what they knew about Essex finances. They were not especially concerned with the increase in costs after amalgamation and all noted that “taxes go up”. Fifteen years after amalgamation, they seem resigned that, despite the upheaval and way in which it was undertaken, overall it has had a positive outcome in that local government has become more efficient and professional. The added costs were simply a result of increased expectations on the part of the electorate that a larger municipality ought to provide more services to its residents.

Discussion and Conclusion

There is considerable evidence that the provincial government believed that municipal restructuring would result in cost savings (Sancton, 2000; Ibbitson, 1997). Even in the face of stiff local opposition to restructuring, provincial officials still maintained that amalgamated municipalities would be more efficient and produce

16. The Town of Essex is divided into four geographically based wards with two representatives in each of Wards 1 and 4 and one representative in each of Wards 2 and 4 (Town of Essex, 2014b).

tangible benefits for residents, such as lower taxes and reduced bureaucracies. We have found that these intended benefits never materialized. We are, of course, not the first to reach this conclusion (Sancton, 2000; Slack and Bird, 2013). In Ontario's largest cities, it has been established that the promised cost savings and efficiency gains were never achieved. For the first time, however, we can conclude that these intended benefits were not realized in rural Ontario as well.

There are several reasons to examine the restructuring process in rural Ontario. First, the vast majority of consolidation occurred in rural Ontario (Downey and Williams, 1998). Hundreds of rural communities faced municipal restructuring, yet we know very little about the impact of these institutional changes. Additionally, there are real questions about the effect of scale and scope on the restructuring process. Are smaller local governments better able to absorb the impact of restructuring? Was the process easier to complete? Were citizens more satisfied?

Our results indicate that there are few noticeable differences in the outcomes from restructuring urban centers such as Toronto, which are usually used in case studies of amalgamation, and the rural areas we explored. We find very little evidence of tax savings or cost reductions. In most of our cases, the tax burden on individual households increased. In some cases, such as Haldimand County for example, property taxes increased more than 50% between 2000 and 2012, significantly above the non-amalgamated municipalities we examined. Through our case studies, we found that many efforts were made to keep taxes low. In some cases, such as Essex, these efforts were successful but resulted in a shift of the fiscal burden in these communities, as long-term debt in many of these communities exploded. We find that spending on certain services and remuneration also increased significantly.

Of our case studies, Essex stands apart, as the municipality has been able to hold the line on taxes and reduce compensation. Any increases in debt due to capital expenses were paid by the part of the municipality that benefitted directly. For example, the arena in the central part of Essex was paid by only that part of the municipality. Those short-term debts were not related to amalgamation. Much of the servicing cost—with the exception of recreation—are much less than the other cases. Part of this has to do with the municipality's size. Essex is significantly smaller than Norfolk, Haldimand, or Kawartha Lakes. In this case, much of the transferred responsibility for services was easier to absorb and it was much easier to monitor costs and expenditures.

The common denominator in our cases studies was the timing of the consolidation process. The province moved very quickly with the process, sometimes permitting less than a year between the amalgamation order and the implementation of the new municipality. New facilities needed to be secured, new councils needed to be elected, and a new workforce had to be put in place. Needless to say, a lot had to be done in a short amount of time and with very little provincial assistance. In many cases, wages were harmonized upwards, with a significant impact on the cost of service delivery.

The province wanted to complete the amalgamation process very quickly, likely to reduce the political consequences of the often unpopular restructuring. Because of this, municipalities were not given ample time to explore options to mitigate the negative fiscal implications of restructuring. Often times, we found that the decision-making authority in certain areas was blurred. Overall, there were options to help alleviate the financial burden of restructuring but, because of the province's imposed deadline, it was not always possible to explore them fully.

While some municipalities did make attempts to undo amalgamation, their efforts were rejected both by the Progressive Conservatives, and then later by the Liberals. It appears that reversing even one amalgamation would set a dangerous precedent for other municipalities, as those close to the Liberal administration have confirmed (Joy, 2014). Apart from the initial cost of de-amalgamation, there would be other drawbacks to reversing the policy. The Liberals quickly found that these new, enlarged municipalities had an increased capacity to absorb recent policy downloading that smaller units did not.

With larger governments came a larger demand for certain services and pressures to “do more” with the increased scope and responsibility of the new amalgamated governments. Whereas, in the past municipalities could get away with not having a town planner, the newly amalgamated municipalities found that they could not do all the work required of them without a dedicated full-time planner. Municipal planners have to create official plans, write reports on compliance, and provide numerous other reports to the province. In addition, larger towns, in part because of the higher tax burden, have greater expectations about the services they should provide. Prior to amalgamation, people who lived in small communities did not expect all roads to be paved. They did not demand that municipalities build large town halls, or have modern recreational facilities. Ball fields, ice rinks, and paved roads became necessities of modern rural life. Herein is the largest difference between the rural and urban restructuring. Rural communities prior to amalgamation had certain expectations placed upon them, which were basic in nature. When outlying rural areas were combined with denser communities, the demand for similar servicing increased. Soon municipal workforces increased. These municipalities now provide services and have workforces similar to more urban areas.

Of course, it was not necessary to impose institutional restructuring to simply find efficiencies at the local level. There is no reason that partial, rather than complete, amalgamation could not have been pursued. There is also no reason that more decentralized solutions to servicing, such as encouraging the use of shared service agreements, could not have been pursued. The provincial government was singularly focused on institutional restructuring, which, when rushed, disadvantaged municipalities and created a litany of public-policy challenges, while harming the fiscal health of these communities. Once the die was cast, consecutive provincial governments refused to revisit the subject out of fear of further complicating the governance of these new municipalities. As a result, we are left with uneasy relationships in many amalgamated communities across the province.

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