

NOTES FOR ADDRESS BY ANDREW SANCTON ON *WHAT CONSTITUTES A HEALTHY AND EFFICIENT LOCAL GOVERNMENT?* TO THE CONFERENCE ON ONTARIO LOCAL DEMOCRACY, ROCKTON, ONTARIO, 15 MAY 2004

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There are two approaches to this question:

- 1) community-based
- 2) functionalist

With community-based approach. Local people are trusted to decide on boundaries and structures – this was approach in Ontario until the 1960s.

Functionalist approach says experts, bureaucrats and central-level politicians have to decide.

Functionalists usually go for forced mergers, claiming that:

- 1) they save money
- 2) they enhance economic competitiveness
- 3) they promote equity
- 4) they improve the prospects for effective regional planning

I shall discuss each in turn.

1) Saving money

- There is no evidence that municipal mergers save money
 - Evidence in US and UK suggests the opposite
 - Halifax merger in 1996 has definitely not saved money - financial records are in such poor shape it is difficult to calculate what has happened - transition costs were predicted to be \$10 million, turned out to be \$26 million
 - Mergers in Ontario have not saved nearly as much as predicted - it is too early to know if they have saved anything
 - Megacity in Toronto originally projected to save \$300 million annually - official figure is now \$136 million, but real figure is much less - savings will be gone after arbitration of collective agreements
 - Savings not possible because managing the transition makes it impossible to make drastic changes in business practices - there is constant political pressure to level upwards because no one wants to be seen to be losing
- 2) Economic competitiveness
- We are now beginning to hear more about this than about saving money
 - Problem is that no evidence supports the notion that fewer municipalities in a city- region enhances competitiveness
 - Most competitive city-regions in the world are now in the US
 - Most US metro regions have dozens or even hundreds of municipalities
 - Observers of prosperous, successful city-regions pay little attention to municipal structures

- Population of City of Sydney, Australia is only 40,000!
- Most valuable industrial/commercial real estate in Silicon Valley is in a municipality called Mountain View - Who has heard of it?
- Role of municipalities in economic development is to provide good services at low cost
- How can this be done when one municipality is a monopoly provider?
- Economic competitiveness is enhanced by having competition and choice among municipalities in a city-region, not by creating a monopoly

3) Equity

- This is a powerful argument for mergers in certain circumstances - Examples:
 - when municipalities are a mechanism for racial separation (US and South Africa)
 - when municipalities are expected to use their own financial resources to provide income security (before Great Depression)
- Even in these circumstances better mechanisms than mergers are available: civil rights laws and different fiscal regimes
- There is no intermunicipal equity problem that cannot be solved by such mechanisms
- If suburbs value their autonomy, they would be wise not to resist these mechanisms
- Municipal autonomy should never be used by citizens as a device for avoiding their fair share of social responsibilities and costs

4) Regional planning

- Problem here is that boundaries of the newly-merged municipality have to go far out into the countryside - most important planning issues are on the outer urban edge because that is where the greatest pressure for development is
 - In early 1990s, the rural portion (Headingley) of the amalgamated City of Winnipeg was allowed to secede
 - Mayor of Halifax now wants the vast rural area of his municipality to be separated
 - But in Ontario, the new merged cities of Ottawa, Hamilton, and Sudbury now have vast rural areas - they are already a problem in determining fair systems of representation on the new municipal councils
 - The solution is to establish intermunicipal mechanisms for regional planning - that's why I support the proposal for a new Montreal Metropolitan Council
 - Outer municipalities in a city-region that resist such councils should consider the alternative: being forced to merge with the central city
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- My greatest objection to forced municipal mergers is that they erode democracy
 - They demonstrate that local people do not determine their own fate, that the central government knows best
 - They limit the opportunity for ordinary, working citizens to serve on elected councils and make decisions for their own communities
 - Unlike former Premier Harris in Ontario. I believe that part-time municipal politicians are a great benefit to our society, they are not a burden
 - Those who advocate forced municipal mergers should pay more attention to the damage their policy does to our citizens' faith in the democratic process
 - Local citizens should decide these matters: that is what happens in British Columbia and in every state in the United States.

This is what the community-based approach to local government is all about

MUNICIPAL CHARACTERISTICS OF MONTREAL AND AMERICAN CITY-REGIONS OF SIMILAR SIZE

city-region	population (000s)	percent of population in central city	number of counties (MUC treated as a county)	number of municipalities *
San Francisco	6701	10.9	9	90
Philadelphia	5972	26	13	230
Boston	5828	9.5	12	282
Detroit	5439	18.6	10	151
Dallas	4683	21.8	12	207
Houston	4320	39.1	8	115
Atlanta	3627	10.9	20	102
Miami	3515	10.4	2	55
Seattle	3368	15.4	6	88
MONTREAL	3327	30.5	17	111
Cleveland	2908	17.3	8	146
Phoenix	2840	35.6	2	32
Minneapolis	2792	13	13	192
San Diego	2723	42.2	1	18
St. Louis	2558	15	11	228
Pittsburgh	2361	15.5	6	238
Denver	2318	20.9	6	67
Tampa	2227	12.8	4	35
Portland	2113	21.1	8	79

*excludes townships, except in the Boston area where townships perform the same functions as multi-purpose municipal governments, including towns.

SOURCES: American data constructed from various links on the U.S.Census Bureau website: <<http://www.census.gov>>. Montreal data from the 1996 Canadian census as reported in Quebec, *Pacte 2000: Rapport de la Commission nationale sur les finances et la fiscalité locales* (1999), p.182. The assistance of Andrew Ross of the city of Westmount in creating this Table is greatly appreciated.