Too Big, Yet Still Too Small
The Mixed Legacy of the Montréal and Toronto Amalgamations

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The Author and Acknowledgements

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Executive Summary

Toronto and Montréal underwent amalgamation in the 1990s. Since then, the two cities have taken very divergent paths in terms of their governance. Despite intense opposition to amalgamation in the late 1990s, Toronto’s governance structure has undergone only slight changes. Montréal, on the other hand, experienced considerable turmoil following amalgamation, with the creation of “sub-local” boroughs, de-amalgamations, and the formation of the *Agglomération* upper-tier government to coordinate services across the Island.

What was gained and what was lost in the process? Amalgamations are often proposed on the grounds of efficiency, equity, accountability, and coordination. According to those criteria, are the two cities better off today than they were before amalgamation?

Two IMFG Papers – the first by Enid Slack and Richard Bird of the IMFG and the second by Jean-Philippe Meloche and François Vaillancourt of the Université de Montréal – analyze the post-amalgamation governance of the two cities. Overall, it appears that the amalgamations failed to result in major efficiencies and cost savings in either city. Slack and Bird note, however, that Toronto’s amalgamation did appear to increase equity in service levels and tax burdens for residents across the city.

This was less the case in the City of Montréal, where Meloche and Vaillancourt show that inequities and inconsistent levels of public service across the boroughs continue. The impacts of the amalgamations on local governance, accountability, and responsiveness to residents are less clear.

What is clear is that neither amalgamation addressed the need for planning and coordination across the broader metropolitan region. In both cases, the amalgamated cities represent only about half of the metropolitan population, and they are surrounded by a number of large and fast-growing suburban municipalities. Neither has a governance structure that can oversee the economic, social, and environmental development of Canada’s two largest city-regions.
Too Big, Yet Still Too Small: The Mixed Legacy of the Montréal and Toronto Amalgamations

Introduction

The 1990s were one of the most tumultuous decades in the history of Canadian local government. Not only did municipalities experience several rounds of program downloading, dozens of local governments were amalgamated, often in the face of heated opposition. More than a decade later, the issue still stirs passions. Former Montréal politician Peter Trent recently called these reforms “disastrous.” But were amalgamations really so disastrous?

In 1998, the Ontario government created what became known as the “Megacity” by consolidating Metropolitan Toronto – a two-tier structure that included the City of Toronto and five other lower-tier municipalities and an upper-tier metropolitan level of government. Two years later, the province of Québec did likewise, amalgamating the 28 municipalities on the Island of Montréal to create Canada’s second “Megacity.”

Since amalgamation, Toronto’s borders and governance model have remained largely unchanged, while Montréal has undergone a dramatic series of counter-reforms, including the creation of 27 new boroughs, and the “de-amalgamation” of 15 communities. More than a decade since the amalgamations, two recent IMFG Papers examine the impact these reforms have had on the finances and service delivery in the country’s two biggest cities. This Perspectives paper highlights the key themes and arguments from the two papers.

A Tale of Two Amalgamations: Toronto and Montréal

The story of Toronto’s amalgamation really begins in 1954, when the province of Ontario created Metropolitan...
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Rather than creating a single-tier structure, as in Toronto, Montréal’s amalgamation led to the creation of 27 new lower-tier boroughs. According to Tomàs, there were two main reasons for creating the boroughs: the first was linguistic, as 14 of the majority English-speaking municipalities had a bilingual status prior to amalgamation, and provided services to citizens in both English and French. The second was about local responsiveness: the boroughs were seen as a way to preserve the sense of community in the former municipalities.

The situation in Montréal was further complicated in 2003, when the newly elected provincial government followed through on an election pledge to allow a province-wide referendum on de-merger in amalgamated communities. Across the province, 31 municipalities opted for de-mergers, 15 of them on the Island of Montréal. (See Figure 1.)

Meloche and Vaillancourt suggest that the de-amalgamations were driven by residents’ concerns that being part of a larger municipality in the megacity would inevitably lead to higher taxation rates and fail to safeguard minority language rights. Municipalities that chose to de-amalgamate had their independent status restored on January 1, 2006.

The de-amalgamation on the Island of Montréal required yet another Provincial reform: the creation of the Agglomeration. This new upper-tier structure was given responsibility for delivering higher-order services across the Island, including property assessment, social housing, large parks, police, public transit, major streets, water supply,
and sewage management. While the Agglomeration provides upper-tier services to the 15 de-amalgamated municipalities, it is dominated by the City of Montréal, which constitutes 87 percent of the population on the Island.¹¹

**Evaluating the Impacts of the Toronto and Montréal Amalgamations**

Two recent *IMFG Papers* examine some of the impacts of the Toronto and Montréal amalgamations, especially in regards to local finances and services. In the first, Enid Slack and Richard Bird of the IMFG take a broader view of amalgamation in metropolitan areas, using the Toronto amalgamation as a case study.¹² The second paper, co-authored by Jean-Philippe Meloche and François Vaillancourt of the Université de Montréal, focuses on the creation of Montréal's boroughs, and the financing challenges created by this new model of “sub-local” governance.¹³

Both papers set out criteria for better governance to evaluate the impacts of the municipal amalgamations, including (i) efficiency and cost savings; (ii) equity in service levels and tax burdens; (iii) accountability and local responsiveness; and, (iv) regional coordination. These criteria will be used below to explore the impacts of the Toronto and Montréal reforms in greater details.

**Did amalgamation result in efficiencies and cost savings?**

Generating efficiencies and cost savings were among the major stated objectives of amalgamation policies in Ontario. One of the assumptions was that reducing the number of governments would lead to a reduction in politicians and municipal staff, and the consolidation of local services, which would in turn result in cost reductions and savings.¹⁴

Slack and Bird find little evidence of cost-savings in Toronto.¹⁵ To begin with, the 2,700 municipal positions that were initially eliminated were later replaced by 3,600 new positions. More important though, there was limited scope for savings in the first place. Many of the city's largest expenditures – notably welfare, transit, and policing – were already the responsibility of the upper-tier government. As these services accounted for 70 percent of combined upper and lower-tier expenditures, any potential efficiency savings were limited to the remaining 30 percent that the six lower-tier municipalities had been responsible for.¹⁶

Were savings achieved as lower-tier services were consolidated? In an examination of costs in four service areas – fire, garbage, libraries, and parks and recreation – Slack and Bird found that expenditures per household for fire, garbage, and parks and recreation actually increased after amalgamation, while only expenditures for library services gradually decreased.¹⁷

In Montréal, it is harder to identify cost savings resulting from amalgamation because of the complexity of governance arrangements following the creation of borough governments and the de-amalgamations. Servicing responsibility for the Island of Montréal is divided between the Agglomeration, the City of Montréal, and the boroughs.¹⁸ The Agglomeration is responsible for area-wide services (e.g., property assessment, social housing, transit, and public safety).¹⁹ The City and boroughs are responsible for local services, with the City managing services such as water, waste management, and economic development, while the boroughs oversee services such as local street maintenance, snow removal, libraries, and local parks.²⁰ There is no “magic formula” to determine who should do what, but efficiency will generally be higher when responsibilities and costs are shared appropriately.

Meloche and Vaillancourt identify ways that Montréal’s financial and administrative arrangements could be made more efficient. They suggest that three borough-administered services – libraries, waste collection, and road maintenance and snow removal for major roads – could be more efficiently delivered by the City of Montréal.²¹ Transactions between the boroughs also need to be priced properly in order to provide full accounting for municipal services.²² Cost-sharing mechanisms should be fully explored to bring more efficient service delivery for items delivered partially by both the city and the boroughs, such as library services, since borrowers may come from outside a particular borough library catchment area.²³ Overall, it is unclear whether amalgamation and the reforms that followed produced cost savings in Montréal, but there seems to be plenty of scope for making the City’s current administrative arrangements more efficient than they are at present.

**Did amalgamation result in more equitable service levels and tax burden for residents?**

Another potential objective in amalgamating municipalities is creating more equity in levels of services and taxes. That is, harmonizing services and taxes can bring the residents in what were once poorer communities up to a city-wide standard. In Toronto, Slack and Bird find that this has been an outcome of creating the megacity. Before amalgamation, the municipalities of York and East York were experiencing declining tax bases and lower service levels than Metro Toronto’s other lower-tier municipalities.²⁴ Slack and Bird argue that amalgamation likely increased the level of services for residents in these two areas and thus resulted in increased equity.
The harmonization of property tax rates in the new megacity also reduced inequities that existed under Metro. Before amalgamation, residential taxes per household were highest at the Metro level, as Metropolitan Toronto was responsible for 70 percent of total expenditures. The City of York, the poorest municipality in Metro Toronto, had the next-highest per-household residential taxes. Per-household residential rates were lowest in Scarborough and Etobicoke.\textsuperscript{25} The former City of Toronto had the highest business tax rates.

Montréal has not seen the same equity improvements, largely because of inconsistencies across the borough governments. Boroughs were actually created in the City of Montréal before amalgamation, but acted mainly as advisory bodies and had a very limited role. After amalgamation, additional boroughs were created from the merged suburban municipalities in an effort to maintain a better connection to local government for their residents. All the boroughs were then empowered to provide local services and given limited taxation powers.\textsuperscript{26}

The resulting set-up was not only confusing, but also maintained disparities in budgets and service levels across the Island, because the newly created boroughs received similar budgets to what they had previously as pre-amalgamation municipalities. Affluent communities continued to be better off, while poorer ones remained worse off. For the boroughs in the former City of Montréal, disparities remained between borough budgets, because funding was allocated based on their activities in the pre-merged city.\textsuperscript{27} In addition, inconsistency in local services persists across the boroughs. Though they are broadly responsible for the same things, boroughs have a great deal of discretion over what levels of service to provide.

How boroughs fund services also varies. The lion’s share of borough revenues come from transfers from the City of Montréal, which totalled 850 million dollars in 2012.\textsuperscript{28} Property tax rates are relatively consistent throughout the city, as boroughs make little use of their taxation powers. Still, some boroughs are raising up to 20 percent of their revenues from their residents – largely through service charges such as parking revenue – whereas local revenues represent as little as five percent in others.

In short, unlike the Toronto amalgamation, there was little redistribution following Montréal’s merger. In fact, the budgetary and service disparity between different parts of the city increased. Meloche and Vaillancourt highlight the need for greater consistency among boroughs, arguing that “all boroughs must have similar responsibilities and financing needs provided fairly for, which means that all boroughs should have access to the same sources of funding.”\textsuperscript{29}

**Did amalgamation improve accountability and local responsiveness to residents?**

Maybe the most significant criticism of amalgamation is that a bigger city is less accessible to residents and less responsive to local concerns. At the same time, a case can be made that a single government allows for better accountability than a two-tier model, provided that residents have a clearer sense of what local governments and elected officials are responsible for. This question of accountability, access, and responsiveness is admittedly the least clear-cut and most subjective, but a few criteria can be examined, such as political representation, local planning mechanisms, and accountability provisions.

Slack and Bird suggest that citizen access and local responsiveness have likely diminished since Toronto’s amalgamation. On the most basic level, the number of political representatives in Toronto has significantly decreased, falling from 106 elected officials under Metro to 58 in the new City of Toronto, and subsequently to 45.\textsuperscript{30} As each elected representative has far more constituents, we can assume that citizens have less access to local decision-makers.

Following amalgamation, Community Councils were created to ensure some local participation in the new city’s governance. Local councillors sit on each Community Council, which holds consultations with residents, addressing very local matters, largely zoning and minor land-use issues. Yet as Golden and Slack have noted, these Councils operate mostly as local planning committees rather than open forums to address community issues.\textsuperscript{31} The number of Community Councils was also reduced from six to four in 2003, so that each one has as many local constituents as entire municipalities the size of Mississauga.\textsuperscript{32}

Since amalgamation, City Council has adopted several formal accountability measures, such as accountability officers, a lobbyist registry, and a Code of Conduct, as well as more robust procurement rules.\textsuperscript{33} As Côté argues, significant progress has been made in increasing *institutional* accountability measures, but work remains to be done in increasing *political* accountability. Côté argues that elected
officials are held to account through the ballot box, but only if voters are able to determine what politicians are accountable for.\textsuperscript{34}

In Montréal, the situation is quite different. Residents of the Island of Montréal have no shortage of elected representatives. The Island is now divided between the City of Montréal and 15 de-amalgamated municipalities, all included within the \textit{Agglomeration}. Each has its own council and mayor. In the City of Montréal alone, residents elect 103 representatives. Montréal City Council consists of the mayor and 64 councillors, while 38 others are solely borough councillors. The upper-tier \textit{Agglomeration} council is headed by the mayor of Montréal\textsuperscript{35} and consists of 31 elected representatives from all of the municipalities on the Island.\textsuperscript{36}

This situation suggests that residents have more access to elected officials, but is more representation necessarily better representation? There are a few reasons this might not be the case. The first is clarity for residents about who does what. With so many politicians – some serving at more than one level of governments and on a variety of boards – residents may be confused about which official to talk to or how to access services. Furthermore, for mayors or councillors serving on multiple governing bodies, representing both hyper-local interests on borough councils and city-wide objectives on the \textit{Agglomeration} may create conflicts. Requiring approvals or buy-in from several levels of local government could also create policy or legislative roadblocks.

An important difference between the two systems is the presence of political parties in Montréal and their absence in Toronto. Parties can increase coherence and a sense of public accountability in the local government system. They can choose a leader to represent their position, present a coherent set of policies, steer an agenda, and create the machinery to engage constituents across the city. At the same time, a system without parties allows councillors with more independence to advance their own policy proposals or respond to the needs and requests of their constituents. There is little consensus about whether parties improve or worsen local government.

\textbf{Did amalgamation improve regional coordination?}

For cities like Toronto and Montréal that are at the heart of large metropolitan areas, it is critical that governance arrangements create the mechanisms for regional planning and service coordination. In both Toronto and Montréal, regional governance was overlooked at the time of amalgamation. Slack and Bird describe the new City of Toronto, encircled by the mushrooming “905” suburban municipalities,\textsuperscript{37} as both “too big and too small” – too big to be responsive to local concerns, but too small to address regional issues.\textsuperscript{38} Along similar lines, amalgamation in Montréal merged all the municipalities on the Island, but did not incorporate suburban cities such as Laval or Longueil that are the fastest-growing parts of the metropolitan region.

In both cases, the provincial governments have tried to address the issue by creating agencies or policy guidelines to encourage regional coordination. Ontario’s \textit{Places to Grow} and \textit{Greenbelt Acts} and the Growth Plan for the Greater Golden Horseshoe were put in place in an attempt to manage and coordinate rapid suburban growth across the Toronto metropolitan area. Metrolinx, a provincial Crown agency, was created to plan and coordinate transportation across the region, and to operate the GO regional commuter train and bus network.

\begin{figure}[h]
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\includegraphics[width=\textwidth]{figure2.png}
\caption{The City of Toronto within the Greater Toronto and Hamilton Area}
\end{figure}

The Government of Québec and the municipalities in metro Montréal have gone further. The Communauté métropolitaine de Montréal (CMM) is a regional body that serves 82 municipalities in and around the City. The CMM has a broad jurisdiction for coordinating a range of economic, social, environmental, and transportation services,\textsuperscript{39} most delivered by the municipalities within the CMM. Montréal is a member of the Agence métropolitaine de transport (AMT), which coordinates and partly funds regional transit services with 14 transit authorities that cover 63 municipalities, 13 regional county municipalities, and one Aboriginal reserve. The City is also part of Montréal International, an economic development consortium, which includes all
82 municipalities in the CMM, as well as the federal and provincial governments.

While strides have been made to manage regional issues and encourage cooperation among governments, any assessment of the Toronto and Montréal amalgamations has to consider the failure to improve regional coordination as an important part of their legacy. This failure seems particularly apparent today in the Greater Toronto Area, where the absence of effective regional governance has been identified as one of the major barriers to transportation planning and urgently needed investment.

Conclusion

Canada’s two largest cities present interesting and very different cases of municipal amalgamation in Canada. In spite of the intense opposition and public protest at the time of Toronto’s amalgamation in the late 1990s, the city’s governance structure has undergone only slight changes since. Québec’s largest city, on the other hand, has experienced much more change and turmoil following its amalgamation, with the creation of Montréal’s “sub-local” boroughs, the de-amalgamations, and the formation of the Agglomeration upper-tier government to coordinate services across the Island.

As the two IMFG Papers show, it is unlikely that the amalgamations produced major efficiencies and cost savings in either city. In Toronto, expenditures on many of the lower-tier services that were merged such as fire and garbage actually increased after amalgamation. This question is more difficult to assess in Montréal, but Meloche and Vaillancourt point to a number of areas where opportunities exist to improve the efficiency of local services and financial arrangements. Toronto’s amalgamation, however, did appear to increase equity in service levels and tax burdens for residents across the city. This was less the case in Montréal, where inequities and inconsistent public services persist across the boroughs – the authors present recommendations to address this situation.

The impacts of the amalgamations on local governance, accountability, and responsiveness to residents are less clear. Does Montréal’s greater number of elected officials result in more accessible or locally responsive decision-makers than in Toronto? Opinions vary. Montréal’s borough governments do provide for more delegated authority at the neighbourhood level, particularly when compared to Toronto’s large Community Councils. But Montréal’s complex system could also create confusion for residents about who is responsible for what.

What is clear, though, is that neither amalgamation tackled the need for planning and coordination across the broader metropolitan region. In the Toronto and Montréal areas, the amalgamated cities represent only about half of the metropolitan population, and both are surrounded by large and fast-growing suburban municipalities. Regional agencies and planning policies have been created in the years since to improve coordination among the many governments. But the failure of the amalgamations to create governance structures that can plan for the economic, social, and environmental development of Canada’s two largest city-regions is perhaps their most important legacy.

Endnotes

1. Les Perreaux, “Corruption isn’t the only reason Montreal is a mess,” The Globe and Mail, March 1, 2013.


9. Conditions were placed upon these local referendums. First, a minimum of ten percent of registered voters within a former municipality’s border had to sign a register. Only 89 of the merged 213 pre-merger municipalities were able to meet this requirement. Second, for a referendum to lead to de-merger, not only did a majority of the votes have to be in favour of de-merger, but this majority had to represent at least 35 percent of the registered voters. For more details, see Jean-Philippe Meloche and François Vaillancourt, “Public Finance in Montréal: In Search of Equity and Efficiency,” IMFG Papers on Municipal Finance and Governance, no. 15 (Toronto: Institute on Municipal Finance and Governance, University of Toronto, 2013).

10. Meloche and Vaillancourt, op. cit.

11. Meloche and Vaillancourt, op. cit.

12. Slack and Bird, op. cit.


15. Slack and Bird, op. cit.


18. There remains some confusion in servicing responsibility between each government, with some services jointly delivered (e.g., parks) between the Agglomeration and boroughs, which precludes the emergence of economies of scale. Additionally, some servicing responsibilities maybe misplaced, such as the city’s responsibility for economic development, a service perhaps best handled by a government with a more regional focus like the Agglomeration.


20. For a complete listing of services delivered by the city, the boroughs, the Agglomeration and de-amalgamated municipalities, please see Meloche and Vaillancourt, op. cit., 17.


22. In some situations, Meloche and Vaillancourt document how portions of some service costs are excluded, such as maintenance or contract fees.

23. Meloche and Vaillancourt, op. cit.


27. Meloche and Vaillancourt, op. cit., 27.


33. Côté, op. cit.

34. Côté, op. cit.

35. The Mayor of Montréal is also by default the Mayor of the Borough of Ville-Marie, which includes the downtown business district.

36. The 31 members of the Agglomeration comprise the mayor of Montréal, 15 members of Montréal City Council (named by the mayor), the 14 mayors of the reconstituted municipalities (Île-Dorval and Dorval share a representative), and a second representative from Dollard-des-Ormeaux (assigned due to its population size). For more information on the Agglomeration council, see Meloche and Vaillancourt, op. cit.

37. The area surrounding the City of Toronto is sometimes called the “905” region, since that is the area code used in these municipalities.


39. The CMM’s jurisdiction extends to land use planning, economic development, arts and cultural promotion, social and affordable housing, public transit, metropolitan arterial roads, waste management planning, air quality, and waste water. See Belley, op. cit., for more details.